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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PROJECT PAPER

THAILAND

Decentralized Development Management Project

Project No. 493-0315

August 1981

UNCLASSIFIED

DECENTRALIZED DEVELOPMENT MANAGEMENT

PROJECT PAPER

Table of Contents

	<u>Page</u>
Glossary of Terms	i
Project Authorization	iii
Project Data Sheet	v
<u>PART I - PROJECT RECOMMENDATIONS &amp; SUMMARY</u>	1
A. Fiscal Data	1
B. Recommendations	1
C. Borrower/Grantee (B/G)	1
D. Summary Description and Financial Plan	2
E. Waivers	5
F. Issues	5
<u>PART II - PROJECT BACKGROUND AND DETAILED DESCRIPTION</u>	7
A. Project Rationale: Why Decentralization?	7
B. Evolution of RTG Policy and Programs on Decentralization	8
1. Introduction	8
2. 1960-1973: First Stage	8
3. New Policies, New Programs: 1973 to the Present	11
4. Characteristics and Difficulties	13
5. The Present Opportunity	14
C. Detailed Description	15
1. General	15
2. The Tambol As the Focus	19
3. Project Targeted Area	20
4. Relation to AID and RTG Strategy	23
5. Relation to Other Donors	24

	<u>Page</u>
6. Log Frame Narrative	25
a. Project Goal	25
b. Project Purpose	25
c. End of Project Status	25
d. Important Assumptions for Project Purpose	26
e. Project Outputs	27
f. Project Inputs and Financial Plan	32
<u>PART III - FEASIBILITY ANALYSIS</u>	39
A. Social and Environmental Analysis	39
B. Technical Analysis	44
C. Economic Analysis	56
<u>PART IV - IMPLEMENTATION PLAN AND ARRANGEMENTS</u>	62
A. Organizational Responsibilities	62
B. Implementation Plan	72
C. Post-Implementation Status	76
D. USAID Monitoring Provisions	78
E. Evaluation Plan	79
F. Conditions, Covenants and Negotiating Status	80

GLOSSARY OF TERMS

AID	Agency for International Development
AID/W	Agency for International Development, Washington
ALGA	Academy for Local Government Administration
APAC	Asia Project Advisory Committee (AID)
ARD	Office of Accelerated Rural Development MOI
CAO	Changwat Administrative Organization
CDD (CD)	Department of Community Development, MOI
CDP (PDP)	Changwat (Province) Development Program
DDMP (DDM Project)	Decentralized Development Management Project
DOLA	Department of Local Administration, MOI
DTEC	Department of Technical and Economic Cooperation
EGP	Employment Generation Program
FAA	Foreign Assistance Act
IBRD	International Bank for Reconstruction and Development
IEE	Initial Environment Examination
IFI	International Financial Institution
LOP	Life of Project
MDU	Mobile Development Units
MOI	Ministry of Interior
NERAD	Northeast Rainfed Agricultural Development Project (AID)
NESDB	National Economic and Social Development Board
NIDA	National Institute of Development Administration
NVDP	New Village Development Program

OPP	Office of Policy and Planning, MOI
PDP (CDP)	Provincial Development Program
PID	Project Identification Document
PP	Project Paper
PPC	Provincial Planning Committee
RPC	Regional Planning Centers, NESDB
RTG	Royal Thai Government
T.A.	Technical Assistance
TAT	Technical Assistance Team
TDP	Tambol Development Program
TIP	Tambol Improvement Program
UNICEF	United Nations Children's Fund
USAID or USAID/T	U.S. AID Mission in Thailand
USG	United States Government

List of Thai Terms Used in the Project Paper

Amphoe - District

Amphoe Muang District - The district which includes the capital of the province.

Changwat - Province

Isan - Northeastern Thai

Kamnan - Tambol (township) leader

Muban - Village

Nai Amphoe - The chief district officer. He is the chief of the lowest central government unit with juristic authority. He is the interface point between the central and locally elected governments.

Sapa Tambon - Tambon Council

Sukhaphiban - Sanitary district. - The tambol which includes the capital of the district.

Tambol - Township

PROJECT AUTHORIZATION

THAILAND

Decentralized Development Management  
Project Number 493-0315

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, (the FAA) I hereby authorize the Decentralized Development Management Project (the "Project") for Thailand (the "Cooperating Country") involving planned obligations of not to exceed \$7,500,000 in loan funds (the Loan) and \$3,100,000 in grant funds (the Grant) over a five-year period from date of authorization, subject to the availability of funds in accordance with the A.I.D./OYB allotment process, to help in financing foreign exchange and local currency costs for the project.

2. The project will provide technical assistance, training, support for local technicians and financing for subproject activities to assist the Cooperating Country in its effort to strengthen the capacity and to institutionalize the process whereby the Sapa Tambol (township council) is better able to identify, plan, implement and manage its own development.

3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Interest Rate and Terms of Repayment

The Cooperating Country shall repay the Loan to A.I.D. in U.S. Dollars within forty (40) years from the date of first disbursement of the Loan, including a grace period of not to exceed ten (10) years. The Cooperating Country shall pay to A.I.D. in U.S. Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first ten (10) years and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

b. Source and Origin of Goods and Services

Except for ocean shipping, goods and services financed by A.I.D. under the project shall have their source and origin in the Cooperating Country or the United States for grant funds and in the Cooperating Country or countries included in A.I.D. Geographic Code 941 for loan funds, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the loan shall, except as A.I.D. may otherwise agree in writing, be financed on flag vessels of the United States, the Cooperating Country and other countries in Code 941. Ocean shipping financed by A.I.D. under the Grant shall be financed only on flag vessels of the U.S. unless otherwise agreed in writing.

c. Other Terms and Conditions

The Project Agreement shall contain other terms and conditions providing in substance, unless A.I.D. otherwise agrees in writing, as follows:

1. Prior to the release of loan funds to tambols participating in the project for each year commencing with the second year of the project, the Cooperating Country shall furnish evidence to A.I.D. during joint reviews of the project that satisfactory progress has been made in introducing the Tambol Improvement Program as a planning/organizing instrument, in applying improved subproject selection/approval techniques, in the provision of adequate technical support services for subproject implementation, and in the overall performance of the project.

2. Recognizing the evolutionary nature of the project, the criteria for subproject selection may be changed by the mutual agreement of the Cooperating Country and A.I.D.

3. During the life of this project, the Cooperating Country shall maintain a decentralized program for financing development activities in the districts participating in the project and the amount of the Cooperating Country's contribution to the program shall not be less than the amount contributed in fiscal year 1981.

4. The Cooperating Country shall ensure that the Ministry of Interior will cooperate fully in the administration of the project.

5. The Cooperating Country shall ensure that sufficient numbers of its technical personnel are posted to each district participating in the project.

6. Prior to the release of loan funds to tambols participating in the project for the third year of the project, the Cooperating Country shall implement maintenance arrangements satisfactory to A.I.D. for the subprojects implemented under the project.

d. Waivers

Based upon the justification set forth in the Project Paper, I hereby:

1. Approve a source/origin/componentry waiver from Code 000 (U.S. only) to Code 935 (Free World) for the procurement of 30 motorcycles assembled in the Cooperating Country and required for the project;

2. Find that special circumstances exist to waive, and do hereby waive, the requirements of section 636(1) of the FAA to permit procurement of such motorcycles.

3. Certify that the exclusion of procurement from the source mentioned above would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program; and

4. Approve the procurement, without competition, of five (5) right-hand drive utility vehicles from American Motors Corporation.

Clearances:	Date	Initial
GC, John R. Bolton	<u>WRCMS 8/3/81</u>	<u>JRB</u>
A/AA/ASIA, Frederick W. Schieck	<u><del>8/3/81</del> 8/4/81</u>	<u>FWS</u>
A/AA/PPC, Larry Smucker	<u>[Signature]</u>	<u>L-S 8/3/81</u>

Signature [Signature]  
M. Peter McPherson  
Administrator

[Signature]  
Date

GC/Asia:ST<sup>hp:hp</sup>isa:eb:hp:8/3/81:Ext 28092

## PROJECT DATA SHEET

A

A = Add  
C = Change  
D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY  
Thailand

3. PROJECT NUMBER

493-0315

4. BUREAU/OFFICE

Asia

04

5. PROJECT TITLE (maximum 40 characters)

Decentralized Development Management

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
08 01 867. ESTIMATED DATE OF OBLIGATION  
(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 81

B. Quarter 4

C. Final FY 86

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 81			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	-	-	7,100	1,485	9,115	10,600
(Grant)	( 600 )	( 600 )	( 1,200 )	( 1,485 )	( 1,615 )	( 3,100 )
(Loan)	( - )	( 5,900 )	( 5,900 )	( - )	( 7,500 )	( 7,500 )
Other U.S.						
1.						
2.						
Host Country	-	25	-	-	14,190	14,190
Other Donor(s)						
TOTALS				1,485	23,305	24,790

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
		(1) FN	280	33	33	-	-	3,100	7,500
(2)									
(3)									
(4)									
TOTALS				-	-	3,100	7,500	3,100	7,500

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

050

069

11. SECONDARY PURPOSE CODES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

BS

TNC

PART

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

In support of the Royal Thai Government's national program of decentralized development, this project will strengthen and accelerate, in a replicable way, capability at the tambol and amphoe levels to plan, design and implement projects and programs which are responsive to beneficiary-indicated needs.

14. SCHEDULED EVALUATIONS

Interim	MM	YY	MM	YY	Final	MM	YY
	0	6	8	4		0	1

15. SOURCE/ORIGIN OF GOODS AND SERVICES

 000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY

Signature

Robert S. Queener

Title

Acting Director

Date Signed

MM DD YY  
10/2/86

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

## PART I - PROJECT RECOMMENDATIONS AND SUMMARY

### A. Fiscal Data

See preceding Face Sheet. The Project Identification Document (PID) for this proposal was approved in November, 1979. Annex X contains the AID/W approval cable.

### B. Recommendations

Based on USAID and Royal Thai Government (RTG) design efforts and agreements, it is recommended that FAA Section 103 financing be authorized in support of a five year Decentralized Development Management Project as follows:

1. Grant: \$3.1 million
2. Loan: \$7.5 million having an amortization period of 40 years, including a 10 year grace period, with interest at two percent during grace and three percent thereafter.

Annex XII comprises the RTG request for this assistance.

### C. Borrower/Grantee (B/G)

The B/G is the RTG. Representing the RTG at the national level will be the Office of the Prime Minister (OPM), including: The Department of Technical and Economic Cooperation (DTEC) for the Project's grant component; and the OPM unit in charge of the Employment Generation Program (EGP)--a national program for channeling funds to local levels of government.

Implementing the Project will be local administrative and government entities within five provinces (changwats) of Northeast Thailand, the country's poorest and most under-developed region. These local entities include: (1) an estimated 10 amphoes (sub-provincial, administrative districts, somewhat akin to counties in the U.S.); (2) some 97 tambols (similar to U.S. townships) within these amphoes; and (3) the approximately 1,075 mubans (rural villages) comprising the target tambols, which have a population of

665,000. Provincial and district staff of the RTG Department of Local Administration supported by staff of the Office of Accelerated Rural Development (ARD) and other field technicians--will provide administrative, management and technical support to participating tambols for Project implementation at local levels.

D. Summary Description and Financial Plan

The Project will strengthen and accelerate the RTG's system of decentralized grants for development. Two components are designed to advance these objectives as summarized below.

1 System Improvement

This component will strengthen local government capacities to identify, design, implement and manage rural development activities and sub-projects funded from all sources including the national EGP. The targeted 10 amphoes and 97 tambols in Northeastern Thailand will receive appropriate training, advisory assistance and technical support aimed at increasing their participation in, and responsibility for, planning and carrying out their development. Major outputs of this capacity-building effort will be a trained population of some 2,600 local officials and leaders, operational multi-year Tambol Improvement Plans in the 97 tambols and a replicable system of local development management which can be extended to other districts and tambols.

A \$3.1 million AID grant will support the system improvement component of the Project. The grant will provide for: four years of a joint Thai-U.S. Technical Assistance Team (approximately \$2,155,000); training materials, equipment and courses (approximately \$140,000); technical support (approximately \$455,000); short-term consultants and evaluations (approximately \$350,000). The RTG will provide an estimated \$690,000 in support of these activities. Taken together, AID and RTG contributions for system improvement are thus estimated at \$3.79 million.

## 2. System Expansion

This component will provide capital to participating local governments through the RTG national program for direct financing of local development activities, the EGP. Now in its second year of operation, the EGP is proving effective at channeling funds down to the tambol level. General criteria for the use of EGP resources are that the sub-project activities financed be: (1) selected by the participating tambol; (2) implementable in a short period of time (e.g., six months); (3) high in labor content (to help provide employment between agricultural cycles); and (4) creative of assets for the public good. Typical sub-project activities, to date, have included rural road extensions and improvements, water collection systems, small fish ponds, dykes for water and flood control, community grain storage facilities, etc.

AID and the RTG will co-finance an expansion of EGP's system of operations in the Project area. Facilitated by the local government and administration capacity-building activities, this expansion will be both qualitative and quantitative in nature and benefit the 665,000 people residing in the target tambols. Qualitative expansions will be focused on better designed and managed sub-projects, and, in an incremental fashion, on larger and multi-year tambol sub-projects, intertambol sub-projects and activities of an income-generating nature. Quantitatively, it is expected that participating local governments will be productively absorbing and managing approximately 50% more EGP financing at the end of Project than they did at the beginning.\* It is also anticipated that they will begin funding an increasing share of sub-project maintenance and repair costs from local sources of revenue and thereby lessening the burden of such funding on central RTG sources.

To finance system expansion in the Project area, a \$7.5 million AID loan will supplement some \$13.5 million in already projected RTG resources (projection based on four years of allocations by the EGP at levels equivalent to current year grants) for a total expenditure estimated at \$21.0 million. This investment will result in the creation of 3,100 sub-projects in the 97 tambols over the life of DDMP.

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\*While the identified demand for EGP financing would indicate an expansion of much more than 50%, effective absorptive capacity rather than demand is the limiting factor. This constraint is addressed by Component I.

3. End-of-Project-Status (EOPS)

By the end-of-project in 1986, it is expected that the above approaches to improvement and expansion of the decentralized programs for financing of local projects will be operationally effective and that a plan will have been completed for replication into other areas.

4. Financial Plan

Based on the above component summaries, it is expected that AID and RTG resources will be allocated to the Decentralized Development Management Project approximately as shown below.

Table 1  
Summary Financial Plan

(US \$000)

<u>Source of Funds</u>	<u>AID</u>		<u>RTG</u>	<u>Total</u>
<u>Use of Funds</u>	<u>Grant</u>	<u>Loan</u>		
I. System Improvement				
- Technical Assistance	2,155		85	2,240
- Training Support	140		505	645
- Technical Support	455		-	455
- Specialized Assistance and Evaluation	350		100	450
II. System Expansion				
- Employment Generation Program allocations to 10 amphoes		<u>7,500</u>	<u>13,500</u>	<u>21,000</u>
Total	<u>3,100</u>	<u>7,500</u>	<u>14,190</u>	<u>24,790</u>
	=====	=====	=====	=====

The USAID judges this Project to be feasibly designed for Thailand and its costs to be reasonably established. Annex IX contains the Statutory Check List.

E. Waivers

Thirty light motorcycles (125 cc or less) are needed to give mobility to technical support personnel operating in the Project area. U.S. motorcycles are unsuitable since they are too large and spare parts/servicing capability are not available in Thailand. Local procurement is necessary. The total expected cost of procurement for these motorcycles is \$50,000

Five right-hand drive utility vehicles are required for technical assistance team mobility. A proprietary procurement waiver is necessary in order to permit the purchase of these vehicles from American Motors Corporation on the basis that AMC is the only manufacturer of American utility vehicles suitable for rural areas of Thailand because of parts availability, standardization and maintenance requirements. The total expected cost of these vehicles is \$50,000.

F. Issues

1. General

As noted, the Project is designed to support, improve and expand an on-going institutional and developmental system devised by the RTG. It is precisely this fit to Thailand's own approaches that helps establish the Project's feasibility and implementability as well as enhances its prospects for success. A key assumption, therefore, is that the RTG will maintain a decentralized program to channel funds to local governments for the financing of developmental activities which are planned and managed by those local entities.

2. APAC

The PID approval cable, Annex X, outlines issues raised at the APAC, including questions about monitoring responsibility, beneficiary involvement and participation, institutional roles, maintenance financing, other donor assistance, etc. These issues and operational concerns are addressed in Parts II through V of this paper and related Annexes, as referenced below:

<u>Issue Raised in APAC Approval Cable (STATE 288754/80)</u>	<u>Page Reference Where Issue Is Addressed</u>
a. Rationale for loan	pp. 34-37
b. AID monitoring - limits of AID interests and procedures to be used.	p. 78
c. Criteria for use of AID loan funds	pp. 34-37
d. Provisions for maintenance of sub-projects	pp. 30-32 Annex III
e. Relationship to poverty, e.g., "bottom-up" characteristics	pp. 11-12, 19-20, 41-43
f. Cooperation between NESDB and MOI in implementation	This issue is no longer relevant as provincial planning is not critical to project success and NESDB does not have implementation responsi- bility for EGP.
g. Coordination with other donors	pp. 24-25
h. Long-term financial commitment by RTG	Annex XI provides evi- dence of RTG commitment to participating districts under this Project; also page concerning RTG policy for next five years.
i. Environmental Assessment.	pp. 43-44

PART II - PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. PROJECT RATIONALE: WHY DECENTRALIZATION?

The basic justification for decentralization of development in Thailand lies in the RTG's strategy to promote economic growth benefitting a broad spectrum of the population and to stimulate development in areas that have been relatively neglected by government policies and programs in the past. There is ample reason to believe that decentralization, in the sense of devolving authority to local administrative bodies with active participation by the intended beneficiaries and their organizations, is essential to carrying out that strategy.

The strongest argument for decentralized development is economic. Projects selected and designed by local bodies, with popular participation, are more likely to fit local needs and receive support from the people. This support has several implications for the cost-benefit relationship of the project. Involved and interested local people will often commit their own resources to a project, thereby reducing the level of investment required of the government. They are also more likely to perceive the value of the project and utilize it effectively, increasing the assurance that the potential economic returns will be realized. Finally, it engenders a sense of ownership which will motivate them to maintain the project, preserve its useful life, and extend the stream of benefits. Resource contributions and savings such as these, aggregated over a myriad of local development undertakings implicit in comprehensive rural development, have enormous significance for the overall government development budget.

Decentralization also has strong grounding in administrative efficiency and effectiveness. Development initiatives need to take into consideration a wide variation in local conditions and constraints. It is more practical to devise area-specific action programs at lower levels of government where there is better understanding of local circumstances. Coordination of actions by several different agencies is also more practical in a decentralized mode if officials at lower administrative levels have sufficient authority. Finally, utilizing the beneficiaries and their organizations as development agents to some extent substitutes for ever-expanding networks of government field agents, which otherwise would result in an enormous drain on the government budget -- without reference to the difficulty of staffing these services with qualified, dedicated people.

The case for decentralization is persuasive. Yet the strongest argument, that of economy, is undermined to the extent that local government and people's institutions cannot effectively utilize development resources deployed in decentralized modes and rural projects are hastily conceived, ill-constructed, and poorly maintained. This project addresses itself to increasing the absorptive capacity of the partnership between local government and the people and to installing operational systems that result in better, more durable projects.

## B. EVOLUTION OF RTG POLICY AND PROGRAMS ON DECENTRALIZATION

### 1. Introduction

Basic to the raison d'etre and design of this Project is an appreciation and understanding of its place in the pattern of local development in Thailand over the last two decades. The United States, along with a number of other donor countries and institutions, joined with the RTG in supporting substantial programs of local development during those years. The programs, in turn, surfaced the need for widespread changes in the institutions and in the processes affecting local development. By and large the RTG took this experience seriously and over time effected a number of positive reforms to meet these needs. The changes were made within the context of the Thai culture, viewpoint and historical response.

Now local development in Thailand is at a point in its continuing evolution where the U.S. can renew its involvement, however limited, and effect considerable positive results for the RTG and the people of Thailand. The involvement proposed by this project is prompted not only by the needs of the present opportunity but by an appreciation as well of the continuum where past and present events related to local development converge in a relatively rational or at least explicable succession. It is this continuum which is discussed in the following pages.

### 2. 1960-1973: First Stage

Programs for planned change in local development became a central concern to the Thai Government in the period from 1960 to 1973. This emphasis was based on a fundamental assumption by the Thai Government that by promoting development the security of Thailand would be ensured. Policy planning predicated upon a presumed linkage between

development and security was accentuated with the additional premise that the rulers of the country had a "fatherly" interest in improving the quality of life of the citizenry.

The actual local development programs instituted in this period reflected both the development-breeds-security policy assumption and the "father-image" attitude of the leaders. Governmental resources were heavily concentrated in rural northeastern Thailand--which was thought to have real or potential insurgency problems. The major local development programs of the period--Community Development under the Ministry of Interior, Mobile Development Units under the Ministry of Defense, Accelerated Rural Development directly under the Prime Minister's Office and major irrigation construction projects under the Ministry of Agriculture and Cooperatives--were all structured to make government officials responsible for implementing programs which had been chosen by the government to meet the needs of the people.

These programs did, to an extent, succeed in effecting improvements in the living standards of some rural peoples. But they were modest in comparison to the improvements which came about as a consequence of the involvement of many villagers in the open market economy. Moreover, the improvements in the standard of living of rural people living in the areas in which government development programs were concentrated paled in comparison to the improvements in the living standards of urban people--particularly the people of Bangkok--and even in comparison to the improvements in the lives of those rural people--concentrated in the Central Plains--who were well-situated to meet market demands. Finally, these development programs failed to substantially reduce the poverty of many sectors of the rural populace, particularly in the Northeast.

Nevertheless, the programs did have a marked affect on the structure of Thai local administration, especially on the province. Under the pressure of the development-com-security reasoning more attention was given to the Governor and his administrative entourage since Community Development and the Mobile Development units relied heavily on provincial leadership and its technical and administrative support, though their ultimate target was the tambol and the village. ARD's main administrative goal was to build a capacity for action at the provincial level with equipment, budget and technical upgrading centering on the governor and his deputy for accelerated rural development. A considerable literature resulted from both the RTG

and donor countries, urging the need for more deconcentration of administrative authority to provincial administration personified, but not limited to, the Governor, on the necessity for expanded staff and for the installation of improved management planning and budgeting throughout the provincial administrative scene. RTG response to these urgings has been a consistent, though often muted, theme existing along side that of local development during the intervening years. Highlights of changes made by the RTG in response to these suggestions are noted below.

The position of Vice-Governor was given official status in the late '60s and added to the larger and more critical provinces as budget and resources permitted. By 1980 there were Vice-Governors in all provinces. The Office of Provincial Administration, which includes the Provincial Planning Unit, was given budget and position classification status in 1974, and is now staffed in all provinces with an average of from 5 to 8 officials. The office is charged with general administrative support to the Governor and with both management and physical planning for the province. Each provincial office has prepared a draft five year development plan (1976-1981) as well as a series of updated annual plans. The latter contain a rough inventory of public expenditure programs and include a list of on-going as well as new projects proposed by the central line agencies operating in the province and by the province itself. The projects included in the plan originated from amphoes (through Tambol Councils), sukapihans (sanitary districts) and municipalities. While resultant plans are hardly the models fervently pursued by comprehensive planning enthusiasts, they are quite adequate as a beginning in a functional sphere of concern which for the Thai province is still very new and as yet not completely defined. Having but recently put into operation such concepts as management planning and development organization, the province will need time and operating practice to fully grasp and satisfactorily implement such a substantial and demanding concept as comprehensive planning.

The training programs of the early 1960s, begun as fledgling experiments in upgrading the knowledge and capacity of lower grade administrative officials in order to meet the challenges of the larger programs such as ARD, were institutionalized, expanded and made part of the requirements for promotion to senior level positions. The District Officer Academy, given official status in the mid-60s, gave impetus to the Provincial Administrators Training Program, aimed at those who were being considered for the positions of deputy

governor, vice-governor and governor. Other programs were incorporated into the training academy to serve the needs of other local units and to provide training in particular functional specialities.

Exemplifying the trend detailed here, the Bureau of the Budget has begun to delegate specified national budget functions to the Governor in an effort to simplify the process and strengthen its immediate application.

As a consequence of these rather substantial changes and improvements related directly or indirectly to the CD, MDU and ARD programs, the provincial governor today has more and better trained staff than fifteen or even ten years ago. With the creation of the post of vice-governor and the Office of Provincial Administration, the chief executive's role in management planning, direction and coordination has been improved and expanded. An ambitious start has been made toward more pervasive planning for the province. As a key element in provincial administration the District has also undergone significant staffing change with the rapid upgrading of many sub-amphoes, an increase in special grade ranks for the district officer and increased staff, especially for administration and development. While plaintive cries are still heard for more funds and more personnel, the comparative facts show that provincial (and district) administration has made vast strides for the better in the last decade. What seems clear to many observers of the Thai local administration scene is the general evolutionary character of these changes. They exemplify the RTG's generally sincere search for solutions to the problems of local administration in the face of strong pressures to effect administrative deconcentration as a pre-condition to a more even distribution of the fruits of social and economic progress.

### 3. New Policies, New Programs: 1973 to the Present

And while these changes were evolving in the web of provincial administration, policies to support large scale programs were also undergoing transformation. Development-cum-security and the "fatherly" promotion of change by Government administrators could not contain the new realities of the mid-seventies. Many rural (and urban) citizens were no longer satisfied with administrative leadership only, and particularly with a leadership that no longer meted out substantial benefits. By the mid-70s, amid a welter of new directions, the RTG, insofar as local development was concerned, began to change its policy--and its strategy. The RTG turned toward large scale public financing

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of development projects in those rural areas which had benefited but little from the economic growth which Thailand had experienced over the past decade. Of equal importance was the policy change which eschewed reliance on the "father-administrator" and promoted structures which have performed traditional roles in facilitating the participation of local people in the determination of projects. Devolution overtook deconcentration as the guiding light in the evolving pattern of decentralization. And in attempting to make this policy change effective in practice, resulting in the best use of Government resources, a strong emphasis has also been placed on the elements of local project development.

This point is clearly illustrated by the programs which emerged as a result of the changed policy. The first, the Tambol Development Program (TDP) officially called "the Local Development and Rural Labour Assistance Program" which lasted from 1975 to 1977, gave substantial funds on an equal basis to all the tambols in the country for small scale public works. It was succeeded by the Provincial Development Program (PDP) which in turn, under the current RTG budget, was followed by the Employment Generation Fund. Though known by a variety of translated titles, the programs represent a "considerable continuity in the rural development effort since 1975". (Footnote p. 8 of Reyes' paper). They also represent similarities built on evolving experience which, in turn, has led to a sharper focus of effort. The TDP was very general, had but rudimentary criteria for the allocation of funds to the tambols and very few specific requirements for identifying tambol or village projects. It stressed, however, the role of the local council in project selection and planning. Its successor, PDP had a smaller budget reflecting a desire to avoid duplication of other programs as occurred under the TDP. It also had better criteria for allocation between tambols and reflected more attention to priorities in the selection of projects. The projects supported by the PDP were predicated upon their first having been identified in the provincial development plan.

The Employment Generation Program (EGP), initiated in 1980, is included in the current 1981 fiscal year RTG budget as the successor, in turn, to the PDP. The former has maintained the elements of the PDP but refined the area allocation and project selection criteria, focusing more acutely on poverty and need. The EGP is particularly noteworthy for its decentralized structure and approach which leaves programmatic choices to the provincial and sub-provincial authorities. The EGP also is concerned about "increasing the role of the people in the Tambol Council" in the local development action system, particularly in project identification and implementation. The program has a mandate "to

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concentrate on the basic needs in the poor rural areas". (Quotes are from NESDB Rural Development Operating Plan, 1982-1986, January 20, 1981). Here, devolution coincides with basic human needs.

#### 4. Characteristics and Difficulties

A careful analysis of these programs, considered as an evolving whole, reveal four organizational and process characteristics:

- a. Concentration on the Sapa Tambol for local development action.
- b. Focus on local planning, project selection and execution at the tambol.
- c. Use of generalized criteria for area allocation which includes relative poverty as an important factor.
- d. Use of the District Office as a coordinating point for technical support, application of allocation criteria and the essential link to provincial and national levels.

These operational characteristics underline the policy changes which have occurred since 1975 as noted earlier in this background sketch. But these changes have obviously not gone on without difficulties. The programs have shown, as well, failings which need to be corrected in order to keep the "engines" of local development fueled and pointed in the right direction. The major difficulties are five:

- a. Ad-hoc, annual, one-shot aura of each program leads to forced operations where the pressure to spend and construct overshadows the need to plan and manage.
- b. Amphlets, and especially tambols, do not have fully developed skills, techniques or management facilities to respond quickly and efficiently. The operational burden levied by the pressures of project immediacy leads to waste and frustration.

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- c. Many of the projects are poorly chosen, badly designed and give little return to need.
- d. Local level planning is impeded by the pressure of immediate completion; each year the planning process is set back that much more, whereas multi-year planning at the tambol could be the foundation of programs like EGP since well formulated plans in advance could make quick choices possible through established priorities and designation of "shelf" projects.
- e. Projects presently are not chosen with an eye for maintenance. This has led to use of current funds to repair or rebuild prior projects which have deteriorated.

5. The Present Opportunity

The RTG is hopeful that the difficulties exhibited in its local development efforts can be resolved. It has requested assistance from a variety of sources. The World Bank has been asked to help in pilot projects involving provincial planning. The Japanese Government is continuing assistance to the New Village Development Program, which provides funding for small infrastructure and income-producing projects in remote and disadvantaged villages - many of them located in areas with security problems. The U.S. has also been asked to assist. In reviewing the growth and evolution of local development in Thailand, in the light of our contribution over the years to local development in Thailand and noting the focus of the World Bank and the Japanese Government, USAID feels that its best effort can be made in strengthening the capacity of the district and the tambol in local development support and local development operations respectively. It is the target of the remainder of the project paper to define those areas, present a project design for implementation and a series of economic, social, technical, and financial justifications. Annex VIII contains a listing of RTG documents, reports and studies which have contributed to this project design.

CHART XVII

AVERAGE B/TAMBOL BY AMPHOE UNDER TDP, PDP AND EGF BY TARGETTED AMPHOES

Amphoe	TDP-I <sup>1/</sup> 1975	TDP-II <sup>2/</sup> 1976	1977 <sup>3/</sup>	1978 <sup>4/</sup>	PDP <sup>5/</sup> 1979	EGF 1980	EGF 1981	Average 1975 - 1981
Amnaj Chareon (Ubol)	480,000	570,000	76,000	90,900	163,000	881,627	632,500	390,000
Hua Ta Phan (Ubol)	480,000	570,000	60,000	71,000	128,000	643,130	590,000	279,000
Uthumporn Pisai (Si Sa Ket)	480,000	570,000	62,000	74,000	110,103	452,857	838,000	370,000
Hua Thap Phan (Si Sa Ket)	480,000	570,000	68,000	81,000	120,800	566,000	878,000	270,000
Maha Chana Chai (Yasothon)	480,000	570,000	56,000	67,000	141,900	384,572	416,000	243,000
Ko Wang (Yasothon)	480,000	570,000	76,000	91,000	193,600	422,378	374,000	262,000
Chiang Yun (Maha Sarakham)	480,000	570,000	90,460	108,500	202,500	638,046	760,000	408,000
Kosum Phisai (Maha Sarakham)	480,000	570,000	93,900	113,000	210,300	758,463	125,300	497,000
Mancha Khiri (Khon Kaen)	480,000	570,000	81,000	96,700	139,700	728,620	780,000	411,000
Chonnabot (Khon Kaen)	480,000	570,000	85,000	105,000	151,800	792,006	900,800	441,000

Note: Thai fiscal year begins on October 1st. and ends on September 30th.

- 1/ The Tambol Development Program I allotted B2.5 billion to all rural tambols (5,027 tambols), each tambol receiving the same amount.
- 2/ TDP II has B3.5 billion: B3 billion to tambols, B0.5 billion to provinces; each tambol receiving the same amount.
- 3/ In 1977 there was no national program, it being a transitional period after a stormy political struggle for power in 1976. However, some funds were available as a residue of the previous programs. What is show here is an estimate based on total amphoe expenditures of about B10 per capita, spread over all tambols. This includes administrative costs, etc., and represents a kind of basic figure for total governmental expenses. The actual development expenditures were probably in the neighborhood of B15 to B20,000 per tambol.
- 4/ While the Kriangsak Government pledged a Provincial Development Program, it was not implemented until the following year due to a severe drought wherein considerable direct relief was involved. The exact amount given to each tambol, however, is not easily available and we have, as in 1977, estimated about B12 per capita, the increase due to both inflation and funds from direct relief.
- 5/ The PDP was a province-based program where tambol identified projects were funded through the province. Per tambol figure is an interpolation of that portion of the PDF allotted to the amphoe divided by the number of tambols in each amphoe.

C. Detailed Description

1. General

The Decentralized Development Management Project (DDMP) Centers on supporting the RTG effort to strengthen the capacity and institutionalize the process whereby the Sapa Tambol (the Thai equivalent of the American Township) is better able to identify, plan, implement and manage its own development within the limits--and opportunities--of the Thai local development system. The vehicle for this project will be a grant of \$2.0 million and a loan of \$7.5 million to be applied over five years. The grant will be used for necessary technical assistance in the capacity building/institutionalization portion while the loan will help finance tambol sub-projects in conjunction with national funding as presently provided through the Employment Generation Program, as well as prove the potential for enhanced financial (capital resources) absorptive capacity at the tambon level. The use of locally raised funds to support the sub-projects though of lesser scale will also be encouraged. The Project centers on 97 tambols in 10 districts within five northeastern provinces. The target area is discussed in B.3 of this section and is depicted in Charts II and III.

The project seeks to tie the tambol and the district into a mutually reinforcing system of local development with the tambol as the operating, project implementor and the district as the coordinating, supporting pivot. To a lesser extent the province will also be related to this process, especially through use of regular district-provincial channels and through the existing provincial planning process.

The Project will develop and install a multi-year planning and management system at the tambol level. This system will be made available to the Sapa Tambol to enable it to program and utilize the resources available to it either from its own revenue sources or special government grants under such programs as Employment Generation Fund. The plan to be produced by the Sapa Tambol is conceived as an operational plan for tambol improvement based on local felt-needs, as viewed within an increasingly broader time frame and backed by an assurance that resources will be available to finance activities to meet those needs. This multi-year plan will provide a program rather than a project perspective whereby the relative merit and priority of

individual projects are judged in relation to their potential fit with the tambol development program. Further, this approach will demonstrate the value of planning under conditions of increased certainty.

The sub-projects included in the tambol multi-year plan will have to meet certain minimum selection criteria along lines suggested by the illustrative criteria included in the Technical Feasibility Annexes. The latter are to be developed early in the Project to insure that these sub-projects will be technically sound, especially regarding site selection/design and are within the capacity of the Sapa Tambol to manage. The criteria will be reviewed and revised periodically, consistent with increased capacity at the tambol. Technical inputs, including engineering and economic analysis, will be provided by Amphoe and Changwat officials, through the mediation of the district office, for those projects which require outside assistance. Technical project manuals and management manuals for projects which fall within the capacity of local people will also be produced and Sapa Tambol members and village leaders trained to use them.

Present technical capacity at the tambol level requires a judicious and incremental approach to an increase in the number and type of sub-projects to be carried out. Initially, the Project will start with the limited mix of project types currently funded by EGP, which require low technical inputs and low management skills and then gradually move to more complex projects. An important part of the project will be the detail of approximately twenty ARD technicians and/or engineers to work in the targeted districts in order to provide on the spot technical assistance in project selection, design and construction. The project will move from the present heavy emphasis on two or three types of infrastructure projects (See Charts V and VI) to a more general dispersal including sub-projects devoted to income generation and those having a social/community orientation. Because of the emphasis on quality, the number of sub-projects is expected to decline. It will cost more to design and construct longer lasting projects. More and larger multi-year phasing of single sub-projects will also be encouraged. Starting with an average per project cost of B80,000 in 1982 we expect the average to rise to B230,000 by 1985; sub-projects will drop from a high of nearly 1,200 in 1982 to somewhat under 600 in 1985. A more detailed view of this scheduling is found in the Project Inputs and Financial Plan Section of this paper.

The Project will encourage better selection and design of local projects, of both infrastructure and non-infrastructure types. As a consequence, waste will be reduced and the productive life of projects will be significantly increased. A mechanism for maintenance of the sub-projects will also be established during the course of the Project. This system can also be applied in the operation of tambol projects which are funded from other sources.

A management system for local development resources will be demonstrated in the Project to show that increased certainty in plan financing can improve the quality of the projects and hence the real benefits to the people. A multi-year planning system will be developed at the tambol level which will improve the resource management of the Sapa Tambol. The benefits of alternative development strategies and activities can thereby be viewed from a longer term perspective. The Sapa Tambol as a potentially self-governing body is thus upgraded in the process. Amphoe officials in the selected provinces will have better skills to support the Sapa Tambol in its development.

Finally, the project will work toward institutionalizing, at the national level the funding and decentralized administration of local development which has characterized RTG policy (albeit on an annual and ad-hoc basis) since 1975 as exemplified in the Tambol Development Program, the Provincial Development Program and the present Employment Generation Program. These latter programs and their policy origins were more fully discussed in the Background section. As the Project demonstrates the advantages of planning and implementing local projects on a multi-year, decentralized basis where project funding and direction are relatively certain, the RTG effort to institutionalize the EGP and provide it with a regular budget will be strengthened.

The project will extend over five years beginning with selection of participating tambols and districts in the Northeast; it will end with the tambol-amphoe local development process fully operational, with project management systems installed in all participating units, and with the institutionalization of national funding and administration. A program for expansion of the system without further project assistance will be the last output. (See Chart I for Project Summary).

CHART I - PROJECT SUMMARY

LEVEL ↓	UNIT OR AGENCY → PRINCIPAL AGENT	PRESENT ROLE →	CHANGE INSTRUMENT →	END OF PROJECT CONDITION
NATIONAL ↓	NATIONAL COMMITTEE FOR EMPLOYMENT GENERATION  SECRETARIAT	GENERAL OPERATION; GETTING FUNDS TO TAMBON; QUOTE SELECTION; QUOTE CONSTRUCTION.	UPAID, RTC DEMONSTRATION OF VALUES OF CERTAINTY.	PERMANENT ORGANIZATION; REGULAR FUNDING.
PROVINCES ↓	OFFICE OF PLANNING  VICE GOVERNOR  DEPUTY GOVERNOR	FUNDS PASS THROUGH; PROJECT COMPLETION	SELECTED TRAINING; MANUALIZATION OF ALLOCATION PROCESS	IMPROVED RESOURCE ALLOCATION CRITERIA
AMPHOE ↓	DISTRICT  DISTRICT OFFICE  PALAD PATTANA	OFFICE COORDINATION BETWEEN PROVINCE AND LOCAL UNITS	TRAINING, MULTI-YEAR FUNDING, PLANNING	COORDINATOR OF LOCAL NEEDS, PLANNING, TECHNICAL CAPACITATOR
TAMBON ↓	SAPA TAMBON  KAMUAN  PUYALAN	PROJECT SELECTION, IMPLEMENTATION WITH NO MULTI-YEAR PLANS OR TECHNICAL ASSISTANCE.	TRAINING, EXPERIENCE IN PLANNING, CRITERIA, MANUALIZATION, FUNDING CERTAINTY.	TAMBON IMPROVEMENT PLAN, PROJECTS SELECTED, COSTED ON BASIS OF SOUND CRITERIA, BETTER CONSTRUCTION.

## 2. The Tambol As the Focus

Why has the tambol been chosen as the project focus? Why not the district or the province? Part of the reason for centering on the tambol grows from the previous Background discussion. There it was noted that in the evolution of the local development system over the last few decades, the RTG has come to rely on the tambol as the one stable unit where it is easier to come directly to the people, where the administrative and bureaucratic side of development gives way to more direct participation of citizens. RTG programs such as the Tambol Development Program, the Provincial Development Program and the Employment Generation Program all used or are using the tambol as the basic unit. The decentralized processes of the EGP provide the mechanism for putting funds directly into the local units. By strengthening and making more systematic the use of these funds in the management of small scale, people-centered development, the DDM Project will make a significant contribution to the goal of bringing the benefits of development to the country's people, especially those who have not always been well served in the past.

The other part of the reason rests on history and tradition. The tambol has for many years been the cornerstone of Thai local government. The origins of the tambol go back to the Ayudhya period of Thai history. In modern times the tambol, and the kamnan, first appear as legal entities in the administrative laws of 1897; the tambol achieved its present form in the Local Administration Act of 1914. It serves as a sub-element in district administration in birth registration, tax collection, law and order and settling of disputes; the tambol provides an established channel through which the government communicates its decisions. For many years the tambol has had a traditional elected leader, the kamnan, and a surrogate council which has, in law and tradition, made decisions for its people. For too long, however, the tambol has been the supporting structure of the local administrative system without receiving its just return and without realizing greater participation in decisions affecting its present and the plans for its future. More has come down than has gone up.

### 3. Project Targetted Areas

USAID Project funds now available are not sufficient to cover all tambols in the country or even the majority of the tambols in a given region or province. Therefore, this project is conceived not only as a channel for increasing development benefits in selected areas, but also as beginning effort by which the "capacity building process" can be generalized and extended to other tambols throughout the Kingdom. The tambols targeted to participate in the DDMP will be in the Northeast and have been chosen from among those considered to be the poorest. Consequently, the project will not only consolidate the means by which capacity is built but will do so within the context of the poor. Since the outcomes of the capacity building effort will be visible in the construction or formation of small scale, beneficiary-related projects, the poor will receive immediate benefits.

The targeted districts and provinces under this Project are shown along with pertinent data on Chart II. The districts have been chosen through use of the following criteria:

- a. districts appear among the 143 poorer districts in the Northeast as designated by the NESDB in its Five-Year Rural Development Operations Plan (1982-1986) issued in draft on January 20, 1981;
- b. districts are in close proximity to facilitate project operations;
- c. districts represent two distinct sub-regions in the Northeast and for contrast purposes;
- d. exclusion of "amphoe muang districts" to discount the influence of provincial headquarters and the existence of larger sanitary district operations; and
- e. exclusion of districts in which security risks may be high.

Chart III is a map of the Northeast showing the location of target districts. All 97 tambols in these districts will be included in the Project.

CHART II - SUGGESTED DDM PROJECT TARGET TAMBOLS  
(By Province, District)

Province/District	Tambol	Muban	No. Of Dwellings	Population Total	Male	Female
<u>Ubol</u>						
1. Amnat Charoen	17	197	19,278	121,238	59,733	61,505
2. Hua Tu Phan	7	72	5,186	41,666	20,721	20,945
<u>Si Sa Ket</u>						
1. Uthumphon Pisai	71	223	19,294	110,967	55,669	55,298
2. Hua Thap Than	5	52	4,126	27,060	13,372	13,688
<u>Yasothon</u>						
1. Maha Chana Chai	10	80	6,755	50,316	24,889	25,427
2. Ko Wang	4	30	3,107	22,888	11,171	11,717
<u>Maha Sarakham</u>						
1. Chiang Yun	8	97	12,235	72,371	36,898	35,473
2. Kosum Phisai	10	145	14,828	93,961	47,167	46,794
<u>Khon Kaen</u>						
1. Mancha Khiri	10	119	13,059	80,638	41,310	39,328
2. Chonnabot	5	62	6,002	43,843	22,417	21,426
<b>TOTAL</b>	<b>96</b>	<b>1,077</b>	<b>104,070</b>	<b>664,948</b>	<b>333,347</b>	<b>331,601</b>

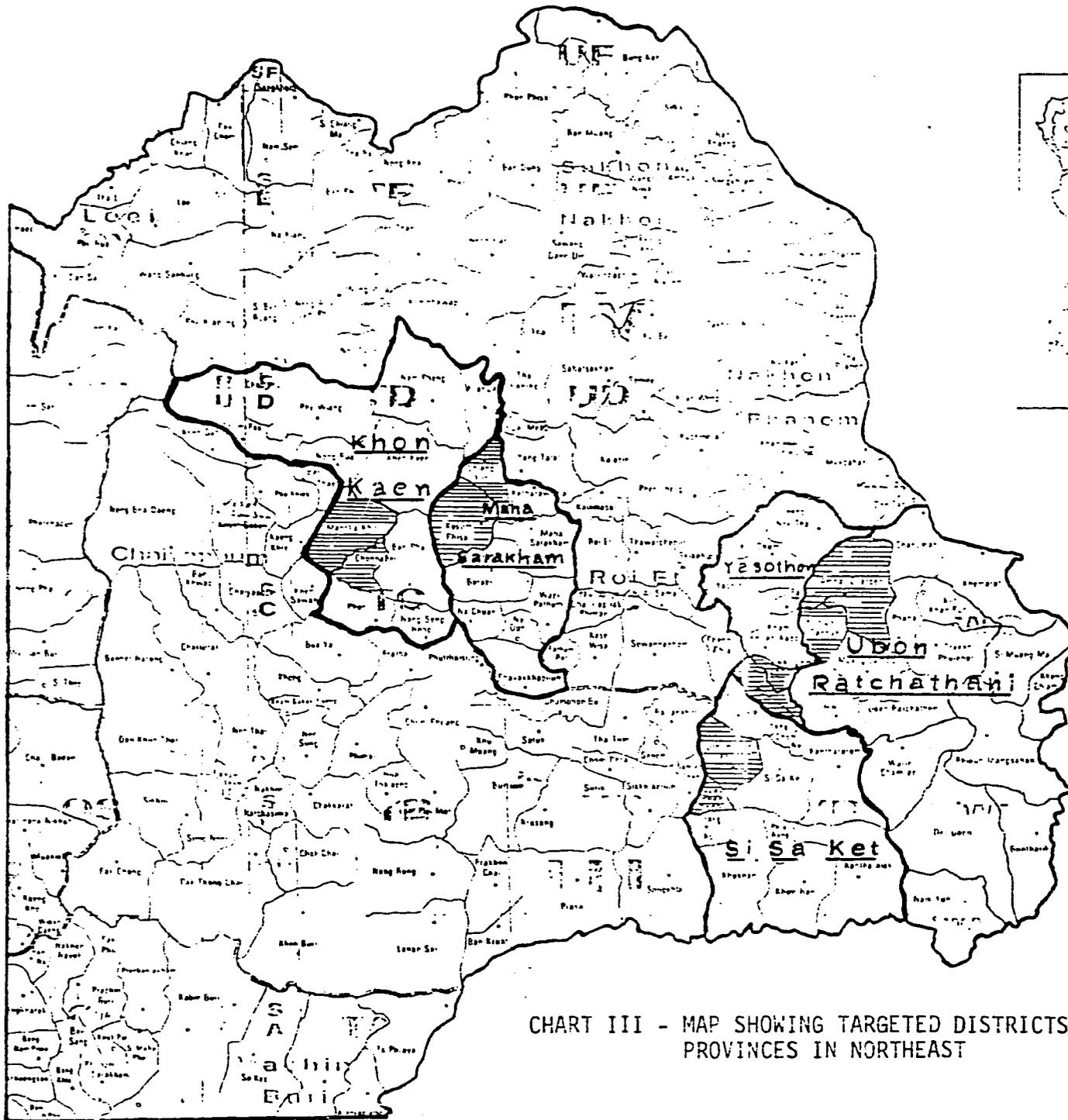


CHART III - MAP SHOWING TARGETED DISTRICTS AND PROVINCES IN NORTHEAST

4. Relationship to AID and RTG Strategy

The project focuses on the tambol and aims to build the latter's capacity for action in operating and managing its own development. This encompasses the identification of sub-projects, analysis of their feasibility and need and their implementation. It also covers the need to plan sub-projects and other developmentally related activities within the tambol from a multi-year perspective. By achieving this kind of capacity, the tambol can, in cooperation with local administration and the national government serve itself in a decentralized context that is substantial and productive. At the same time the immediate project focus will be on districts and tambols who have been judged by the RTG to be at the forgotten corner of the development world.

This approach, conforms to AID's Mission strategy which is set to encourage and support the RTG in its efforts at the sub-district level to improve

absorptive capacity through installation of improved techniques for local development planning and sub-project selection, upgrading local staff capabilities..... development of effective technical support mechanisms, and establishment of maintenance programs and budget to extend the useful life of village projects. (Thailand Country Development Strategy Statement 1983, p. 48.)

The RTG, in the Five-Year Rural Operation Plan (1982-1986), stresses that in rural or local development programs "first priority (be given) to the densely poor areas" and "getting the people to take part in solving their own problems as much as possible". This project targets the poorer tambols in the Northeast while at the same time, especially through the technical assistance portion of the project, assists the tambols in managing their sub-projects, in planning their own development. It is designed to incrementally accelerate the capacity of tambols to attract and effectively utilize more resources than they are presently receiving, to increase the capacity of local government units to respond economically and effectively to local needs, to increase confidence in local government and to demonstrate the benefits of a systematic approach to the build-up of a community infrastructure base.

Moreover, RTG policy supporting the Employment Generation Program and its predecessors stresses administrative decentralization in allocating funds budgeted for local development. The province, and more particularly, the district and the tambol are the cutting edge of these programs. This Project is consistent with both the policy and the actual operation of these programs.

5. Relationship to Other Donors

This Project is related to the New Village Development Project (NVDP) which receives assistance from the Japanese Government and the pilot Provincial Planning Project, supported by the World Bank.

The Japanese loan program centers on village self-development and is managed by the Department of Community Development in the Ministry of Interior. Its object is to strengthen community development efforts at the village level with the provision of substantial inputs of equipment and with some funds available for training and technical assistance. The project centers on the village, reinforcing the traditional role of the Community Development Department. The DDMP centers, however, on the tambol, on the improvement of management capacity and planning ability and on the growth of an increasingly effective development linkage with the district. While the two programs may be complementary working within related levels of government and administration, they should not conflict.

The World Bank, on the other hand, has made available a line of credit to the Ministry of Interior for the purpose of conducting pilot improvement efforts in the emerging planning process centered in the provincial office of administration. Their program is geared to long range, comprehensive planning and will begin with pilot surveys in 16 provinces on the nature, need and intended purposes of comprehensive provincial planning. When this has been accomplished, work will begin on producing comprehensive plans in four provinces, two in the North and two in the Northeast. If results are encouraging there is a good possibility the World Bank will make available increased credits for extension of the comprehensive planning project into other provinces and for the funding of selected provincial projects.

The work of the DDM Project will complement that being done by the IBRD. Provincial plans will depend in large part, on the generation of information and plan implementation coordination by the district office and the

tambol. Plans, projects, assessments, data gathering for the provincial plan are based on the district and the tambol. The DDM Project, by developing the planning and management capacity of the tambol and by encouraging a project support role in the district, will be strengthening those units upon which the provincial planning must rest. Since USAID is in close touch with responsible authorities of the Ministry of Interior and with the managers of the World Bank loan, coordination of our efforts can be easily managed.

6. Log Frame Narrative

a. Project Goal

The goal as applied to this project is to support RTG policies to increase resource flows benefitting economically deprived areas under a process that decentralizes administration and provides for greater participation in the development process.

b. Project Purpose

Within the context of the RTG's national program of decentralized development, the DDMP will strengthen and accelerate, in a replicable way, capability at the tambol and amphoe levels to design and implement projects and programs which are responsive to beneficiary-indicated needs. At the national level this will complement present efforts of the RTG in its Employment Generation Program to allocate funds for tambol sub-projects by decentralizing most of the management and planning elements to the province and particularly to the district and the tambol. Since 1975 the focus of such national efforts has been the tambol--and it is as well the essential focus of the proposed DDM Project. But the RTG national programs are conceived as annual, one-shot operations. They all demand that projects be completed within one year, emphasizing the temporary and uncertain existence. This condition in turn contributes to quick but often poor choices of sub-projects and hasty, ill considered design. If the process were founded on a multi-year expectation, i.e., institutionalized, substantial improvements would occur, thus, institutionalization will be an important part of this proposed project.

c. End of Project Status

The end of project conditions sought after in this project are:

(1) Funding provided through the Employment Generation Program (Program 1) and the Basic Needs of the Rural Poor (Program 2) of the RTG's Five Year Rural Development Plan, or their successors, is lodged in an operational agency with sustained, regular funding. The alternative prospect, equally acceptable, is that the institutionalization focuses on the channels of allocation and distribution, i.e., the province, district and tambols, whereby the national unit role is relegated to general policy and overall coordinator, monitoring. This would obviate the need for operational placement in an existing agency.

(2) The 97 targeted tambols are implementing technically sound sub-projects under Programs 1 and 2, or their successors. Amphoes are providing subproject support and technical assistance to the tambol.

(3) These, and other sub-projects are part of a multi-year tambol improvement plan developed by the tambol, with support and guidance of the amphoe. The plans will contain a priority listing of sub-projects together with identification of their feasibility, sources of funding and effect on beneficiaries. (For details on types of projects, see Charts V and VI)

(4) Plans and operational systems suitable for replication developed for extension of conditions 2 and 3 above to other rural districts and tambols throughout the Kingdom.

d. Important Assumptions for Project Purpose

(1) RTG will continue, in some form, large scale local development assistance such as exemplified in the Employment Generation Program (EGP) where decentralized administration is a key element.

(2) Economic and social equity remain as important aspect of RTG objectives.

The first assumption is based on the record of the RTG since 1975 wherein a succession of related programs have been the norm. In addition, the EGP is contained in the Five Year National Rural Development Operation Plan covering 1982 and 1986. Latest reports from the Office of the Prime Minister indicate that the Employment Generation Program has been included in the proposed 1982 budget.

e. Project Outputs

The major project outputs shown in the log frame are grouped under five headings: (1) the pass-through budgetary allocation system and use of project criteria at the local level, (2) capacity building for planning and project management at tambol with amphoe support, (3) the district as a crucial pivot for technical support and project coordination, (4) establishment of a local maintenance fund, and (5) creation of sub-projects. These are discussed below.

- (1) Strengthening the application at sub-national levels of a Pass-Through Budgetary Allocation System by which national funds from programs 1 and 2, or their successors, come to the district and to the tambol and development of project selection criteria.

The first aspect of this output relates to the application of criteria at the provincial level by which the funds are equitably distributed on the basis of need, relative capacity, index of poverty, etc. The pass-through features of the present allocation system under the EGP would be utilized and their application be strengthened in order that the flow of funds not be hampered by purely bureaucratic concerns at the province. The province would limit itself to making unit budget allocations, pursuant to national EGP criteria (e.g. population density, degree of relative poverty and remoteness). The district and tambol would similarly apply this general criteria and would collaborate in the application of specific project criteria.

Under the technical assistance component of the DDM project a series of studies on poverty measurement in rural Thailand will be completed based on preliminary work done by the NESDB in preparation of the poverty assessment method contained in its recently issued Five-Year Rural Development Operations Plan. From this a poverty index will be developed based on variables relevant to the village, tambol and district. The index should serve as a practical tool to measure relative levels of poverty--a tool to be applied at the province and district levels in the allocation of resources between districts and tambols.

The second aspect deals with the necessity to insure that funds allocated can be used effectively, that they conform to existing plans, such as the Tambol Improvement Plan, and that they serve the people.

This will require development of equity-based criteria for further allocation of development resources at the amphoe/tambol, i.e., project selection. This criteria will serve as a practical tool for use by the Sapa Tambol in assessing the desirability, feasibility and potential benefit of various sub-projects. While more reliable and applicable criteria will be developed once the project is underway, the following suggests the direction of the projects and underlines RTG and USG strategies to which the Project should be contributing. The criteria would cover requirements for siting, minimum design specification, cost effectiveness, benefits relating to people served and, where applicable, projected changes in income. The criteria should further ensure (1) where possible, the use of local contractors either for technical design, implementation or both when the activity exceeds the implementation capacity of the tambol; (2) an effective mix of machines with labor intensive aspects; and (3) increased participation in the selection and approval of the projects, year by year and over a multi-year period. Criteria should also require tambols to undertake phased sub-projects to demonstrate facility in extended project management. Additional project criteria are suggested in the Technical Feasibility Annex.

(2) Capacity Building for Planning and Project Management at the Tambol

This output relates, in turn, to the (a) tambol improvement plan, and (b) sub-project management.

(a) Tambol Improvement Plan

The DDM Project will provide both the means and the system by which the Sapa Tambol can devise a multi-year development plan based on an assessment of their needs and a realistic estimate of future funding. The tambol multi-year development plan will enumerate development activities which the tambol wants to undertake; it will contain as well, estimates of funding to sustain these activities.

On the revenue side, the budgeting/planning system will reflect past and future amounts of land tax to be received (assessed value only changes every four years), the amount of the supplemental grant earmarked to the tambol under terms of this Project, and the tambol share of other development funds. On the expenditure side, the system will show how past expenditures were allocated, what the development needs and priorities are and what priority

the Sapa Tambol has set for the various competing requests. Finally, the plan will show how the Sapa Tambol proposes to allocate estimated receipts including grants, against proposed activities. If the development projects exceed expected revenue, the plan will indicate the projects which are "stand-by".

The TIP system and documents will be designed in such a way as to retain their validity and applicability over the period of years during which the Sapa Tambol is increasing its capacity to initiate and manage an incrementally more sophisticated package of development activities. In the latter years of the Project this growth will be reflected by a progression from simpler to more complex and larger sub-projects and from a few types to a wider variety, e.g. income-producing activities. This progression will require that decisions be increasingly effected by such considerations as the explicit trade-offs between projects (a few larger multi-phased activities vs. many small-scale activities that can be completed in one dry season) and the maintenance cost/future operational (non-financial) implications for the proposed array of sub-projects. An illustrative Tambol Improvement Plan Manual is included in the Technical Feasibility Annex.

(b) Sub-Project Management

The tambol sub-projects implemented within the DDM project will help build the project management capacity of the Sapa Tambol; if chosen according to well defined criteria they will also yield lasting benefits to the rural poor. Although there is a tension between the two concepts (technically sound projects require greater involvement and dependence on technical information and personnel outside the tambol), both are equally important. Sub-projects which the people view as failures do not contribute to the confidence and capability of local organizations. Rather, poorly built sub-projects lead to greater dependence upon the government. The sub-project selection criteria, described in the previous section, will give the Sapa Tambol the information required to make the trade-offs, thus minimizing the tension.

To assist in effecting improvement in sub-project management, the technical assistance component of the DDMP will produce a design and construction manual for sub-projects which will not require direct external technical assistance, and which will provide guidance on cost estimates, and preferable construction techniques for

use by the Sapa Tambol. The manual, covering the most commonly undertaken economic, social benefit, and infrastructure sub-projects, will be written to be compatible with the people's educational level and reading skills.

Tambol leaders will be instructed in the use of the manual to design and construct the sub-projects within their own capability. Amphoe and tambol workers will be initiated into the techniques covering basic design and construction and in other elements of sub-project management. Specific illustrations of the kind of criteria that could be used in selecting sub-projects, in the Tambol Improvement Program and in socio-economic analysis of individual sub-projects (or in the aggregating of similar sub-projects by tambol) are discussed at greater length in Part III. B. Technical Analysis with examples shown in the corresponding annex.

(3) The District as the Crucial Pivot for Technical Support and Project Coordination

Under the DDMP the critical role played by the district is for once explicitly recognized in the structure of the EGP, a role developed as well through involvement in the latter's predecessors. The district coordinates assessment of local needs, assists in the allocation of funds by unit and by sub-project and works with tambol officials in developing proposals, assessing priorities and evaluating results. The district officer, in particular, is the essential broker in arranging technical assistance for the targeted tambols. This will be facilitated by the assignment of one general engineer and one engineering technician to each of the Project's 10 districts and the employment limited casual labor support personnel. These individuals will be responsible for providing timely advice on sub-project siting, design and construction supervision. As a project output, the capacity will be created at the district to provide technical support to tambols and the value of such services at this critical level will have been demonstrated. Administratively, the staff of this support unit will report to the Nai Amphoe, while they will continue to be responsible to the ARD Changwat Office for the technical quality of their work.

(4) Establishment of a Maintenance Fund for Local Projects

The Project, as one of its outputs, will seek to devise effective financial and administration

mechanisms to ensure adequate maintenance of completed sub-projects. This is an especially critical project objective since the durability of infrastructure assets created under prior tambol development-oriented programs has been severely affected by inadequate funds for recurrent operations and maintenance. Under this Project the magnitude of the problem is increased by the fact that during each year of the Project, each district will be adding \$350,000-\$500,000 of new assets to the maintenance load. Assuming an average 10% maintenance allowance each year against the value of accumulated assets in the program, one sees that the annual maintenance budget by Year 4 could easily equal one-quarter to one-third of that year's capital construction program.

A number of approaches to establishment of a maintenance fund have been and are being considered. These approaches and possibly others will be refined and tested during the Project to see which best suit local conditions, are supported by local communities and government, and are financially viable. One approach is to earmark from the outset a negotiable portion of local revenues, raised most notably by the land tax, for maintenance of RTG-financed tambol development projects. One problem with this method is that it would lay a growing claim on one of the very few discretionary financial resources of local government and communities. Another approach is for the RTG to finance maintenance from the project's capital budget for some initial number of years but probably not exceeding 3 years, with the explicit understanding that the local communities would have to absorb the burden after this period. The problem with this approach is that the number of sub-projects over the life of project and the total value of new assets created would certainly be less, with the cumulative effect becoming greater as the project moved into its latter years. A third option is assessment, where feasible, of user charges such as agricultural or livestock watering fees or fees for potable water systems. The problem here is that the statutory basis or political consensus which permit such user assessments is not at all clear.

In fact, none of the above financial approaches are mutually exclusive: one acceptable variant might be for maintenance to be financed by the RTG (out of the project's funds) in the initial period on a sliding scale together with a steadily growing proportional contribution from local revenue. Given that maintenance expenditure requirements in early post-capital investment

years is not great, "up front" RTG financing could have the effect of creating a sinking fund which can be carried over to future years of greater need. A similar approach is summarized in Annex III.

The Project will not prematurely settle on the above-outlined or any one maintenance financing plan, but rather will systematically and empirically explore and compare options, with considerable latitude given to local option. Local governments and communities will, however, be expected to forthrightly address this problem as a condition of their participation in the program.

(5) Construction of 3,100 Sub-Projects in the 97 Targeted Tambols

The US loan and RTG funding will provide a multi-year project fund totaling \$21 million so allocated that each tambol will receive successive increases up to the final year of the Project. This will enable the tambols to absorb more funds as their capacity for sub-project management increases. Sub-projects will be expanded as technical requirements are applied; though fewer projects may be built, their quality and lasting value will be greatly improved. The rising value and proposed change in project mix is discussed and illustrated in Part III-B, Technical Analysis.

f. Project Inputs and Financial Plan

(1) Introduction

The DDMP is funded through a \$3.1 million grant and a \$7.5 million development loan. Chart XIV summarizes the budget, including the RTG contribution, for the life of the project. The loan is a single line item supporting construction of sub-projects at the tambol; the grant is detailed under four major categories and further delineated as to purchase or support. The \$3.1 million grant is bolstered by \$690,000 in counterpart funds provided by the RTG through DTEC. The loan, in turn, parallels and supports RTG inputs of \$13.5 million, both going to the 97 targetted tambols over four years. Total project funding amounts to \$24.79 million. Chart XV, dealing with the loan and grant only, shows illustrative expenditures over the life of project, 1981-1985. Details of the grant and loan follow.

BEST AVAILABLE DOCUMENT

(2) US Grant: \$3.1 Million

The largest part of the grant, \$2,155,000 including contingency and inflation, goes to support a Technical Assistance Team (TAT), more fully described in Part IV-A, and for which the detailed budget is shown on Chart XII. The team will consist of thirteen Thais and two Americans with a Thai Project Manager. The TAT will be based on a host country contract administered in cooperation with the RTG's DTEC. In support of the Team, approximately five vehicles will be procured. US technician support of \$85,000 will be provided from DTEC counterpart funds.

The grant will support in-country training contemplated under the project and described elsewhere in this text as well as in the annex. This will cover training of provincial, district and tambol officials. A small amount of training equipment will be purchased to bolster DOLA's training staff which will have a primary role in the training; the printing of manuals and training materials of various kinds are also covered by the grant. The total for training, including built in costs for inflation and contingencies, is \$140,000. The RTG will contribute \$505,000 from counterpart to cover per diem costs and some of the printing required for training.

The grant will also provide support to district based technicians. ARD will assign one general engineer or competent experienced engineering technician, and one construction/surveying engineering technician to each district. Additional support for surveys, specialist technical assistance and construction inspection for peak dry season activities will be available through ARD at the Changwat level. The engineer and engineering technician will be responsible for providing advice on sub-project selection, feasibility inputs into sub-project approval and appropriate levels of construction supervision in each district. Where required, engineering planning will be accomplished by these two individuals at the professional level. Support will be provided for motor cycles, per diem and POL necessary to enable technicians to move freely to the tambols, giving technical assistance in choice, feasibility and design of sub-projects and to inspect and approve sub-projects under construction. The total from the grant planned for this effort, including costs for inflation and contingency, is \$205,000. Staff support for this technical team will consist of up to three temporary staff per district who will be required to assist in surveying and construction supervision activities. Individuals recruited

to provide support to the engineering team will be three-year technical school graduates. The grant will provide approximately \$250,000 to finance these support personnel.

Finally, specialized assistance in the form of short term consultancies, both Thai and US, will be supported by the grant. Such consultancies would include specialized design for particularly difficult but essential sub-projects, for local finance, social science, economic analysis, manual preparation, engineering assistance and monitoring during the first year (prior to full deployment of the TAT), etc. Also funded under this heading is the cost of project evaluations. The US contribution to this portion of the grant is \$300,000 including contingency and inflation. The RTG is expected to contribute \$100,000 in part to fund an interim technical assistance and training team from Khon Kaen University (or similar institution) at the beginning of the project before the TAT contract is final (described in the training section of the paper).

Chart XVI, depicts an additional aspect of the grant viewed from four major classifications giving units of program measurement, cost per unit and total costs for the five major categories.

### (3) \$7.5 Million Dollar Loan

The loan will be combined with regular EGP funds to finance sub-project activities in the participating districts. Loan funds will be disbursed in increasing annual amounts, beginning in the first year of the project, and spread over four years. Use of loan funds will be deliberately restricted initially, since the absorptive capacity of the participating districts is already strained by responsibilities associated with regular allocations under the EGP. The amount of loan disbursements will rise sharply in the later years of the Project as qualitative improvements in planning, project selection, design, and implementation expand local capacity. The illustrative projections of these disbursements by year and by tambol has been shown on Chart IV.

At the goal level, the AID loan will increase resource flows to the participating districts and tangible benefits to low-income population groups living in these districts. The loan funds have a dual function at the purpose level:

(1) They will help to demonstrate the efficacy of Project techniques in increasing the absorptive capacity of local administrative bodies beyond the regular budget allocations of EGP and thereby encourage larger RTG resource flows to decentralized development; and (2) because the availability of loan funds and an associated minimum level of RTG funding are virtually assured over the five-year Project life (given satisfactory performance) they provide a "real-world" incentive for the preparation of multi-year Tambol Improvement Program -- tambols will have a reliable fix on resource availability for planning purposes.

The RTG contribution of \$13.5 million is based on the continuance of the level of funding presently in effect for the 1981 allocation of the EGP. The average allocation to the 97 targeted tambols is just over  $\text{P}700,000$  and this amount is projected over the four year contribution to sub-projects envisaged by the U.S. development loan, i.e. 97 tambols times  $\text{P}700,000$  times 4 years of the loan divided by  $\text{P}20$ .

#### (4) Operating Principles for Loan Disbursements

(a) Disbursement would follow the method now used by the RTG in distributing EGP funds to the provinces, except that the US loan fund, converted to baht, would go only to the targeted tambols as designated in Chart II, through the respective provinces and districts. Details of the financial flows of the EGP are shown in Chart IX of this paper.

(b) Disbursement in each year will be made on the basis of goals having been met the previous year (excepting the initial year) with regard to the project purposes. These goals are related to:

(i) Improved quality of design and construction of individual sub-project based on samples among the ten amphoes as reported by evaluation teams of the EGP and the TAT.

(ii) Clear evidence of more systematic, multi-year planning in use by the tambols and amphoes indicating that

- Sub-projects are being phased over two or three years periods.
- Sub-projects are chosen from the Tambol Improvement Program.

(iii) Appropriate technical resources are being made available to the tambols through the amphoe on a consistent basis.

(iv) Improved economic and beneficiary analysis techniques are being applied to sub-projects in order to assure that:

- The sub-projects, singly or in aggregation, will have an acceptable economic return.
- Sub-projects will benefit the poor in terms of immediate employment and economic/social service.

(v) Attention is being paid to tambol progress so that tambols who can absorb more funds are given the opportunity to do so while tambols needing greater infusion of T.A. are not left behind or ignored.

The detailed form and procedure to be used in these annual, pre-disbursement appraisals based on items (b,i-v) will be one of the assignments of the TAT.

(c) In general, to effect project purpose, the disbursement of the loan respecting particular sub-projects would adhere to the following points:

(1) The loan package and RTG funds provided should emphasize new sub-projects and be expended for reconstruction, repair or maintenance only in those cases where strong economic feasibility is proven or in accordance with provisions for maintenance to be worked out during implementation.

(ii) Designation of Sub-project types for the target tambols would be flexible to include multi-year, phased projects, a realistic mix between labor and technology as required for quality standards and durability, and eventual construction of fewer projects with longer life and longer term benefits.

(d) That before the third period of loan disbursement the USG and RTG agree on a method by which local units of government, i.e. tambol, amphoe and province, will contribute from local funds and supplemented by other sources, to a maintenance capacity by which sub-projects contracted under this project are assured of minimal essential maintenance.

(5) Allocation of Loan Funds Among Target Tambols

The financial arrangements of the proposed \$7.5 million loan and the arrangements for its allocation and disbursement as discussed above are based on an analysis of previous EGP-type programs going back to 1975. Chart XVII shows the history of these programs as they have affected the DDMP targetted districts and tambols. Each figure shows the allocation under the particular program shown as the average amount given per tambol in each district. During the seven year period (1975-1981) the RTG allocated funds to the tambols based on national programs in five of these years (1975, 1976; 1979-1981). In the two middle years (1977 and 1978) only sporadic drought relief programs are accounted for based on rough estimates which also include regular budget allotments. However, the allotments under the national programs have not been consistent either as to amount or in the manner of allocation. For example, the TDP programs distributed the same amount for each tambol, regardless of its size, need or relative income, P480,000 in 1975 and P570,000 in 1976. The PDP distributed a relatively small amount while the EGP shows, in general, a rising trend in the two years of its existence with an average allocation for all the targeted tambols of P627,000 in 1980 and P700,000 in 1981. The seven year average allocation per tambol is P357,000. The analysis summarized thus far yields two conclusions:

(a) The RTG has tried with substantial success to incorporate a continuing program of direct grants to tambols.

(b) The allocations are unpatterned and inconsistent. Overall, however, there appears to be slight rise in actual allocations.

While there is sufficient evidence upon which to base a loan supporting a national program, the base data upon which to build the loan allocation formula is not present over the seven year sequence. Moreover, in terms of constant baht, the 1981 average of  $\text{฿}700,000$  may not be much more than the  $\text{฿}480,000$  per tambol distributed in 1975. Thus we have turned to the current average allocation per tambol as the base figure, i.e.  $\text{฿}700,000$ , upon which to base the RTG portion in the aggregate; we have, in turn, used the actual tambol allocations made in 1981 to construct an illustrative allocation of the loan as noted in Chart IV. The 1981 allocations were studied and divided into three groups:

(a)	From zero to $\text{฿}600,000$	30 tambols
(b)	601,000 to 900,000	41 tambols
(c)	901,000 and above	26 tambols

From this we derived a three part allocation for the total 4 years for each tambol as follows:

- (a) 1,200,000 baht
- (b) 1,600,000 baht
- (c) 2,000,000 baht

Each of the four year totals was divided into four parts to reflect a rising incremental allocation. By the fourth year each tambol would be receiving, in combination with the RTG contribution, a substantially increased amount. This increase is consistent with the project expectation of better sub-project planning and management and increased capacity upon the part of the tambols and their supporting amphoes. It is also anticipated, on the other hand that the actual number of sub-projects undertaken will decrease.

PART III - FEASIBILITY ANALYSIS

A. Social and Environmental Analysis\*

1. Beneficiaries

The beneficiaries of this Project are two-thirds of a million northeastern Thai in a hundred thousand households. The beneficiaries are the populations of ten districts (97 tambols) in five Northeast provinces (See Charts II and III): Khon Kaen and Maha Sarakham are tangential provinces of the middle Northeast, while Yasothon, Ubol and Si Sa Ket form a cluster at the extreme Southeast corner of the region. Chart III indicates the specific districts of these provinces that are to be included in the Project. The vast majority of people in these districts are ethnically Lao/Isan (Northeastern Thai). They speak Lao/Isan in the home but nearly all speak central Thai as well and are well integrated into the Kingdom. The vast majority are practicing Theravada Buddhists, like their Central and North Thai neighbors. Certain socio-cultural characteristics, however, are associated more with northerners than with people in other regions of the country. In particular, the vast majority of rural northeasterners live in nuclear or stem families. Sons characteristically marry out, whereas daughters remain at home for a period after marriage, with the youngest usually remaining to care for her parents, inheriting the family homestead. Northeasterners also tend to live in villages that are more distinctly separate functional social units than those of their Central Thai neighbors. The houses often form a cluster pattern, usually around the village temple, as opposed to the linear, along-the-canal pattern of Central Thailand or the river lined pattern of the North. The village focus, however, does not result in northeastern society being more closed to the outside. Indeed northeasterners are highly mobile people and frequent visits to other areas of the country for periodic wage labor are the mode, especially to Bangkok and the central plains.

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\*Many of the statistics in this section are from Northeast Rainfed Agricultural Development (NERAD) Project Data. Also see Annex I, Social Factors Affecting DDMP, for greater detail on many of the topics discussed in this Analysis.

Although the beneficiary population of DDMP can be characterized socio-culturally using the above generalizations, much variation occurs both locally and between sub-regions. The middle Northeast, centered on Khon Kaen and Maha Sarakham, has over twice the amount of land under irrigation at the lower Northeast where the other project provinces are located. The distribution of ground water pumps and electricity follow a similar pattern, about two to one. The lower Northeast does, however, have somewhat more roads. Khon Kaen is the second wealthiest province in the Northeast, but the four other provinces in the project all rank near the bottom, with Si Sa Ket the poorest in the Northeast. In sum, one can conclude that the beneficiaries population on average rank below the rural Northeast average, with over 50% of the households below the World Bank poverty line (adjusted to approximately B2,400/capita for 1980).

The resource base of the beneficiaries population is overwhelmingly agricultural, centered on (usually rainfed) wet-rice cultivation. Average holding is about 30 rai (4.8 ha.). NERAD summary data (See NERAD Project Paper and Annexes) are applicable in this regard, but important variations exist from area to area. In the three lower Northeast provinces of the Project, for example, in many areas villagers are now growing more non-glutinous than glutinous rice and consuming more of it as well. In Khon Kaen and Maha Sarakham, however, glutinous rice prevails, although non-glutinous rice is also grown in lesser amounts as a cash crop. In all areas the vast majority of villagers grow wet-rice in the rainy season, consuming most of what they produce. Cash-crops (particularly cassava in the middle Northeast) are also grown by over half the rural households. Usually, households without cash-crop income combine wage-laboring with their basic rice farming--over half the rural households in these areas derive part of their income from wage laboring. The two principal locations for such labor are the home village or very nearby (about half the wage-laboring households) or in Bangkok, another region, especially the Central Plains, but also in rubber and tin industries in South Thailand (about one-third of the wage-laboring households).

## 2. Socio-cultural Feasibility

The project is socio-culturally feasible in its aim to increase the level of local development management, focusing on the tambol. Villagers in the Northeast have long been involved in organizing projects for the benefit of their communities. NERAD data reveal that nearly every household has, at one time or another, participated in a group action community effort such as road-building or weir construction. Over a third have suggested particular projects at local meetings; over a third are members of formal local groups (such as farmer organizations); over a tenth have participated in RTG agricultural demonstration projects. On the other hand, projects supported by RTG funding have generally been suggested by government officials, whereas projects supported solely by local contributions are almost invariably ones proposed by villagers themselves. The degree of participation and the many villager-initiated activities, however, evidence the feasibility of locally initiated projects supported by government grant if appropriate mechanisms, procedures and capabilities can be improved at the local level, the aim of the project. Local study of this issue suggests that participation and satisfaction with such a program will be greatest when villagers are knowledgeable about the procedures and know how much money will be made available. From the standpoint of socio-cultural feasibility, then, a key issue deals with the nature of the communications strategy (discussed below). A second key issue is "sense of ownership" of subprojects, a concern which will be dealt with by focusing subproject management improvement at the tambol. A third feasibility issue is that of maintenance. The resolution of this issue will receive priority attention during project implementation. As one part of the strategy, an increased sense of ownership, especially if villagers have invested some of their own money in the sub-projects, will encourage better maintenance. A fourth feasibility issue concerns the relationship among villagers, the tambol council, and the district and province officials who are to provide supporting technical services. Again, the communications strategy is critical, but in RTG official--villager relationships, the traditional pattern is one of patron-client. Villagers are used to receiving orders from officials and officials are used to passing such orders down. But, this pattern is changing with the evolving increase in functions for local government entities. The means whereby the goal of this Project will be achieved include the further strengthening of local bodies, particularly the tambol council, thereby

facilitating local level participation in the development process. In the areas where this Project is implemented, it is to be expected that the tambol council will become a much more viable unit, operating a viable planning and budgeting system based on local needs and selecting, designing, implementing and maintaining local projects in response to local needs and with support from the government.

### 3. Social Impact

The Project should be able to achieve equitable distribution of benefits among most social groupings, although not automatically. On an area basis (equity among villages and among tambols) equity can be achieved through strengthening capacity to apply established formulas for allocation at local levels. EGP distribution has generally achieved this at province level but often not at local levels. One reason is the lack of good data from the local level on which to apply the formula. As RTG policy states, degree of poverty should be one of the main criteria in the formula. Simplified, workable data gathering systems, including use of the Tambol Improvement Plan (TIP), have been included in the Project design to fill the current critical gap between intent and performance.

Within tambols and villages, however, it is more difficult to achieve equity by using formulas applied to administrative areas. This is true for two main reasons: (1) even within a particular tambol there is great variation (e.g., in income level), and (2) the type of sub-project chosen (and where it is sited, how it is organized, etc.) may have differential impact even within a small local area ("the well in the headman's yard" syndrome). Multi-year, area planning within tambols, as provided by Project design, will incrementally begin to impact on this problem. Still given historical precedents involved, the manner in which local government has evolved, and the existing present possibilities, there seems no feasible method to insure equity within the tambon itself if the Project truly intends to promote development management and decision-making at the local community level. This is the particular dilemma that must be admitted, given the goal of the Project. Although the designers are acutely aware of this dilemma, it is still felt that the Project should be implemented--that the potential gains outweigh the drawbacks. Equity among administrative units, down to and including tambols, can certainly be improved through the use of poverty-cognizant

allocation formulas, a great strength of the Project. Within Tambols, however, an incremental approach must be pursued if the existing system is to evolve. The Project, through its various mechanisms, will work to promote equity within tambols and to give the Sapa Tambols the tools they need to do this. Performance will also be carefully and continually monitored for equity. In the end, however, it will be up to the local inhabitants of each tambol to judge their council's performance and to act accordingly. This, after all, is the ultimate goal of the decentralization process--the overall impact of the Project will move local communities one step closer to that goal.

Impact of the Project on women is uncertain. It is true that in Northeast Thailand women do have a great deal to say about what is done within the household and are often the keepers of the family cash-supply, such as it may be. There is no question they will benefit from the Project if men do. On the other hand, it is also a noticeable fact that women are vastly underrepresented on formal bodies such as village and tambol councils. It also true that the best way to insure economic parity for women is to put a fair share of productive returns directly into the hands of women themselves. This is accomplished by the EGP in that a large percentage of those employed on sub-project activity are women.

Impact on population, fertility and migration cannot really be foreseen at this stage. It is to be expected that impact in these areas will all be positive in that activities carried out under the Project should make local communities more remunerative and satisfying places in which to live. The evaluation instruments will measure this, and the Technical Assistance Team (TAT) will design simple instruments for including these impacts in design and feasibility processes.

#### 4. Environmental Impact

There is no realistic way to judge environmental impact at this point--for that reason it was recommended that basic environmental assessment features be built into the implementation of the project. This is, again, a job for the TAT. Manuals and training instruments developed during the first year of the Project will include environmental assessment criteria for selection and design of sub-projects. The question of formal reporting procedures in environmental assessment of sub-projects should probably be

left up to the project implementors. This will create some burden locally, but not all types of sub-projects will require such reporting. USAID/T will seek AID/W assistance during the first year of implementation to determine which, if any, types will require such reports.

#### 5. Communications Strategy

The Project's training strategy, included as Annex VI, outlines a systems approach for building local level management capability. This framework is developed to produce locally appropriate capabilities by aiming at the organization rather than the individual. Locally appropriate and workable communications strategies, the need for which is outlined above, will be developed as a part of this approach. The essential element of the strategy must be a mechanism to ensure that sufficient knowledge (of what funds are available, what is being proposed, when it is to occur, etc.) be widespread among the villagers and their leaders in the areas concerned in time for them to plan and consequently participate in a meaningful way.

In addition to developing an adequate communication strategy, the TAT will also have the social science capability to promote other forms of popular participation in local decision-making processes. Along with developing feasibility and assessment capabilities, this will be a key task of the TAT and the extent of its achievement a measure of success in capacity building for sub-project management.

#### B. Technical Analysis

The technical elements in this project are best discussed under four headings.

1. Local Development Operations (Tambol Centered)
2. Tambol Improvement Program (Plan)
3. Local Development Support (Amphoe Centered)
4. Technical Assistance (Training and Expertise)

The first three elements, in a sense, describe the project. At the same time they form the conceptual clusters to which the technical considerations are related and receive their focus. While the second consideration is

actually key to the first, i.e. the Tambol Improvement Program is the plan for Local Development Operations, it is discussed separately because of the particular requirements demanded for its implementation and the direction it gives to the "operational" element. The Tambol Improvement Program also forms a practical, planned link between the villages and the district, and to that extent, between the district, the province and the national considerations as seen from the tambol vantage. Finally, the fourth element, technical assistance, including as it does training, expert advice and skill transfer, is the vehicle by which the project elements are transformed into the outputs of the project.

Each of the four headings will be discussed in turn.

1. Local Development Operations

This phrase is meant to define the tambol operations wherein the Sapa Tambol and its officers, the Kamnan and village leaders, and its ex-officio members, the tambol school teacher and the community development worker, identify small, beneficiary productive projects, plan them in an order of developmental sequence and arrange their implementation, construction and/or formation. This encompasses as well what has been referred to in other parts of this paper as "sub-project management".

The initial step in this process is the rough identification of a list of projects which will serve the needs of the tambol citizens, the identification to take place within a give and take of villagers, participatory choice. The participation process is well established at the village and tambol level. The traditional function of the tambol is to work out this process through the Tambol Council or the Sapa Tambol. Villagers, through discussion with their leaders, have for years chosen projects under community development programs and, since 1975, under the various tambol directed programs. Identified needs are brought before the Tambol Council, composed part of the village leaders. While more will be said on the village and tambol role as organizational units in the implementation Section of this paper, as a technical feature of the project participation does not pose a serious problem.

The effective screening of locally identified needs, i.e. sub-projects, however, is an important technical issue and must be treated next. Under the 1980 EGP,

screening was effected through the limitation on the projects (water resources and roads) and the restriction of nearly immediate completion. Part of the DDM Project purpose is to build local sub-project management capacity and, within the context of this prior experience, to focus the "screening" toward better, more technically sound projects.

To achieve this the DDM Project adopts a strategy of gradualism, beginning with improvements within the current scope of activities being carried out by participating tambols, and progressively increasing the range, size, and complexity of sub-projects as the tambols demonstrate their readiness. Under the EGP, the five provinces selected for participation in this Project have opted largely for fish and water ponds, small roads and water storage tanks. Chart V shows the range of projects in the 5 provinces while Chart VI refines this data to our use. The latter indicates that, by and large, the targeted tambols went 84% for ponds, roads and tanks in that order. Concentrating on the possible, then, the Project emphasis will begin with this limited scope and seek refinement.

The first step will be the development and refinement of a set of sub-project appraisal selection criteria by which these projects will be improved, made more lasting and will yield a greater return in terms of productivity increase and opportunities for rural employment at crucial, "crunch" periods. Illustrative of the criteria to be established is one set for small roads (Exhibit #1 in the Technical Feasibility Annex) and another for pond and tanks (Exhibit #2 in the same Annex). While these are illustrative, they cover the concerns raised by evaluations of the previous employment generation projects.

Contained in the criteria are elements which also underline the "Tambol-Amphoe Connection" by which technical support is given by the amphoe. These elements concern especially the survey and analysis techniques, the benefit-cost analysis and the "with or without" alternative. They will be discussed in 3, below and in a subsequent section on the technical assistance component of this Project.

Certain projects, by their nature, can be performed satisfactorily by the tambol; other projects will require managerial and technical inputs from, or through, the amphoe. How can this be determined? One approach is to explore how the technical and managerial requirements of various types of sub-projects relate to project purpose and conditions.

Based on considerable field work in Khon Kaen, Ubol and Si Sa Ket, a technical and managerial assessment of a range of EGP-type infrastructure projects rendered results which are summarized below:

	<u>Project Type</u>	<u>Technical</u>		<u>Managerial</u>	
		<u>Require</u>	<u>Have</u>	<u>Require</u>	<u>Have</u>
A.	Water:				
1.	Shallow well	L	L	L	L
2.	Deep Well	M-H	M	M	L
3.	Dug Pond	M	L	L	L
4.	Deepen Pond/Canal	M	L	L	L
5.	Build Reservoir	M-H	L	M	L
6.	Weir/Distribution	H	L-M	M	L
7.	School Tank	L+M	L-M	L-M	L-M
B.	Transportation:				
1.	Village Soil Road	L-M	L	L-M	L
2.	Laterite	M-H	L	M	L
3.	Wooden Bridge	M-H	M	M	L
C.	Facilities/Structures	H	M	L-H	L-M

Key: L = low level of competence  
M = medium level competence  
H = high level of competence

This in turn leads to a classification of infrastructure projects according to the level of technical and managerial skills required and, concomitantly, whether or not their implementation lies within the competence of the tambol:

(a) Tambol Competence

- (1) Shallow well
- (2) School water tank
- (3) Village soil road

(b) Tambol Competence plus District Help

- (1) Dug pond
- (2) Deepening of pond

(c) Tambol Needs Substantial District Help

- (1) Deep well
- (2) Reservoir
- (3) Weir
- (4) Laterite road
- (5) Wooden bridge
- (6) Facilities/structures

The DDMP, because it stresses better sub-project choice, better design and multi-year planning, will undoubtedly raise the average cost of individual subprojects; it will take more labor, perhaps higher machine inputs, to build better roads, ponds and irrigation channels. Though the quantity of sub-projects built may fall below the quantity demanded, the quality, and thus the longer range value of the sub-projects, will in contrast rise.

We expect that with an increasing focus on long range planning and increased quality, will come the need for sub-projects which require more than one year to complete. It is anticipated that by year two of the Project a limited number of sub-projects which require two years to complete will be proposed and qualify for approval. By year four it might be projected that the number of relatively larger sub-projects requiring two-year funding and completion time will equal the number of smaller sub-projects which can be completed in one year. While it is not possible to project exact numbers, the following table illustrates the potential growth in larger, multi-year sub-projects which would be made possible by increased managerial and technical capacity and which could be funded within projected annual budget levels.

Number of Project Activities

Per Year for 97 Tambols

	New Projects	Projects Completed in One Year	Multi-Year Projects	Total Project Activities
<u>1982</u>	1164	1164	-	1164
<u>1983</u>	776	582	194	776
<u>1984</u>	582	388	194	776
<u>1985</u>	<u>582</u>	<u>291</u>	<u>291</u>	<u>776</u>
	3104	2425	679	

This can be better visualized by looking at the following table which illustrates the potential flow of activities and funding over a four-year period for a model tambol.

Model Tambora

<u>Year</u>	<u>No of Units of Management</u>	<u>No. of New Projects</u>		<u>L.O.P. Unit Costs (P000's)</u>	<u>Annual Unit Costs (P000's)</u>	<u>Project Cost Annual Sub-Total (P000's)</u>
1	12	12	of which: 12 are 1-yr. projects 0 are new 2-yr. project starts 0 are second tranche of 2-yr. projects	80.8 - -	80.8 - -	970 0 0 <u>0</u> P970 for year 1
2	8	8	of which: 6 are 1-yr. projects 2 are new 2-yr. project starts 0 are second tranche of 2-yr. projects	135 270 N.A.	135 135 -	810 270 0 <u>0</u> P1,080 for year 2
3	8	6	of which: 4 are 1-yr. projects 2 are new 2-yr. project starts 2 are second tranche of 2-yr. projects	150 300 N.A.	150 150 135	600 300 270 <u>270</u> P1,170 for year 3
4	8	6	of which: 3 are 1-yr. projects 3 are new 2-yr. project starts 2 are second tranche of 2-yr. projects	170 340 N.A.	170 170 150	510 510 300 <u>300</u> P1,320 for year 4

Model Tambora Grand Total for All Years = P4,540,000

The sub-project emphasis of the DDMP may also move toward changing the mix of the kinds of sub-projects being constructed or put into operation. Presently about 84% of the sub-projects in the five targeted provinces are ponds, roads and water storage tanks. But, there are other needs that should be addressed. Dr. Keyes, in his study of the 1979 PDP, emphasized an often-voiced village need for both income-producing projects as well as those serving social needs. Ubol, under the EGP, has been experimenting with the construction of small scale, well designed grain storage structures which would greatly assist small farmers in storing rice for more orderly marketing and the prospect, therefore, of better prices. A few tambols, assisted by district and provincial welfare officers and social work volunteers, have tried projects in rudimentary day care centers and in recreation areas for children and the elderly. These efforts should be studied and under the DDMP the sub-project "mix" could be broadened.

Using the sub-project estimates illustrated in the preceding paragraphs, the following is a possible progression toward a more varied "mix" of new sub-projects under four broad categories:

<u>Type of Project</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
1. Water resource	794	426	247	232
2. Roads and bridges	250	200	175	150
3. Economic promotion	90	100	110	120
4. Social needs	<u>30</u>	<u>50</u>	<u>60</u>	<u>80</u>
Total	1164 =====	776 =====	592 =====	582 =====

## 2. Tambol Improvement Program (TIP)

The TIP is proposed as the instrument by which project management at the tambol builds up a planned, consistent and multi-year approach to its development opportunities. The TIP document results from a process by which the Sapa Tambol amalgamates the needs of its villages into a framework of scheduled projects with estimated financial requirements. Along with this, the TIP would contain projects to be financed and carried out by district, province and national governments. In time, as the process and the

document are refined over the life of the project, it will constitute an ordering of requests for assistance in the development of the tambol which, substantiated by simplified analysis and costing, will express conscious choice within reasonably well-defined resource possibilities in contrast to the looser, less disciplined expressions of "felt needs". TIP's should provide national funding programs such as the EGP an already completed process of identification, screening, costing and district approval of tambol-level projects. The defects of these nationally sponsored programs in waste, inefficiency, hasty choice and poor design, already alluded to in this paper, will, through the mechanism of the TIP, be greatly reduced, if not eliminated.

But, even more than this, the TIP is the marshalling point for capacity building at the tambol and the improvement of sub-project management. The elements of project identification, screening, social and economic analysis, costing, priority ranking and establishment of firm relationships with the district come together in the Tambol Improvement Program. As training in the use of the TIP begins, as experience grows and as the TIP becomes a working tool in the tambol, both its refinement and its expansion will give evidence of the growing capacity of the tambol to program development resources.

Technically, the establishment of the TIP as a programming device is a reasonable expectation. Tambols already operate a fledgling budget system set down by the Department of Local Administration in various regulations. Larger tambols, of course, have more experience and more funds upon which to operate their budgets while smaller tambols have less. In addition, the planning process has been ushered in, as was previously noted, by community development workers and, lately, by the press of tambol-centered programs. Moreover, training courses for tambol officials has been a constant thread in local government administration since the days in the middle 1960s when the Developing Democracy Program was begun, using the tambol as the focus for training and the use of project grant funds. Finally, the project will begin with a suggested Tambol Improvement Program model included as Exhibit No. 3 in the Technical Feasibility Annex. The Program has been modeled on a three year basis and contains the following core steps:

- a. Description of Tambol
- b. Identification of present operation costs

- c. Estimates from current resources which can be used for capital projects.
- d. Three year estimates of funding from local, district, province and national sources.
- e. Project needs by sub-project, unit of government and agency.
- f. Project scheduling over a three year period with descriptions of each project required.
- g. Identification of these projects in terms of funding sources and requests.

The model is based on experience with local administrative units in a number of developing countries. It will have to be further refined by the technical assistance team as field experience warrants. A manual will also be developed to be used in the training and day-to-day execution of the program.

### 3. Local Development Support (Amphoe)

The Project will depend greatly upon the district to give or arrange technical assistance to targeted tambols through use of ARD, CD and other technical officers stationed at the district or the province. Support will be provided to the tambol in aggregating, reviewing and approving tambol selected projects. (Refer to the institutional annex for organizational capacity questions.)

Technically, this support will encompass areas like economic and social analysis as discussed earlier and referenced in the Technical Feasibility Annex. Two activities are of immediate interest and will illustrate the kind of technical back up envisaged here. Selection criteria will require that some form of socio-economic survey be made for proposed sub-projects. While it is expected that much of this support will be provided by the community development worker at the tambol, support will be available as well at the district through the community development worker and the deputy district officer for development. The technical assistance team will direct part of their effort to training and preparation of manuals for this survey work. In many cases the surveys may be done for the whole tambol or for

portions depending on the sub-projects identified and their location. As suggested in the previous review of the Tambol Improvement Plan, the surveys and data so generated will gradually be incorporated into the TIP, supporting in advance the proposed sub-projects contained therein.

A second critical area for technical support is economic or benefit-cost analysis. This will probably be the responsibility of the ARD technician at the district but should also include the deputy district officer for development. Where proposed sub-projects require benefit-cost analysis, the district will give assistance. The methods proposed are ones that have been adopted for training, manualization and use in other developing countries where projects have centered on infrastructure type outputs. In addition, Khon Kaen University, in recent years has given a number of short courses on economic analysis for deputy district officers and ARD technical officers. This, in fact, was noted in a study of technical constraints prepared for this project paper:

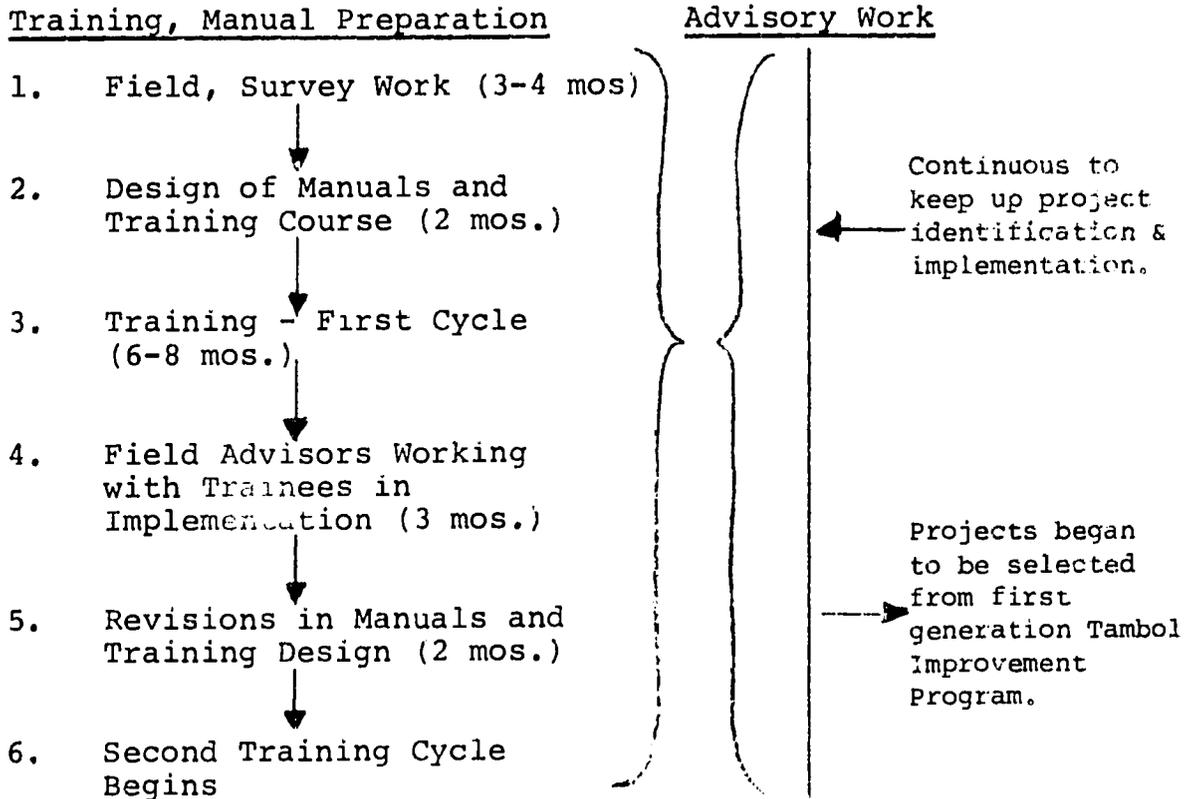
...during the past two years all of the Palad Amphoes in the Northeast have been trained in the Project Development Program. They received a 15 day training seminar. The first year was a pilot project given to 40 deputy district officers and the following year...the remaining deputies received the training. A total of 240 officials participated in the program.  
(page 32, Eldredge Report)

Finally, the district office would provide technical back-up in design and construction monitoring. Again, the technical assistance element in both training and manual development is important here. The feasibility of this approach is documented by the Eldredge Report indicating the work that Khon Kaen University has done in producing a number of training and how-to-do-it manuals on project design fitted to the small scale sub-projects encompassed by the DDM Project. An example of Khon Kaen work is shown as Exhibit 7 in the Technical Feasibility Annex.

4. Technical Assistance (Training and Advisory)

The previous discussions have repeatedly stressed reliance on technical assistance in training, manual development, and advisory services. Technical assistance is a key motive force in the process by which project outputs are realized, and management, planning and support capacity is established at the tambol and the amphoe. How will this be done? What particular areas will be covered? What is the timing?

Estimates of the requirements are based on both field analysis and discussions with knowledgeable Thai officials on what would be needed to effect the outputs and arrive at sustained capacity within the project limits. The project would produce nine courses of which four would be based on roughly the same materials, i.e. Basic Design and Construction and Project Development. The subject matter of seven of the courses would be capsulized in operating manuals to be used by officials at the tambol, district and provincial levels respectively. The timing and the scheduling of the courses themselves will, of course, have to await the determination of RTG project management authorities and the technical assistance team. However, an estimated general time sequence is shown below.



The advisory work, though shown separately for purposes of illustration, will occur in conjunction with the training and manual preparation, with the two activities feeding into each other as field work and advisory assistance yield new information. It would be, for example, an important feature of the advisory work to develop criteria for project selection based on a complete interchange with tambol and village people and with the assessment of existing and proposed technical backstop capacity at the district. As the latter improves, the criteria can be improved and the range of projects expanded.

The details of manpower, organization and costs of the Technical Assistance Team (TAT) is outlined in PART IV Implementation Plan and Arrangements.

### C. Economic Analysis

#### 1. Economic Appraisal of DDMP-type Projects

As DDMP is in effect a selection criteria type project in which technical and economic judgments on each sub-project will be made independently during the course of the project, calculation of an overall B/C ratio or IRR is inappropriate for presentation in the P.P. Rather, the Project will introduce an approach to economic analysis which we anticipate will be employed in the course of sub-project selection during project implementation.

Nevertheless, on the basis of previous experience and other programs in similar areas of Thailand, we can comment on the probable economic feasibility of the two categories of sub-projects which are most common under EGP: small-scale water resources and village feeder roads.

The economic value of small-scale water resources of the size and type which are characteristic of the Employment Generation Program was assessed in a 1979 ILO Report "Evaluation of the Tambol Development Program in Thailand".

The ILO study was built around the first series of "tambol" oriented national programs--the Tambol Improvement Program--with specific reference to the experience in 1976. Benefit cost analysis was applied to a sample of 48 tambols and their small scale irrigation projects. A relatively simple formula was applied against a wide range of assumptions. The paucity of data made the application less than ideal, particularly as applied to shadow wage rates. The

result is a series of alternative outcomes all of which yield a b/c ratio greater than one. But the study concludes that, depending on the values used for shadow wage rates, the IRR varies significantly, indicating that "the projects become only economically profitable, i.e. have an internal rate of return higher than other projects, if the shadow wage is very low. For the most part, the shadow rate would probably be low since the construction period occurs in the off season when the range of economic opportunities offering reasonable returns to labor is severely restricted.

The ILO study, then, does yield a tentative conclusion that projects like ponds and mini-irrigation works are economic, at least based on the projects completed under the Tambol Improvement Program. The emphasis has changed little since then. Similar studies of village roads have established their economic feasibility when the road construction has served to establish a transport link between a village production area and a highway system leading to market areas. The selection criteria to be introduced under this Project will emphasize the importance of these economic linkages.

## 2. Appraisal Techniques during implementation

An essential feature of the economic appraisal methodology for DDMP must be simplicity. It must be assumed that tambol or district-level personnel who are not formally schooled in micro-economic analysis will, in the large majority of cases, be charged with independently carrying out such analysis, i.e. estimation of costs and benefits and calculation to ascertain if a given investment will yield a satisfactory return. It is further assumed that the nature of the sub-projects to be undertaken under DDMP is such that cost/benefit analysis is the appropriate methodological tool. This is certainly true in the case of directly productive infrastructure such as "farm" ponds or road links, which have been the dominant activities in tambol development/employment generation program of recent years.

There are, however, certain types of social infrastructure investment foreseeable under DDMP where (a) estimation of economic return is tenuous but where (b) a community decision has been made that a certain type of public service is necessary or desirable. An example of this category might be provision of potable water to village households. In this instance, economic analysis need only confine itself to the "least cost" methodology in which

sub-project designers must calculate the least expensive means of meeting the previously-determined public service sought (e.g. x liters of water per household per day). Ordinarily, the "least cost" type projects should be carefully controlled since investment resources available to the tambol will be finite and at least implicit trade-offs with more "productive" investments must be continually made.

Cost/benefit type analysis on a project--be it large or small--can easily become overly complex and costly to carry out. As a rough rule of thumb, inputed or explicit pre-implementation economic analysis and the associated technical (e.g. engineering) analysis required to derive the cost side of the cost/benefit analysis in small projects should not exceed 5% of the anticipated capital investment cost. Assuming an average sub-project cost under DDMP of about \$5,000 (Rp100,000), design costs therefore should be held to not more than \$250 (Rp5,000). It is apparent from this calculation that the economic methodological approach must be simplified through use of data surrogates and standardized formula on engineering costs and productive benefits (e.g. standardized unit cost estimates, design parameters and crop yield potential).

Given the relatively-low traffic volume on existing/potential intra-village or intra-tambol roads, the classic calculation of user cost savings (on a ton/mile basis) applied to transportation projects is not practical. Rather, the economic feasibility of road construction/improvement sub-projects should be evaluated on the incremental, attributable production benefit in the area served by the investment. This is sometimes called the "zone of influence" approach. Key variables in this calculation are frequently "with" and "without" investment estimates of (a) irrigable land in the service zone, (b) crop yields, (c) production employment (labor person/day), and (d) input/output prices and tonnages. While not easily quantifiable in benefit terms, access to government or other services is also an important consideration. If the existing or readily-attainable socio-economic data base exists, weights for such factors as inter-village income differences can also be utilized to adjust the benefit stream. All these factors can reasonably easily be incorporated into a cost and benefits appraisal matrix in a field handbook for use by tambol or amphoe personnel.

Economic analysis of potential investment in water impoundments would follow the same general methodology outlined above. In many instances, such impoundments will

be multi-purpose and, therefore, benefits for fishery, stock watering, irrigation, and community drinking water will have to be separately calculated, weighted, and consolidated into an overall benefits estimation prior to cost/benefit calculation. Again, protocols or standardized formulae for costs and benefits calculation will have to be devised for easy, inexpensive application.

It is our view that even rudimentary cost/benefit analysis will represent a major step in the improvement of local government and community capability to make intelligent selections among possible project options and forestall investment in flagrantly uneconomic investments.

### 3. Other Economic Considerations

In 1980, the Office of the Prime Minister commissioned a study of the Employment Generation Program by an inter-university group under the leadership of the Dean, Faculty of Economics of Thammasat University. This macro-study of the regional and national effects of EGP is included in the Economic Analysis Annex, and briefly summarized here. Researchers compiled regional and national statistics covering the major intended benefits of the EGP: curbing rural unemployment in the off season, redistributing income, raising the incomes of the poor. The most important conclusions of the study were:

- a. The employment generation program did, on the whole, succeed in generating employment at the peak period of unemployment.
- b. The program helped poorer families, particularly in the Northeast, to earn supplemental income, which was spent largely on food.
- c. The program showed no appreciable effect on the general price level.

At the same time the Report noted some unfavorable aspects of the program:

- a. Although the majority of projects were aimed at the problem of water, particularly in the Northeast, the study was skeptical that in the long run these projects would have an appreciable effect on agricultural production.

- b. Project construction tended to run over into the planting season and to this extent had a counterproductive effect on agricultural outputs since many people had difficulty choosing whether to stay on the projects or work in their fields.
- c. Insofar as economic analysis was concerned, the absence of orderly, consistent data made it very difficult to apply benefit-cost procedures.

The observation regarding the long-term impact of "mini" water resource projects on agricultural production is understandable. Most of these water structures have little potential for irrigation of rice or field crops. However, they do serve multiple purposes in village life: domestic water use, livestock watering, fish-raising, irrigation of vegetable gardens, etc. They thus contribute greatly to village welfare in terms of food production and preparation for local consumption. Accordingly, water availability normally heads most villagers' list of needs in the disadvantaged villages to be served by the Project. Moreover, as discussed above, when carefully selected and well-constructed, they normally produce a benefit-cost ratio that exceeds one.

The DDMP project will attack head-on the other two problems cited. It will emphasize more orderly identification and approval of sub-projects and more timely construction to avoid conflict with agricultural needs for labor. Sub-project appraisal techniques will involve, inter alia, simple methods of data collection to facilitate benefit/cost analysis.

#### 4. Level of AID Loan-financing

The amount of the AID loan is based on two factors: (1) a manageable (by tambol standards, after improved local capability is established) increase over normal allocations of the EGP - in this case, 50%; and (2) evidence that the real demand for such funding at the tambol level is not being satisfied by the current level of funding. The second point warrants further discussion.

No complete catalogue of sub-project demand has been tabulated for the Kingdom or any one region. Since 1975, however, the provinces have engaged in a continuous planning exercise by which requests for province, district

and tambol sub-projects have been aggregated. In 1979, each of the 71 provinces in Thailand produced a five year plan and a one year plan. The former included a social and economic analysis to support a generalized statement of urgently needed projects to carry out the plan. The annual plan was restricted to compilation of specific projects listed and described in numbered order with an estimated cost. In Ubol, for example, the first year plan included over 1,000 projects with a total estimated cost of  $\text{฿}1,462,618,000$ . Many of the projects were large scale improvements which could only be undertaken by central departments such as Irrigation, Highways, Public Works or ARD. About 800 sub-projects were in the range of sub-project category for the DDMP; these were valued at about  $\text{฿}300$  million or  $\text{฿}315,000$ /project. A number of these were multi-year projects wherein the total amount was included in the one year plan in order to tie down the funding commitment. However, Ubol's combined receipts in 1979, under PDP, and in 1980 and 1981 under EGP fell short of the estimated requirement for 1979 by  $\text{฿}100$  million. Maha Sarakham, also in 1979, aggregated plans for  $\text{฿}526.7$  million in rural sub-projects; yet Maha Sarakham only received  $\text{฿}767$  million for all of 1979, 80 and 81. As a result of these exercises most Northeastern provinces have been reluctant to aggregate new annual plans knowing that much of the demand cannot be met in the foreseeable future. Dr. Jamlong Atikul in his 1979 survey of the PDP noted that nearly 43% of all projects submitted were not funded.

These examples serve to illustrate that the universe of possible sub-projects that can be generated at the tambol-level far exceeds funds presently available. A recent proposal by the World Bank regarding village water supplies suggests that a government investment of some  $\text{฿}5$  million per tambol is needed to provide adequate water supplies to village people. Based on a  $\text{฿}700,000$  average allocation per tambol under EGP, it would take eight years to achieve this result if the EGP restricted the use of its funds to water supplies only.

PART IV - IMPLEMENTATION PLAN AND ARRANGEMENTS

A. Organizational Responsibilities\*

1. Introduction

The most important organizational characteristics of this project are deconcentration of operational responsibilities and devolution of decision-making authority on sub-projects to local entities. While overall Project direction is provided by a national organization, i.e. the Secretariat of the National Committee on Employment Generation Program within the Office of the Prime Minister, the tambol and the amphoe have the day-to-day responsibility for Project implementation.

2. Project Organization

Chart VIII shows the major organizational units and their roles. In the initial phase of the Project, the relationships between the National Committee and local units, particularly the tambol, will follow current practice under the EGP Program. Following established rules and regulations, funds are allocated directly to the province by the authority of the National Committee on Administration of the EGP. The provincial government, primarily the Office of Provincial Administration (a field unit of the Ministry of Interior directly under the governor), makes a further allocation to all the tambols and sanitary districts in the province using a fixed formula. The allocation is given to the district office which then receives project proposals from the tambol, approves and authorizes their construction; the tambol proceeds with implementation and receives periodic funds for payment to the workers under force account or to a contractor. Technical assistance, when available, is mobilized by and through the district officer. Under the DDMP Project, allocations from the regular EGP as well as special allocations from the \$7.5 million project loan, would pass through the same funding channels as the EGP. However, since these combined funds are allocated to the ten

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\*The project organization section of the paper is based on the Institutional Analysis found in the Annex. This analysis should be read first in order to understand the background against which the organization for the project has been placed.

target districts in five provinces, they would not be subject to all the normal rules of the EGP but would follow, instead, the project strategy in strengthening planning, management, and support capability at the tambol and amphoe. In addition, the technical assistance team (TAT) would concentrate on the ten target amphoes and their 97 tambols to improve their capacity in planning and project management. Chart IX illustrates both the EGP process and the variation provided by this Project.

a. National Level

Project operations will be directed by the Secretariat of the National Committee for Administration of the Employment Generation Program, Office of the Prime Minister. The project manager (Thai) from the Technical Assistance Team (TAT) will work out of this office in close cooperation with the Secretariat or officers designated by the Secretariat. The USAID project officer will use the TAT project manager as the principal point of contact for general project operation and administration. Funds will be channeled through the Secretariat in conjunction with details worked out by USAID, the TAT project manager and the Secretariat. A set of operational guidelines will be adopted by the Secretariat to assure that the ten districts and 97 targeted tambols have the operational responsibility and flexibility necessary for Project success.

Since the Project is concerned with operations at the province, district and tambol level, the Ministry of Interior and its Department of Local Administration will provide key liaison functions. Leaderships of both MOI and the DCLA have contributed their ideas to Project design, and their cooperation during Project implementation is assured. The same is true of ARD, which will provide technical support of the district level.

b. Provincial Level

The Office of Provincial Administration under the Governor, will perform a "pass-through" function in order that project funds are transmitted rapidly to target districts and tambols along with the regular allotments from the EGP. In addition, the provincial office will also be the custodian of counterpart funds budgeted for training at the district and tambol. Grant funds to pay the TAT and to arrange for printing of manuals and training materials, will, however, be administered at the national level. The province will receive technical assistance in the development

of a sound allocation formula for the distribution of funds, with criteria that take into account the levels of income, social need, disparity of opportunity, et al, applied to both the district and the tambol. The TAT will collaborate with the Office of Provincial Administration and its planning section in working out and applying this formula.

c. District Level

As discussed previously, the district will play a key support role in the project. The deputy district officer working with the EGP will receive appropriate training in applying simplified social and economic analysis in sub-project selection, including rudimentary B/C and IRR methodologies as suggested in the technical annex. The district officer, supported by the deputy district officer for development, will be the Project manager in the district. An important role of the district office will be to secure sufficient technical assistance for the tambols in identification, design and construction of sub-projects. An important source for such assistance lies with the ARD staff which will be moved to the district in the ten targeted districts. One of the first tasks of the TAT will be to work with ARD personnel at the district to devise ways by which ARD assistance can be made more accessible and effective.

d. Tambol Level

The focus of the Project is here. The Project will work to achieve better project selection through the participatory efforts of the Sapa Tambol. Sub-project implementation will be directed by the Kamnan and technical personnel stationed at the tambol, e.g. the community development worker, school teacher, tambol secretary, et al. Training, technical assistance, project funding and implementation will all be done through the leadership of the Sapa Tambol. This group of local leaders will be responsible for sub-project selection and implementation of a large portion of these sub-projects. They also will prepare multi-year Tambol Improvement Programs. In all these efforts they will be well-supported by the cadre of tambol-level government personnel, the District Office and associated technical resources, and the Technical Assistance Team financed by the grant.

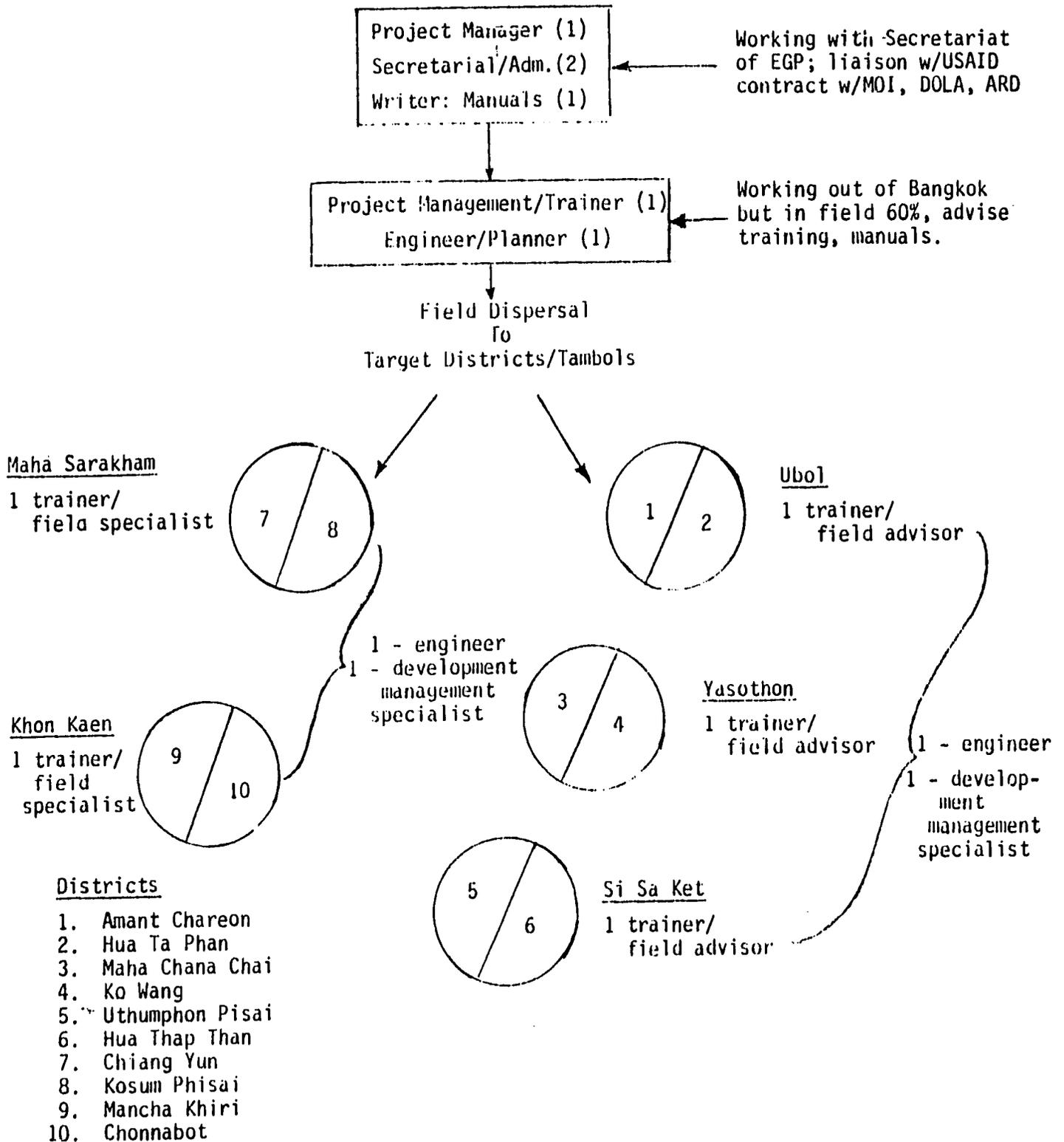
CHART XII - TECHNICAL ASSISTANCE TEAM: MANPOWER AND BUDGET

(in US\$)

ITEM	NO. OF PERSONNEL		AVERAGE ANNUAL SALARY <sup>1/</sup>	PERSON/YEARS <sup>2/</sup>	TOTAL COST	FUNDING SOURCE
	THAT	U.S.				
<u>Personal Services</u>						
1. Project Manager	1		20,377	4.5	91,700	
2. Secretarial/Adm	2		6,787	9.0	61,080	
3. Technical Writer	1		10,642	3.5	37,250	
4. Project Mgmt. Sp./Trainer		1	42,667	3.0	128,000	
5. Engineer/Planner		1	42,667	3.0	128,000	
6. Small Project Engineer	2		10,667	6.0	64,000	
7. Field Specialist (Ag)	1		14,933	3.0	44,800	
8. Field Specialist (Lcon)	1		14,933	3.0	44,800	
9. Trainer/Field Advisor	5		13,573	22.5	305,400	
Sub-Total	13	2		57.5	905,030	AID
<u>Support Costs to TAT</u>						
1. For U.S. technicians only: <sup>3/</sup>						
a. International Travel					27,200	AID
b. Quarters/Temporary Lodging					61,735	AID/DTEC
c. Education Allowance					22,600	AID/DTEC
d. Air/Sea Freight					56,200	AID
e. Misc.					1,000	AID
					(168,735)	
2. For all personnel:						
a. In-country transportation					18,200	DTEC
b. Per Diem					66,500	AID/DTEC
					(84,700)	
Sub-Total					253,435	
Overhead on Salaries (100%)					905,030	AID
Contingency (6%)					126,075	AID/DTEC
Grand Total					2,189,570	
				Say	2,190,000	

- 1/ Assumes 20% upward salary adjustment at end of year 2 and further 15% upward adjustment at end year 4, as applicable.
- 2/ Project manager, secretary/adm. and field personnel are slated for complete project life once they are on board.
- 3/ Assumes 1 U.S. technician accompanied by spouse and 2 children and 1 U.S. technician assigned alone.

CHART XIII - ORGANIZATION AND AREA ASSIGNMENT  
FOR TECHNICAL ASSISTANCE TEAM (TAT)



3. Technical Assistance Team (TAT)

The objectives, subject matter, and scheduling of training activities, manual development, advisory services have already been discussed in the Technical Feasibility Analysis, III, B. The TAT will be organized in one of two ways; either an all-inclusive institutional contract with a Project Manager-team leader, or a number of individual (personal service) contracts headed by a contract Project Manager. As noted above, the Project Manager will be the principal contact with the Secretariat of the National Committee on Administration of the EGP and will, as well, be responsible to the USAID project officer for effective operations of the TAT.

The designation of the head of the TAT as "Project Manager" for the qualitative improvements to be introduced under this Project is an unusual, but necessary feature. The Employment Generation Program (EGP), by intention, is being carried out without superimposing special administrative arrangements. The key entities are the existing Tambol Councils and District Offices. The National EGP Committee and Secretariat are composed of high-level RTG officials who hold regular positions in various government offices and devote only part-time to the direction and oversight of EGP. However, the qualitative aspects of the DDMP Project and supervision of the TAT require full-time dedication. The TAT Team Leader will perform these functions, in effect as an adjunct of the National EGP Secretariat, and will be supervised directly by them. The EGP Secretariat supports this administrative arrangement as workable.

Manpower requirements over the estimated four and one half years of the life of the TAT and the proposed TAT budget are shown on Chart XII. The proposal includes a total TAT of 15, including thirteen Thais and two Americans. The length of stay for the TAT is proposed at four and one half years. However, it is planned that all but the project manager, the secretariat support and the field advisors will be phased out at the end of the third year. The TAT budget contains funds to cover per diem for training sessions, to be carried out in three cycles over the project period (See Part III, Technical Feasibility Analysis and the section of the annex which deals with the Project's Training Strategy.) Funds are also included for travel and per diem to facilitate frequent visits by district-level personnel to the tambols, especially technical experts from ARD and other technical offices.

Chart XIII shows the organization and field deployment of the TAT. A central office, working with the EGP Secretariat, will be based in Bangkok and consist of the Project Manager, secretarial support, and a technical writer to produce the manuals and training materials. The two Americans will be based in Bangkok but will spend about 60% of their time in the field, particularly in the first two years. They will assist in the development of manuals, training preparations and general advisory assistance in field construction and improving local administrative procedures. The two districts in each of the five provinces abut each other while the two sub-regions consist of contiguous provinces (Maha Sarakham-Khon Kaen and Ubol-Yasothon-Si Sa Ket). This clustering of target areas provide for ease of travel and communication. It also facilitates assignment of one trainer/advisor for every two amphoes, and therefore one per province. Technical experts, i.e. engineers and development management specialists, will cover two and three changwats, respectively. The effort to build local capacity and upgrade performance requires a relatively high concentration of technicians at the beginning. As institutionalization of improved practices occurs, this concentration will be reduced. It is intended that by the end of the Project, only the project manager, secretarial personnel and the five field trainers will be left. The role of the field trainers should be noted. Their initial effort will be spent at the district and the tambol assisting in project identification, participation, and developing selection criteria and appraisal techniques. They will also bring together the raw data necessary to supply to the specialists who will develop manuals and organize the training program. The training of tambol personnel will be done at the tambol or, where accessible, at the amphoe. The four amphoes lying in reach of Khon Kaen will be able to take advantage of the facilities at Khon Kaen University; the six amphoes to the east are in reach of Ubol, which has many appropriate training sites, including a long-functioning Regional Community Development Center.

#### 4. Summary Financial Plan

Charts XIV, XV, and XVI show the financial arrangements for the Project, including the allocation of funds to the various Project components and the proposed disbursement schedule for AID funds. AID will make available \$3.1 million in grant funds and \$7.5 million in concessional loan funds to be disbursed over a five-year period. The RTG will contribute \$13.5 million to finance sub-projects and an additional \$700,000 to support the Technical Assistance team and technical service operations at the District and Tambol level.

CHART XIV - SUMMARY BUDGET - LIFE OF PROJECT  
(\$000)

ITEM	AID		RTG		TOTAL	GRAND TOTAL
	FX	LC	DTEC	MOF		
<b>I. <u>LOAN</u></b>						
A. Project Implementation and Management: Funding for Construction of Sub-projects in 97 Tambols.	-	7,500	-	13,500	21,000	
Total/Loan	-	7,500	-	13,500	21,000	21,000
<b>II. <u>GRANT</u></b>						
A. <u>Capacity Building:</u>						
1. Technical Assistance Team (TAT).	1,185	920	85	-	2,190	
2. Vehicles	50	-	-	-	50	
B. <u>Training:</u>						
1. Per Diem Support	-	-	425	-	425	
2. Printing of Training Materials, Manuals.	-	90	80	-	170	
3. Training Equipment	50	-	-	-	50	
C. <u>Technical Support:</u>						
1. Per Diem/POI	-	155	-	-	155	
2. Motor Cycles	-	50	-	-	50	
3. Temporary Technicians.	-	250	-	-	250	
D. <u>Specialized Assistance:</u>						
Consultancies and Evaluation.	200	150	100	-	450	
Total/Grant	1,485	1,615	690	-	3,790	3,790
Grand Total						24,790

Note: Contingency and inflation built into figures shown.

CHART XV - ANNUAL FINANCIAL SUMMARY - AID GRANT & LOAN  
(\$000)

ITEM	1981	1982	1983	1984	1985	1986	Sub-Total	TOTAL
<u>LOAN</u>								
Project Implementation and Management: Funding for Construction of Sub-projects in 97 Tambols.		1.1M	1.6M	2.1M	2.7M	-	-	7.5 M
<u>GRANT</u>								
A. <u>Capacity Building:</u>								2,155
1. Technical Assistance Team (IAT)		550	545	650	230	130	2,105	
2. Vehicles		50	-	-	-	-	50	
B. <u>Training:</u>								140
1. Printing of Training Manuals, Materials	5	15	25	30	15	-	90	
2. Training Equipment	-	20	20	10	-	-	50	
C. <u>Technical Support:</u>								455
1. Per Diem/POL Support for District Technicians	-	30	35	40	50	-	155	
2. Motor Cycles	50	-	-	-	-	-	50	
3. Temporary Technicians	-	63	63	62	62	-	250	
D. <u>Specialized Assistance:</u>								350
consultancies and Evaluation	60	50	80	60	100	-	350	
Total/Grant	115	778	768	852	457	130		3,100
Total/Loan	-	-	-	-	-	-		7,500
Total: Loan/Grant								10,600

Note: Contingency and inflation built into figures shown.

CHART XVI - COSTING OF LOAN/GRANT BY MAJOR OBJECTS<sup>1/</sup>  
(Cost in \$)

OBJECT	Unit <sup>1/</sup>	Number	Cost/Unit	Unit Sub-Total	Heading Sub-Total	Total <sup>1/</sup>
<b>I. <u>Loan</u></b>						
A. Project Implementation and management	Sub-project	3,000	\$2,500/sub-project <sup>2/</sup>		7,500,000	7,500,000
<b>II. <u>Grant</u></b>						
A. Capacity Building - Technical Assistance	Person months	384	\$5,612/person-mo		2,155,000	
B. Training	Training Days	18,700	\$7.49/training day		140,000	
C. Technical Support	a. Field days	10,400	\$7.2/field day	75,000	} 455,000	
	b. Tambol Trips	2,500	\$52 trip <sup>3/</sup>	130,000		
	c. Temporary months	1,440	\$174/month <sup>4/</sup>	250,000		
D. Specialized Assistance	Person months	71+	\$4,930/person mos.		350,000	
Grant Total						3,100,000
<b>LOAN/GRANT TOTAL</b>						<b>10,600,000</b>

<sup>1/</sup> All unit costs and total include computation for contingency and inflation.

<sup>2/</sup> This is based on the EGF average of \$50,000/sub-project. However, during the course the DDM project the number of sub-projects should decrease and unit cost rise, reflecting better choice, better design.

<sup>3/</sup> Includes amortized cost of motor cycles and PUL for motor cycles as well as for ARD vehicles to be assigned to the districts.

<sup>4/</sup> Includes cost of transportation.

The Grantee/Borrower will be represented by the RTG's Ministry of Finance (MOF) and the Department of Technical and Economic Cooperation (DTEC). Funds from the loan will be drawn down annually by the MOF on request from the Secretariat of the EGP. Funds requests will be based on the annual requirement proposed by the tambol and approved by the district and the province. The loan funds will then be released to the EGP who, in turn, will release them to the province and districts in the manner now being used for administration of the EGP. The loan funds allocated will be used in at least equal amounts with that of the EGP release. Internal adjustment and reallocations for unused/overexpended funds will be adjusted under the EGP system now in practice. Year-end accounting will be done in cooperation with USAID, DTEC and the EGP Secretariat or its successor agency.

Grant funds for the support of travel, training and per diem as indicated in the project budget will be handled in a similar fashion. Grant funds to pay salaries, travel, per diem, etc., including the printing, will be handled directly between USAID and the TAT contractor. (See Charts XIV, XV, XVI.)

## B. Implementation Plan

### 1. Implementation Cycles

The implementation plan for this Project is based on repeating annual cycles of the following sequence of activities:

- a. Field research on problems of local administrative operations.
- b. Manual preparation and testing of improved techniques and procedures.
- c. Training of local officials.
- d. Identification and implementation of sub-projects for subsequent year.

At the beginning of the project, the TAT will work with targeted districts and tambols to identify processes, functional areas of concentration and management needs and then develop a set of draft manuals and training courses. The manuals and training will form the basis for sub-project identification and implementation. And this experience

will, in turn, lead through evaluations, to modifications of the manuals and training courses. Early in the project life, as sub-project identification and development is improved, the Tambol Improvement Program will be introduced as an organizing device.

2. Estimated Implementation Schedule by Key Dates

	<u>1981</u>
(1) RTG approves Project Paper	June 15
(2) DTEC/USAID/T advertises for expressions of interest re TAT contract based on bidders understanding that project is only conditionally approved, that it may not be approved. (60 days).	June 30
(3) AID/W approves Project Paper	August 1
(4) Grant/Loan Agreement signed	August 15
(5) TAT contract expressions of interest received	August 30
(6) (a) Request for proposals from short-listed firms issued (re TAT contract)	September 15
(b) DTEC/USAID/T executes short contract with local institution, e.g. Khon Kaen University, to prepare short training course and project manual as well as draft Tambol Improvement Program manual and to conduct training classes for all participating amphoes and selected tambols before TAT contractor is on board.	
(7) CPs met; field meetings slated with provincial/district officials in target areas to explain project, et al, connection with EGP, how it will work.	September 30

- |      |   |             |
|------|---|-------------|
| (8)  | Draft training program readied district level training.   | October 15  |
| (9)  | (a) Preliminary training begins on project support, operations, tambol improvement program under interim institutional contract (KKU).                        | October 15  |
|      | (b) ARD technicians assigned to ten districts, receive briefings on project, begin review of prior projects, make technical recommendations for coming years. |             |
| (10) | Proposals opened at DTEC/USAID/T on TAT contract.   | November 1  |
| (11) | Proposed TAT contractor selected and notified   | November 20 |
| (12) | TAT contract executed; contractor readies team for assignment.  | December 15 |
| (13) | Sub-project selection, identification, design process begins.   | December 30 |
|      |   | <u>1982</u> |
| (14) | Sub-project listing approved within rough draft Tambol Improvement Program (TIP) format.  | January 15  |
| (15) | Contract field personnel, manager on board and working assignments begin.   | February 1  |
| (16) | First sub-project construction phase begins.  | February 1  |
| (17) | Initial field work of TAT completed.  | May 15      |
| (18) | Detailed implementation plan approved.  | June 1      |
| (19) | First sub-project construction phases ends.   | June 1      |

- (20) Set of draft manuals and training courses completed by TAT and begin review with RTG and USAID for initiation. July 30
- (21) First cycle training begins; in house evaluation of project begins with the training cycle. November 1

1983

- (22) Second sub-project identification, design, construction phase begins, including complete installation of TIP in adopted format and the use of ARD technicians. January 15
- (23) Second sub-project construction phase ends. June 1
- (24) Revisions made in manuals, training programs and operation of TIP. September 30
- (25) Second cycle training begins. November 1

1984

- (26) Repeat of sub-project construction. Jan. 1 - June 1
- (27) First complete project evaluation begins. June 15
- (28) Evaluation report completed. July 15
- (29) Adjustment project scope, direction, etc., made in conformity to evaluation report. August 30
- (30) TAT team reduced to project manager, secretarial and 5 field advisors. October 1
- (31) Third cycle training begins. As before

	<u>1985</u>
(32) Sub-project construction cycle reports.	Jan. 1 - June 1
(33) Activity cycle repeats	As before
	<u>1986</u>
(34) Final project evaluation begins	February 1
(35) Evaluation report presented	March 1
(36) Plans for extension of project to other provinces, district and tambols presented to RTG.	April 1
(37) Project terminates.	August 1

C. Post-Implementation Status

The DDMP is designed to provide the RTG with a workable and economically replicable system that can reasonably be applied to its national program of decentralized development. When the AID input into the DDM Project terminates, a capacity-building process, procedures and techniques will have been developed, proven in practice, and put into manuals for transfer to other tambols, districts and provinces. The main ingredients will be:

1. A series of training manuals covering sub-project management, socio-economic benefit analysis, design of small scale infrastructure, etc., together with the appropriate training methodology guides;
2. Experience-proven materials and processes for a Tambol Improvement Program (TIP) with which tambol councils can guide their own actions, plan and program sub-projects over a multi-year period and correlate all funding elements and all project needs;
3. A systematic and reliable "bottom-up" process that will allow provincial and national levels of government to allocate scarce resources in an increasingly equitable way based upon systematically-developed options.

4. Proven utility of placing RTG engineering and technical support personnel at the district level, together with evidence of the impact that such input has on the planning, durability and productivity of sub-projects which result from the Government's investment;

5. Manpower experienced in the required training associated with all of the above; and

6. Empirical data on the absorptive capacity of the Sapa Tambols in relatively poor areas.

With this recourse in hand, expansion will be possible at costs which are only a fraction of the initial investment. It is presumed that the initial target for expansion would be the tambols of the 143 "poor" districts in the Northeast, as identified by NESDB. An expansion program could probably assimilate up to 20 districts or 200 tambols per year. With ten already covered, it would take six years beyond 1985 to cover all 143. A more rapid expansion, would of course be possible, but this projection is based on the certainty that development is an incremental process and the probability of what might be a reasonable level of investment. Inputs for an annual 20 district expansion program would include:

1. Training approximately 1,000 persons in the 20 districts;
2. Printing manuals and training materials;
3. Adding 40 ARD district technicians;
4. Assigning at least one deputy district officer in each district to guide the project; and
5. Providing sub-project funding, i.e., EGP.

Assuming a lower level of technical assistance than envisaged under DDMP, due to the development of manuals, procedures, training courses and systems under the initial project, one might estimate a cost of £2 million per 20 districts, exclusive of the funding for sub-project construction.

D. USAID Monitoring Provisions

One USDH Rural Development Officer and one FSN Assistant Project Officer will devote two thirds of their time to monitoring the Decentralized Development Management project and perform major liaison between and with the TAT project director and the RTG liaison in the Secretariat of the EGP, or its successor. The USAID Rural Development Officer and the FSN Assistant Project Officer will visit the targeted districts at least once in every two-month period during the first year of the project and at least once every three months thereafter. However, the USAID RDO will rely on reports, frequent consultation and periodic briefings from the TAT project manager for closer scrutiny, monitoring and assessment of project progress.

The primary monitoring interest of USAID will be in overall performance of the Employment Generation Program and improvements in that performance resulting from Project interventions. We will accordingly examine various objective indicators of that performance that will include: introduction and refinement of planning tools including a Tambol Improvement Program, project selection/appraisal techniques, funds allocation formula concerned with poverty; improved local administrative and technical support arrangements; improved quality, durability, and beneficial nature of sub-projects; and increased participation, local initiative, and welfare of participating tambols. USAID review of sub-project plans and inspection of completed sub-projects will be conducted on a limited sample basis with the intention to verify satisfactory program performance or to identify generic problems that need to be addressed. USAID will not certify satisfactory sub-project completion as a basis for disbursement of AID funds, as the Project focus is on program operations, not on the sub-projects per se. AID funds, in fact, will be co-mingled with EGP funds for sub-project financing in the selected tambols.

To assist USAID in appraisal of sub-projects, a portion of the grant funds will be used to employ contract services under two existing engineering requirements contracts which the Mission signed with Thai engineering firms during FY 1981.

E. Evaluation Plan

Three separate evaluations are planned for this project:

1. "In-house" Evaluation June 15, 1982
2. Outside Evaluation June 19, 1984
3. Final Project Evaluation February 1, 1986

The "In-house" Evaluation is to be undertaken by a three-man team consisting of a USAID representative, an experienced Thai field analyst/academic and an official from the Secretariat of the EGP. The objective of this evaluation will be to study project operations and processes and to see what changes should be made in order to better achieve the project purpose. Since the project will only have been in existence for approximately one year, a complete evaluation at this time would be inappropriate. However, the project will probably need an "adjustment" evaluation in order to correct, change, modify or add elements before the project operation has grown too set for major adjustments. The results will form the basis for a two day Evaluation Conference focusing on the TAT staff with participation of selected provincial and district officials from the targeted areas.

The second evaluation, to occur during the third year of the project, will be a mid-term effort contracted to a Thai university or firm. The evaluation scope should work from the project purpose and outputs and determine whether there is a reasonable expectation they will be achieved and what causes of action, not then in force should be taken or adjusted. The Team should look closely at the manual-development and training schemes. Equally important would be a comparison of sub-project identification and implementation between DDM districts and tambols and selected non-DDM units which are, however, operating under the EGF or its successor programs.

The last evaluation near the end of the project will be a full scale, end-of-project evaluation covering all aspects. This should be contracted with a U.S. firm, with half of its staff being Thai experts. In addition to a careful examination of the project in terms of a detailed review of the project's log frame, two important elements should be evaluated, namely, (a) the reality of the decentralization that has taken place because of the project and (b) the recommendations for a strategy by which the most successful aspects of the project can be entered to other districts/tambols, especially in the Northeast.

F. Conditions, Covenants, and Negotiating Status

The Project has been developed in close consultation with the National Committee and Secretariat for the EGP. On the basis of these discussions, we do not anticipate any policy issues in implementing the Project as planned, or in meeting the conditions listed in a timely manner. The actions approved by the EGP National Committee, chaired by the Prime Minister, on June 17, 1981 (Annex XI) confirms the RTG's commitment to the prescribed level of EGP financing for the selected districts and tambols during the life of the Project. For FY 1982 and subsequent years this will constitute financing for sub-projects at a level not less than that which was received in FY 1981. Indeed, the proposed FY 1982 budget includes funding for the EGP at this level. Specific allocation plans for the Project's targeted tambols will be reconfirmed prior to the signing of agreements.

No conditions precedent will be stipulated for disbursement of grant funds, as the Project calls for rapid recruitment and deployment of the Technical Assistance Team (TAT), and organization of various training activities - through local institutions - even before the TAT is mobilized. Grant funds must be available for use shortly after execution of the Project Agreement.

Prior to initial disbursement of loan funds, the following conditions must be satisfied:

- (1) Confirmation by RTG legal authority that the loan represents a binding obligation on the RTG (standard), and
- (2) Designation of authorized representative(s) for the Borrower, and specimen signatures (standard).

Prior to disbursement of loan funds for subsequent years of the Project (FY 83, FY 84, FY 85), the RTG and USAID will conduct joint reviews to verify the following (as discussed in greater detail on pages 35-37):

- (1) introduction of the Tambol Improvement Program as a planning, organizing instrument;
- (2) application of improved sub-project selection/appraisal techniques;

- (3) adequate technical support services for sub-project implementation;
- (4) overall acceptable performance of the Project.

Pursuant to discussions and working agreements, the RTG will covenant to do the following, as part of the Project Agreement:

- (1) that it will maintain a decentralized program for channeling funds, at a level equivalent to the FY 1981 allocation, to the target districts for financing of development activities which are planned and managed by the local entities in those districts;
- (2) that the Ministry of Interior and its component units will cooperate fully in the administration of the Project at the province, amphoe and tambol levels;
- (3) that the Office of Accelerated Rural Development (ARD) will, by October 15, 1981, have in place at least one technician/engineer at each of the ten targeted districts; and
- (4) that, before disbursement of loan funds in the third year, the appropriate RTG agency or agencies will cooperate in working out a funded maintenance program to support the amphoes and tambols for proper maintenance of sub-projects created under this Project.

## CHARTS INCLUDED IN THE PROJECT PAPER

- I. Project Summary (p. 18)
- II. Suggested DDM Project Target Tambols (p. 21)
- III. Map Showing Targeted Districts and Provinces in Northeast (p. 22)
- IV. Illustrative Allocation of DDMP Loan Fund (Attachment)
- V. Data on EGP Projects (Attachment)
- VI. Analysis of EGP Project 1980-1981 for 5 Northeast Provinces (Attachment)
- VII. Schedule of Training Units (Attachment)
- VIII. Project Focus: Organization and Roles (Attachment)
- IX. Process of EGP/DDMP Funding and Project Management (Attachment)
- X. Individual Sub-Project Description (EGP) (Attachment)
- XI. List of Tambol Projects Under EGP (Attachment)
- XII. Technical Assistance Team: Manpower and Budget (p. 65)
- XIII. Organization and Area Assignment for Technical Assistance Team (p. 66)
- XIV. Summary Budget - Life of Project (p. 69)
- XV. Annual Financial Summary - AID Grant and Loan (p. 70)
- XVI. Costing of Loan/Grant by Major Objects (p. 71)
- XVII. Average Allocation by Tambol under TDP, PDP and EGP (p. 14a)

CHART IV - ILLUSTRATIVE ALLOCATION OF DDMP LOAN FUND: 10 DISTRICTS, 97 TAMBOLS

(Based on EGF Allocations for 1981)

(Baht)

Province/District/Tambol	EGF Allocation B, Tambol (1981)	Allocation As % of total for 97 Tambols	Proposed Total Allocation AID Loan Tambol	YEAR 1	YEAR 2	YEAR 3	YEAR 4
<b>UBOL/Annaj Chareon</b>							
1. Hung	1,170,410	1.58	2,000,000	286,000	428,000	572,000	714,000
2. Kai Sam	576,730	.78	1,200,000	171,600	256,800	343,200	428,400
3. Na Jek	641,320	.86	1,600,000	228,800	342,400	457,600	571,200
4. Kang Ma Yang	549,790	.74	1,200,000	171,600	256,800	343,200	428,400
5. Annaj	617,400	.84	1,600,000	228,800	342,400	457,600	571,200
6. Puey	685,550	.93	1,600,000	228,800	342,400	457,600	571,200
7. Dong Bang	636,370	.86	1,600,000	228,800	342,400	457,600	571,200
8. Rai Kee	476,100	.64	1,200,000	171,600	256,800	343,200	428,400
9. Fla Kao	549,790	.74	1,200,000	171,600	256,800	343,200	428,400
10. Lao Fran	569,040	.77	1,200,000	171,600	256,800	343,200	428,400
11. Song Nok Ta	602,030	.81	1,600,000	228,800	342,400	457,600	571,200
12. Kum Yoi	616,330	.83	1,600,000	228,800	342,400	457,600	571,200
13. Na Poe	676,060	.92	1,600,000	228,800	342,400	457,600	571,200
14. Pleck	642,280	.87	1,600,000	228,800	342,400	457,700	571,200
15. Na Wang	619,790	.84	1,600,000	228,800	342,400	457,600	571,200
16. Na Mcia	612,750	.83	1,600,000	228,800	342,400	457,600	571,200
17. Non Poe	510,780	.69	1,200,000	171,600	256,800	343,200	428,400
Total (B)	10,752,520		13,400,000	3,603,600	5,392,800	7,092,800	8,996,400
<b>UBOL/Hua Ta Phan</b>							
1. Hua Ta Phan	638,820	.86	1,600,000	228,800	342,400	457,600	571,200
2. Kam Pra	580,760	.79	1,200,000	171,600	256,800	343,200	428,400
3. Nang Kaew	558,460	.76	1,200,000	171,600	256,800	343,200	428,400
4. Pan Meang No	562,240	.76	1,200,000	171,600	256,800	343,200	428,400
5. Kang Yai	567,940	.77	1,200,000	171,600	256,800	343,200	428,400
6. Sang Ko Kai	648,280	.88	1,600,000	228,800	342,400	457,600	571,200
7. Cheek kao	572,440	.77	1,200,000	171,600	256,800	343,200	428,400
Total (B)	4,129,000		9,200,000	1,315,600	1,968,800	2,631,200	3,284,400

(Baht)

Province/District/Tambol	EGF Allocation By Tambol (1981)	Allocation As % of Total for 97 Tambols	Proposed Total Allocation AID Loan/Tambol	YEAR 1	YEAR 2	YEAR 3	YEAR 4
<u>SI SA KET/Uthumporn Pisai</u>							
1. Kam Paeng	1,068,000	1.446	2,000,000	286,000	428,000	572,000	714,000
2. Nong Hang	792,000	1.072	1,600,000	228,800	342,400	457,600	571,200
3. Kam Luang	778,000	1.013	1,600,000	228,800	342,400	457,600	571,200
4. Kayung	578,000	.782	1,200,000	171,600	256,800	343,200	428,400
5. Foe Chai	613,000	.830	1,600,000	228,800	342,400	457,600	571,200
6. San Peng	709,000	.960	1,600,000	228,800	342,400	457,600	571,200
7. Tae	436,000	.590	1,200,000	171,600	256,800	343,200	428,400
8. Ta Ket	456,000	.631	1,200,000	171,600	256,800	343,200	428,400
9. Ec-La	872,000	1.181	2,000,000	286,000	428,000	572,000	714,000
10. Huang Chan	918,000	1.243	2,000,000	286,000	428,000	572,000	714,000
11. Ta Kan	1,177,000	1.594	2,000,000	286,000	428,000	572,000	714,000
12. Seo	962,000	1.302	2,000,000	286,000	428,000	572,000	714,000
13. Kod	779,000	1.055	1,600,000	228,800	342,400	457,600	571,200
14. Nong Ma	616,000	.834	1,600,000	228,800	342,400	457,600	571,200
15. Kaem	1,035,000	1.401	2,000,000	286,000	428,000	572,000	714,000
16. Rung Raeng	709,000	.960	1,600,000	228,800	342,400	457,600	571,200
17. Pa Kao	562,000	.761	1,200,000	171,600	256,800	343,200	428,400
18. Tung Chui	972,000	1.315	2,000,000	286,000	428,000	572,000	714,000
19. Khae	2,199,000	2.978	2,000,000	286,000	428,000	572,000	714,000
20. Hua Chang	590,000	.799	1,200,000	171,600	256,800	343,200	428,400
21. Nong Hai	796,000	1.078	1,600,000	228,800	342,400	457,600	571,200
Total (B)	17,597,000		33,800,000		7,447,200	8,949,320	12,425,600
<u>SI SA KET/Hua Thap Than</u>							
1. Hua Thap Than	1,068,000	1.446	2,000,000	286,000	428,000	572,000	714,000
2. Huang Luang	922,000	1.248	2,000,000	286,000	428,000	572,000	714,000
3. Huay Kwang	1,007,000	1.363	2,000,000	286,000	428,000	572,000	714,000
4. Pak Mai	736,000	.996	1,600,000	228,800	342,400	457,600	571,200
5. Chan Saen Chai	656,000	.888	1,200,000	171,600	256,800	343,200	428,400
Total (B)	4,389,000		8,800,000	1,258,400	1,883,200	2,516,800	3,141,600

(Baht)

Province/District/Tambol	EGF Allocation By Tambol (1981)	Allocation As % of Total for 97 Tambols	Proposed Total Allocation AID Loan/Tambol	YEAR 1	YEAR 2	YEAR 3	YEAR 4
<b>MAHA SARAKHAM/Chiang Yun</b>							
1. Chiang Yun	612,780	.829	1,600,000	228,800	342,400	457,600	571,200
2. Nong Son	807,500	1.093	2,000,000	286,000	428,000	572,000	714,000
3. Na Tang	876,320	1.186	2,000,000	286,000	428,000	572,000	714,000
4. Koo Tang	892,310	1.208	2,000,000	286,000	428,000	572,000	714,000
5. Sua Tao	698,240	.945	1,600,000	228,800	342,400	457,600	571,200
6. Lao Dog Mai	836,440	1.132	2,000,000	286,000	428,000	572,000	714,000
7. Chuan Cham	899,170	1.217	2,000,000	286,000	428,000	572,000	714,000
8. Dan Ngern	644,630	.873	1,600,000	228,800	342,400	457,600	571,200
Total (B)	6,367,390		24,800,000	2,116,400	3,167,200	4,232,800	5,283,600
<b>MAHA SARAKHAM/Kosum Pisai</b>							
1. Hua Kwang	1,859,720	2.518	2,000,000	286,000	428,000	572,000	714,000
2. Yang Noi	1,327,060	1.797	2,000,000	286,000	428,000	572,000	714,000
3. Paeng	1,674,310	2.267	2,000,000	286,000	428,000	572,000	714,000
4. Wong Yao	1,455,190	1.984	2,000,000	286,000	428,000	572,000	714,000
5. Nong Lek	1,083,310	1.467	2,000,000	286,000	428,000	572,000	714,000
6. Kwao Rai	1,283,850	1.738	2,000,000	286,000	428,000	572,000	714,000
7. Kuan	1,018,350	1.379	2,000,000	286,000	428,000	572,000	714,000
8. Kaeng Kae	1,027,300	1.391	2,000,000	286,000	428,000	572,000	714,000
9. Lao	1,024,590	1.387	2,000,000	286,000	428,000	572,000	714,000
10. Nong Bua	768,580	1.040	1,600,000	228,800	342,400	457,600	571,200
Total (B)	12,532,260		19,600,000	2,802,800	4,194,400	5,605,600	6,997,200

(Baht)

Province/District/Tambo	EGF Allocation By Tambol (1981)	Allocation As % of Total for 97 Tambols	Proposed Total Allocation AID Loan/ Tambol	Y E A R 1	Y E A R 2	Y E A R 3	Y E A R 4
<b>YASOTHON/Maha Chana Chai</b>							
1. Fa Yad	382,220	.517	1,200,000	171,600	256,800	343,200	428,400
2. Hua Muang	617,390	.836	1,600,000	228,800	342,400	457,600	571,200
3. Ku Perd	493,134	.667	1,200,000	171,600	256,800	343,200	428,400
4. Pra Sao	353,670	.479	1,200,000	171,600	256,800	343,200	428,400
5. Pue Hee	400,935	.543	1,200,000	171,600	256,800	343,200	428,400
6. Sang Yang	398,823	.540	1,200,000	171,600	256,800	343,200	428,400
7. Bung Kae	442,278	.599	1,200,000	171,600	256,800	343,200	428,400
8. Sang Rua	369,555	.432	1,200,000	171,600	256,800	343,200	428,400
9. Huang	537,517	.728	1,200,000	171,600	256,800	343,200	428,400
10. Non Sai	279,590	.378	1,200,000	171,600	256,800	343,200	428,400
Total (B)	4,575,342		12,400,000	1,773,200	2,653,600	3,546,400	4,428,800
<b>YASOTHON/Ko Wang</b>							
1. Fa Han	304,350	.412	1,200,000	171,600	256,800	343,200	428,400
2. Nam Om	436,495	.591	1,200,000	171,600	256,800	343,200	428,400
3. Kud Nam Sai	377,540	.511	1,200,000	171,600	256,800	343,200	428,400
4. Ko Wang	379,442	.513	1,200,000	171,600	256,800	343,200	428,400
Total (B)	1,497,827		4,800,000	686,400	1,027,200	1,372,800	1,713,600

Province/District/Tambol	EGF Allocation by Tambol (1981)	Allocation as % of Total for 97 Tambols	(Baht)				
			Proposed Total Allocation AID Loan/Tambol	YEAR 1	YEAR 2	YEAR 3	YEAR 4
<b>KHON KAEN/Mancha Khiri</b>							
1. Tasala	604,620	.818	1,600,000	228,800	342,400	457,600	571,200
2. Poe Crai	1,119,780	1.516	2,000,000	286,000	428,000	572,000	714,000
3. Kud Kao	811,200	1.098	2,000,000	286,000	428,000	572,000	714,000
4. Nong Phan	713,860	.966	1,600,000	228,800	342,400	457,600	571,200
5. Na Ngarm	518,400	.702	1,200,000	171,600	256,800	343,200	428,400
6. Kam Kan	767,460	1.039	1,600,000	228,800	342,400	457,600	571,200
7. Suan Mon	735,550	.996	1,600,000	228,800	342,400	457,600	571,200
8. Non Pek	652,080	.883	1,600,000	228,800	342,400	457,600	571,200
9. Ban Kok	906,310	1.227	2,000,000	286,000	428,000	572,000	714,000
10. Na Kha	966,345	1.308	2,000,000	286,000	428,000	572,000	714,000
Total (B)	7,795,555		17,200,000	2,459,600	3,680,800	4,919,200	6,140,000
<b>KHON KAEN/Chonnabot</b>							
1. Kud Pia San	1,016,080	1.376	2,000,000	286,000	428,000	572,000	714,000
2. Ban Kaen	943,640	1.278	2,000,000	286,000	428,000	572,000	714,000
3. Wang Saeng	736,260	.997	1,600,000	228,800	342,400	457,600	571,200
4. Chonnabot	944,530	1.279	2,000,000	286,000	428,000	572,000	714,000
5. Huay Kae	863,490	1.169	2,000,000	286,000	428,000	572,000	714,000
Total (B)	4,504,000		9,600,000	1,372,800	2,054,400	2,745,600	3,327,200
<b>GRAND TOTAL (B)</b>			153,700,000	22,364,400	33,469,600	42,612,500	54,734,800
Rounded to Conform			\$7.5 M	\$1.1 M	\$1.6 M	\$2.1 M	\$2.7 M

Note: Figures are illustrative. Totals about B3-4 million over Baht conversion of loan, i.e. \$7.5 = B150 million. This can be adjusted in allotment schedule as necessary.

### CHART V

DATA ON LCP PROJECTS: 5 CHANGWATS IN NI - 252 (1980)

PROVINCE	No. of #1 Type Projects							No. of #2 Type Projects					Grand Total
	Wells	Ponds	Tanks	Klongs	(Length) KM	Other	Total	Bridges	Roads	(Length) KM	Others	Total	
Si Sa Kut	247	675	574	208	467	11	1,512	6	522	123	14	542	2,057
Khon Khaen	33	1,521	191	59	141	7	1,624	10	456	519	15	481	2,102
Maharakham	-	1,522	95	42	102	1	1,462	-	505	294	3	308	1,768
Yasothon	1	206	180	28	69	-	414	-	94	129	2	96	511
Ubol	627	883	597	68	113	11	2,199	49	512	544	54	615	2,801
<b>TOTALS</b>	<b>908</b>	<b>4,407</b>	<b>1,457</b>	<b>405</b>	<b>(897)</b>	<b>40</b>	<b>7,194</b>	<b>65</b>	<b>1,889</b>	<b>(2,209)</b>	<b>88</b>	<b>2,042</b>	<b>9,239</b>

**FUNDING (Millions of B)**

PROVINCE	ALLOCATION			ACTUAL DISBURSEMENTS					SUMMARY				
	ADM.	PROJECT	TOTAL	ADM.	TAKE	OTHER	TOTAL	TOTAL DIS.	BALANCE	Avg. W/ Proj.	Avg. Length/Klong	Avg. Length/Road	% Unspent
Si Sa Kut	1	113.5	114.5	1	74.7	10.1	84.8	85.8	28.7	41,711	2.245KM	1.385	25%
Khon Khaen	1	103.9	104.9	1	78.3	8.9	87.2	88.2	16.7	41,960	2.389	1.138	16%
Maharakham	.6	75.1	75.7	.6	69.7	3.7	73.4	74.0	1.8	41,855	2.428	.964	7%
Yasothon	.4	40.8	41.2	.4	35.8	2.1	37.9	38.3	2.9	74,951	2.464	1.372	7%
Ubol	1.4	159.6	137	1.4	114	11.2	125.2	126.6	10.4	45,198	1.661	1.063	7.5%
										49,135	2.237	1.184	

	NO. OF PROJECTS	COST	AV. COST/PROJECT
Northeast:	#1 Type 18,653	B1,204.5 MIL.	B54,568
	#2 Type 5,066		
	23,719		

Av. length of Klong      1.94 Km  
 Av. length of Road      1.79 Km.

UNSPENT    B1,451.9 MIL = Allocated  
                   B 167.6 MIL = Unspent

% Unspent = 11.5%

# BEST AVAILABLE DOCUMENT

CHART VI - ANALYSIS OF EGP PROJECT 1980-1981 FOR 5 NORTHEAST PROVINCES

Project Type #1

Wells  
Ponds  
Tanks  
Canals  
Others

No. of Projects	% of Total (9239)	Rank by %
908	9.8	4
4,407	47.7	1
1,437	15.5	3
405	4.4	5
40	0.4	8
99.8		

Project Type #2

Bridges  
Roads  
Others

Project Rank Order

Ponds	97.5	} 83.4
Roads	20.4	
Tanks	15.5	
Wells	9.8	
Canals	4.4	
Bridges	0.8	
Others	1.4	

CHART VII - SCHEDULE OF TRAINING UNITS, OPERATIONAL MANUALS AND ADVISORY ASSISTANCE BY ORGANIZATIONAL UNITS--DDMP

Training Unit By Level	Time in Training By Days	Est. No. of Participants	Est. No. of Participants/Trng. days	Will Produce Operating Manual?	Target Participants per Code Below
<u>TAMBOL</u>					
1. Sub-Project Management	6	500 <sup>1/</sup>	3,000	Yes	
2. Tambol Improvement Program	6	1,500 <sup>2/</sup>	9,000	Yes	
3. Basic Design & Construction of Small Scale Infrastructure Sub-Projects	12	370	4,440	Yes	
<u>AMPHOE</u>					
1. Project Development	12	50 <sup>4/</sup>	600	No	
2. Socio-Economic Analysis for Small Projects	6	50	300	Yes	
3. Design & Construction of Medium Scale Infrastructure Sub-Projects	12	50	600	Yes	
4. Methods of Project Fund Allocation: Social Priorities	6	50	300	Yes	
<u>PROVINCE</u>					
1. Project Development	12	25 <sup>5/</sup>	300	No	
2. Allocation of Program Funds: Operating Units	6	25	150	Yes	
TOTALS			2,570	18,690	7

NOTES:

- 1/ Estimate base on about 1/3 of the Sapa Tambol being trained in second course. See #2 below.
- 2/ This figure based on the 95 tambols in project representing 1,100± villages. Added are 4 officials/tambol or 1,100+ (95x4) = 1,100+380 or 1,480, rounded to 1,500.
- 3/ 4 officials from each tambol, i.e. 4x95 = 370.
- 4/ 5 officials from each of ten districts, i.e. 5x10 = 50.
- 5/ 5 officials from each of five provinces, i.e. 5x5 = 25.

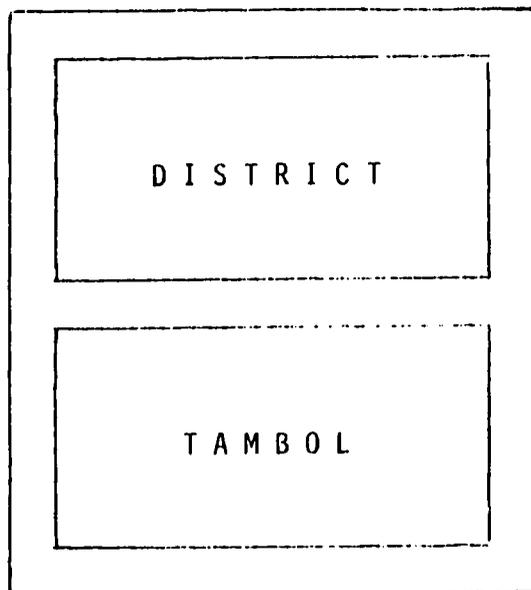
CHART VIII - PROJECT FOCUS: ORGANIZATION AND ROLES

National Committee for  
Employment Generation Fund  
\*\*\*\*\*  
Secretariat

- RIG project manager
- Project coordination with USAID
- Signatory of Project Agreement
- Implementor of special status of targeted amphoes and tambols
- Coordinator of technical assistance element

P R O V I N C E

- Pass through of combined USAID loan funds and EGP funds to targeted amphoes and tambols
- Establishment of criteria in area and project selection
- Relating Tambol Improvement Plans to Provincial Plan
- Technical resources made available to District Officer for targeted tambols



- Local Development Assistance. District gives or arranges technical assistance to targeted tambols through use of ARD, CD at province or from the district in aggregating, reviewing and approving projects selected by the tambol. Serves as pivot and coordinator between national imperatives and local necessities.

- Local Development Operations. The Sapa Tambol and its officers (Kamnan, School Teacher, CD leader) identify small, beneficiary productive projects, plan them in an order of development sequence and arrange their implementation, construction or formation.

## CHART IX - PROCESS OF EGP/DDMP FUNDING AND PROJECT MANAGEMENT

On the chart which follows, the steps in the sub-project determination and financial flow process of the 1981 EGP are shown on the left. They are based on the EGP's Manual for the Administration of the EGP Program, issued by the Office of the Prime Minister on September 18, 1980 and on conversations with EGP staff as well as field notes from provincial and district sources. The flow of the sub-project approval and annual disbursement of the US loan is shown on the right hand side. Where the procedure for the latter deviates from the former an explanation is given; otherwise congruent steps are acknowledged by the note--"Same as EGP". The initial assumption in both cases is that funds from the RTG and USG have been made available through their respective legislatures and executive agencies for budget and treasury/agency disbursement.

E G P	US LOAN
<p>1. EGP National Committee determines allotments by province.</p>	<p>1. USAID and EGP review progress in previous years, agree on allotments to targeted tambols</p>
<p>2. EGP Secretariat notifies Bureau of the Budget and Comptroller General of allocations.</p>	<p>2. USAID/EGP send joint request to MOF/Comptroller General for annual loan draw down.</p>
<p>3. EGP Secretariat notifies provinces of fund allocations along with implementation schedule (See Form #1 attached).</p>	<p>3. USAID/EGP notify participating provinces of funds allotted: EGP + USAID loan.</p>
<p>4. Comptroller General deposits funds, or funding assurance, with Ministry of Finance officer at each province (Klang Changwat).</p>	<p>4. Same as EGP.</p>
<p>5. Provincial EGP Committee makes allocation of funds among tambols according to EGP formula or approved modifications.</p>	<p>5. Allotments to project's targeted tambols including funds from USAID loan, in addition to established amounts, are programmed with flexibility of criteria per agreement.</p>
<p>6. Provincial EGP Committee sets up province-wide wage rates and material cost standards for use in all EGP sub-projects; also minimum labor/equipment mix.</p>	<p>6. Same as EGP, except requirements for targeted tambols may allow greater machine-input where design is crucial.</p>
<p>7. Provincial EGP Committee, through Provincial Secretariat (Chief, Office of Provincial Administration) notifies district officer of tambol allocations, requesting immediate action on identification of sub-projects, aggregation of sub-projects and submission to provincial EGP Committee (time lapse here no more than 30 days).</p>	<p>7. Same as EGP, except that more rigorous design of certain projects may result in greater time lapse than 30 days.</p>

E G P	US LOAN
8. District officer holds meetings of tambol leaders, informing them of allocations and sub-project requirements. Gives forms to tambol (See Chart X for sample of <u>individual</u> project forms).	8. Same as EGP, except requirements for targeted tambols may allow greater machine-input where design is crucial.
9. Tambol leaders request village meetings to discuss, choose projects and to make estimate on costs, beneficiaries.	9. By second year sub-projects chosen should all have been listed in first draft Tambol Improvement Program.
10. Tambol request, when necessary, assistance from district office for technical design, feasibility on costing help.	10. ARD unit as district as matter of operation working closely with tambols on design, feasibility, costing; ADO assists on economic/social feasibility.
11. Tambol aggregates projects and sends lists, design plan (when necessary) and individual project statements to district office. (See Chart XI for sample of tambol project listings).	11. Same as EGP.
12* District officer (and assistants review project lists, individual project descriptions, signs his approval, consolidates tambols and transmits to Provincial EGP Secretariat.	12. Same as EGP.
13. Provincial EGP Secretariat screens for form, adherence to allotments and sub-project criteria; then submits to technical screening sub-committee of Provincial EGP Committee.	13. Same as EGP.

\*If project is rejected, tambol may resubmit in conformance with reasons for rejection. Province Ubol, for example, estimates only 9% rejection due to better understanding of present criteria.

E G P	US LOAN
<p>**14. Screening sub-committee (consisting of engineers from Irrigation, Highways, ARD and City) goes over technical considerations; if approved sends to Provincial EGP Committee.</p>	<p>14. Same as EGP.</p>
<p>15. Provincial EGP Committee approves list, orders Provincial Secretariat to notify district/tambols for implementation.</p>	<p>15. Same as EGP.</p>
<p>16. Chief, Office of Provincial Administration, notifies district officer of approved projects, authorizes start of construction.</p>	<p>16. Same as EGP.</p>
<p>17. District officer, in turn, calls meeting of tambol leaders, OKs implementation, discusses what assistance needed, gives go-ahead.</p>	<p>17. In this and other related steps TAT field advisors play key role with district officer (DO) as DO resource people on tap through contract.</p>
<p>18. Implementation of sub-projects begin.</p>	<p>18. Same as #17 above.</p>
<p>19. District officer submits Form 5 (see attached) to Provincial Local Finance Officer (Samientra Changwat) for advance on 25% revolving fund for labor payments.</p>	<p>19. Same as EGP.</p>
<p>20. Samientra receives/submits to Klang, notifies district officer who receives B, deposits in local bank or district office <u>Samientra</u>.</p>	<p>20. Same as EGP.</p>

\*\*Province Ubol uses this preliminary technical screening committee with apparent success even though it is not an organizational requirement.

E G P	US LOAN
21. District officers pays labor cost to tambol every 2 weeks based on tambol submission of Form #3, 8 and 9. (see attached).	21. Same as EGP.
22. Payments made on similar submission from tambol for materials (Form #3) and for contract (Form #4). No advance for these, however.	22. Same as EGP.
23. As projects completed, approved by Tambol Inspection Committee (3 persons appointed by tambol leader).	23. Same as #17 above.
24. District officer, or deputy, reviews project approval, may make field inspections. Approves and sends to province.	24. Amphoe technical teams will make routine inspections of sub-projects during construction and before approval.
25. Province reports twice a month to EGP on sub-project status.	25. Reports, as well, by TAT.
26. Province Evaluation Committee appointed by Governor makes annual sub-project evaluation of projects to EGP National Committee.	26. TAT analysis for coming year allocation, other evaluations as noted in implementation schedule.



Report on Result of Funds Allocation  
Under the Rural Employment Generation Program, Changwat .....  
Rendered to BREG

CHART X

Executing Agency  (1)	Expenditure				Program Administrative Expenses					Grand Total  (11)
	Wage  (2)	Cost of Supervision  (3)	Cost of Materials & others  (4)	Total  (5)	Cost of Stationery  (6)	Per Diem Travel, Lodging & Fuel Allowances etc  (7)	Travel allowance for Members and Secretaries of Tambon Councils etc  (8)	Others  (9)	Total  (10)	
1. CPREG										
2. Amphoe: .....										
Sukhaphiban: .....										
Tambon: .....										
Tambon: .....										
<b>TOTAL</b>										

(Note: This report shall be prepared in duplicate, one for BREG and the other for file)

Signature: .....  
Chief, Office of ..... Province  
Member and Secretary, Committee on Provincial  
Level Rural Employment Generation



EMPLOYMENT ORDER

CHART X

Project No: ..... Project Name .....

Executing Agency ..... (Tambon Council/Sukhaphiban Office) .....

Amphoe: ..... Changwat: .....

Date: ..... Month .....Year .....

To: .....

The Tambon Council/Sukhaphiban of ....., Amphoe .....,  
Changwat ..... has a requirement for employment under the following  
terms and conditions:

1. ....  
.....  
at baht ..... (.....). The job shall be completed  
within .....

2. Payment of compensation per section 1 will be made as follows:

First periodic payment upon .....amounting to baht .....  
(.....)

Second periodic payment upon completion amounting to baht .....  
(.....)

3. Should you fail to complete the job within the schedule under section 1  
a fine penalty will be imposed on you at baht ..... (.....)  
per day until completion.

Signature ..... Chairman, Tambon Council/Palat Sukhaphiban

Signature ..... Authorized Member, Tambon Council/Sukhaphiban

Signature ..... Authorized Member, Tambon Council/Sukhaphiban

Signature ..... Authorized Member, Tambon Council/Sukhaphiban

25% Revolving Fund

CHART X

ADVANCE OF FUNDS AGREEMENT

No.....

I, ..... Nai Amphoe .....,  
 wish to draw an advance of funds from the Provincial Administrative Office to  
 pay for labor under the approved rural employment generation project(s) in the  
 amount of Baht ..... (.....) and guarantee that  
 I will promptly return such advance no later than July 31, 1981.

Signature ..... Nai Amphoe ..... Date .....

Request approved per the above condition for the amount of Baht .....  
 (.....)

Signature ..... Governor ..... Date .....

I have received the amount of Baht ..... (.....)

Signature ..... Nai Amphoe ..... Date .....

Received the repayment of the funds so advanced per this agreement.

Signature ..... Palat Changwat ..... Date .....

RECEIPT FOR PAYMENT OF LABOR

CHART X

Tambon/Sukhaphiban .....

Date .....

I, ....., having the address at .....  
....., Tambon ....., Amphoe ....., Changwat  
....., have received payment from the Tambon Council/Sukhaphiban  
of ....., according to the following details:

No.	Description	Amount
-----	-------------	--------

Amount	Baht	Total
	In writing .....	

Signature ..... Payee  
 Signature ..... Payer (Chairman, Tambon Council/Palat Sukhaphiban)  
 Signature ..... Authorized Member, Tambon Council/Sukhaphiban  
 Signature ..... Authorized Member, Tambon Council/Sukhaphiban  
 Signature ..... Authorized Member, Tambon Council/Sukhaphiban

(If space is not adequate for the number of numbers, use the reverse)

(Note: BREG 8 form shall be prepared in one copy for use in case the payee does not have a receipt.)

VERIFICATION OF LABOR RECEIPTANCE

CHART X

Document Cover Sheet

Project No. .... Project Name ..... Executing Agency .....

Project Location: Ban ....., Tambon .....,

Amphoe ..... Changwat .....

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Item No.	Name of Creditor or Type of Expenditure	Amount	Note
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Total \_\_\_\_\_

To: Nai Amphoe .....

Tambon/Sukhaphiban ..... has checked the documents and made payment correctly in accordance with the above detail. Therefore, ..... copies of payment documents are hereby submitted for further action.

Signature ..... Chairman, Tambon Council/Palat Sukhaphiban  
 Signature ..... Member, Tambon Council/Sukhaphiban  
 Signature ..... Member, Tambon Council/Sukhaphiban

Date: .....

To: Provincial Governor

Amphoe ..... has supervised payment and document thereof by the Tambon Council/Sukhaphiban of ..... and has found them to be correct. Therefore, ..... copies of the payment document are hereby submitted for further action.

Signature ..... Nai Amphoe  
 Signature ..... District Finance Officer

Date: .....

Note: BREG 9 form shall be prepared in duplicate

Ubol Ratchathani  
Amphoe Amnat Charoen  
Tambol Bung

CHART XI - SAMPLE LIST OF TAMBOL PROJECTS UNDER EGP  
Approval of Employment Generation Projects (EGP) 1981

Item	Project Name, Detail and Location (Village No., and Name)	Type of Project	Disbursement Detail					Notes	
		Total	Labor	Supervision fee	Skilled Labor	Cost of Materials	Contract Price		
1.	Pond digging, Village No. 2, Ban Non Chan	1	57,262	48,900	1,800	-	6,566	-	labor 72
2.	Pond digging, Village No. 3, Ban Don Wan	1	81,352	78,350	2,700	-	5,802	-	192
3.	Earth embankment repair and extension, Village No. 5, Ban E Pae	1	37,550	36,000	1,350	-	200	-	93
4.	Pond digging, Village No. 7, Ban Thap Moei	1	73,544	34,080	2,700	-	5,624	31,140	97
5.	Earth embankment repair and extension, Village No. 4, Ban Khok Chakchar	1	62,225	60,000	2,025	-	200	-	103
6.	Pond digging, Village No. 12, Ban Khok Chang Manai	1	83,543	74,250	2,430	-	6,863	-	113
7.	Pond digging, Village No. 14, Ban Non Nan Thaeng	1	9,198	6,900	180	-	2,118	-	87
8.	Pond digging, Village No. 15, Ban Yang	1	73,645	65,080	1,800	-	6,765	-	88
9.	Pond digging, Village No. 23, Ban Kham Klang	1	74,900	72,000	2,700	-	200	-	93
10.	Pond digging, Village No. 25, Ban Thep Mongkhon	1	52,725	39,700	1,350	-	12,675	-	66

# BEST AVAILABLE DOCUMENT

Ubol Ratchathani  
Amphoe Amnat Charoen  
Tambol Bung

- 2 -

CHART XI

Item	Project Name, Detail and Location (Village No., and Name)	Type of Project	Disbursement Detail					Notes
		Total	Labor	Supervi- sion fee	Skilled Labor	Cost of Materials	Contract Price	
11.	Dredging of Kut Cheng, Village No. 28, Ban Thung Sawang	1 61,550	56,100	1,890	-	3,560	-	105
12.	Pond dredging, Village No. 29, Ban Kham Noi	1 52,520	50,700	1,620	-	200	-	108
13.	Construction of service track with laterite surface to provide access to Village Nos. 11 and 16 Ban Hua Na & Ban Khok Sa-lang	2 72,475	36,675	1,350	-	31,825	2,625	160
14.	Construction of service track with laterite surface to Village No. 19, Ban Saen Sawat	2 106,060	73,350	1,800	-	30,910	-	130
15.	Maintenance of road and repair of bridge in Village No. 1, Ban Bung	2 34,770	17,850	1,170	650	14,575	525	63
16.	Construction of earth service track to pro- vide access to Villages Nos. 21, 12 & 13, Ban Huay Rai, Ban Hatsa' Mun & Ban Nong Saeng	2 83,530	65,800	2,150	-	15,570	-	211
17.	Construction of service track with laterite surface to provide access to Villages Nos. 27&10, Ban Ang Yai & Ban Don Daeng	2 79,980	38,940	1,350	-	36,190	3,500	109
18.	Construction of earth service track to pro- vide access to Villages Nos. 26 & 20, Ban Saen Samran & Ban Phutha-uttravar.	2 61,600	48,900	1,800	-	10,900	-	129