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FINAL EVALUATION
OF THE
THAILAND INTEGRATED IMPROVEMENT FOR THE URBAN POOR PROJECT

Prepared for:

Office of Housing and Urban Programs
U.S. Agency for International Development

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ABBREVIATIONS

BMA	-	Bangkok Metropolitan Authority
GHB	-	Government Housing Bank
DTEC	-	Department of Technical and Economic Cooperation
MWWA	-	Provincial and Metropolitan Waterworks Authority
NESDB	-	National Social and Economic Development Board
NHA	-	National Housing Authority

EXECUTIVE SUMMARY

A. Introduction

The Integrated Improvement for the Urban Poor (IIPUP) project was a technical assistance component to the first phase of the Housing Guaranty Program which AID designed to assist the Royal Thai Government (RTG) serve the shelter needs of lower income groups in urban areas.

This evaluation of the IIPUP grant project was conducted in Bangkok, Thailand from December 13, 1984 to March 31, 1985.

B. U.S. Assistance

The initial project paper for the Low-Income Housing Policy and Program Assistance Project for Thailand (493 HG-003) was completed in 1979. On June 7, 1979, AID approved a \$50 million HG program in principle and authorized \$15 million for the first phase of the project along with \$250,000 in IIPUP grant funds (493-0284). HG-003 is part of a \$369 million, multi-donor effort to support the National Housing Authority (NHA) in the development and implementation of its 1979-84 and 1984-86 Development Programs.

The NHA development programs represent a major shift from earlier RTG efforts in the 1970s to provide public housing through the construction of highly subsidized, mostly rental units. AID supported this shift, which emphasized slum upgrading and home ownership in sites and services projects containing core housing units to be developed on a cost recovery basis. The majority of the units were to be affordable to lower income households and would be developed in both the Bangkok Metropolitan Area and certain regional cities. AID intended the IIPUP grant funds to be used in connection with the regional cities component of the program.

The IIPUP grant Project Agreement was signed on June 12, 1980. The Agreement stipulated that the general purpose of the IIPUP grant would be to assist the RTG to provide shelter and community development programs in the regional cities. Within this context, the Project Agreement contemplated the use of IIPUP grant funds to improve the delivery of socio-economic services to low-income families in regional cities. The scope of socio-economic services for which the IIPUP grant was to provide technical assistance was substantial, ranging from shelter to employment opportunities to housing finance, health and nutrition, education and community services.

More particularly, the specific purpose of the technical assistance was to improve the institutional capacity of the NHA to carry out regional cities integrated shelter/community development programs. Finally, IIPUP funds were to be used to assist the RTG to develop long-range national shelter policies, objectives and strategies as they related to regional urban development and planning.

AID extended the Thailand IIPUP project twice, for a total of 18 months through December 12, 1983 with no additional allocations.

The major USAID input to the IIPUP grant project was a Resident Advisor who arrived at NHA in August, 1980 to assist in the achievement of the project purposes. Other AID inputs included short-term consultants and staff training.

C. Purpose of Evaluation

The only IIPUP grant-supported review that dealt exclusively with NHA's regional cities program was undertaken in July, 1979, prior to the project's beginning. It was identified in the Project Agreement as an AID input to NHA. The review noted weaknesses in coordination and cooperation among public agencies at all levels from project pre-planning through implementation and lack of internal coordination and review procedures at NHA, particularly in regard to the regional cities program. The review also noted weaknesses in project planning methodology, mainly socio-economic planning.

Regarding other evaluations, AID staff involved in IIPUP project implementation provided quarterly progress reports and annual evaluations. These assessed progress in meeting objectives and identified technical and administrative problems in the project implementation process including site acquisition procedures, staff shortages in the Policy and Planning Division, tendering procedures, construction management and the low priority of the regional cities program.

This document is the final evaluation of the IIPUP project. The methodology utilized included interviews with RTG and AID employees, and review and analysis of relevant documents, AID files, project reviews, progress reports and annual evaluations. The purpose of this evaluation includes the following:

1. To determine how and to what extent the goals of improving the delivery of urban and social services to the poor in regional cities were met.

2. To compare actual outputs of the project with the anticipated results listed in the Project Agreement.
3. To investigate progress made to solve shortcomings identified in the first evaluation of the regional cities program and in AID staff progress reports and annual evaluations of the Thailand IIPUP project.
4. To describe lessons learned from the Thailand IIPUP project so that future programs can benefit in design and implementation.

D. Findings

1. NHA's emphasis since the late 1970's on homeownership in sites and services projects containing core houses for lower income households to be developed on a cost recovery basis represents a major shift in RTG shelter strategies from the previous highly subsidized, construction of rental units. The trend since then, supported by all major fund donors and the RTG, has been to increasingly minimize government subsidies and make NHA self-supporting.
2. IIPUP grant-funded activities which directly supported the RTG shift in public housing strategies and recent trends were the project's most successful outputs and included:
 - staff training, primarily the AID Shelter Workshops; and
 - technical assistance in policy formulation.
3. Regarding staff training, it appears that Shelter Workshops reinforced concepts such as sites and services and affordability and influenced their incorporation in NHA's housing strategies.
4. Other staff training, notably US-based training at UC Berkeley, has not been as beneficial to AID and RTG public agencies because the nomination and selection procedures, for the most part, have not paid sufficient attention to how training would complement the operations and research needs of the institutions. Also, the participants' research appears to have been insufficiently utilized upon their return.

5. AID's contribution to policy formulation was positive:
 - AID influenced NHA to publicly advocate the provision of adequate and affordable housing for low-income families utilizing minimal government subsidies and cross-subsidization within housing projects;
 - NHA staff thought that AID-funded technical assistance was useful in the preparation of policy documents; and
 - The inclusion of recommendations made by AID consultants between 1979 and 1983 in national housing policy documents suggest that AID outputs, some of them IIPUP grant-funded, were persuasive in the formulation of national level policy.
6. However, AID's contribution to policy formulation did not extend to long range shelter objectives regarding regional cities which was an IIPUP grant objective.
7. IIPUP grant-funded outputs which supported NHA's institutional development through improvements to the project implementation process were concentrated in planning and were partially successful. These included:
 - improvements in the land acquisition process; and
 - purchase and installation of three microcomputer systems.
8. Improvements in the land acquisition process include:
 - a streamlined process for acquisition of sites under a specified value;
 - guidelines for staff to follow when procuring land; and
 - the replacement of ad-hoc groups by permanent staff to identify and analyze the suitability of sites.

Although NHA did not meet 1984 targets, it has acquired about 50 percent of the land it needs for regional sites and services projects under the 1984-86 Plan.
9. The microcomputers have improved project management at the program level at NHA through:
 - standardization of inputs and formats;

- more detailed analysis of outputs which are more accurate and more quickly obtained; and
- increased staff technical capacity.

However, systems are not used to full capacity, NHA has not implemented all the proposed applications and the systems lack management.

10. The grant-funded outputs which met with success in policy formulation and institutional development were not directly related to the primary purpose of the Project Agreement to improve the delivery of socio-economic services to low-income families in regional cities.
11. The grant project was not successful in achieving this goal, as evidenced by:
 - Outputs intended to expand NHA planning methodology in social planning, considered in the Project Agreement as a first step to achieving the goal, did not do so;
 - Major determinants of NHA's decision to build a regional cities sites and services project did not include shelter or other socio-economic needs of the target population but rather the ability of lower income households to pay for housing and their willingness to move to a new house;
 - NHA regional sites and services projects have not changed substantially from project designs prepared prior to the implementation of the grant project, except that anticipated social services have been reduced; and
 - Except for certain commercial components included in pre-IIPUP grant project designs, NHA did not undertake the design or delivery of non-shelter, socio-economic activities in regional cities sites and services project after completion of the grant.
12. The major reason for the failure to achieve the IIPUP objective to provide socio-economic services to regional cities was the incompatibility of that objective with other RTG objectives of cost recovery and self-sufficiency for NHA.

13. Secondary reasons for the failure were:

- lack of priority for the regional cities program at NHA and with AID;
- lack of priority for the provision of socio-economic services in sites and services projects; and
- The IIPUP project was poorly conceived.

Finally, the technical and administrative problems in the NHA project implementation process absorbed the Resident Advisor's time and shifted AID focus by the second year of the project to overall institutional development and staff training.

14. Inadequate monitoring and evaluation of grant-funded inputs/outputs while the project was ongoing prevented a realistic assessment of why NHA did not expand the services as planned through implementation of the IIPUP project. IIPUP progress reports and annual evaluations did not discuss the incompatibility between IIPUP project objectives and other NHA objectives.
15. Another shortcoming related to monitoring has been a lack of follow-through by AID and NHA on recommendations made in AID-funded appraisals or reviews. Consequently, there is no documentation explaining why steps were taken or not taken in response to recommendations.
16. NHA still suffers from continuing institutional problems identified in the 1979 review of NHA's regional cities program such as poor coordination and cooperation among government agencies and within NHA itself, all of which affect project management of regional sites and services projects.
17. In the Chiang Mai sites and services project:
- project components remain unutilized and undeveloped;
 - regulations regarding tenure transfer are unenforced; and
 - top management decided not to require income qualifications for low-income units when sales lagged.

E. Recommendations

1. **AID should improve monitoring and evaluation:**
 - in order to determine whether project goals and objectives are feasible as originally conceived, to what extent objectives are being met and if they require adjustment, AID should establish mechanisms for periodic monitoring of project inputs and outputs.
 - as a condition to future AID-funded technical assistance to RTG agencies, including NHA, AID should support the agencies in the development of a mechanism to monitor and assess progress made in implementing recommendations resulting from such assistance. AID should encourage agencies to institutionalize a process of evaluating actions taken in response to recommendations to determine if they resolve the shortcomings identified. This should help to ensure that investments made in appraisals and reviews are worthwhile.

2. **Project designs for future community development strategies should incorporate lessons learned from the grant and should be:**
 - limited in scope;
 - based on a realistic assessment of the priority and support of the host government institution for such a project;
 - aimed at a discrete population already in place with documented eligibility and needs for such assistance;
 - based on an assessment of the target population's interest in and initiative for community development; and
 - monitored and evaluated by the recipient and AID.

3. **AID should neither promote nor provide technical assistance or funding for integrated shelter/community development projects in the form contemplated by the IIPUP project. AID should determine whether NHA requires donor funding intended to serve the shelter needs of lower income groups. This determination should be based, in part, on NHA's willingness and ability to improve project administration in sites and services projects.**

4. AID should require that host country institutions provide accurate and timely accounts for counterpart expenditures. If institutions lack cost allocation systems, then technical assistance should include setting up such a system.
5. AID should improve staff training efforts.
 - The use of additional AID resources should require an increase in counterpart contributions.
 - AID should sponsor participants to US-based training only after acceptable nomination, selection and evaluation procedures have been developed by participating institutions and agreed to by the AID mission. Sponsorship to US-based training should be linked directly to policy, research and training needs of participating agencies.
6. NHA should take steps to improve its microcomputer systems.
 - NHA should immediately develop a capacity to manage the information generated through the microcomputer systems which improves coordination between departments and reduces duplication of efforts. This should not include the purchase of new equipment. It should include procedures for setting up a filing system of all data stored on discs and the formats that staff have developed. This system should be updated biweekly or weekly and available to all departments and to management.
 - NHA should evaluate the microcomputer systems in order to reformulate the original proposed applications and develop guidelines for planning, directing and monitoring computer usage.
 - Once the evaluation is completed and proposed applications determined, NHA should prepare a training needs assessment.
 - NHA should provide training for management and computer operators as soon as possible in areas staff have already identified as needed.

7. NHA should improve management of sites and services projects through:
- decentralizing management responsibilities of regional sites and services projects;
 - seriously considering the recommendations made in the "Final Report of a Qualitative Evaluation" of the Chiang Mai sites and services project and taking steps to implement them;
 - focusing attention on nonpayment of hire purchase payments and immediately increase penalties. NHA should develop a plan to turn over responsibilities for loan administration to private lending institutions or credit unions;
 - enforcing provisions in the contractual agreement between purchasers and NHA;
 - developing a detailed implementation plan and guidelines to supplement any existing plan to transfer project management to residents. NHA should consider turning some project administrative responsibilities over to professional management firms;
 - developing and implementing an improved client selection process for units affordable to low-income households. This process should contain procedures for income verification acceptable to AID.

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CHAPTER 1

BACKGROUND TO THE THAILAND IIPUP GRANT

The Integrated Improvement Program for the Urban Poor (IIPUP) was a centrally-funded, multi-country program to promote the integration of the planning and implementation programs with efforts to provide other socio-economic services such as health, education and employment. In Thailand, USAID authorized IIPUP funds to assist the Royal Thai Government (RTG) in their efforts to implement a fundamental shift of housing policy.

Earlier RTG efforts to provide public housing had emphasized the construction of highly subsidized, mostly rental units. However, this strategy, embodied in a goal to build 120,000 units between 1976-80, proved too costly. As early as 1975, AID initiated policy dialogues with the National Housing Authority (NHA), the government agency responsible for publicly assisted housing delivery, and the Government Housing Bank (GHB) to help develop more realistic strategies for serving the shelter needs of lower income groups. AID recommendations during this process included:

- A) Adoption by the RTG of a National Housing Policy;
- B) Reduction of subsidies and improved cost recovery. Adoption of program targets to reflect NHA productive capacity;
- C) Greater emphasis on low-income programs, including reduction of design standards, upgrading of existing neighborhoods, and affordable housing;
- D) Increased emphasis on home ownership;
- E) Improved land acquisition;
- F) Strengthened NHA institutional capacity; and
- G) Development of a national housing finance system.

The shift in housing policy resulted in the RTG's formulation of a priority investment program in 1978 which incorporated some of the AID recommendations. The program emphasized slum upgrading, and home ownership in sites and services projects containing core housing units developed on a cost recovery basis in the Bangkok Metropolitan Area. A majority of the units were to be affordable to lower income households. The program was later extended to include certain regional cities. AID proposed to back this initiative with loan funds to be provided through Housing Guaranty loans up to \$50 million. This intention was the subject of a project paper approved in 1979 (493 HG-003). Approximately 10 percent of the HG funding was intended to finance up to 50 percent of the

total cost of the program in five regional cities. Seventy percent of HG funds were targetted for new towns around Bangkok and 20 percent for slum upgrading in Bangkok. At this time, AID also approved \$250,000 in IIPUP grant funds for technical assistance in connection with the regional cities component of the program. Other funding sources for the RTG investment program included IBRD and ADB, both of which strongly supported this development strategy.

The Regional Cities Program

The NHA, through the regional cities effort, initially proposed to plan, design, construct and market 14,000 units in regional cities between 1979-82. NHA's responsibilities were to land acquisition, land preparation, the provision of infrastructure and community facilities, marketing and subsequent estate management. Non-subsidized project costs were to be recovered from residents through a hire-purchase agreement with the RTG subsidizing the costs of community facilities and off-site infrastructure. The government considered these subsidies analogous to improvements normally provided in other new development areas through tax revenues. The target population for the regional cities program was divided into four groups by level of household income. The two lowest income groups were the projected beneficiaries of 10,600 units of core housing to be developed by NHA.✓

Subsequent program revisions reduced the projected number of units by nearly half to an overall goal of 7,500 units for achievement in NHA's current 1984-1986 Development Plan. Also, priority to RTG housing policies which emphasized increased cost recovery and financial self-sufficiency for NHA have eliminated national government subsidies to NHA for social infrastructure in sites and services projects which included schools, daycare centers, and health stations.

IIPUP Grant Project Purpose

AID authorized the IIPUP grant in Thailand on June 7, 1979, along with \$15 million in HG funds; the Project Agreement was signed on June 12, 1980. The Agreement stipulated that the general purpose of the grant would be to assist the RTG to provide shelter and community development programs in the regional cities. Within this context, the Project Agreement contemplated the use of grant funds to improve the delivery of socio-economic services to low-income families in regional cities. The scope of socio-economic services identified in the Project Agreement for which the grant was to provide technical assistance was substantial, ranging from shelter to employment opportunities to housing finance, health and nutrition, education and community services. A copy of the Project Agreement is included as Attachment I.

More particularly, the specific purpose of the technical assistance made available through the grant was to improve the institutional capacity of the NHA to carry out regional cities integrated shelter/community development programs. This was to be accomplished, in part, by assisting NHA in the following activities:

1. Survey the shelter, social, urban and economic needs of low-income families and the current social service delivery systems in selected regional cities;
2. Develop appropriate program and design parameters;
3. Plan, design and implement integrated shelter/community development projects responding to the identified needs of lower income families.

Finally, IIPUP grant funds were to be used to assist the RTG to develop long range national shelter policies, objectives and strategies as they related to regional urban development and planning. Similarly, the government intended the regional cities program to support the regional growth strategy set forth in the Fourth National Economic and Social Development Plan (1977-81) to decentralize growth from the Bangkok metropolitan area to certain regional cities identified as "growth centers". In order to encourage migration to such areas, the strategy would make available shelter, various socio-economic services and employment opportunities acceptable to the groups most likely to migrate.^{2/}

Preliminary Recommendations

Prior to the implementation of the IIPUP grant, NHA sites and services projects in regional cities included, along with housing, space or facilities for community activities, commercial activities, industrial development, health and education. Two projects which were already underway, one in Chiang Mai and the other in Songkhla, provide examples. The Financial Plan which NHA prepared with the assistance of the Resident Advisor and submitted to AID on December 26, 1980, in accord with the Implementation Agreement for the first phase of the HG program, described designs for the Chiang Mai sites and services project. The project designs included shophouses, industrial and commercial sites, a community center with a treatment room to be staffed by visiting municipal health officials, and three daycare centers. The Songkhla project would include an Estate Management Office (the Chiang Mai site already had one built into a middle income shelter project on an adjacent site) and a day care center. The project brief showed that the Songkhla site would include a food market with space for hawker stalls, an area reserved for small scale business, a health center, a shophouse area and parks and open space.^{3/} The plan stated that the administration and maintenance of the site would be turned over to the responsible local agencies after construction was completed. No timeframe was specified. Both the Financial Plan and an early AID consultant team identified the shophouses and commercial and industrial sites as profitable components of the project, the surpluses from which would cross-subsidize the low-income units.

Thus, the NHA sites and service projects provided, in addition to housing, serviced sites and certain physical facilities which could be utilized to increase project income and to improve the well-being of project residents. NHA accepted the responsibility, with assistance from AID, to determine what activities and services would be most beneficial to low-income residents, and to insure that such benefits were provided.

In July, 1979, as a first step in this direction, AID engaged Louis Berger International, Inc., to provide technical assistance to NHA. This assistance was funded from IIPUP central funds rather than the Mission IIPUP allocation because it was undertaken prior to the official beginning of the grant. The team reviewed the NHA programs for the regional cities of Thailand with the intent of assisting NHA to survey needs and delivery systems, to develop program and design parameters and to plan and design integrated shelter/community development projects. These activities were consistent with the objectives of the Project Agreement.

At the time of the review, NHA had completed market studies for seven cities and was conducting studies on three others. Sites and services projects were being implemented in three cities. A project in Khon Kaen was in the pre-planning stage with site acquisition underway; and projects in Chiang Mai and Songkhla were in the project design stage. The Research and Construction Department (now the Construction Project Department) had completed preliminary layout proposals for both sites. NHA owned the site in Chiang Mai and leased the site in Songkhla from the Thai government.

The consultants identified and reviewed NHA project planning and design procedures, reviewed four of the seven completed market studies and visited the Chiang Mai, Songkhla and Khon Kaen project sites. A World Bank technical mission accompanied the consultants on the Chiang Mai and Songkhla visits.

As a result of the review, the team identified several administrative and technical weaknesses which could inhibit NHA from meeting the IIPUP grant objective of increasing the delivery of urban and social services to the poor in the regional cities within the two year timeframe. The major administrative weaknesses identified were lack of coordination and cooperation among public agencies at all levels from project pre-planning through implementation and lack of internal coordination and review procedures at NHA, particularly in regard to the regional cities program. See Attachment II for an organizational description of NHA.

The team also noted weaknesses in NHA's project planning methodology. Basically, the team considered the analysis of the socio-economic characteristics and needs of the target population and the analysis of the existing services and capabilities to be too limited. Finally, the team found that NHA did not have an evaluation program for the regional cities program.

In order to provide the appropriate socio-economic programs and employment opportunities to the target group, the team recommended that NHA more clearly identify the social and economic characteristics of the target group and expand the analysis to include employment opportunity assessment and projections for that group. The team suggested that this information could be collected and analyzed as part of the market study. In addition, since it did not appear to the team that NHA used a formal procedure to prioritize cities for sites and service projects, they proposed that the expanded data collection and analysis serve as a basis to rank cities for project site selection.

Also, the team recommended that NHA identify the location of specific job opportunities and social services delivery capacity for low-income groups when determining the suitability of a site. Finally, suggestions related to administrative weaknesses reiterated recommendations for the creation of internal management coordination groups from an earlier review of NHA by Coopers and Lybrand Associates, Ltd.^{4/} The team suggested the establishment of such a group to reinforce the role of the Policy and Planning Department within NHA. In addition, the team suggested that NHA give more priority to the regional cities program and establish evaluation criteria.

This review was significant because it was the only IIPUP grant-supported technical assistance that dealt exclusively with NHA's regional cities program and it was identified in the Project Agreement as a USAID input to assist NHA. Moreover, the recommendations underlined the substantial changes necessary to NHA's implementation processes, particularly in project planning, that would be required to improve the delivery of socio-economic services to poor people.

Anticipated Inputs

The IIPUP grant provided \$250,000 over a two year period for technical assistance, short-term consultants for project planning and design services, staff training, and other goods and services which might be identified during the grant period as important to achieving the project purposes. The Housing Guaranty financing would pay for a portion of the capital costs of the projects. The RTG was to provide \$62,500 in staff support and services as its counterpart contribution. This included appropriate NHA staff to be available to work with consultants full-time, and NHA's provision of logistical support for the Resident Advisor and staff. NHA was also to identify a Project Manager that would have continuing responsibility for managing the planning and implementation of its regional cities program. NHA and DTEC were supposed to provide funds for staff training, in-country travel and research and services. The initial two-year life of the grant was extended through December 12, 1983 for a total of 18 months, with no additional allocations.

Anticipated Outputs

The Project Agreement included as first year activities the identification and detailed design of two to four regional city projects. During the the second year, the implementation was to be completed.

The grant outputs anticipated in the Project Grant Agreement were:

1. Background analyses and surveys of regional cities including identification of current and future needs of lower income families for shelter, employment and economic opportunities, delivery of medical, nutritional, educational and community services and the institutional, administrative and financial arrangements for delivery of urban and social services;
2. Improved NHA methodologies, and work plans for the planning and implementation of NHA regional cities' projects including methodology and procedures for city selection; identification of demand, target groups, cost and affordability parameters; physical, financial, and socio-economic planning; administration and coordination of project implementation; and evaluation systems;
3. Identification and detailed design of 2 to 4 regional city projects for programming and implementation in the NHA "1978-82 Development Plan" within 12 months of signing of the Project Agreement;
4. Completion of the implementation phase of the demonstration projects in the NHA regional cities program within 24 months of signing of the Project Agreement;
5. Training of NHA staff in the planning and implementation of integrated regional cities shelter projects;
6. Establishment of an evaluation system for the NHA regional cities program and completion of end of project evaluations of the initial projects; and
7. Analyses and recommendations to the Government of Thailand on long range shelter objectives in regard to the regional cities and on the relationships of shelter to regional development and planning.

Actual Program Inputs

Actual program inputs during the grant period included the Resident Advisor, short-term consultants and staff training. A budget summary lists the actual expenditures under Attachment III.

1. The Resident Advisor worked with NHA between August, 1980 and December, 1983, in coordinating all AID inputs and providing technical assistance in project design and implementation as specified in the Project Agreement. During this period, the Resident Advisor also provided substantial technical assistance to NHA to meet the HG loan requirements, and to implement the Bangkok sites and service projects and the New Town projects.

Technical assistance from the Resident Advisor related to meeting the grant objectives was concentrated in policy and planning. The Resident Advisor assisted NHA to prepare major policy documents, notably the NHA Development Plan for 1982-86 which was to be incorporated in the RTG fifth Five Year Plan. He reviewed the draft National Housing Policy, also to be incorporated in the fifth Five Year Plan, and the MHA 1984-86 Development Plan (which replaced the 1982-86 Plan). He helped coordinate staff training and seminars which focused on housing policy issues. He also assisted NHA to design, organize and conduct socio-economic analyses and surveys, particularly the prototype Phitsanulok market study and the affordability study. In addition, the Resident Advisor identified technical and administrative problems in the project implementation process including site acquisition procedures, staff shortages in key technical positions in the Policy and Planning Division, tendering procedures and construction management, and the low priority of the regional cities program. He recommended actions for improvement, particularly in site acquisition procedures.

Technical assistance not directly related to IIPUP grant objectives included assistance to NHA in preparation for the first disbursement of the Housing Guaranty loan, along with financial planning and project scheduling for the overall HG Program. Furthermore, the Resident Advisor identified areas in which short-term consultants could assist NHA staff in implementing projects in Bangkok, prepared consultant selection criteria, and in some cases, preliminary analyses.

2. Short-term consultants assisted NHA prior to the official beginning of the IIPUP-funded grant and during the grant period. This assistance was mostly in policy and planning but extended occasionally into project design.

The team from Louis Berger International has already been discussed. Other consultants included a team from Rivkin Associates, Inc. who conducted an annual policy and program review of NHA progress, required under the HG loan Implementation Agreement. Areas most relevant to the IIPUP grant objective which the team reviewed were the draft NHA 1982-86 Development Plan and the design and construction process. The team was impressed with the policy proposals in the draft plan but noted shortcomings such as overly optimistic production goals and lack of an implementation plan to alleviate problems blocking large scale production. Regarding design and construction, the team commented that certain aspects of planning and design met high professional standards. However, the team thought that greater attention should be given to economic and social factors prior to design, while scheduling practices during design needed improvement to alleviate uneven work loads. Also construction management, identified as a weak link in NHA's implementation process, should be intensified.

NHA utilized IIPUP grant funds to hire Deemar Ltd. for assistance in conducting surveys for an affordability study, undertaken to determine the capacity and willingness of target households to pay for NHA housing.

Also, AID approved IIPUP funds for three microcomputer systems and related staff training intended for NHA's institutional development.

3. Staff training was devoted primarily to NHA senior technical and administrative staff participation in AID Shelter Workshops in 1981 and 1982, the University of California Berkeley training program and a regional conference on housing finance. The IIPUP grant was also the source of funds for a seminar in Chiang Mai in 1983 on national housing policy for NHA Board members, department directors and Policy and Planning senior staff.
4. NHA provided staff counterparts as needed and logistical support to the Resident Advisor and IIPUP-funded consultants in carrying out the activities described above.

These combined inputs produced the following actual outputs for each project component, as identified by the RHUDO office in annual evaluations and in December, 1983, at project completion:

1. Background analyses and surveys of regional cities:
 - a. A prototype market study was completed for Phitsanulok;

- b. Housing affordability surveys and analyses had been completed for Bangkok, Chiang Mai, Phitsanulok, Khon Kaen, Haad Yai and Phuket;
 - c. Socio-economic studies were completed for Phitsanulok and Chiang Mai;
 - d. A study and recommendations were completed on NHA land acquisition problems.
 - e. A "National Housing Facts Book" to provide a continual data base for RTG and NHA policy and program development decisions was under preparation when the IIPUP grant ended.
2. Improved NHA methodologies for project selection, planning and implementation:
 - a. Microcomputer systems had been installed and computer-related staff training completed.
 3. Design and Implementation of 2 to 4 regional city projects.
 - a. A preliminary business advisory program had been designed for Chiang Mai.
 4. Training of NHA Staff.
 - a. Seven NHA staff members and one person from the Ministry of Finance attended Shelter Workshops in 1981 and 1982. Four were funded from Thailand IIPUP sources, three from the central IIPUP grant.
 - b. Two NHA staff and one employee from the Government Housing Bank completed training at U.C. Berkeley. Of these, one was funded from the Thailand IIPUP program, the others from central IIPUP funds.
 - c. AID-sponsored a Housing Policy Retreat in Chiang Mai for the NHA Board and top management.
 5. Recommendations to RTG on long range shelter objectives in regard to regional cities and on the relationship of shelter to regional development and planning.
 - a. NHA drafted a proposed national housing policy for NESDB which the RTG Cabinet approved in September, 1983.

For reasons discussed in chapters two through seven, this evaluation has determined that the major purpose of the IIPUP grant to improve the delivery of socio-economic services to low-income families in regional cities was not achieved. Furthermore, NHA has not attempted to pursue this objective subsequent to the IIPUP grant's conclusion. However, technical assistance and training provided through the grant contributed to the increased efficiency of certain components in the project planning and design process which improved NHA's institutional capacity. Also, AID outputs influenced RTG housing policy formulation. In this regard, the efforts funded through IIPUP were partially successful in achieving secondary purposes of the grant.

The reasons for the failure to achieve the primary objective are twofold. First the program was poorly conceived. Secondly, there were problems in execution and RTG support. The IIPUP objective was not a priority nor was it relevant to institutional needs which AID and other donors have pushed NHA to recognize, namely the need for minimal government subsidies and cost recovery in low-income housing projects. These proved to be incompatible with the implementation of socio-economic programs as part of public sector shelter programs.

Moreover, NHA's institutional problems compounded the incompatibility. NHA has not shown itself capable of meeting the target objectives of its Housing Development Plans nor completing its projects in a timely and cost-effective manner. During the grant period, NHA's institutional shortcomings tended to eclipse the fundamental incompatibility between the primary IIPUP grant objective and secondary ones.

An examination of the outputs follow.

Footnotes

1/ Louis Berger International, Inc. Review of National Housing Authority Programs for the Regional Cities of Thailand. Final Report. Washinton D.C.: Louis Berger International, Inc., November 1979, pp. 5, 58

Rivkin Associates, Inc. Policy and Program Review of the National Housing Authority of Thailand, Washington D.C.: Rivkin Associates, Inc. in association with the Foundation for Cooperative Housing and Manop Bongsadadt, Architect, May 1982, pp. 24, 34, 40.

2/ Berger, pp. 3, 4.

3/ Ibid. pp. 105-107.

4/ Ibid. p. 18

5/ All outputs identified by the RHUDO office as actual outputs accomplished under the grant have not been reviewed in this evaluation. Instead, the consultant selected those outputs for which information for analysis in relation to the grant objectives was available from documentation or interviews. Also, only outputs related to the regional cities program with the exception of staff training and policy formulation outputs were selected for review.

The evaluation does not include a review of the fifth project component in the Project Agreement: "Establishing an evaluation system for the NHA regional cities program and completion of end of project evaluations". According to the Resident Advisor, individual AID outputs for this project component were not significant in establishing the evaluation system which NHA uses for sites and services project. Instead, AID accepted the evaluation system required by the World Bank, which also avoids duplicating administrative activities.

CHAPTER 2

MARKET STUDIES AND SOCIO-ECONOMIC SURVEY OUTPUTS

The essential objective of the IIPUP project in Thailand was to enhance NHA's ability to develop and deliver integrated socio-economic services in regional cities. Program outputs described by a former NHA manager as most closely related to this objective included:

- (1) The prototype market study which was completed for Phitsanulok, and
- (2) The housing affordability surveys and analyses completed for Bangkok, Chiang Mai, Phitsanulok, Khon Kaen, Hat Yai and Phuket.

USAID/RHUDO, in turn, documented these as actual outputs accomplished (See AID Project Implementation Report, 12/31/83) consistent with the objectives described in the IIPUP Grant Project Agreement under anticipated output A.1. AID also documented other outputs accomplished under this component as:

- (3) Socio-economic studies completed for Phitsanulok and Chiang Mai;
- (4) Study and recommendations completed on NHA land acquisition problems;
- (5) The preparation of the National Housing Facts Book which, when completed, would be updated semi-annually to provide a continual data base for RTG and NHA policy and program development decisions.

These outputs will be discussed briefly, followed by an analysis of their relation to the IIPUP grant project. Ten staff persons from the Policy and Planning Office and the Estate Management Department and the Resident Advisor were interviewed for this portion of the evaluation.

THE PROTOTYPE MARKET STUDY FOR PHITSANULOK

Background

According to AID files, NHA undertook the prototype market study for Phitsanulok to provide information unavailable in 1981 on the specific housing priorities among NHA low and middle income target groups in regional cities. This information was considered important in helping NHA decide whether or not to build a sites and services project in a regional city.

Compared to earlier NHA market studies,^{1/} the methodology utilized in the Phitsanulok market study differed in the sample survey process, in its method for identifying demand and in the inclusion of a sensitivity analysis of housing demand variables. It also included an identification of various types of socio-economic services provided by municipal and provincial government agencies that appeared to identify the availability of a wider range of services than had earlier market studies.

The changes in the sample survey process included a reduction in the number of households interviewed in favor of more in-depth interviews. Previously, interviewing had been confined to households who were renters and slum dwellers: the two groups which NHA defined as its target population. The sample interviewed in the Phitsanulok study included these households, plus owners in standard areas. The questionnaire included more detail than previous survey instruments on:

- (1) present household characteristics;
- (2) housing costs;
- (3) present housing characteristics;
- (4) the occupants willingness to move to a new house; and
- (5) the type of house most preferred.

Information not asked previously but requested in the new questionnaire included:

- (1) how much the occupant was able to pay for new housing;
- (2) the location of existing housing;
- (3) the distance from public facilities and services;
- (4) the existing infrastructure; and
- (5) preferences regarding all these factors.

The collection during interviews of some of this additional information had been recommended in the Berger study as well, including, for example, how much the occupant was able to pay.

The key variables underlying demand in the Phitsanulok study differed in scope from previous studies which based total demand on estimates of: (1) the existing number of permanent renter households; (2) the estimated number of slum evictions from relocation and renewal; and (3) projections from population growth of new household formation. The market segment for which NHA planned to provide housing was the lower income households in these categories. The Phitsanulok study based demand on estimates of (1) new household formation based on population growth for low and middle income groups; (2) new household formation based on the employment growth rate for low and middle income groups; (3) slum housing relocation and displacement and (4) overcrowding in standard housing for moderate and middle income as well as low-income groups.

The sensitivity analyses showed how changes in certain variables such as deterioration of the macro and/or micro economies would effect the demand for housing in Phitsanulok and, therefore, the size and nature of an NHA project.

From information included in the questionnaires and secondary data about population growth and economic growth patterns, the housing market study described Phitsanulok as a city where growth was slow to moderate, the housing stock was in good condition with an oversupply of certain unit types and housing costs were low. The study identified Phitsanulok as having been selected as a development center in the Fourth National Economic and Social Development Plan. At the time of the survey, the city had a population of about 73,000 people or a household population of 11,500. The study characterized the population growth rate as very slow (.05 percent per year, largely due to out-migration) and the economic growth rate as moderate. The study noted that the urban-based sectors of the provincial economy were growing at less than the average rate of growth for all sectors.

Rents were considered to be low, with slum dwellers typically paying 8-12 percent of their monthly incomes and occupants of standard dwellings paying nearly 10-20 percent of their monthly income. Housing in slum areas was identified as well built (large and made of wood) served by electricity and piped water and conveniently located near the city center. Standard housing stock was considered to be adequate and inexpensive. While the study did not identify the existing number of units in the municipality, it did indicate that, at the time, shophouses had been overbuilt by at least 300 units.

The market study estimated a market size of 340 households per year in Phitsanulok. While new household formation based on the employment growth rate was considered to be a potential demand factor in theory, it was not considered significant enough in Phitsanulok to affect the market

size. The estimated demand for an NHA housing project for both low income and moderate income households was 280 units over a two year period, with 200 units for low income and 80 for moderate income. This represented 41 percent of the market size over a two year period. There was no explanation of the methodology used to derive from the market size the portion of demand for which NHA would provide housing.

When the project brief for Phitsanulok was completed in November, 1983, the preliminary design called for an NHA housing project comprising 454 units. Of the total number of households, 294 were designated for median income or below and 160 were designated above median income. Staff who worked on the project brief stated that they updated information in the Phitsanulok study to provide a basis for the number and breakdown of unit types.

Current Usage

Current market studies collect data on population and economic growth rates, housing and household characteristics, income and expenditures, willingness to move, and private sector housing under construction. The variables directly influencing demand and the sample survey process resemble earlier market studies more than the prototype Phitsanulok study.

The NHA sample survey now focuses on the two groups which they consider to comprise the highest percentage of their low-income target groups: slum dwellers and renters. Staff select samples of the total number of each of these households. They then interview approximately 20 percent of the selected samples. They do not consider it necessary to expand the sample to include standard area households. They believe this interview methodology provides more accurate data because the sample size is larger than the Phitsanulok study. Although a smaller range of household types are interviewed, these groups reflect the portion of the market for which critical information would otherwise be lacking. Moreover, NHA staff argue that to extend the survey to standard area households would require an increase in the total number of households interviewed in order to preserve the statistical integrity of the study. NHA believes such an increase is not consistent with available staff resources.

Estimates of demand among households below median income is derived from existing demand among low-income slum dwellers and renters and future demand based on projections for normal population growth among low-income households. Demand is not directly related to employment opportunities, slum displacement or relocation, or overcrowding in standard housing as it had been in the prototype study.

Staff assert that the major purpose of the market study is to determine the willingness of target groups to move to a new house, coupled with their ability to pay. Specifically, the study identifies demand among a potential client group which meets certain residency and income criteria. NHA staff consider government employees as the most suitable clients for NHA housing. Households which have been residents of a city for less than five years, households whose affordability is below 650 baht per month or certain occupations such as day laborers are screened out of demand estimates among low-income groups. One staff person thought that roughly 50 percent of residents in Bangkok sites and service projects and in the Korat sites and service project were government employees.

The market study also includes a case study of housing which the private sector is developing. Staff interview private developers about construction costs, the financial terms for home purchase and future trends for private sector activity in the area. The information on construction helps NHA staff when preparing preliminary cost estimates as part of the project brief. The Financial Department utilizes the information on sales prices when estimating the cost per unit for middle income and above housing types sold in NHA sites and service projects. Staff consider the case study a valuable part of the market study because it provides an opportunity to observe what people currently are buying.

NHA staff questioned about the prototype market study could not recall specifically what influence it had on current market studies.

THE AFFORDABILITY STUDY

Background

In 1982, NHA, with the assistance of the Resident Advisor, conducted a housing affordability survey of Bangkok and the five regional cities of Chiang Mai, Phitsanulok, Khon Kaen, Haad Yai and Phuket to identify what households at various income levels were willing and able to pay for housing. NHA undertook the survey to produce reliable information on how households exercised their housing choices by spending the savings, borrowings and income available to them. Prior to undertaking the survey, most NHA project feasibility studies had assumed that client households contribute 10 percent downpayments and 25 percent of income for monthly hire-purchase payments. There was little empirical evidence available in Thailand to support these assumptions. A total of more than 1000 interviews were held, with approximately 250 in Bangkok and about 150 in each of the five regional cities. On behalf of NHA, USAID used IIPUP grant funds to contract with the survey research firm of Deemar Ltd. to carry out the survey and tabulate the responses. The Resident Advisor supervised the study design and wrote the report.

The affordability survey targeted slum and renter households and recent home purchasers, and it aimed to obtain data on actual purchase prices and financing, by income levels. The sample included 25 percent slum households, 25 percent renters in standard areas and 50 percent owners of recently constructed houses. The survey findings include:

Household Incomes

The survey summarized recent trends based on income data from the annual Media Survey by Deemar Ltd. The data showed that the incomes of urban households outside of Bangkok were (1) reaching Bangkok's higher levels and (2) regional incomes were converging with one another.^{2/} Renters and owners in regional city slums had about the same average income.^{3/}

Housing Expenditures

The survey found that, generally, average rent for all households as a percentage of average monthly income is 10 to 11 percent in both Bangkok and regional cities. The percentage of income paid in monthly rent for all household types surveyed in regional cities ranged from 6 to 18 percent.^{4/}

Lower income renters in regional cities tended to pay more of their monthly incomes for rent, averaging 16-19 percent, than did higher income households which averaged 10-14 percent.^{5/}

Regional city owners paid an average of 39 percent of average income on housing costs. The range however, was from 15 to 19 percent, with Haad Yai households skewing the overall regional city average upward. According to the study, it was not clear why data on housing costs in Haad Yai differed so much from other cities. (Chiangmai - 26 percent, Khon Kaen - 38 percent, Phitsanulok - 15 percent, Phuket - 33 percent - Haad Yai - 69 percent)

Approximately 34 percent of standard area owners in regional cities had house purchase loans from either formal or informal sources, while only 14 percent of slum area owners surveyed had such loans. Slum housing prices in regional cities averaged 9 percent of the price of a standard area house. The standard area house price by city ranged from 95,000 baht in Khon Kaen to 350,000 baht in Haad Yai. The regional average was 152,500. The Bangkok median was 154,762 baht.^{6/}

Downpayments averaged about 27 percent of purchase price in regional cities. Among low-income groups, the range of city averages was from 21 to 35 percent. Relating downpayments to annual incomes, downpayments were 2-3 times annual incomes for low-income groups and 50 to 100 percent of annual income for other groups.7/

For overall housing expenditures in regional cities (monthly loan/rent payments, electricity, water & cooking fuel) the survey indicated that average monthly household expenditures for standard area renters and slum area residents ranged from 11 to 19 percent.

Other Expenditures

The greatest expense for regional city renters and slum dwellers was food and household supplies, ranging from 28 percent for standard area renters to 44 percent for slum area renters.

Savings and Credit

Forty to 47 percent of standard area residents saved regularly. Approximately one third of slum dwellers surveyed saved regularly, 33 percent of slum renters and 35 percent of slum owners. According to the data collected, the average monthly savings for slum owners was 13 percent, for slum renters 20 percent and 16 to 17 percent for standard area households.8/

In regional cities, 29 percent of standard area renters bought on credit in an amount approximately 9 percent of their monthly income. Eight percent of slum renters bought on credit, in an amount approximately 6 percent of their monthly income. About 31 percent of regional city slum owners paid an average of 21 percent of monthly income for credit.

Plan to Purchase New House

The survey found that 26 percent of standard area renters planned to buy a house within two years while 14 to 18 percent of slum dwellers indicated that they planned to buy within the same period. Slum area households were willing to pay 26 to 36 percent of their monthly income for purchasing a new house and an additional 9 to 10 percent for monthly utilities. The median downpayment amount that slum owners and renters were willing to pay was 9 percent and 7 percent, respectively, of the purchase price. Standard area renters were willing to pay a median downpayment of 15 percent of the purchase price, 44 percent of their monthly incomes in housing costs with an additional 9 percent for monthly utilities.

Concerning NHA housing, about 2 out of 3 standard area households and 4 out of 5 slum families in Bangkok and the regional cities said they would be interested in an NHA core house on a serviced plot with electricity and piped water. Regional city slum owners indicated they would pay about 141 percent of median annual income for the houses. On average, households were willing to pay 15 to 34 percent of purchase price as a downpayment, with slum owners willing to pay the least. Median monthly payments as a percent of median income ranged from 19 percent to 42 percent, with most groups close to 20 percent.

Current Usage

All NHA staff in the Policy and Planning Office questioned about the affordability study indicated that it was very useful. A former manager stated that it provided information not included in the NSO Housing Expenditure Survey which had utilized small samples and did not disaggregate data by income or provide information on groups such as newly formed households. A staff person added that the NSO survey was conducted in 1975 and had not been updated prior to the affordability study.

Staff reported that NHA has used the data in the study to support the affordability standard it uses to determine monthly housing payments for various income groups. Prior to the survey, NHA, according to staff, assumed without evidence that an affordable monthly housing payment was between 20-25 percent of monthly income. Now project briefs show monthly payments for households purchasing NHA houses as ranging from 17 percent of monthly income for households in the 10-20 percent income percentile to 26 percent of monthly income for households above median income. Downpayments range from 10 percent of purchase price for households below median income, and up to 25 percent of purchase price for households above median income.

NHA staff also pointed out that the Policy and Planning Office used data from the study to defend its intention to raise rents on NHA-owned rental units. This argument resulted in RTG approval of rent increases.

Finally, one staff person who currently works on market studies said that the housing affordability study influenced data analysis in the market studies and is used as a data base.

SOCIO-ECONOMIC STUDIES COMPLETED IN PHITSANULOK AND CHIANG MAI

The Phitsanulok Market Study also included a survey of the various types of socio-economic services provided through the municipal and provincial governments. The stated intent of the survey, which was based upon interviews of local government officials, was to identify (1) current and planned services and facilities; (2) the perceived current need for various social services; (3) the likely effects of an NHA housing project on existing and planned services and facilities; (4) what current city and provincial governments might be willing and able to do to provide services and facilities benefiting a potential NHA project; and (5) what needs local officials thought NHA and government ministries might meet. The influence of the IPUP grant Project Agreement is evident in the range of topics discussed: health; education; welfare; skill training; financial assistance for business, education and home improvement; and community development. This survey appeared to identify the availability of a wider range of services than earlier market studies had done.

According to the survey, municipal provision of services in Phitsanulok was limited to public schools, one health station located in the municipality and trash collection. The municipal 5 Year Plan included the construction of a new health center for which a site was needed. Existing and planned school capacity was considered adequate. The city agreed to provide trash collection but indicated that additional trucks might be needed.

The provincial government also provided health facilities. Other provincial services were vocational and manpower training programs provided under the Ministry of Education and the Ministry of Interior. These programs supplied instructors for interest group courses on a request basis, free of charge.

At the central government level, the Department of Industrial Promotion, Ministry of Industry, through its regional facility located in Chiang Mai, offered skill training, industrial management training and technical support service to rural residents and to existing or planned small-scale industries. The facility took courses to the provinces, including Phitsanulok.

In his report on the socio-economic component of the market study, the Resident Advisor proposed that NHA plan for a health clinic within a housing project of at least 300 units and designate an appropriate site. A second proposal was to consider a skill training program through the Department of Industrial Promotion, Ministry of Industry for future project residents.

A similar study for Chiang Mai was not available in the AID or NHA files.

Current Usage

According to the staff person responsible for conducting the studies and analyzing the data, current market studies do not include a socio-economic analysis. This staff person, in fact, claims never to have heard the concept utilized in relation to market studies nor participated in discussions to utilize market studies for current and future socio-economic needs assessment for low-income households. Additional data would have to be collected for this purpose. Furthermore, this official questioned the appropriateness of using the market study for a project client needs assessment since the market study is conducted two to three years before project occupancy and would not necessarily include the future project residents.

Information this staff person considered closest to data which might be included under the rubric of socio-economic is the general information obtained during the market study on the existing capacity of public utilities and on the number of schools and health facilities.

While planning staff do not consider the market studies to be concerned with socio-economic analysis, they do consider NHA's sites and services projects to contain socio-economic components. They identify these as the income generating components which make the project financially feasible, such as the shophouses, open air markets and small industrial site areas. Other examples staff gave of the socio-economic services currently part of NHA projects in regional cities are day care centers/kindergartens, area offices, community facility sites and security.

STUDY AND RECOMMENDATIONS COMPLETED ON THE LAND ACQUISITION PROCESS

Background

AID singled out NHA's land acquisition process as a problem area early on. A December, 1978, review by PADCO of NHA's policies, program and strategies described the land acquisition process as too time-consuming and complicated; and, therefore, adversely affecting site planning and development.^{9/} The Resident Advisor noted early in his tenure at NHA that land acquisition continued to be a major obstacle to the timely implementation of NHA projects and achievement of target objectives. The Rivkin team again underlined the problem as a major constraint inhibiting NHA capacity to carry out its 1982-86 Development

Plan providing for 25 regional cities sites and services projects, with five planned to start each year. Their report revealed that NHA, in April of 1981, had only 50 rai (4 percent) out of a total 1250 rai needed to develop projects in the 25 regional cities. The reasons the various consultants found for NHA's inability to obtain sufficient amounts of land to meet its production targets emphasized political resistance by property owners and administrative weaknesses on NHA's part.

Land acquisition was politically sensitive due to allegations of corruption and investigations by the RTG of major land purchases between 1976 and 1977. Subsequent nervousness on the part of NHA management resulted in a total prohibition on land/acquisition for one year, followed by several years of hesitancy. As a consequence, NHA did not acquire any land after 1977 until the end of 1981.

Administratively, NHA regulations required the agency to tender for specific sites, which was time consuming and limiting. Also, the process lacked specific guidelines. When seeking sites, NHA advertised for offerings in the general area where a project was to be located. Until offers were made, NHA did not know what sites would be available. Then, ad hoc groups reviewed the offers submitted. If none of the sites met the specifications, including the maximum price which NHA was authorized to pay, bidding resumed. If a site was selected, it had to be approved by the NHA Board prior to actual acquisition.

An NHA staff member interviewed said the process took 1 1/2 years or longer. That this is not too pessimistic an assessment is confirmed by the fact that it took NHA over 3 years to acquire sites in Khon Kaen and Phuket.

Among the recommendations the Resident Advisor and the Rivkin team made to address the problem were:

- 1) appoint a full time professional staff whose sole responsibility was land acquisition;
- 2) highlight the problem in the NHA 1982-86 policy statement, along with specific recommendations for improvements;
- 3) grant NHA confiscation powers;
- 4) have the sellers of the land deliver the site filled and otherwise improved to NHA specifications, or include land acquisition in a pre-development package along with site preparation to fast track the pre-development phase of the project, possibly financed by HG loans; and

- 5) undertake joint ventures with public and private land owners.

The Resident Advisor also prepared a land banking proposal which recommended a five-year land acquisition program, preferably to be carried out by a Land Bank Agency created within NHA, with permanent, full-time professional staff.

Efforts which NHA took to address the problem were identified in an AID Institutional Review Update, dated March 30, 1982, as:

- 1) implementation of a special purchase regulation (Regulation # 38) passed by the Board, effective October 1981, which authorized the Governor to purchase sites up to Baht 2 million without Board approval and up to Baht 10 million if a majority of the 5-person Land Purchase Committee (composed of NHA senior staff) recommend the purchase. The Governor has utilized these provisions to purchase regional city sites in Khon Kaen, Nakorn Sawan, Ratchburi, and Saraburi.

Another provision of Regulation # 38 allowed direct negotiations in special cases, usually involving access, where bidding produced offers which marginally failed to meet price specifications. This would enable NHA to purchase a site without repeating the bidding process. To date, this has not been tested on privately-held land. Staff indicated that it has not been utilized for regional site acquisitions.

A third provision allowed NHA to exercise confiscation powers. This has not been used. The NHA Board has authorized the use of this power only for slum decongestion and clearance projects. Staff considered confiscation probably appropriate for slum relocation but questionable for development of other public housing.

- 2) The creation in 1981 of an inter-departmental working group to replace ad hoc groups in identifying and analyzing the suitability of sites. The group has since been dissolved and its functions transferred to permanent staff in the Land Procurement Section (created in 1982) within the Land Division of the Estate Management Department.

One former member of the Land Working Group claimed that one of Regulation # 38's most important contributions was the provision of specific guidelines for staff to follow during land acquisition. Prior to the promulgation of the regulation, there was no evaluation criteria for staff to follow when procuring land. See Site Acquisition Case Study, Attachment IV.

Staff added further that they attempt to shorten the open bid procedure by identifying available, publicly-owned sites when conducting market studies.

A broader effort to address the land acquisition problem was its inclusion, at the urging of NHA, on a national policy agenda with suggested remedies. The 5th National Economic and Social Development Plan, under Section 3.2.4 (1) of the housing development policy section, directed NHA to develop a procurement system to facilitate the rapid acquisition of land. Suggestions in Appendix 2.3 of the document to implement this policy included a statement proposing action similar to land banking: "NHA must develop a procurement system for land ... in order that appropriate land may be obtained for use in housing developments, for example ... to implement projects by setting things aside for the future, etc.". Section 3.2.4 (1) also charged NHA to consider utilizing eminent domain power.

The Resident Advisor described the improved land acquisition process in a document he prepared on land banking.

The NHA office of Policy and Planning identifies which cities and parts of Bangkok should have housing projects and what the general sizes and scheduling should be. These recommendations are made to the Board of Directors in a multi-year land purchase program. The Land Procurement Section then seeks sites in accordance with the Board-approved land purchase program. Staff responsibility for site purchase is within the Land Division of the Estate Management Department. The Land Division has the Director's Office and three sections (1) Land Procurement; (2) Survey and Title Deeds; (3) Land and Building Records.

NHA advertises for owners to offer land which meets specified criteria. The Land Procurement Section conducts an analysis of each site offered.

Then a Land Purchasing Committee is created -- often chaired by the Governor and including both some Board members and department heads -- to decide which site to purchase. The recommendation of this committee goes to the Governor and Board of Directors for approval and authorization to purchase.

Next the Governor or a small committee of Board members attempts to negotiate with the landowner regarding the purchase price and other terms. In this effort they are assisted by the NHA legal staff and the Land Division. A survey of the site is made by the Survey and Title Deeds Section of the Land Division.

This process commonly requires one year.

Current Status

When the IIPUP grant project concluded in December, 1983, the Resident Advisor noted that NHA had made progress in the short term in improving the land acquisition process. Between the end of 1981 and through 1984, NHA acquired, through purchase or lease agreement the remaining sites necessary to complete the implementation of the 1979-82 Plan. The Plan had projected construction of sites and services projects in ten regional cities: Chiang Mai, Songkhla, Khon Kaen, Chantaburi, Nakorn Sawan, Chonburi, Haad Yai, Phuket, Pitsanuloke, and Saraburi. The project in Chonburi was eliminated because a site could not be found, and the Haad Yai project was included in the 1984-86 Plan because of land acquisition difficulties.

With respect to the 1984-86 Plan, NHA has acquired sites in 7 of 15 regional cities targeted as locations for sites and services projects. This is roughly 47 percent of the land required. Two sites which have not been purchased are part of industrial estates and NHA has negotiated an agreement with the Industrial Estates Authority for purchase of one of the sites. The Plan selects four additional cities as reserve locations in the event NHA cannot implement a project in one of the original cities. Sites for the reserve locations have not been acquired. Staff stated that at least 2 sites in the remaining 8 targeted cities were close to purchase and the remainder were in process.

NHA has not changed the land acquisition process, as AID consultants have recommended.^{10/} Nevertheless, due to improvements noted above, staff estimated that the process now takes about 9-12 months and pointed out that it is now possible to forecast when sites will be acquired which could not be done previously. Still, in spite of improvements, NHA did not meet its 1984 targets. This was due, in part, to delay in governmental approval of NHA's 1984-86 Plan. A World Bank Aide Memoire dated April 9-27, 1984 commented that, based on NHA's progress with land acquisition, it may be possible for NHA to catch up in years 1985-86. This would be an appropriate measure of NHA's commitment to continued improvement of the land acquisition process.

Regarding land banking, NHA has not developed a program. A staff person suggested that this is due, at least partly, to lack of funds. Another reason may be lack of managerial support. The NHA Board, as a result of a policy seminar in Chiang Mai in 1983, offered administrative support to senior staff for the implementation of a land banking program. Staff indicated that, to date, NHA management has not requested support from the Board for this purpose.

THE NATIONAL HOUSING FACTS BOOK

The National Housing Facts Book was a research project undertaken by the Policy and Planning Office and the Housing Centre to provide data on the following topics:

- Housing Institutions
- Housing Policies
- Housing Needs and Demands
- Housing Conditions and Costs
- Lending Availability and Costs
- Housing Construction
- Infrastructure Development
- Building Material Availability and Costs
- Housing Finance
- Housing Affordability

According to an NHA manager, this project was intended for the NESDB Sub-Committee on Housing, which was being set up in late 1982, so that committee members would have accurate information on the housing situation in Thailand. The data, according to AID files, was to be updated semi-annually to provide a continual data base for RTG and NHA policy and program development decisions.^{11/} The Resident Advisor assisted the Housing Center in coordinating the project.

NHA staff stated that this project was never completed. One manager suggested this was due to poor organization and lack of project management. Also, a manager who was a key participant in the project left NHA.

CONCLUSIONS

Of the outputs discussed in this chapter, the Phitsanulok Market Study, the socio-economic study and the affordability study came closest to addressing the IIPUP objective of improving the delivery of socio-economic services to low income families in regional cities. All

these studies provided new data concerning the target population, which was necessary to expand the scope of the planning process by incorporating socio-economic characteristics of the target group. For example, while the socio-economic study was limited to a preliminary assessment of the resources available and the capability of the local government to provide those resources, the scope of services examined was much greater than before. The market study estimated the number of new low-income households based on the employment growth rate. The affordability study provided data on income and expenditures and related the data to low-income groups.

Nevertheless, the information collected during the first year of the IIPUP grant project was not utilized at the time as the basis for a needs assessment. Thus, the assessment of social and economic services available was not nor would it be analyzed in terms of target group needs. The changes in planning methodology that the Berger team recommended to provide a needs assessment relative to the target group as a prerequisite to planning for appropriate social-economic services never materialized.

NHA, in fact, never used the Berger study according to a mid-level manager and the Resident Advisor. From the NHA perspective, the study was "not practical and not useful and there were no follow-up discussions at all. This is a common occurrence, but it works both ways". Providing an example, the manager considered the Berger team recommendation that NHA should develop a formal procedure for city selection for NHA projects as unnecessary. This staff person asserted that city identification was a simple process of determining where the housing demand within the given population range would allow economies of scale in affordable housing production. This approach differed significantly from the Berger team's suggested approach which would include, in addition to estimates of demand among low-income households, the full range of socio-economic needs of and employment opportunities for the low-income target group.

In order to implement the Berger team recommendations, NHA would have had to substantially change its planning methodology and analysis. NHA management did not see the utility in doing this. For a former manager, the fundamental issue was the lack of resources needed to implement non-income generating components in shelter projects.

The trend in subsequent revisions of the market study which NHA staff undertook after the IIPUP grant was to focus data collection relative to target groups on expenditures and income, as the affordability study had done. They, too, built on the existing approach.

Furthermore, while there is no assessment of socio-economic needs for low-income groups, it is not apparent that current NHA planning methodologies include a needs assessment for housing in regional cities. Market studies provide some information for a shelter needs assessment, but are not utilized as such. Factors, such as household formation rates and population growth, are analyzed as indicators of demand. Demand does not include estimates of housing identified as substandard. Two major determinants of whether to build an NHA sites and services project in a particular regional city is the ability of low income target groups to pay housing costs and their willingness to move to a new house. It does not evaluate their need for housing or for social and economic services. Some NHA staff suggest that clients who needed the types of services envisioned in the IIPUP Project Agreement would probably not qualify for a house in a sites and services project.

The information on housing costs provided in the affordability study and supported by the prototype market study along with the general description of housing conditions in Phitsanulok raises the question of what type of housing need exists in regional cities. Households in regional cities generally do not overpay for housing,* and at least in some cities, overall housing is in good condition, and oversupplied.

Other outputs discussed in this chapter related to land acquisition and the National Housing Facts Book represent outputs intended to improve NHA's overall project planning and implementation processes. It appears that NHA made improvements to the land acquisition process which can be attributed to assistance from the IIPUP grant. NHA incorporated some of the recommendations which the Resident Advisor and the Rivkin team suggested into processes intended to expedite and rationalize the process.

One shortcoming observed in the analysis of these early outputs is that neither NHA nor AID have systematically followed through on monitoring specific recommendations which consultants have made in AID-funded appraisals or reviews. NHA's assessment of the Berger study was revealed through interviews for this evaluation. While NHA has incorporated recommendations from other studies, there is no documentation explaining why, for example, a land bank program or the Rivkin team's suggestion to fast track the site acquisition and site preparation phases, using HG financing, were not implemented. One former manager told the consultant that the Rivkin review was well-received by NHA top management who thought the report contained several excellent suggestions. But implementing staff did not know how or if management had considered them.

*Utilizing the standard that households which pay no more than 25 percent of their monthly housing costs for rent or house payments do not overpay.

At best, a lack of systematic monitoring makes it difficult to discern if even well-received recommendations which are implemented improve problem areas. It can also result in non-productive efforts by staff who continue to make recommendations which are inappropriate or unworkable.

Recommendations

1. As a condition to future AID-funded technical assistance to RTG agencies, including NHA, AID should support the agencies in the development of a mechanism to monitor and assess progress made in implementing recommendations resulting from such assistance. AID should encourage agencies to institutionalize a process of evaluating actions taken in response to recommendations to determine if they resolve the shortcomings identified. This should help to ensure that investments made in appraisals and reviews are worthwhile.

Footnotes

- 1/ A housing market study of Nakorn Sawan and summaries of housing market studies for Chonburi and Phuket, prepared in English by NHA, were reviewed for this evaluation. Also, reviews by the Berger team of the Chiang Mai and Songkhla housing market studies were analyzed.
- 2/ National Housing Authority, Ministry of the Interior. Housing Affordability in Thailand Cities 1982. Bangkok, July, 1982, p. 12.
- 3/ Ibid. p. 18
- 4/ Ibid. p. 21
- 5/ Ibid. p. 43
- 6/ Ibid. p. 34
- 7/ Ibid. p. 35
- 8/ Ibid. p. 5
- 9/ Office of Housing. Agency for International Development. Review of the Policies, Program and Strategies of the National Housing Authority of Thailand. Washington D.C.: Agency for International Development. December, 1978. p. 12.
- 10/ The Rivkin team and the Resident Advisor recommended that the acquisition process be changed. Also, see page 60 of this evaluation.
- 11/ AID Project Implementation Report as of December 31, 1983, Project No. 493-0284.

CHAPTER 2

MICRO-COMPUTER OUTPUTS

The most important actual output that AID/RHUDO documented under Anticipated Output A.2. (see page 9, Chapter 1) was:

- Micro computer system had been installed and computer-related staff training completed.

MICROCOMPUTER SYSTEM INSTALLED AND COMPUTER RELATED STAFF TRAINING COMPLETED

Background

AID/RHUDO granted IIPUP funds to NHA for the purchase of three microcomputer systems and for staff training in response to a request from NHA dated August 11, 1982 to use microcomputer technology for institutional development. The specific objectives were to improve financial programming and project planning and design. The microcomputer systems would be set up in 3 departments and offices for several proposed uses:

1. The Capital Budgeting Division of the Finance Department would use the microcomputer for data analysis and financial modeling to monitor costs, disbursements and the development schedule for each housing project and to determine the sales prices for houses. One of the first applications was to be the creation of a construction cost data base which Capital Budgeting would maintain with the Construction Project Department.
2. The Construction Project Department's proposed microcomputer application was for site design for sites and services projects and for project monitoring such as CPM.
3. The Housing Planning and Policy Division of Policy and Planning Office and the Center for Human Settlements would both use the system for survey research and data analysis. Policy & Planning would conduct survey research, prepare plans and analyze projects. The Center would conduct courses on management techniques, improved record keeping and statistical methods, and use the microcomputer to maintain an index of basic data and bibliographical material available at the Center.

NHA also proposed to institute an on-going information exchange with the Housing and Urban Development Corporation Ltd. (HUDCO). HUDCO was developing a microcomputer-based systems approach to analyzing land subdivision design and costs.

The proposed budget for the program was \$30,000 with an estimated \$15,000 for hardware and software components. NHA specifically requested that the systems purchased allow continued use of the Bertaud Model. Prior to the purchase of the microcomputers, NHA was using the Bertaud Model on programmable calculators which it criticized as lacking speed, memory capacity and supporting software.1/ See Attachment V for a brief description of the Model.

In implementing this program, RHUDO spent \$29,289.14 in IIPUP Funds to purchase three Hewlett Packard 86 (HP86) microcomputers with 192K byte memory, 8 programs, 3 printers and keyboards. Staff received initial training from the supplier and an additional \$9,900 was spent to hire consultant Marie-Agnes Bertaud to conduct a training course on the Bertaud Model from 10/17/83 to 10/28/83. Consultant Edward Popko also provided technical assistance in Bangkok to evaluate NHA's computer needs, provide written specifications and assess the local market for hardware and software availability. PRE/HUD funded this technical assistance directly.

The evaluation team interviewed 7 staff who received AID-funded training, and 3 computer operators who had not been trained at NHA. Staff were from the Policy and Planning Office, the Housing Center, the Construction Project Department and the Finance Department. Questions concerning computer use and benefits also were included in interviews with 6 mid-level and upper-level managers.

Equipment

The computer systems purchased reflected Popko's recommendations to meet NHA's information needs, with modifications made by AID/RHUDO to the original hardware and software proposed. The HP86 and supporting software was selected in lieu of the Apple II/Plus which Popko proposed because subsequent communication with Alain Bertaud revealed that the Bertaud Model only ran on Hewlett Packard microcomputers.

Also related to equipment, NHA staff criticized the supplier for providing poor service. Staff said that the supplier often did not respond promptly to service calls, sometimes for more than two weeks, and maintenance was generally poor.

Utilization

Technicians in the Policy and Planning Division and in the Construction Project Department are the main users of the computer systems. The equipment is not being used to full capacity and the proposed uses have not been fully implemented by all Departments. Managers do not currently use the computer as a management tool.

Staff in Policy & Planning and the Construction Project Department indicated that the HP86's are used daily for several hours. A manager in the Finance Dept. indicated that the Budget Division uses the HP86 approximately 2-3 hours per day on most days. Staff do not keep logs so this was impossible to verify. Most computer hours in Policy & Planning are logged by 2 staff with 5 additional staff using the computer less frequently. According to staff, approximately 12 people in the Construction Project Department know how to use the computer, with 5 or 6 of the main users mostly from Divisions 4 and 5. Four staff in Capital Budgeting use the computer. One of the two major users is from Data Analysis and programs for Capital Budgeting staff. Computer operators in all departments use 5 of the 8 AID-purchased programs provided by the supplier, plus the Bertaud Affordability Program.2/

Some operators, but not all, indicated that they used the programs' most complex functions. For example, programmers were using the VisiCalc IRR (Internal Rate of Return) and ERR (Economic Rate of Return) which they identified as advanced functions. Staff do simple programming themselves but have hired outside programmers to write more advanced programs when necessary.

In the Capital Budgeting Division, the team observed that data is inputted to maintain project accounts, to calculate project cash flows, rates of return, and annual capital budgeting requirements. Staff indicated that they are learning to calculate the sales prices of homes, and one manager would like to use the computer to prepare project financial reports.

The Policy and Planning Division uses the microcomputer during the pre-design phase of a project. In the pre-design phase, data is collected, filed and analyzed in the preparation of market studies and project briefs. The format of the brief is based on the Bertaud Affordability Program.3/ The brief, also called a prefeasibility study, is approved by NHA management and then is updated through the design phase by the Construction Project Department, with inputs from Capital Budgeting.

The Housing Center currently offers financial training on the VisiCalc Program for cash flow analysis, as part of a Housing Finance Workshop for NHA and outside participants. Computer operators in Capital Budgeting were not involved in the training which they indicated was for data processing staff. Staff in the Center have produced an introductory manual on the HP86 and held a workshop to train staff on fundamentals of the HP86 system, using programming in Basic language. The Center has not used the computer for data collection and storage of resource materials available at the Center, and does not use the microcomputer on a regular basis. Policy and Planning staff suggested that this may be because Policy and Planning use the HP86 nearly full time. One Center staffperson thought that the Center does not produce enough data of the type useful to store on the computer.

The Construction Project Department uses the HP86 for cost and time estimating. Staff prepare increasingly detailed and formalized project budgets and cash flow projections as physical and structural designing progresses. The microcomputer is not used for physical site design nor is it used for project tracking (CPM) during construction. However, staff in Policy and Planning indicated that they have developed an action plan to implement computerized tracking with the Construction Project Department within the next year. Division Four has used the microcomputer on Phitsanulok, Samutprakarn and Lampon sites and services projects.

The Construction Project Department's use of Code 86 for physical site design (the Moduling System described in Attachment V) has been limited. While AID-funded staff training concentrated on teaching operators how to use both programs of the Bertaud Model, only the Affordability Program of the Model is being used. No one currently uses the Code 86 Program which allows a site designer to generate layouts using microcomputerized modular analysis. The program was used on only one project, Phitsanulok, as a case study during the Bertaud training session.

The computer operator identified by other operators as most likely to be using the Code 86 Program stated that the program was not adequate for designing NHA sites and services projects because the memory could only accept up to 14 modules per physical site. He indicated that he had created an individual program for site design which he used on his PC-1500 SHARP pocket computer.^{4/} Other Bertaud trainees thought that data inputting for the Code 86 Program was too detailed, that it would be time consuming to learn the program even if it took less time to use than the conventional methods they were now using and/or they presently were not busy and therefore had time to do manual calculations.

The Capital Budgeting Office and the Construction Project Department have not developed capital budgeting and construction cost data bases, and the use of standardized formats is limited. Operators indicated that data is not stored or updated systematically. Staff contend that efforts are duplicated because users don't know what the other departments are storing on discs. It appears that all three departments utilize standardized data inputs and formats only for calculating budget projections. The Policy and Planning Office and the Construction Project Department use a standardized format for the Bertaud Affordability Program. One operator indicated that the Capital Budgeting Office recently agreed to use the Affordability format when calculating cash flow projections before construction begins. However, this has not been implemented yet.

Finally, managers do not use the computers to speed decision-making or analyze problems. They see them primarily as storage, retrieval and mathematical tools.

Beyond the proposed and actual computer utilization within NHA, there was no information exchange carried out between NHA and HUDCO. Neither NHA nor AID documented why this expected input/output was cancelled.

Training

AID-funded training was most useful for staff who were computer literate. Staff from the three Departments participated in the supplier and/or Bertaud training. All six operators who were interviewed who attended the Bertaud training thought it was useful. These operators, with the exception of one, had previous computer experience. Those with the most prior experience best understood the programs and the computer's capacity and used it the most.

Some operators thought that supplier training had been appropriate for individuals lacking computer experience. Most operators, however, criticized the supplier training as poor; for example, one said the supplier did not know how to run the most advanced functions of the programs. Another said that the supplier knew the hardware but not the software. Generally, operators thought that staff who received training and are not currently using the computers had training that was too advanced or did not apply what they learned and forgot. Although the programs used at NHA all use English for inputs and outputs, that is not perceived as a major barrier to computer usage.

In addition to training conducted by the Housing Center, lead operators have trained other staff to use the packaged programs and to do simple programming. One operator currently is training project economists to run sensitivity analyses on the Affordability Program. The programmer in Finance is training Capital Budgeting staff who are interested in using the computer. One manager is attempting to learn how to use the computers on his own time.

Staff Perceptions

Interviews with managers and computer operators revealed interest at all levels in the computers, along with some confusion on current usage and limited knowledge, particularly among managers, of the system's capacity.

Mid-level managers generally knew what information the computers provided; however, upper-level managers did not identify accurately or completely how subordinates used the computers. Managers, in general, did not know what programs their subordinates or NHA staff used. One mid-level manager assumed staff used all the programs. Most managers assumed that their staff used the Bertaud Model except for one who did not think staff could use it. Another manager thought that the Bertaud Model had not been used on regional cities projects, which is not the case. One upper-level manager did not think the computer could be used accurately for financial calculations because the composition of funds and interest rates differed from project to project.

Computer operators, on the other hand, agreed that staff were not using all the programs, but some disagreed on whether operators could use the programs' most complex functions. The two operators interviewed who were most knowledgeable about computers stated that they understood how to use all the programs. Most operators, however, were only familiar with two or, at most, three programs. Some only knew how to input data.

All interviewees thought that the micro-computer had benefitted NHA, at the technical level but not above. Staff agreed that calculations took less time and were more accurate because data collection and formats, in some cases, were standardized. Policy and Planning staff considered the micro-computers to be the most useful of all the IIPUP grant-funded outputs. Staff operators were enthusiastic about the computer's potential at the program level and for management. One staff person would like NHA to develop a computerized management information system, with top management having ready access to terminals. In contrast, most managers did not have suggestions on how the microcomputer could be used as a management tool.

Training needs identified by NHA staff were:

- a. Managers need general training on the questions the computer (and its programs and programmers) can answer in order to channel its use into management areas;
- b. Most computer operators need to improve their fundamental programming capacity and their knowledge of the advanced functions of the programs now in use. They also need to learn the capability of the programs not being used and how they can apply these to their work; and
- c. More staff need to be trained to operate computers particularly economists in the Construction Department and in the Capital Budgeting Division.

Equipment needs or improvements which staff identified were:

- a. A memory center to increase storage capacity and to allow users to interface. (The three microcomputers cannot interconnect.) One staff member would like NHA to purchase a Local Area Network (LAN). Another staff person suggested a filing system for formats and data that is updated and circulated;
- b. A microcomputer on site during construction to assist data collection for project tracking (CPM);
- c. A hard disc;
- d. A disc drive which takes less time to load;
- e. Microcomputer systems for all divisions in the Construction Project Department; and
- f. Software with a greater capacity than VisiCalc and Milestone. Staff criticized VisiCalc as not having large enough formats to merge dependent and supporting worksheets; thus outputs from these worksheets have to be merged manually which takes more time and allows for errors. Milestone was criticized for having a limited number of activities.

Conclusions

The microcomputers have improved project management at the program level through standardization of inputs and formats. The computers assist staff in more detailed analysis of outputs which are more accurate and more quickly obtained. It appears that the purchase of the microcomputer systems was an appropriate AID investment. The computers have promoted institutional development at NHA and, more importantly, continue to do so. Staff complaints about the HP's limited memory and lack of power are valid, especially when compared to systems available today. Nevertheless, the purchase of the HP 86 was appropriate at the time because it allowed NHA to maintain methodological continuity while upgrading its technology.

However, as the evaluation shows, the systems are not used to full capacity and NHA has not fully implemented the proposed applications, particularly in Construction and Capital Budgeting. Major problems remain at the program level which inhibit greater efficiency and use of the system to maximum capacity. These are lack of coordination between departments, duplication of efforts and the need for more training in computer operation at both elementary and advanced levels. Essentially, the systems lack management.

Training has been a shortcoming in the microcomputer system's development. The Bertaud training was too advanced for most NHA participants and it seems that only the computer literate really benefitted. NHA's in-house training, held in July, 1983, took place before all the systems were installed and seems to have been insufficient or premature. Some staff, particularly those in Capital Budgeting cite a lack of subsequent in-house training opportunities as a constraint to developing their computer capabilities.

Another serious shortcoming is NHA's lack of formal monitoring or evaluation of computer applications to identify problem areas, ascertain limited usage and devise strategies for improvement. In order to make full use of the computers and programs, NHA should direct attention to monitoring its use and recommending follow-up training.

To improve the systems, NHA can rely on staff computer operators who are capable of identifying problems at the program level and defining many of their training and equipment needs. Several have taken the initiative to improve their computer capabilities on their own, to train more staff and to improve coordination among departments, for example, working with Capital Budgeting using standardized formats and developing

an action plan for computerize project tracking. However, program staff are limited in the degree they can improve and/or influence changes in microcomputer usage because, in general, they lack direction and support from management.

While some staff who have the skills and inclination to use more powerful systems consider the purchase of more equipment as one remedy to improving identified needs and problems, NHA as an organization has not outgrown the microcomputer systems. NHA should not consider purchasing new and/or different equipment until:

- 1) a system has been set up to manage and coordinate the information generated;
- 2) a system has been implemented to monitor and evaluate computer usage; and
- 3) the microcomputers are being used to full capacity by more staff in all departments.

NHA could then analyze the costs/benefits of new purchases.

RECOMMENDATIONS

1. NHA should immediately develop a capacity to manage the information generated through the microcomputer systems which improves coordination between departments and reduces duplication of efforts. This should not include purchase of new equipment. It should include procedures for setting up a filing system of all data stored on discs and the formats that staff have developed. This system should be updated biweekly or weekly and be available to all departments and to management.
2. NHA should evaluate the microcomputer systems in order to reformulate the original proposed applications and develop guidelines for planning, directing and monitoring computer usage.
3. Once the evaluation is completed and proposed applications determined, NHA should prepare a training needs assessment.
4. NHA should provide the following training for staff as soon as possible:

- a) A workshop for managers on the HP and its associated programs with hands-on experience to familiarize managers with how the computer is used. This should help to integrate computer capacity into management decisions and give program staff needed direction and support.
 - b) Programming for staff, particularly Policy and Planning staff.
 - c) Use of software now available at NHA such as VisiCalc, D-Base II, etc. for staff in the Construction Project Department and Capital Budgeting Division.
5. NHA should take advantage of its relationship with Marie-Agnes Bertaud through written communication to discuss its perceived limitations of Code 86 for NHA site and services projects. A PADCO representative has indicated that Ms. Bertaud is very interested in obtaining feedback from NHA.
6. To assure that a host country institution maximize the benefits gained through AID-purchased computer systems, AID should condition approval for future purchases on the following criteria: (a) a quid pro quo that various departments will coordinate their activities in order to avoid duplication; (b) the recipient prepares a plan for implementation of the microcomputer systems for approved uses; (c) the recipient develops a system of in-house monitoring and evaluation. In addition, the AID and the host country institution should have a clear understanding at the outset of computer and training needs. Finally, sufficient resources should be set aside so that the institution can utilize computers to its fullest capacity.

Footnotes

- 1/ Proposal for Institutional Development Assistance: Techniques for Project Preparation and Financial Programming National Housing Authority, August 11, 1982.
- 2/ Staff indicated that they used the following programs:
- | | |
|-------------------------------------|--------------------------------|
| <u>Policy & Planning Office</u> | <u>Construction Department</u> |
| VisiCalc Plus | VisiCalc Plus |
| DBase II | Graphics Presentation |
| Graphic Presentation | Milestone |
| Statistical Analysis | DBase II |
| | Word Star* |

Housing Center

Capital Budgeting Division

VisiCalc Plus
DBase II

VisiCalc Plus
DBase II

None of the staff interviewed used the AID-purchased FORTRAN, Linear Programming or Financial Decisions software and did not know of anyone using them.

* Word Star was not purchased by AID.

3/ Pre-feasibility studies using the HP86 have been developed for the following regional cities and Bangkok:

Regional Cities

Bangkok

1. Chanthaburi
2. Songkla
3. Nakornsawan
4. Ayudthaya
5. Nakon Pathom
6. Pattaya
7. Rajburi
8. Lampoon
9. Phitsanulok
10. Chiangmai
11. Nakonrajsima (2nd Phase)
12. Nakon Sri Thammarat
13. Surat Thani

Nonthanburi
Samutprakarn

4/ This operator was identified in Marie-Agnes Bertaud's evaluation of the training she conducted as one of the trainees who was most successful in applying the Code 86 Program.

CHAPTER 4

REGIONAL SITES AND SERVICES PROJECTS

The primary output which AID identified as accomplished under the Project Grant Agreement's Anticipated Outputs A.3 and A.4 was:

- A preliminary business advisory program was designed for Chiang Mai.

This effort, in addition to the studies discussed in Chapter 2, represents an output closely related to the essential IIPUP objective of enhancing NHA's ability to develop and deliver integrated socio-economic services in regional cities. NHA staff had explored the kinds of socio-economic services described in the Project Agreement in the prototype socio-economic study of Phitsanulok but a project design for programs never evolved for that city because the project remained in the site acquisition phase beyond the IIPUP grant extension. NHA did undertake initial steps to design a program for the Chiang Mai sites and services project, which is reviewed in this Chapter, along with a discussion of services and facilities which NHA currently provides in the Chiang Mai and Songkhla projects.

The Resident Advisor and NHA staff in the Policy and Planning Office and the Estate Management Department were interviewed for this portion of the evaluation.

Business Advisory Project

With assistance from the Resident Advisor, NHA undertook the development of a business counseling project in Chiang Mai in connection with the Nong Hoi sites and services project. The assumption underlying the project was that project residents would own businesses in the project on sites provided for small industry and in community areas. NHA was responsible for the marketing and sales of the sites. When this was accomplished, the areas were to be turned over to the Industrial Estate Authority of Thailand (IEAT) for management.

The "Updated Plan for Staff Development and Short-Term Consultants" which NHA submitted to DTEC and, subsequently, to AID (in May, 1982), showed that a proposal for utilizing IIPUP grant funds for a feasibility study for the business counseling project was under consideration. However, this proposal was never drawn up, apparently due to NHA staff time spent on higher priorities, including a related project on small business promotion and development, financed by UNDP.

AID and NHA continued through November, 1982 to pursue the demonstration project in Chiang Mai, meeting with the Industrial Service Institute Northern Region of the Department of Industrial Promotion in the Ministry of Industry. According to AID files, the Director of the Industrial Service Institute stated that he would cooperate fully in developing and implementing an IIPUP grant project to increase the business skill of new and small businesses. He considered the proposed project to be consistent with his Department's new orientation to meet the objectives of the RTG 1982-86 Development Plan. At that time, representatives from NHA and the Department of Industrial Promotion and the Resident Advisor agreed that the Resident Advisor would draft a project proposal to be reviewed by all these agencies.

However, AID had dropped support for the employment generation project by the beginning of 1983. Memos and phone conversations between the RHUDO Office and PRE/H indicated that U.S.-based training had become a PRE/H priority and IIPUP funding would be used for training staff at U.C. Berkeley.

Current Status

This evaluation included a visit to the two regional city sites of Chiang Mai and Songkhla, both of which NHA completed in late 1983. One objective of the visit was to assess the socio-economic components staff had identified (page 21) as part of the sites and services projects. Another reason was to discover if field staff or residents were pursuing any of the activities envisioned in the grant, even though the IIPUP-assisted efforts in project design had not materialized into projects.

The site visits revealed that NHA's regional cities sites and services projects have not changed substantially from the description in the 1980 Financial Plan discussed on page 3 of Chapter 1. NHA projects include shelter and commercial components, area offices and serviced sites for community facilities including schools, day care centers, and community centers. A minor departure from earlier design and construction is the provision of serviced sites rather than finished structures for community facilities. NHA intends for the municipality or appropriate government agency to purchase or lease the land and construct the building(s). Another departure will be the construction of more complete units in future sites and services projects. NHA continues to provide structures for commercial components: shophouses, markets, hawker stalls and area offices.

The area office staff, who are part of NHA's Estate Management Department, are responsible for marketing the commercial and industrial components of the project along with the houses and serviced plots approximately six months before construction is completed. Other responsibilities include administering an NHA-financed home expansion loan program and coordinating with the municipal school district for use of the kindergartens and schools.

In addition, the duties of area office staff include the collection of hire-purchase payments, the enforcement of building regulations for core house expansion, and the hiring of security firms. Essentially, the office is to maintain and administer the project as these functions are transferred to the appropriate local agencies and a community committee composed of residents over a five year period.

Chiang Mai

The Nong Hoi sites and services project in Chiang Mai is well-situated, approximately three kilometers south of downtown. A major highway runs along one side of the project, intersected by a feeder road which leads into town and borders another side of the project. The unit types and monthly payments in the completed project are as follows:

	<u>Type</u>	<u>Plot Size</u>	<u>Number</u>	<u>Maximum Monthly Payment</u>
A1	Open Plot	6.3 x 16 meters	64	3,500 baht
A2	One storey Rowhouse	4.95x18.9 meters	458	3,500
B	One storey Rowhouse	6.3x16 meters	146	5,000
C	One storey Semi-detached	8.00x16 meters	66	over 5,000
D	Two storey Rowhouse	4.15x16 meters	125	over 5,000

Income earning components of the project include ten shophouses, 45 plots for small-scale industry and two kindergartens. A community facility, built earlier as part of a middle-income housing project on an adjacent site, serves as the area office of the NHA Estate Management Department for both projects.

A qualitative evaluation of the Nong Hoi Project, completed in September, 1984, by a team from Chiang Mai University, interviewed 75 households of all types in the project from March to August, 1984. The report was prepared for the NHA Monitoring and Evaluation Division. The evaluators found the project fairly successful overall. It identified shortcomings in day-to-day administration, particularly in communication between the area office and the Residents and in NHA's failure to enforce certain regulations. The evaluation made recommendations. Some of the same shortcomings were apparent during the site visit for the IIPUP grant evaluation.

Sales for the project began on September 26, 1983, with type A & B units restricted to low-income families living within the Chiang Mai municipal boundaries. As of March 22, 1985, all housing units had been sold except for seven type D units. The type C units sold in one day and the type A sold quickly. Staff estimated that one third of the owners are government employees.

However, because the type A2, B and D units did not sell well during the first months of the sales, NHA has not required qualifying criteria for purchase of any unit since mid-1984. According to staff, a number of units remained unsold, so NHA management removed first the geographic and then the income requirement. Staff thought that the units had not sold well because the price was too high, the plots too small, and access poor for units off the main project roads. It was not possible to determine during the site visit how many units originally intended for low-income families were sold without income restrictions.

The qualitative evaluation also found that families living in type A and B units did not always meet low-income requirements for unit purchase. The English version of the report did not contain all the supporting statistical information; however the report did observe that "a majority" of the 66 households interviewed living in type A and B units were "officially unqualified income-wise". The report identified another shortcoming in NHA's management of the project. NHA had taken no action in cases where residents of A and B models had transferred the purchasing rights to others within a two year period, even though the contractual agreement between NHA and the purchaser prohibit this.

Although almost all of the units have been sold, the area manager estimated that approximately one-half of the units in the project remain unoccupied. Many of the unoccupied plots are unattended. Residents interviewed for the qualitative evaluation voiced concern over the empty sites which were covered with undergrowth, littered and housed poisonous

reptiles and prospective criminals. Most of these units are type A and A2 and are unoccupied because the owners have not extended them. For those who have extended the units, staff estimated that the average cost was between 50,000 to 100,000 baht for all types, which was in agreement with extension cost estimates in the qualitative evaluation.

The non-shelter components of the project remain unsold and unutilized. This includes the kindergartens and small scale industrial plots.

Staff thought that the major problem in managing the project was the area office's lack of autonomy which prevented the effective management of all the project components. All major decisions originate in Bangkok. However, NHA Bangkok is unable to make decisions, partly because of the many departments involved, either within NHA or among government agencies, and partly because some areas of project management lack clear policies. The problem is compounded by NHA Bangkok's general lack of knowledge about the area. This applied particularly to unresolved issues concerning the kindergarten and small industrial plots.

Unlike other sites and services projects, there is no provision to lease the kindergartens in the Nong Hoi project. NHA has offered the kindergartens for sale for some time, but project staff explained that the sales price was not competitive for the area. Local investors have submitted offers, but NHA has not accepted them or has failed to respond in a timely manner. According to project staff, the policy objective to recover costs provided a guideline for NHA management to determine the selling prices. However, management's unwillingness to negotiate has resulted in no income from the kindergartens to date.

The home expansion loan program has not been implemented, even though funds are available. Apparently NHA has not determined how to secure the loans. Since home-purchasers cannot move into the core houses until the house is enclosed, they must obtain loans to finance construction work from formal or informal sources. NHA's inability to implement the loan program probably explains the large number of vacancies. Also, the site manager is unable to proceed with selling the small industrial sites until NHA has reached an agreement with the Industrial Estate Authority and decided on a course of action.

Other problems staff cited included inadequate orientation for unit purchasers on NHA policies and objectives and failure to make monthly payments. People living in the project often did not understand their responsibilities or NHA policies because they were not informed about these at the time of purchase. The qualitative evaluation noted that

residents did not generally know the details of applicant qualifications, regulations regarding house extensions, their obligations, rights and responsibilities.

Concerning monthly payments, staff estimated that approximately 50 percent of the owners in both occupied and unoccupied units had not made monthly payments at various times. According to the qualitative evaluation, non-payers were from all income categories and there was no correlation between non-payment and the loan amount a household had borrowed to extend their unit. The area manager thought that a stricter penalty might remedy the problem since the current penalty for non-payment was only a 2 percent monthly interest charge.

NHA has begun to turn over management of the project to the municipality and residents. The project residents, assisted by the area office, have elected a community committee of volunteers who, the project manager stated, will eventually assume project management responsibilities. While staff indicated that NHA has a plan for this purpose, they could not describe what steps NHA will take to train the committee or what types of controls are envisioned for managing project fiscal concerns.

NHA has made arrangements with the municipality for maintenance of project street lights and roads and sewage disposal. NHA, however, must first subdivide the property and transfer ownership of roads, parks, recreation areas and access to the local authorities before the municipality can utilize its budget for maintenance.

Songkhla

The Songkhla project, located on 51 rai of land, contains 524 housing units, 28 shophouses, one market, 64 hawker stalls, one kindergarten, an area office, 30 serviced plots for houses and an open plot for small-scale industrial development. The project does not have a community center. Although most of the units in the project are sold, less than one-fifth are occupied. Because there are few occupants, area office staff are still setting up maintenance and administrative functions.

According to the area office staffperson interviewed, the project units went on sale February 1, 1984. The Type A₁ units sold out in a few days and most of the Type C units were sold in the first few months. None of the 30 serviced plots for owner construction have been sold.

Table 1 shows the number of units sold and occupied by unit type, along with purchase price and loan terms as of February 1985.

TABLE 1

<u>Type</u>	<u>Income/ Unit</u>	<u>Number Constructed</u>	<u>Purchase Price</u>	<u>Downpayment</u>	<u>Number Sold</u>	<u>Occupied</u>
A1	Less than 3,000 baht	62	46,740 baht	3,000 baht	62	9
A2	4,000 baht	210	81,935	6,400	194	46
B	5,000	216	111,930	9,300	203	36
C	no limit	36	153,260	13,200	34*	not known at time of interview
Shop- houses	no limit	28	360,000	85,000	27	17
D	no limit	30 serviced plots	-	-	none sold	

* The two remaining Type C units are reserved for government officials per an agreement with NHA and the municipality.

The loan terms and monthly payments by type for core houses, only, are:

<u>Type</u>	<u>5 Yr</u>	<u>10 Yrs</u>	<u>15 Yrs</u>	<u>20 Yrs</u>
A1	-	-	-	Bht. 550/mo
A2	-	-	-	Bht. 940/mo
B	-	-	-	Bht. 1,290/mo
C	Bht. 3,050	Bht. 2,150	Bht. 1,890	Bht. 1,790

The field office estimated that over 50 percent of the homeowners in the project are government officials. When applications are processed, some type of document is required to verify the income of the household head; however, NHA does not check the income of other household members nor undeclared income of the household head. Staff said that sometimes they look at the current residence as a means of estimating income levels. Other than documentation supplied by the household head named in the application, there appears to be no formal procedure in place to verify information on household income by applicants. Staff admitted that income verification was virtually impossible unless a client had a salaried job.

Regarding other project components, a private firm has contracted with NHA to manage the market for 3 years and will begin operation when the project occupancy rate increases. However, arrangements have not been made for use of the kindergarten space. Also, none of the industrial plots have been sold nor is there a plan yet to market them. Staff said that they are waiting for directions from Bangkok.

Similar to the Chiang Mai project, the home expansion loan program has not been implemented. NHA staff said that government employees receive a housing allowance which helps defray housing costs before they are able to move into the core houses. Non-government workers, however, usually must make two monthly housing payments until they occupy the core houses and are, therefore, highly motivated to finish the work. The high number of government workers who own houses in the project plus the lack of NHA home expansions loans may explain the low occupancy rate.

Conclusion

Technical assistance provided through the IIPUP grant had a negligible impact on the objective to improve the delivery of non-shelter, socio-economic services to the poor in regional cities. The Project Implementation Report dated December 31, 1983 stated that NHA better understood and appreciated the importance of complementary socio-economic services as a result of grant inputs. However, it is not apparent that NHA has expanded any project component in order to enhance the social and economic development of project residents beyond the original project designs prepared prior to the implementation of the grant.

There are several reasons why technical assistance provided through the grant had so little impact on the objective. One explanation is that problems in NHA's project implementation process delayed project completion and effectively prevented any grant demonstration projects from taking place.

But this does not explain why NHA has not undertaken such activities as the projects are completed or why the Chiang Mai demonstration project was not continued. It seems that both NHA and AID neglected the socio-economic activities because the regional cities program was a small part of the overall low-income shelter strategy. Also, directing resources to implement the kinds of socio-economic activities that the grant envisioned was not compatible with other objectives.

Regarding the IIPUP Project's lack of priority at NHA, most AID consultants, including the Resident Advisor, pointed out that the regional cities program was not a priority in terms of administrative and staff support. Grant-related activities like the Chiang Mai demonstration project competed with projects funded by other donors, or, as one staff person indicated, the regional cities programs competed with the larger, more complicated New Towns around Bangkok. The Resident Advisor commented in the September, 1982, IIPUP Progress Report that attention to socio-economic programs suffered due to staff shortages in key technical positions in Policy and Planning. An earlier document reported that the shortages in Policy and Planning had been particularly serious in 1980 and 1981. Furthermore, NHA never identified a Project Manager that would have continuing responsibility for managing the planning and implementation of the regional cities program. This was an anticipated NHA input in the Project Agreement.

Other activities took precedence with AID as well. Technical and administrative problems in NHA's project implementation process absorbed much of the Resident Advisor's time and shifted AID's focus by the second year to overall institutional development. The AID Annual Evaluation for the grant, dated March 1, 1982, stated that RHUDO directed the Resident Advisor to turn his attention during the second year of the Project Agreement to implementation constraints, particularly site acquisition and construction management, and training of senior staff. When the grant was extended in May, 1982 for an additional year, AID also amended the Project Agreement to increase funds for staff development from \$15,000 to \$55,000. This was done by decreasing funds in other categories. While the Project Agreement identified improved NHA institutional capacity as an objective and staff training as one output to meet this objective, the Project Agreement was explicit that the focus be on planning and implementation of integrated regional cities projects. Efforts AID took during the second year of the project to improve overall project implementation were only indirectly related to grant objectives. The same can be said for staff training which is discussed in Chapter 5.

In addition to technical assistance in the above areas, the Resident Advisor gave considerable assistance to NHA over the three year grant period in the preparation of the documents necessary, especially in financial planning, to draw down the first tranche of the HG loan. Memorandums from AID PRE/H directed the Resident Advisor to use his time for this purpose.

It is not surprising that the regional cities program had low priority considering it was a small component of NHA's low-income shelter investment program. The October, 1984 AID Project Paper estimated that the number of households benefitting from sites and services projects in regional cities based on NHA's 1979-82 and 1984-86 development programs was 7,686 or 18 percent of a total 42,221 for all sites and services projects. The other 34,535 households were in or around Bangkok. While the IIPUP grant Agreement envisioned technical assistance in support of the HG-funded regional cities program, 70 percent of HG funds were targeted for New Towns around Bangkok, 20 percent for slum upgrading and only 10 percent for regional cities.

More importantly, the non-shelter, socio-economic components of the regional cities projects were not a priority. One manager stated that 90 percent of NHA's effort goes into housing production. The IIPUP outputs did not expand social planning methodologies. Another fundamental reason why AID-funded technical assistance did not improve the delivery of socio-economic services is that the primary IIPUP grant objective conflicted with NHA's mandate of cost recovery. A former manager considered the IIPUP objective infeasible and its emphasis on socio-economic components in shelter projects as reflecting attitudes in the West during the mid-seventies when "socio-economic was the thing". The IIPUP grant in this manager's opinion was an example of AID being "too carried away" by this influence and NHA too unsophisticated to recognize its impracticability. From another perspective, a staffperson who works on regional cities sites and services projects thought the provision of social and economic services was desirable but unrealistic because NHA and other agencies get no return.

The trend, supported by all major fund donors and the RTG, has been to minimize government subsidies in NHA sites and services projects and make NHA self-supporting. The RTG no longer provides a subsidy for social infrastructure in sites and services projects. This emphasis is also apparent in staff's perceptions of the most important project components (aside from shelter) as income producing components for project feasibility. NHA's reduced participation in providing community facilities in sites and services projects supports this conclusion as well.

While in-house AID evaluations noted shifts in direction for technical assistance and an emphasis on staff training, they continued to assert that IIPUP objectives were being met. The evaluations and progress reports did not mention any incompatibility between the IIPUP project objectives and other NHA objectives. It is clear that certain outputs addressed secondary IIPUP objectives during the second and third year of the grant. But for the most part, outputs did not relate directly to the principal IIPUP goal.

The role of non-shelter components in the sites and services projects seems clearer now within NHA. However, similar to the administrative problems the Berger team found in its review, staff have identified a lack of coordination and cooperation among public agencies and lack of internal coordination and review within NHA as serious constraints to effective management of sites and services projects. Also, the qualitative evaluation noted areas for improvement in the daily administration of the project. NHA must improve its ability to administer the projects or the poor repayment record and failure to utilize the income-generating components may prevent the agency from meeting its cost recovery objectives. Also, empty facilities and the vacant industrial plots do not provide residents with the intended jobs or services and do not generate the anticipated project income.

Finally, an issue is raised for AID regarding the extent to which the sites and services projects are actually serving low-income households. Anecdotal evidence and the qualitative evaluation of the Nong Hai project suggest that a substantial percentage of buyers of units affordable to low-income households in all sites and services projects did not meet income qualifications at the time of purchase. Where this is due to procedural problems such as income verification for unsalaried workers, donors can probably work with NHA to find solutions acceptable to both. However if, as one manager said, "NHA top management wants to sell units as quickly as possible and they don't care who lives in the project", or if, as another official believed, insistence by donors on cost recovery is incompatible with providing housing affordable to poor people, perhaps NHA should not be seen as a vehicle for providing shelter and other services to lower income clients.

Recommendations

1. In order to determine whether project goals and objectives are feasible as originally conceived, to what extent objectives are being met and if they require adjustment, AID should establish mechanisms for periodic monitoring of project inputs and outputs. AID staff not directly involved in project implementation or independent consultants should undertake this.
2. In order to improve project administration, NHA should decentralize the management responsibilities of regional sites and services projects to district offices. This would require the clarification of policies and the development of guidelines containing detailed procedures for operation of the project.

3. NHA should seriously consider the recommendations made in the Final Report of a Qualitative Evaluation of Nong Hoi Project and take steps to implement them. Immediate attention should be given to enforcing provisions in the contractual agreement between purchasers and NHA.
4. NHA should also focus attention on nonpayment of hire purchase payments and immediately increase penalties. NHA should also turn over responsibilities for loan administration to existing private sector lending institutions or credit unions that carry out these activities as a normal function of their lending operation.
5. NHA should develop a detailed implementation plan and guidelines to supplement any existing plan to transfer project management to residents. Since residents pay as part of their monthly loan payment a fee for estate management to NHA, NHA should consider turning some project administrative responsibilities over to a professional management institution.
6. AID should condition technical assistance and future funding on NHA's developing and implementing an improved client selection process for units affordable to low-income households. This process should contain procedures for income verification acceptable to AID.
7. AID should neither promote nor provide technical assistance or funding for integrated shelter/community development projects in the form contemplated by the Thailand IIPUP Project. AID should determine whether NHA requires donor funding intended to serve the shelter needs of lower income groups. This determination should be based, in part, on NHA's willingness and ability to improve project administration in sites and services projects.
8. Lessons learned from the IIPUP grant project indicate that project design for future community development strategies with host country institutions should be (1) limited in scope; (2) based on a realistic assessment of the priority and support of the host country/institution for such a project; (3) aimed at a discrete population already in place with documented eligibility and needs for such assistance; (4) monitored and evaluated by the recipient and AID. Also, the intended recipients should display interest and initiative in potential community development activities.

CHAPTER 5

STAFF TRAINING

Outputs AID identified as accomplished under staff training, the Project Agreement Anticipated Output A.5, are as follows:

- a. Seven NHA staff members and one person from the Ministry of Finance attended Shelter Workshops in 1981 and 1982. Four were funded from the Thailand IIPUP grant, and three from central IIPUP sources.
- b. Two NHA staffpersons and one employee from the Government Housing Bank completed training at U.C. Berkeley. One was funded from the Thailand IIPUP program; the others were funded from central IIPUP funds.

Shelter Workshop

Background

Fifty-two percent (\$29,106) of the total IIPUP training budget was spent to sponsor 4 NHA staff members and one person from the Ministry of Finance to the Shelter Workshop. Participants funded by the Thailand IIPUP grant were Mr. Prasai Songsurawet, Assistant Governor, NHA (1981); Mr. Titanond Pibulnakrin, Chief, Policy and Planning Coordination Division, NHA (1981); Ms. Rusamee Chaiyanandha, Policy and Planning Analyst, NHA (1982); Mr. Taradol Tayangkanon, Deputy Chief, Project Administration Office, NHA (1982); and Ms. Wasana Sinsatienporn, Economist, Fiscal Policy Office, Ministry of Finance (1982).

In addition to these participants, three other NHA staff attended the workshop and were funded through central IIPUP funds: Krittika Siriyuvasakdi, Chief, Budget Division, Finance Department (1979); Narin Sakulcalanuwat, Chief, Housing Policy and Planning (1980); and Boonfueng Pringsulaka, Director, Policy and Planning. Documentation necessary to verify counterpart contributions utilized was incomplete.

The team interviewed 7 of the 8 participants sent to the workshops.

Participant Impressions

Most participants had a generally favorable impression of the Shelter Workshop and all respondents thought it should be continued and should remain in Washington D.C. They recommended continued participation in the workshop even if it meant that, due to limited AID

funds, they would have to forgo other training activities. The principal reason for their desire to continue the workshop is the importance of information exchange with other participants outside the Asian region. They indicated that there are already a sufficient number of regional workshops sponsored by NHA or other donors. However, there was a wide range of suggestions on how the participant selection process and organization of the workshop could be improved, which NHA participants felt would increase the benefit they derived from the workshop.

Several participants recommended more rigorous selection criteria. One participant suggested that 60 percent of those sent to the workshop were inappropriate. The majority of participants thought that mid-level policy and management personnel would be the best participants. Other selection criteria cited included English proficiency, since some participants could not derive complete benefit from the workshop because of a language barrier, and previous experience in lecturing so staff could disseminate knowledge they acquired. Another participant recommended that participants be selected from the Bangkok Metropolitan Authority (BMA), the National Economic and Social Development Board (NESDB), the Provincial and Metropolitan Waterworks Authorities (MWWA), and the Department of Policy and Planning within the Ministry of Interior because these are key agencies involved in NHA programs that supply services, but lack an understanding of the process. One participant thought that future selection should be based on research papers submitted to Washington to assure that serious and appropriate candidates are chosen. To improve the workshop's content, several participants recommended that the guidelines and standards be improved for the preparation of country presentations. One suggested that papers should be prepared in advance and that AID review them prior to departure.

Specific concepts discussed at the workshop which the participants say influenced their thinking were: slum upgrading, sites and services, affordability and cost recovery, housing finance (savings mobilization, cross subsidy, secondary markets, informal savings) and minimizing subsidies. Several thought that the small group discussions, exercises and role playing were the most rewarding aspects of the workshop. Some participants recalled that certain keynote speakers gave timely and useful presentations.

Regarding the practical application of information from the workshops, participants cited specific actions influenced by their attendance which they and their colleagues took.

- (i) The formulation of the RTG National Housing Policy and National Housing Plan. One participant returned from the workshop and assisted in drafting the National Housing Policy while another thought that ideas from the the workshop influenced his contribution to the draft of the NHA 1982-86 Development Plan. The plan set aside a larger allocation of funds for sites and services and slum upgrading than in previous years.

- (ii) Some assisted in integrating the concepts of minimizing subsidies and cross-subsidization into two new town projects.
- (iii) Some assisted in integrating the concept of affordability into project designs.
- (iv) The exposure to the concept of qualitative evaluations at the shelter workshop assisted NHA staff to conduct qualitative evaluations on two of their projects. These evaluations are required by the World Bank.
- (v) Regarding an on-going debate at NHA on public sector housing strategies, participants pointed out that the exposure of key NHA decision-makers to the worldwide adoption of the sites and services approach acted to counterbalance the influence of policy makers who argued for building completed units. One participant admitted that the major sites and services proponents in NHA were Shelter Workshop participants.

Participants utilized information from the workshops on individual projects and indicated, that in some cases, they discussed the workshop contents with colleagues. However, there appears to have been no formal mechanism utilized to document and disseminate the workshop experience with interested staff. One participant said that staff are not required to present papers at NHA if NHA funds were not utilized.

University of California, Berkeley Training

I. Background

In cooperation with AID's Office of Housing, the Center for Environmental Design at the University of California (Berkeley) developed a 3 month training program designed to respond to individual training needs of selected Asian housing officials. The three participants sent from Thailand were: Bancha Rangaratna, Deputy Chief, PAO, Research and Construction, NHA, (1982); Dr. Wiwat Santien, Chief, Housing Research Team, Housing Center, NHA (1983); Pimchand Manprasert, Head of the Mortgage Loan Division, Government Housing Bank (1983).

Research topics were:

NHA

"Project Management for Bang Plee New Town"

"Housing Development - A Systems Approach Guideline for the Planning of Sites and Services Project in Thailand"

GHB

"Possible Housing Finance Strategies for GHB in Thailand"

The grant funded one of the participants in the amount of \$13,854. The other two sebbaticcals, funded out of central IIPUP funds, totalled \$24,750.

The team interviewed the three participants.

Participant Impressions

Participants generally thought that the administration of the Berkeley Program through both the RHUDO Office and the Center for Environmental Design at Berkeley needed improvement. The participants stated that they had insufficient time and information to prepare for the program and to fully benefit from the experience. One, for example, had less than one month to prepare.

The participants also thought that the program management at Berkeley was weak. Most thought the program would be more structured, and all three mentioned that they lost valuable research time trying to set up their respective programs. Moreover, the program, with no permanent staff, faltered when the Director travelled. The participants commented that the logistical support could be improved. In one case, housing was inconvenient, and both NHA participants criticized the performance of the student assistants, who were busy with their own work, as inadequate.

All three candidates thought that they had benefitted personally and professionally from the experience but were not as certain about the benefits to their respective institutions. One participant characterized the institutional benefits as long-term. Regarding the appropriateness of training at Berkeley as compared to other institutions, one candidate considered the program as unique, due to a confluence of technical and professional skills at Berkeley and contact with a large group of professionals. The candidate could not say whether similar characteristics are available at other US or Asian institutions.

One candidate thought regional training might be more valuable. Another thought the program, while not designed as training per se, should be redefined as a research effort where the participant would be expected to conduct a training workshop based on what he/she researched. The third participant thought that on-the-job-training would have been more beneficial. There was no formal evaluation of the program upon the participant's return.

Concerning the relationship of the training to IIPUP grant objectives, the participant selection process was not related to the general purpose of the grant to provide socio-economic programs to the poor in regional cities. In fact, the selection process for the three participants does not appear to have been guided by a particular goal. The NHA participants indicated that they selected research topics based on personal professional interests. For the first participant, AID

relayed to NHA in a letter dated August 16, 1982, that the Berkeley program would focus on construction management. The candidate selected was a deputy chief of staff in the project administration office which handled the Bang Plee New Town Project; however, he indicated that he had no input from NHA concerning his research before he left.

The stated objective of the January 4, 1983, letter from AID which invited NHA to nominate the second round of candidates was to train trainers. The candidate who attended the program for this session had written his PhD dissertation on systems approach and continued research on the topic relating it to NHA sites and services project planning. Since returning from Berkeley he has not used the knowledge gained from the program because he no longer works in research; however he has been involved in staff training at the Housing Center both prior to his participation in the program and since his return. The participants who attended other sessions were not aware if a program objective was to train trainers. Concerning the selection process for the third participant, GHB identified a candidate, an institutional need and specific research topic in response to an invitation from AID in May, 1983, to nominate a staff person for training on specific programs of GHB's choice.

Another weakness in the program was that the responsibility to apply the training in a meaningful way was left to the participants. There was no formal mechanism set up within NHA or GHB to disseminate the ideas developed at Berkeley. Reports were not circulated, lectures were not given nor were seminars held as part of an institutionalized follow-up to the individual's research. Instead, the participants did this on their own. Both participants from NHA said that they discussed their ideas individually with management, but they admit to having met with limited success. The NHA participant working in the Center for Housing and Human Settlement Studies organized his own workshop after he returned from Berkeley. Also, NHA asked the GHB participant to lecture on Housing Finance in the U.S. The GHB participant indicated that the Bank was setting up training for staff through a recently established program and she may be called upon for input.

Conclusion

Based on participant interviews, it appears that the Shelter Workshops were successful in reinforcing concepts such as sites and services and influenced their incorporation in NHA's housing strategies. Since ADB and the World Bank were also advocating the same policies as AID, the workshops cannot be credited with unilaterally influencing participant thinking. Rather, the workshops served to reinforce a stance NHA policy makers took, resulting from a variety of influences.

Moreover, the selection of some of the participants was appropriate and timely, considering the activities they later undertook and identified as having been influenced by the workshop. Although correlations cannot be drawn between the outcome (e.g. National Housing Plan) and the input (Workshop), in several cases it seems that the workshop indirectly influenced NHA thinking.

Concerning the Berkeley Program, its benefit to AID, GHB and NHA as it has been run is marginal. The training has not been used to maximum advantage. While some improvement was made in nomination and selection procedures for the GHB participant, it seems that AID gave little consideration as to how the training for the other participants would complement NHA's operation and research needs. Furthermore, their work appears, for the most part, to have been insufficiently utilized upon their return.1/ Also, while one participant was funded through the Thailand IIPUP grant, the training was not directly related to the grant objectives. AID/RHUDO should have documented this departure from the grant objectives along with a reasonable justification.

Recommendations

Shelter Workshop

- 1) A decision should be made whether the use of additional AID resources would require an increase in counterpart contributions.
- 2) AID should require that host country institutions provide accurate and timely accounts for counterpart expenditures.
- 3) AID should consider identifying appropriate participants for the workshop from other government agencies such as NESDB, Ministry of Interior, BMA, and MWWA. Potential candidates should be identified as soon as possible in case they need English training. If necessary, AID should consider financing, in part, the cost of bringing their English up to standard.
- 4) AID should integrate more small group activities into the workshop.

University of California, Berkeley Program:

1. AID should investigate whether there are other institutional alternatives.
2. Potential candidates be given adequate time to prepare.

3. AID should sponsor participants to US-based training only after acceptable nomination, selection and evaluation procedures have been developed by participating institutions and agreed to by the RHUDO office. Sponsorship to US-based training must be linked directly to policy, research and training needs of the participating agencies.
4. Berkely participants should evaluate student assistants on a regular basis and Berkeley managers discuss the evaluation with the student assistants and make necessary changes. Berkeley might consider an incentive of bonuses for outstanding performance by student assistants.

Footnotes

- 1/ See the Sri Lanka HG-001 - Training Appraisal by Miriam Myers, National Council of Savings Institutions, for another appraisal of the U.C. Berkeley Program with similar conclusions. Some of those recommendations have been incorporated into this evaluation.

CHAPTER 6

POLICY DEVELOPMENT

IIPUP grant-financed technical assistance, in addition to the staff training discussed in Chapter 5, contributed to AID's and other donor's continuing policy dialogues with RTG housing institutions and other housing-related public agencies. These technical assistance outputs focused on policy development at both NHA and the national level. AID also directed some outputs at policy implementation at NHA.

Regarding outputs which influenced NHA, the Resident Advisor and the Rivkin Team assisted staff in policy formulation. The Resident Advisor contributed to the draft 1982-86 Housing Development Plan mostly through discussions with staff responsible for drafting the document. This plan was intended for inclusion in the 1982-86 National Development Plan. A review of the same document was carried out by Rivkin Associates, Inc. who conducted the first annual review of NHA progress in housing policy formulation, programming, project planning and project management mandated by the HG loan Implementation Agreement.

The Rivkin team positively acknowledged the expanding role of NHA in policy formulation from its earlier role of implementing policy set by the RTG. Based on its review, the team identified some weaknesses in policy formulation.

One major weakness was the lack of an implementation strategy in the development plan detailing how policy objectives would be attained. This critique applied to policy statements which provided general guidelines relating housing to national development as well as policy statements which provided specific guidelines for implementation of the NHA Plan. Using an example from the plan's general guidelines, the policy objective of decentralization in provincial cities did not address how NHA investments would be coordinated with other public and private investments to promote sustained growth. Another example from a more specific guideline illustrating the lack of an implementation strategy was the policy which stated NHA's intent to establish a land banking mechanism. No steps were laid out on how this would be accomplished. The review commented that it seemed to be an unrealistic objective in light of the legal and administrative constraints on site acquisition and no commitment on NHA's part to change the system of acquisition itself.

The lack of strategies was also apparent in NHA's identification in the plan of problems responsible for previous short falls: 1) too high targets; 2) time consuming and cumbersome administrative procedures; 3) difficulties in land acquisition; 4) difficulties in construction implementation. But there was no discussion of whether these continued to be problems or, if so, what steps should be taken to initiate them.

The team recommended adoption of the plan by the RTG cabinet. However, in order to maintain NHA's credibility, the team suggested that the draft plan be changed in one of two ways. The production targets could be reduced. Or, the production level could be maintained or reduced and a comprehensive implementation plan incorporated in the draft policy statement which spelled out the administrative, legislative and financial measures necessary to alleviate the problems that blocked large scale production.

The Cabinet failed to adopt the 1982-86 Plan. The government directed NHA to prepare a plan for 1984-86 which the Cabinet did adopt in January, 1984. Generally, the document articulated through broad policies, RTG efforts through NHA to provide a shelter program for low-income households in urban areas at affordable prices and minimal government subsidies. These were strategies that AID had promoted for housing development in Thailand since the mid-seventies.

More specifically, the 1984-86 Plan reduced the targets of the 1982-86 Plan. For sites and service projects alone, regional cities targets were reduced from 7,500 to 4,500 units. The number of units in the Bangkok metropolitan area for sites and service projects fell from 42,520 to 25,500. It is impossible to determine what, if any, impact the Rivkin team's review had on this reduction. The plan did not incorporate a comprehensive implementation strategy.

In addition to having some impact on NHA in policy formulation, AID outputs received national level consideration. Recommendations which AID consultants made, including the Rivkin team, were integrated into the RTG national housing policy. Some of these recommendations were specific to improving NHA project planning, implementation and management processes and advised NHA to:

- give more consideration to the phasing of economic development along with shelter provision;
- develop specific strategies to improve the land acquisition process; and
- recover costs for the maintenance and operation of NHA housing projects, particularly by raising rent levels in existing flats.

Other recommendations dealt with expanding the roles of public and private agencies (NHA not included) in housing development:

- authorize a role for other public and private agencies in housing development and finance, in particular, authorize a role for the GHB as the financial agent for NHA's low income housing program, and, give housing cooperatives a more prominent role in shelter efforts, especially to increase the supply of housing finance for low-income groups; and
- promote private sector initiative in housing development.

The inclusion of these recommendations in the Housing Development Policy of the Office of the National Economic and Social Development Board (NESDB) and its adoption in September, 1983 by the Cabinet was significant because it elevated housing policy for the first time to the national level. The document provided national level recognition for NHA's low-income housing programs and for the expansion of credit and mobilization of capital to support the programs and overall housing development. While earlier housing plans drafted by NHA had incorporated NHA into planning at the national scale, they did not form a comprehensive national housing policy. The housing plans had proposed policies to govern NHA's activities under the National Development Plan but did not address other government agencies whose policies and activities affected housing development.^{1/}

The document reflected AID input. One of the important national policy document themes was the emphasis on provision of shelter for low-income families based on minimal physical standards and cost recovery. The National Housing Development Policy provided general and specific guidelines supporting these shelter strategies which incorporated recommendations by AID to improve NHA's housing planning and production processes. For example, Section 2.2.4 suggested that the Industrial Estate Authority of Thailand set aside land for NHA at cost in industrial estates for residential housing.^{2/} NHA was directed to cooperate with the authority. Other sections enjoined NHA to improve its land acquisition process (discussed in Chapter 2) and consider adjusting rents in NHA-owned projects.

A second theme also related to AID recommendations was the delineation of appropriate institutional roles for shelter development and construction and housing finance. The document defined NHA's primary role as that of a housing developer which implemented various types of projects to enable it to be self-supporting and to provide housing for low and middle income households. The document authorized the Housing Policy Subcommittee of NESDB as the central body to set housing policy at the national level and to monitor implementation in accordance with the policy. Policy guidelines related to housing finance reduced the scope of NHA's responsibilities by encouraging the transfer of some of its financial functions to GHB, particularly the provision of credit for buyers of land and housing in NHA projects. These guidelines also designated GHB to act as the central institution in providing long term credit to low and middle income people and establishing branches in regional areas.

Private institutions were encouraged to cooperate in mobilizing long-term funding sources in support of GHB's operations as well as housing development generally. The policy document recommended specific strategies to support the mobilization of financial resources. Among the examples it gave were the expansion of GHB's savings mobilization and investment by financial institutions, such as insurance and pension fund companies, in GHB securities issued for housing. The policy document also directed the RTG to promote development of cooperatives or saving institutions for housing development loans for low-income earners.

AID efforts directed at policy implementation consisted of assembling NHA Board members and senior staff to discuss responsibilities and possibilities under the draft national housing policy. To this end, AID sponsored a seminar on National Housing Policy in May, 1983 for NHA Board members and senior staff. The seminar focused on NHA's role in implementing the national policy. AID files documented that a major reason for holding the seminar was to overcome major problems in communication between the Board and staff. AID staff agreed with this assessment. A second reason was to familiarize board members, many of whom were fairly new, with NHA policies consistent with national housing policies regarding provision of adequate housing for the poor without government subsidies (except for slum upgrading). Senior staff were divided in their support of these policies.

Some of the issues discussed were:

- slum upgrading in regional cities.
- suitability of sites and service projects.
- land acquisition.
- staff morale and productivity.

All staff interviewed stated that the Chiang Mai seminar was very useful because staff had an opportunity for the first time to present their views on policies to the Board. Likewise, the Board had an opportunity to respond. As a result of this seminar, staff interviewed during the IIPUP evaluation considered the Board to have a better understanding of NHA's housing development activities. They pointed out that the Board offered its support to staff on specific issues like land banking and regional city slum upgrading. One staff member said that proposals move more quickly through the Board because of the seminar.

However, while the Board requested that this type of seminar be set up every six months and a budget prepared for this purpose, NHA has not carried this out. Reasons staff gave were an inability to coordinate a time when Board members and senior staff could attend and lack of a budget.

Conclusion

AID's contribution to policy formulation at NHA was positive. It seems clear that AID influenced the agency to publicly advocate the provision of adequate and affordable housing for low-income families utilizing minimal government subsidies and cross-subsidization within housing projects. Policy objectives in NHA development plans committed NHA to developing housing for low-income families which fit this criteria. Also, NHA staff thought that AID-sponsored staff training and technical assistance from consultants was useful in the preparation of policy documents. AID, along with other donors appears to have had influence in NHA's formulation of broad policy issues. However, recommendations to incorporate policy statements in NHA Plans which contain a high degree of specificity for implementation have had little impact.

AID's success in assisting the policy implementors at NHA to communicate with one another in order to more effectively implement the policy objectives is less clear. Even though several staff persons unhesitatingly praised the IIPUP grant-funded seminar in Chiang Mai as timely and needed because it provided an opportunity for NHA top management to communicate about policy issues, NHA has not held a similar activity since.

The inclusion of recommendations made by AID consultants between 1979 and 1983 in the national housing policy document suggests that AID outputs were persuasive in the formulation of national level policy. AID technical assistance is currently directed to helping the RTG to more clearly articulate institutional actions required to implement the policy, along with technical studies and assessments. The AID Thailand Project Paper, dated October, 1984, states that AID staff will particularly encourage the dialogue on the appropriate roles of RTG and private sector institutions, especially in the areas of financing and coordination. AID will also provide consultants to assist the RTG in the design and planning of its special public/private and public/cooperative demonstration projects. Finally, AID will assist the GHB in the development of a program which will allow GHB to wholesale funds to other financial institutions and, therefore, to extend the availability of mortgage funds for low-cost housing finance. AID assistance in these efforts is presently ongoing.

In the final analysis, AID outputs did influence housing policy development. However, this was limited to national policy objectives and did not extend to long range shelter objectives regarding regional cities. Thus, the policy-related output which AID originally sought to accomplish through IIPUP-funded technical assistance and staff training was never realized.

FOOTNOTES

1/ Rivkin, op. cit. p. 23

2/ Several consultants, Louis Berger, Inc. among them had suggested that improved coordination between RTG agencies. This provision of the National Housing Development Policy could assist in streamlining the site acquisition process and even be considered a form of land-banking.

CHAPTER 7

CONCLUSION

NHA's emphasis since the late 1970's on a priority investment program emphasizing homeownership in sites and services projects containing core houses for lower-income households, developed on a cost recovery basis, represented a major shift in RTG shelter strategies from the previous highly subsidized, construction of rental units. The trend since then, supported by all major fund donors and the RTG, has been to continue to minimize government subsidies and make NHA self-supporting. Activities funded by the Thailand IIPUP Grant which directly supported this shift in public housing strategies and more recent trends were the most successful project outputs. These included staff training in AID Shelter Workshops and technical assistance in policy formulation.

It appears that the Shelter Workshops were successful in reinforcing concepts such as sites and services, affordability, and cost recovery and influenced their incorporation in NHA's housing strategies. In addition, the selection of some of the participants was appropriate and timely, considering the activities they later undertook and identified as having been influenced by the workshop. In order for AID and RTG agencies to benefit from the investment made in the U.C. Berkeley training, however, improvements are required in selection procedures and program management and the development of mechanisms to use participant's research on their return.

AID's contribution to policy formulation through technical assistance was also positive. AID influenced NHA to publicly advocate through its Housing Development Plans the provision of adequate and affordable housing for low-income families utilizing minimal government subsidies and cross-subsidization within housing projects. Also, NHA staff thought that AID-funded technical assistance from the Resident Advisor and short-term consultants was useful in the preparation of policy documents. In addition, the inclusion of recommendations made by AID consultants between 1979 and 1983 in the national housing policy document suggests that AID was persuasive in the formulation of national level policy.

However, while AID did influence housing policy development, this was limited to national policy objectives and did not extend to long range shelter objectives regarding regional cities. Thus, AID activities did not meet the IIPUP project objective to assist the RTG to develop long range national shelter policies, objectives and strategies related to regional urban development and planning.

Other grant-funded activities which met with some success were those supporting NHA's institutional development through improvements to the project implementation process. These outputs were concentrated in planning and included improvements to the site acquisition process and purchase and installation of three microcomputer systems. Land acquisition was improved through streamlining, the development of guidelines for staff involved in acquisition, and the replacement of ad-hoc land acquisition groups by permanent staff.

The microcomputer systems have contributed to improved project management at the program level at NHA through standardization of data and formats, the capability for more detailed analysis in less time and increased staff technical capacity. Staff continue to develop the computer systems and some would like more sophisticated equipment and programs. Staff were able to identify shortcomings in the computer systems which would improve overall efficiency if corrected. These included the computers systems not being used to full capacity and lacking management. They thought that insufficient training was another weakness. Also, the evaluation noted that NHA has not yet implemented all the proposed applications.

While the activities summarized above were either successful in influencing policy formulation or contributing to institutional development, these outputs were not directly related to the primary purpose of the Project Agreement to improve the delivery of socio-economic services to low-income families in regional cities. Several factors indicate that efforts which went into improving NHA's processes and products were not successful in achieving this goal. First, outputs directed at NHA planning methodology did not expand social planning methods for socio-economic services which the Project Agreement listed as a first step to achieving the IIPUP project goal. Essentially, NHA's planning methodology did not increase in scope along with the proposed expansion of the projects beyond the provision of shelter. Secondly, major determinants of NHA's decision to build a regional cities sites and services project did not include shelter or other socio-economic needs of the target population but rather the ability of lower income households to pay for housing and their willingness to move to a new house. Thirdly, NHA regional sites and services projects have not changed substantially from the project designs prepared prior to the implementation of the grant except that anticipated social services have been reduced. The program work for ongoing projects emphasizes the physical aspects of the projects.

Finally, NHA did not undertake the design or delivery of socio-economic activities in regional cities and services projects after completion of the IIPUP grant. Moreover, the institutional capacity for the delivery of socio-economic services which technical assistance and training were supposed to help develop did not emerge. The linkages between various government agencies necessary to result in the delivery of these systems never developed in regional cities projects. NHA has not developed a program with the Industrial Promotion Department to market the small industrial plots which are supposed to be employment generating components for project residents. Also, the preliminary project design for a demonstration project in Chiang Mai was not pursued. The non-shelter components which require coordination between agencies and are successful are those for which an institutional capacity already exists, such as the schools.

The major reasons for the failure to achieve the grant objective to provide socio-economic services to regional cities was its incompatibility with the other RTG objectives of cost recovery and self-sufficiency. Secondary reasons for the failure were the lack of priority for the regional cities program at NHA and AID and lack of priority for the provision of socio-economic services in sites and services projects. Also, the technical and administrative problems in the NHA project implementation process absorbed the Resident Advisor's time and shifted AID focus by the second year of the IIPUP project to overall institutional development and staff training.

Another reason was that aspects of the IIPUP project were poorly conceived. The scope for provision of services was too large and the services were intended for a population not yet in place with assumed characteristics and eligibility.

Inadequate monitoring and evaluation of grant-funded inputs/outputs while the project was ongoing prevented a realistic assessment of why NHA did not expand the services as planned through implementation of the grant. IIPUP progress reports and annual evaluations did not discuss the incompatibility between project objectives and other RTG/NHA objectives. This was compounded by lack of monitoring at another level, namely the absence of follow-through by NHA and AID on recommendations made in AID-funded appraisals or reviews. Consequently, no documentation exists to explain why steps were taken or not taken in response to recommendations.

Despite efforts by AID and other donors, NHA continues to suffer from institutional problems such as poor coordination and cooperation among government agencies and within NHA itself. These same management shortcomings, identified in the 1979 Berger team review of NHA's regional cities program, currently affects project management of regional sites and services projects. Further AID technical assistance in this area is unlikely to have any impact until NHA management corrects these deficiencies.

ATTACHMENT I

AID Project No. 493-0284

PROJECT GRANT AGREEMENT

BETWEEN

THE KINGDOM OF THAILAND

AND

THE UNITED STATES OF AMERICA

FOR

REGIONAL CITIES LOW-INCOME SHELTER

AND COMMUNITY DEVELOPMENT

Dated: June 12, 1980

AID Project No. 493-0284

PROJECT GRANT AGREEMENT

Dated: June 12, 1980

Between the Kingdom of Thailand, acting through the Department of Technical and Economic Cooperation (DTEC) hereinafter referred to as "Grantee", the National Housing Authority of Thailand (NHA) and the United States of America, acting through the Agency for International Development, hereinafter referred to as "USAID".

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the financing of the Project by the Parties.

Article 2: The Project

Section 2.1 Definition of the Project

The Project, which is further described in Annex I of this Agreement, will consist of providing technical assistance, project design services, participant training and related goods and services to assist the NHA: identify, design and implement integrated shelter programs and projects addressing the shelter, social, urban services, housing finance and employment needs of the urban poor in regional cities; develop and strengthen its institutional capacity to design and implement replicable low-income integrated shelter projects in cities outside the Bangkok metropolitan area; and to assist the NHA in evaluating the effectiveness of the socio-economic delivery system.

Annex I, attached, amplifies the above description of the Project. Elements of the amplified description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2. without formal amendment of this Agreement.

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Article 3: Project Financing

Section 3.1 The Grant

To assist the Grantee and NHA to meet the costs of carry out the Project, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Two Hundred and Fifty Thousand (U.S.) Dollars (U.S. \$250,000). The Grant will be used to finance foreign exchange costs as defined in Section 6.1, and local currency costs as defined in Section 6.2, of goods and services required for the Project.

Section 3.2 Grantee Resources for the Project

(a) The Grantee and NHA agree to provide or cause to be provided for the Project all funds in addition to the Grant and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Grantee and the NHA for the Project will be not be less than the equivalent of U.S. \$62,500 including costs born on an "in kind" basis, over the duration of the Project.

Section 3.3 Project Assistance Completion Date (PACD)

(a) The "Project Assistance Completion Date" hereinafter referred to as "PACD", which is 2 years after signing of the Project Agreement or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all goods and services will be furnished for the project as contemplated in this Agreement.

(b) Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Request for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by USAID or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as USAID agrees to in writing. After such period, USAID, giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which request for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Condition Presedent to Disbursement

Section 4.1 First Disbursement

Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursements will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID.

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

(b) A Work Program and implementation schedule for activities to be undertaken under the Grant including NHA staffing.

(c) Evidence of the availability of funds, goods and services required to be contributed initially by the Grantee and NHA for the effective implementation of the Project, and equivalent to \$62,500 in accordance with Section 3.1 of this Agreement.

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Section 4.2. Notification

When USAID has determined that the conditions precedent specified in Section 4.1. have been met, it will promptly notify the Grantee.

Section 4.3 Terminal Date for Condition Precedent

If the conditions precedent specified in Section 4.1 have not been met within sixty (60) days from the date of this Agreement, or such later date as USAID may agree to in writing, USAID, at its option, may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

Section 5.1 Project Evaluations

The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the evaluations will be conducted on an annual basis and will include the points mentioned in Section III of Annex I of this Agreement.

Section 5.2 Counterparts

The NHA will assign at least 1 qualified counterpart who will be fully available to provide services required for the project within thirty (30) days after the signing of this Project Agreement. Additional NHA staff will be provided as required during project implementation. Anticipated staff requirements are detailed in Annex I(a).

Section 5.3 Access to Information

The Grantee and the NHA will assure that the consultants and experts financed under the Grant will have access to all documentation pertinent to the carrying out of the project purpose.

Article 6: Procurement Source

Section 6.1 Foreign Exchange Costs

Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the USAID Geographic Code Book (as in effect at the time orders are placed or contracts entered into for goods or services), except as USAID may otherwise agree in writing and except as provided in the Project Grant Standard Provisions Annex, Section C. 1(b) with respect to marine insurance.

Section 6.2 Local Currency Costs

Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as USAID may otherwise agree in writing, their origin in the Kingdom of Thailand ("Local Currency Costs").

Article 7: Disbursements

Section 7.1 Disbursement for Foreign Exchange Costs

(a) After satisfaction of the conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) By submitting to USAID, with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for USAID to procure goods or services on the Grantee's behalf for the Project; or,

(2) By the requesting USAID to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to USIAD, committing USAID to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing USAID to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Grantee in connection with Letters or Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs USAID to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Section 7.2. Disbursement for Local Currency Costs

(a) After satisfaction of the conditions precedent, The Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with terms of this Agreement, by submitting to USAID, with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. dollars by purchase. The U.S. dollar equivalent of the local currency made available hereunder will be amount of U.S. dollars required by A.I.D. to obtain the local currency.

Section 7.3. Other Forms of Disbursement

Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Section 7.4. Rate of Exchange

Except as may be more specifically provided under Section 7.2., if funds provided under the Grant are introduced into the Kingdom of Thailand by USAID or any public or private agency for the purposes of carrying out

obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of the Kingdom of Thailand at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Kingdom of Thailand.

Article 8: Miscellaneous

Section 8.1. Communications

Any notice, request, documentation or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Director-General
Department of Technical and
Economic Cooperation
Krung Kasem Road
Bangkok, Thailand

To USAID:

Director
United States Agency for International
Development/Thailand
2948 Soi Somprasong 3
Bangkok, Thailand

All such communications will be in English. Other addresses may be substituted for the above upon the giving of notice.

PROJECT DESCRIPTION

I. Project Purpose

The project is a part of two USAID programs and shares the goals of both: a). USAID, Thailand's "Low Income Housing Policy and Program Assistance" including Housing Guaranty loans to the National Housing Authority of Thailand (NHA); and b). AID's worldwide "Integrated Improvement Program for the Urban Poor". The purpose of this agreement as a component of the above projects is to assist in extending Government shelter and community development programs to the regional cities of Thailand with the particular goals of improving the delivery of urban and social services to the poor in the regional cities. Specifically, the purposes are to assist the NHA:

1. Survey the shelter, social, urban and economic needs of low income families and the current social service delivery systems in selected regional cities;
2. Develop program and design parameters appropriate to integrated shelter and community development projects in these regional cities;
3. Plan, design and implement integrated shelter/community development projects responding to the shelter, social and economic needs of lower income families;
4. Develop the NHA institutional capacity to increase programming levels in the regional cities;
5. Develop long range national shelter policies, objectives and strategies as they relate to regional urban development and planning.

II. Project Development

The project involves number of agencies of the Government of Thailand with the NHA as the principal coordinator and executing agent and inputs from USAID.

A. Outputs

1. Background analyses and surveys of regional cities including identification of current and future needs of lower income families for shelter, employment and economic opportunities, delivery of medical, nutritional, educational and community services and the institutional, administrative and financial arrangements for delivery of urban and social services;

2. Improved NHA methodologies, and work plans for the planning and implementation of NHA regional cities projects including methodology and procedures for city selection; identification of demand, target groups, cost and affordability parameters; physical, financial, and socio-economic planning; administration and coordination of project implementation; and evaluation systems;

3. Identification and detailed design of 2 to 4 regional city projects for programming and implementation in the NHA "1978-82 Development Plan" within 12 months of signing of the Project Agreement.

4. Completion of the implementation phase of the demonstration projects in the NHA regional cities program within 24 months of signing of the Project Agreement.

5. Training of NHA staff in planning and implementation of integrated regional cities shelter projects;

6. Establishment of an evaluation system for the NHA regional cities program and completion of end of project evaluations of the initial projects;

7. Analyses and recommendations to the Government of Thailand on long range shelter objectives in regard to the regional cities and on the relationships of shelter to regional development and planning.

B. USAID Inputs

1. USAID made a team of experts available in July 1979 to review work already undertaken by the NHA and to assist NHA in the following areas: the analyses and surveys discussed in A.1 covering three regional cities; review and update as appropriate current NHA guidelines, methodologies, and work plans as discussed in A.2. Total costs of this USAID input has been financed directly by AID.

The team worked with counterparts from the NHA and other agencies as discussed in C.1 below with a draft report produced after the visit; a final report was submitted to the NHA.

2. AID will make a Resident Advisor available to NHA for a period of 18 months to assist in the achievement of the project purposes discussed in Section 1 above and specifically to assist NHA in the continuing analysis and surveys of regional cities and development of guidelines, methodologies, and work plans discussed in A.1 and A.2 above; project identification, design, implementation, evaluations and the development of training programs for NHA staff as discussed in A.3 - A.7.

The Resident Advisor will work with the Chief of Policy and Planning and the Director of Construction and Research of the NHA and with NHA counterpart staff with logistical support discussed in C.2. The costs of this AID input will be financed pursuant this Agreement.

The Resident Advisor will have relevant experience in design and implementation of shelter and/or community development projects. He will be supported by short terms consultants as discussed in B.3.

In addition to the scope of work outlined in Part II A.1 - A.7, the Resident Advisor will assist in the identification of short term consultant and staff development needs, selection of consultants for project feasibility and design and will assist generally in the preparation of analyses, reports, and other documentation required for USAID Housing Guaranty financing of regional city projects.

3. USAID will make short term consultants available to NHA as necessary to assist the NHA and the Resident Advisor carryout the planning and project designs with specific expertise in physical planning, socio-economic analysis, regional planning and housing finance or other areas appropriate to the planning, implementation, and evaluation of the project. The total costs of this USAID input estimated at \$85,000 will be financed by the Grant. Consultants will produce a report and recommendations at the conclusion of each visit. Identification and scheduling of consultant needs will be made jointly by NHA, USAID, and the Resident Advisor.

4. USAID will also support development and training of NHA staff for regional cities projects; for appropriate international or in country training of NHA staff or staff of other Government agencies closely related to the NHA regional cities projects; and for other direct expenses important to the achievement of project purpose. Identification and scheduling of these needs will be made by NHA and the Resident Advisor with the approval of USAID prior to disbursement.

The estimated cost of this USAID input to be financed under the Grant is \$15,000.

5. The USAID Housing Guaranty Program, subject to the availability of funds as specified in separate agreements, will provide long term financing to assist in the capital costs of implementing NHA's regional city programs with emphasis on cities in the north and northeast regions.

C. NHA and Government of Thailand Inputs

1. NHA will make counterparts staff available to join the consultants discussed in B.3 above on a full time basis for each visit. The counterparts will have similar or appropriate backgrounds to the USAID consultants and during the interim period between consultant visits will supervise any on-going studies. The costs of counterpart participation including in-country travel, per diem and other expenses will be borne by the NHA.

2. NHA will identify a Project Manager that will have continuing responsibility for managing the planning and implementation of its regional cities program. Additional NHA staff will be provided to the Housing Policy and Planning Division as appropriate and necessary to successful implementation of this program or may comprise designated representatives from appropriate departments in NHA. The staff would include a supervisory position who will be the counterpart to the Resident Advisor.

3. NHA will budget for and provide the staff and Resident Advisor with all necessary logistic support including inter alia office space, secretarial and administrative support, and in-country travel and expenses for NHA staff. At least one NHA vehicle and driver suitable for in-country travel will be assigned to the staff and Resident Advisor or other short term consultants. Field offices with similar support including housing for field staff will be provided in initial project cities. All costs and support of this staff will be borne by the NHA.

4. NHA and DTEC will inter alia provide local currency equivalent of \$14,000 for NHA staff training; \$6,000 for in-country travel and \$5,700 for market research and socio-economic services, aerial photography and miscellaneous costs.

5. The NHA and the Government of Thailand will provide such other support as necessary to achieve the purpose of the project.

D. Other Inputs

It is expected that other donors will also support NHA's regional cities program with consultant visits and long term financing though that support is not a precondition to this Grant. AID inputs will be coordinated with any other donor inputs through USAID, DTEC and NHA.

III. Project Reporting and Evaluation

A. Project Reporting

Each short term consultant will submit reports as discussed in Part II above at the conclusion of his visit.

The Resident Advisor will submit a quarterly report on the progress of the Grant assistance including summaries of short term consultant activities, staff development and other USAID inputs, and on the overall progress of NHA regional cities program. The report should also summarize experiences and conclusions that can be learned from the program and will provide a program diary for evaluation purposes.

The Resident Advisor will also submit a annual review and analysis of the regional city program. The first such report will be submitted to USAID and NHA 12 months after signing of the Project Agreement.

All reports of short term consultants and of the Resident Advisor will be submitted to USAID, NHA and the Government.

NHA will submit quarterly financial reports on financing under the project including NHA and DTEC financing.

NHA under the terms of the Housing Guaranty Agreements will be required to submit reports on the progress of the Housing Guaranty financed program including its regional cities components. The Resident Advisor will assist in the preparation of the regional city component of that report.

B. Evaluation

The short term consultant team made available by USAID pursuant to Section II B.1 of Annex I provided recommendations on evaluation systems. Their survey together with other data to be developed with assistance of the Resident Advisor will serve as a baseline for measuring progress towards project goals. The Resident Advisor will assist NHA in the establishment of the system and assist NHA in annual and end of project evaluations. NHA reports on the progress of its regional city program will provide additional data for evaluation.

The project will be formally evaluated jointly with USAID, NHA, and the Government as a part of the overall annual policy and program review that will be a part of the USAID Housing Guaranty Program.

Upon completion of the technical assistance a final evaluation will be undertaken by NHA and USAID with assistance from the Resident Advisor.

IV. Financial Plan

A. General

USAID will identify candidates for short term experts and the Resident Advisor in consultation with the NHA; submit the candidates to the Government for approval; and, upon approval, enter into contracts for the provision of these services. U.S. per diem and allowance rates will be applicable to U.S. consultants.

Disbursement to the Government towards the costs of staff development or other project expenses discussed in Part II B. above will be made on the basis of USAID Project Grant Standard Provisions (See Annex II, attached).

Unless A.I.D. otherwise agrees, IIPUP Grant funds will be utilized in accordance with the financial plan presented in Section IV. B below.

B. <u>USAID Contributions</u>	<u>IIPUP Grant Funds</u>
1. <u>Resident Advisor</u>	\$150,000
2. <u>Short Term Consultants</u>	85,000
3. <u>Staff Development</u>	<u>15,000</u>
Total USAID Grant Financing	\$250,000

C. NHA and Government Contributions:

	U.S.\$.	
	DTEC	NHA
1. <u>NHA staff for regional cities projects</u>		
Professional staff, two years; 80 person months		26,800
Secretarial and admin. staff, two years; 54 person months		9,000
Support of NHA staff training (International travel and per diem and/or in-country training)	4,000	10,000
Office space and supports, Bangkok and field offices		1,000
NHA staff in-country travel and expenses including 1 vehicle, driver and support for official travel of consultants, Resident Advisor and core staff		6,000
2. <u>Other Costs</u>		5,700
Marketing and Socio/Economic Surveys		
Aerial Photography		
Calculator (1)		
Miscellaneous		
TOTAL NHA AND GOVERNMENT	4,000	58,500
		<u>\$62,500</u>

Anticipated NHA Staffing:

<u>Position</u>	<u>Person Months</u>
Project Director	2
Project Manager	24
Architect Planner	12
Marketing Research	12
Economist	12
Community Dev. Specialist	12
Engineer	6
Admin. Asst.	12
Secretarial	24
Draftsman	6
Typist	<u>12</u>
	<u>134</u>

Estimate costs of Annex 1a staff:

<u>Total</u>	<u>MM</u>	<u>Per Month</u>	
₪20,000	2	₪10,000	Project Director
192,000	24	8,000	Project Manager
72,000	12	6,000	Arch Planner
72,000	12	6,000	Market Research
72,000	12	6,000	Economist
72,000	12	6,000	Com.Dev.Spec.
36,000	6	6,000	Engineer
60,000	12	5,000	Admin. Asst.
72,000	24	3,000	Secretarial
30,000	12	2,500	Typiest
<u>18,000</u>	<u>6</u>	<u>3,000</u>	Draftsman
<u>₪716,000</u>	134		
(\$35,800)			

IIPUP Projected Short Term Consultants

	<u>Person Weeks</u>	<u>Visits</u>
- Commercial/Small Ind. Spec.	3	1
- Design Consultants:Sanitation	3	1
Environmental	2	1
Low cost construction technology	2	1
- Comm. Dev./Social Svs. Spec.	2	1
- Marketing Analysis Spec.	3	1
- Housing Policy and Regional Shelter Consultant	4	1
- Housing Finance Consultant	4	1
- Other Consultants	<u>3</u>	<u>2</u>
TOTAL	26	10

ATTACHMENT II

Organization of the National Housing Authority

The National Housing Authority has been in a more or less constant state of reorganization since its birth in 1972. "Unofficial" organizations, meaning major shifts in structure which were not approved by the Ministry of Finance, have been at least as common as "official" ones. In many cases, organizational changes are prompted by personnel considerations rather than intrinsic organizational needs. Because it does not seem to be possible to fire or demote staff, the efforts by each successive governor to bring people acceptable to him to positions of influence has produced an increasing abundance of management classifications.

A second obvious disability of the organization is that it is greatly overstaffed. Although no attempt has been made as part of this evaluation to perform a detailed analysis of staffing requirements, the management staff seem to be unanimous in the judgement that large numbers of NHA staff could be laid off with no loss of efficiency. This causes two problems from a management standpoint:

(1) Because they have little to do at NHA, many staff have other jobs or business to which they devote a major part of their time. Particularly for management staff, who frequently provide consulting services to clients who also have dealings with NHA, the opportunities for conflicts of interest are apparent;

(2) Because few people have responsibilities which keep them busy, the general atmosphere of the workplace is tolerant of inefficiency. The effect is that employees with little to do still fail to meet deadlines. On the other hand, those NHA employees who remain hard-working and responsible are over-extended because they assume disproportionate shares of the required work.

Although NHA has for some years been subject to a hiring freeze, reductions in staff size have been insignificant. In 1982, the staff size was 2,238 (compared with 2,236 in 1980). By 1985, NHA still had 2,209 employees. This is largely a function of very low staff turnover rates. This is likely to continue unless the NHA is privatized because NHA's employee unions have so intimidated management that lay-offs are apparently unthinkable.

In general, then, although NHA staff is not expanding, needed reductions are not being made. Moreover, lower level staff continue to get promoted so that more and more supervisors oversee fewer and fewer junior staff. By the end of 1982, 105 managers and supervisors (levels 4-11) were responsible for 2,131 staff (levels 1-3). There was accordingly a ratio

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of 20 staff to each supervisor or manager, with considerably larger spans of control in many cases. By March of 1985, the ratio had declined to 5:1 as the number of senior staff increased from 105 to 369. In some sections, such as personnel, there are more supervisory than non-supervisory staff.

This top-heavy structure creates predictable organizational problems. In many cases, for example, a Division Chief will supervise a single Assistant Chief who will in turn supervise some number of professional and clerical employees. In other cases, a Section Chief supervises only one professional. Similarly, although NHA has 92 architects on its staff, all but 20 of them work in supervisory positions. Table A show the distribution of NHA staff by professional qualification and civil service level.

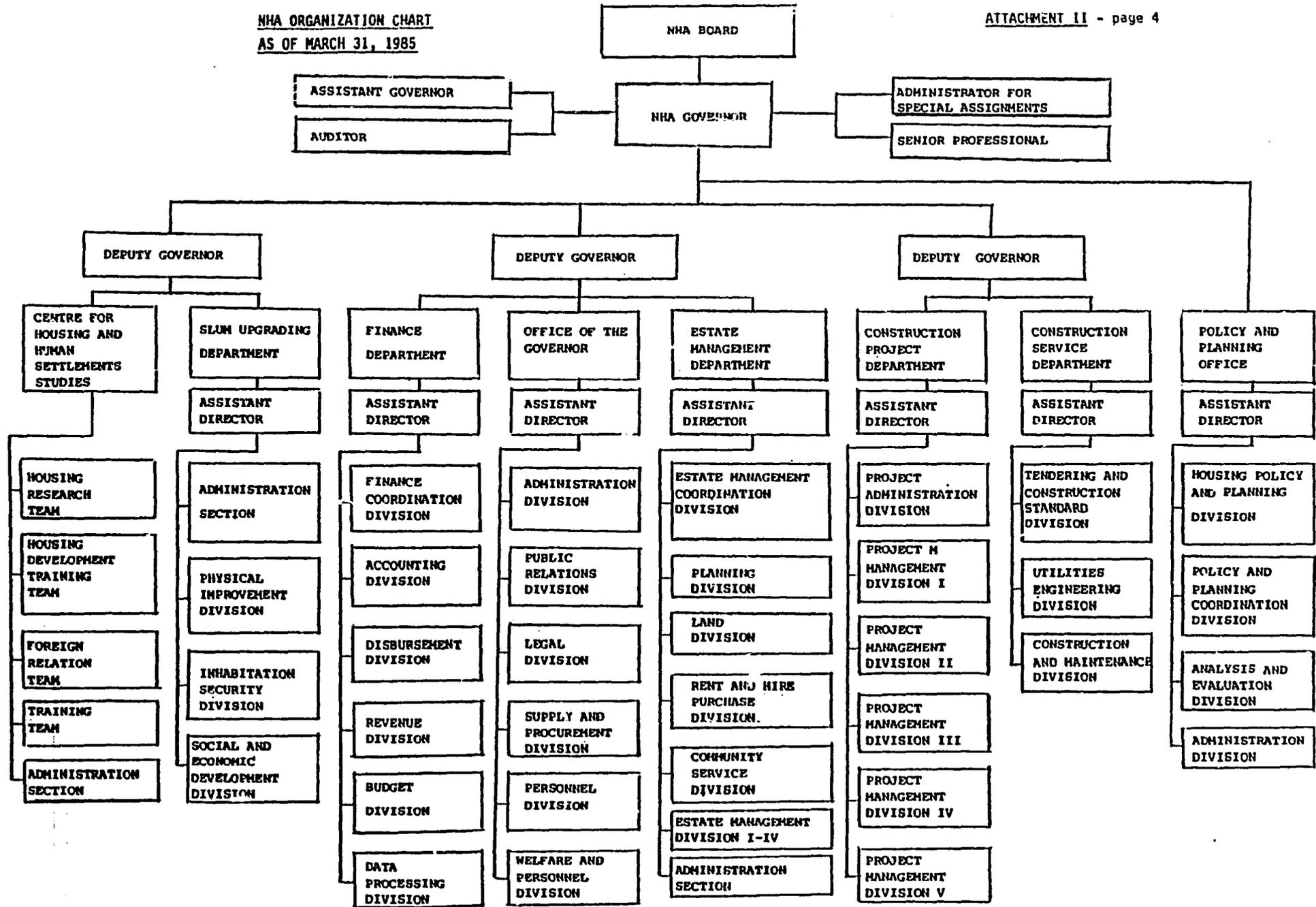
TABLE A

Level	11	10	9	8	7	6	5	4	3	2	1	Total	
Categories	Dep. Gov.	Asst. Gov.	Dept. Head	Dept. Director	Div. Chief	Asst. Div. Chief	Sec-tion Chief	Sup- port- ers	Cleri- cal Sup- port	Labor- ers		Total	
Executives	1	4	1	8								14	
Policy & Plan Analyst						5	7	38	38			88	
Economist					1			2	11			14	
Architect Designers													
Construction Manager (level 5 & 6)					4	8	14	37				63	
Engineer						1	1	18	37			57	
Architects					1		1	12	20			34	
Techn. Staff Site Supervisor (Voc. trained)									1	65	211	81	298
Carpenters, Mechanic Etc.											1	169	170
Estate Manager						7	15	37	54	21	8	142	
Personnel Administration						3	3	14	14			34	
Statistics General										2	3	5	
Administration					7	7	8	12	14			48	
Lawyers						1	2	6	14			33	
Auditor			1			2		2	3			8	
Accountants						1	2	5	10			18	
Finance & Accountants						3	4	25	44	60	24	160	
Business Services/ Supply Procurement						1	1	4	7	9	15	37	
Computer						1	1	2	10			14	
Data Processors										5	7	14	
Clerks								17	22	79	178	296	
Gardeners								1	1	1	2	5	
Public Relation						1	1	5	9	4	2	22	
Nurse								1	1			2	
Services										9	622	631	
Scientist								1	1			2	
	1	4	1	9	13	41	60	240	387	402	1051	2209	

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**NHA ORGANIZATION CHART
AS OF MARCH 31, 1985**

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ATTACHMENT III

Budget Summary*

	<u>Proposed Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures</u>
<u>USAID Contribution</u>			
Resident Advisor Consultants	\$150,000	\$135,000	\$135,000
Short-Term Consultants	85,000	60,000	59,251
Staff Development	<u>15,000</u>	<u>55,000</u>	<u>49,192</u>
	\$250,000	\$250,000	\$243,443**
<u>NHA and RTG Contribution</u>			
NHA staff and support	\$58,500		***
DTEC and NHA staff training	<u>\$ 4,000</u>		
	\$312,500		

* All figures are rounded off.

** Unobligated balance of \$6,557 as of 11/28/83

*** AID files do not contain any certification or cost breakdowns and back-up information from NHA or DTEC to support actual expenditure claims. For this evaluation, the NHA Policy and Planning Office prepared estimates of expenditures through June 1983. For the period from June 1980-1983, NHA estimates that expenditures in support of IIPUP were \$45,630.

A breakdown of the actual grant expenditures is as follows:

Resident Advisor NHA

(75 percent of time for first two years; 50 percent of time for 3rd year)\$135,000

Short Term Consultants

1.	a.	Translation from Thai to English of NHA 1982-86 Development Plan, 1981	\$ 339
	b.	Thai consultant as part of Rivkin Team on NHA Policy and Program Review, 1981	1,028
2.	a.	Household Survey in Bangkok and 5 Regional Cities for Housing Affordability Study, 1981, Deemar Co.	16,304
		NHA conducted this survey to determine the capacity and willingness of target households to pay for NHA housing.	
	b.	Household Income and Occupation Data for 30 Cities, 1979-83, Deemar Co.	3,694
3.	a.	Three HP86 Microcomputer Systems, 1983 for NHA institutional development	20,189
	b.	NHA staff training October 17-28, 1983 for HP86 microcomputer systems	9,000
			<u>\$60,555 1/</u>

Staff Development

1.	Shelter Workshop 1981	\$ 11,706
2.	Asia Regional Housing Finance Seminar, 1982	2,274
3.	Shelter Workshop, 1982	17,400
4.	UC Berkeley Program, 1983	13,854
5.	Seminar in Chiang Mai on National Housing Policy May 6-8, 1983	2,654
		<u>\$47,888 1/</u>
	TOTAL	\$243,443

1/ A portion in the amount of \$1,304 paid to Deemar Co. for special tabulations of 1982 and 1983 Media Index survey results was costed to Staff Development. This is why the breakdown subtotals for Staff Development and Short Term Consultants do not correspond to the actual expenditures under USAID contributions for these categories.

NHA Inputs

NHA did not use a cost allocation system to determine expenditures incurred for the IIPUP Project. However, staff prepared the following estimates for contributions made during a portion of the IIPUP grant as part of this evaluation:

NHA Inputs for IIPUP Grant Project

Period: June 1980 - June 1983

		<u>Total Planned Contribution US\$</u>	<u>Total Expenditure Through June 1983</u>	<u>Remaining</u>
1. Professional Staff	80	26,800	\$ 23,760	\$3,040
2. Secretarial and Administrative Staff	<u>54</u>	<u>9,000</u>	<u>7,920</u>	<u>1,080</u>
Sub-Total Staff	134	\$35,800	\$ 31,680	\$4,120
3. Support of NHA Training		10,000	6,410*	3,590
4. Office Space and Support		1,000	1,440	440
5. In-Country Travel (Transportation, Plane Fare)		6,000	3,500	2,500
6. <u>Other Costs</u>		<u>5,700</u>	<u>2,800</u>	<u>2,900</u>
		\$58,500	\$45,830	\$13,550

Prepared by NHA Policy and Planning Office 4/85

*This figure is from the NHA Department of Finance. All other estimates are from the Office of Policy and Planning.

q/b

Extensions

The IIPUP Program Assistance Completion Date (PACD) was extended from June 12, 1982 to December 12, 1983. AID amended the Project Agreement to increase the funds for staff development from \$15,000 to \$55,000. This was done by decreasing funds for short-term consultants from \$85,000 to \$60,000 and the Resident Advisor from \$150,000 to \$135,000. The original grant amount of \$250,000 remained the same. The Resident Advisor changed to 100 percent regional funding on September 1, 1982. Under the extension, the services of the Resident Advisor were to be available to NHA for up to 50 percent of this time during the additional year. This was the only amendment to the Project Grant Agreement.

Inputs funded by through central IIPUP funds included the following:

Short Term Consultants:

1. Louis Berger International, Inc. ^{2/}
Review of National Housing Authority
Programs for the Regional Cities
of Thailand, November 12, 1979
2. Rivkin Associates Inc. in association with
the Foundation for Cooperative Housing
Policy and Program Review of the
National Housing Authority of Thailand
March, 1981 (only partially funded by Thailand grant)
3. Edward Popko, Technical Assistance
October 18-21, 1982

Staff Training:

1. UC Berkeley Training, 1982.
2. UC Berkeley training, 1983.
3. Shelter Workshop 1981.

2/ This activity was undertaken and completed prior to the signing of the IIPUP Agreement. It was, however, identified in the Project Agreement as an AID input to the IIPUP, intended to assist NHA to complete surveying, program development, planning and designing activities identified in the Grant.

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Site Acquisition Case Study

Khon Kaen is the principal city in northeast Thailand. It is a rapidly growing city with a 1981 population of 100,210. NHA conducted a housing market study and determined that there was a substantial housing demand that was not being met by private builders.

NHA planned a sites and services project with core houses. A total of 550 housing units were to be built on a site of 50 - 60 rai (2.5 rai/acre, 6.25 rai/ha). The feasibility study concluded that an urban fringe site would cost about $\text{฿ } 50,000 - 100,000$ per rai to purchase the land (23 baht = US \$ 1.00). Land fill approximately one metre deep would double this cost.

NHA advertised for bids from land owners on September 21, 1979. Bids were due by October 31, 1979. The required specifications were:

- Land must be 50 - 100 rai in contiguous parcel(s).
- Site shape should be regular (i.e. not have unduely irregular boundaries) and should not have severe undelations (ponds or hills).
- Land must be in Muang District (i.e., central urban area of province) and not farther than three (3) kilometers from the Khon Kaen municipal boundary.

Twenty (20) offers were received from land owners and their representatives.

This procedure for acquiring land is in accord with the Land Acquisition Regulation NHA 11/2521 dated July 17, 1978. This regulation also requires that ^v committees evaluate the land offers: (1) a Technical Evaluation Committee and (2) a Land Purchase Committee. These were

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established by for the Khon Kaen project by directive of the NHA Governor (N 61/2521).

The Technical Evaluation Committee (TEC) was headed by the Director of the Estate Management Department. Other members were Division Chiefs from various Departments. The Land Purchase Committee (LPC) was headed by the Governor, the Director of Estate Management was Secretary and other members were Department Directors.

The TEC evaluated the 20 sites and identified those which were unsuitable based on the specifications. It presented its findings to the LPC which subsequently proposed three sites to the NHA Board. Thus, leaving the final selection to the Board.

The Board decided on September 23, 1979 that none of the sites were acceptable, because they either were too far from main roads or the prices asked were too high compared to the RTG Land Department's assessed value (generally accepted to be grossly below market value). This Board decision reflects its unwillingness to make any land acquisition decisions which could be even the least bit controversial. This attitude stems from allegations of wrongdoing by previous Board members regarding the land purchase for the Bang Plee new town project outside Bangkok. As a consequence, scarcely any land was acquired between 1978 and 1982.

On October 7, 1980, NHA instituted a new land acquisition procedure (NHA Procedure No.38). In accordance with this procedure, another attempt was made to purchase a Khon Kaen site. February 25, 1981, NHA officially abolished the old Land Purchase Committee and established a new one (with mostly the same members).

Site specifications for this second attempt were announced as

- Located no farther than 3 km. from the municipal boundary.
- Price not to exceed ₪ 100,000 per rai.
- Contiguous land area not less than 50 rai.
- Unflooded land or needing no more than one metre of fill.
- Good road connections with access to a road at least 15 metres wide or not farther than 500 metres from a public road connected by a 15 metre (minimum) wide access corridor.
- Not more than two kilometres from existing water supply network. If not, land owners must evidence that acceptable alternatives are available to the site.

Seventeen land owners offered their lands in response to this second NHA bid request.

The previous Technical Evaluation Committee functions were taken over by a new permanent Land Acquisition Section, Land Division, Estate Management Department. Following the provisions of Procedure 38, the Land Purchase Committee proposed two sites to the Governor for his determination. Procedure 38 provides that land purchases of less than ₪ 10 million (US \$ 43,478) can be made by the Governor; more expensive sites continue to require Board decisions.

Subsequently, the NHA Governor entered into price negotiations with the two proposers of the selected sites. He acted to purchase both the adjoining sites on September 2, 1981 and fixed the date for transfer of ownership as January 12, 1982.

These sites were:

<u>Site Number</u>	<u>Size</u>	<u>Price per rai</u>	<u>Total Price</u>
8	116.8 rai	฿ 65,000	฿ 7,592,000
5 - A	12.8 rai	฿ 60,000	฿ 769,200
5 - B	<u>2.8</u> rai	฿ 70,000	฿ <u>192,500</u>
	14.6 rai		฿ 961,700
Total	131.4 rai		฿ 8,553,700 *
	52.6 acres		US \$ 371,900

* Total price was ฿ 8,618,975 including compensation for other property.

purchase

The Governor decided to ^{purchase} small parts of adjoining parcels (5-A and 5-B) in order to improve the overall site. Because the price was much lower than anticipated, NHA had adequate money available and the Governor had the power to purchase a site twice the size necessary for the planned project of 550 housing units. Thus, in Khon Kaen NHA now owns enough land for either a second phase sites and services project or a middle-income apartment development.

This was not the first time that NHA engaged in "land banking" on a modest scale (e.g., Chiang Mai in 1977). However, it was the first time the Governor exercised the powers of NHA Procedure # 38. By so doing, he ended the four year dry spell of no land acquisition. Subsequently, other sites have been acquired using Procedure # 38. Moreover, the Board's attitude has changed to that of cautious aggressiveness regarding the land acquisition program.

ATTACHMENT V

A summary of the Bertaud Model prepared by the AID office of Housing and Urban Development describes it as designed to deal specifically with the physical and financial characteristics of sites and services and upgrading projects. The Model has proven to be a significant time-saver in formulating feasible settlement projects. The original program, designed for hand-held programmable calculators, had several different programs which could be used together to analyze project feasibility. The Model was later expanded and reorganized into two programs for use on a microcomputer.

The Affordability Program provides the capability to look at the parameters and trade-offs of low-income shelter developments. The various parts of the program determine: (1) The plot affordable to a specific income group given certain planning and cost variables, and (2) the number of plots of each size in a development taking into account different prices for infrastructure and land to assure that all plots are affordable and that all costs are recovered. Using all parts of the Affordability Program gives a complete picture of the cost and affordability for a particular site.

The Moduling System (referred to as Code 86 in the IIPUP Project Evaluation) allows a planner to design and evaluate a site plan in a fraction of the time required by traditional methods. Based on a preliminary concept plan, data is fed into the computer which evaluates the information and draws a plan of the module. Once the planner is satisfied with all the modules, they can be combined into a full site plan and drawn to scale by the computer. The computer also calculates and prints a table of basic land use data including the number and size of plots, the percentage of each type and land areas used for circulation, public space and residential. The Moduling System can be used for designing irregular as well as rectilinear layouts.