

**SPECIAL INTERIM EVALUATION  
OF THE  
PRIVATE SECTOR IN DEVELOPMENT PROJEC**

Submitted to  
Project Committee  
and  
Office of Private Enterprise and Rural Employment  
Agency for International Development  
Bangkok, Thailand  
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by  
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## PRIVATE SECTOR IN DEVELOPMENT

## EXECUTIVE SUMMARY

**Problem and Overview:** A major objective of the Royal Thai Government's (RTG) Fifth Development Plan was to better balance the country's economic development so that import dependence would decline, exports would rise, employment rates would be higher and economic activities would be distributed to areas outside of Bangkok and the central region. The role of the private sector in those efforts was recognized as especially crucial. The RTG gave a clear mandate to the private sector to expand its participation as a direct agent of change in the Fifth Development Plan and to participate directly with the public sector on planning and policy decisions. The RTG knew that vigorous private sector growth in development sectors would be necessary to provide jobs, mobilize required capital, provide management skills and technology and supplement the efforts of the increasingly overburdened Thai public sector development agencies.

**U.S. Assistance:** U.S.A.I.D. Thailand and the RTG's Department of Technical and Economic Cooperation (DTEC) signed a Project Grant Agreement (493-0329) on May 13, 1983. The goal was to contribute to the RTG's Fifth Development Plan structural adjustment objectives of improving Thailand's balance of trade and reducing unemployment problems, particularly in areas outside Bangkok. The purpose over a four year period was to increase private sector investment in employment generating, export oriented, resource based ventures in areas outside of Bangkok.

It was expected that a number of new investments and other business arrangements would be made in export oriented, labor intensive and natural resource based industries as a direct result of the surveys, promotional program, policy dialogue and U.S./Thai agribusiness linkages benefitting from assistance under the project. In addition, the relationships established between the private sectors in Thailand and the U.S. were expected to stimulate a steady flow of information on markets and new technology between the two countries. The improved policy analysis and planning capability established under the project to address private sector related issues were expected to result in realistic policies and regulations that would steadily improve the investment climate for industries particularly in priority development areas.

**Purpose of Evaluation:** The purpose of this evaluation is to: (a) determine progress toward the attainment of the project's purpose; (b) identify and analyze problems which may inhibit such attainment; (c) recommend solutions to any problems found; (d) determine if appropriate information is being collected to enable subsequent evaluations to be done and to recommend improvements to such data collection if necessary; and (e) recommend a plan and the timing for a subsequent evaluation. In addition, specific questions were provided by the Project Committee.

The findings and conclusions in this report result from four weeks of reviews of project documentation and interviews. This evaluation covers only the first half of the Project's life, i.e., from May 1983 to June 1985. An initial draft of this evaluation was submitted to U.S.A.I.D. Thailand for review on September 27, 1985. A number of comments were received on October 28, 1985, which have been addressed in this revised draft.

**Findings:**

1. The July 1984 Project Workshop was a particularly productive accomplishment of the initial two years of the project. Representatives from each project component agree that only after this intensive workshop was progress made in formulating studies of policies and regulations under Activity 2 (Dialogue).

2. **Project participants believe that progress is being made toward achieving project objectives.** Although progress is slow, two notable accomplishments cited were: a) private sector associations are concentrating more on issues to raise to the JPPSCC (Joint Public/Private Sector Consultative Committee) and b) more private sector representatives are included on government committees, contributing to acceptable policy decisions.
3. **Only Activity 3 (Thai Joint Agricultural Consultative Committee) has been on schedule and can show substantive results.** All other activities under the project are at least one year behind schedule. Activity 3 has developed linkages between the Thai and U.S. agribusiness communities and is actively supporting the development of several investment opportunities. No substantive policy or regulatory changes have resulted from Activity 2 (Dialogue), nor is the private sector any more capable of effecting such change as a result of the project. Due to start-up delay, the Board of Investment (Activity 1) reduced its role under the project by reducing the level of effort expected of its consultants who began work only in October 1984.<sup>1</sup>
4. **The Joint Standing Committee of Commerce, Industry and Banking is not the implementing agent for Activity 2 (Dialogue) as envisioned in the Project Agreement.** The Joint Standing Committee (JSC) does not, nor did it ever, have a Secretariat or staff to perform as required under the project. The Project Committee, a Sub-Committee of the JPPSCC (Joint Public/Private Sector Consultative Committee), has assumed the responsibility for Activity 2, diminishing the potential for the private sector to play as significant a role in formulating policies or regulations through the project as would have been the case if the JSC had been assisted in developing the capacity to perform this function. The fact that JSC representatives are members of the JPPSCC, and the Project Committee, does not diminish this deficiency in that this fact is simply the status quo, i.e., the JSC representatives have been members of the JPPSCC since its inception which pre-dates this project by several years. On the positive side, this weakness may have contributed to the Project Committee's decision to fund a study of the effectiveness of the overall JPPSCC process.
5. **Excessive emphasis is placed on Activity 2 (Dialogue).** Activity 2 represents only 13% of project resources, and its importance in achieving project objectives was diminished when the Joint Standing Committee did not assume responsibility. The Project Committee devotes a significant portion of its time to this activity reducing time for overall project administration. On the positive side, the regular Project Committee meetings called to consider studies under Activity 2 provide excellent opportunities for interaction between the Public and Private sectors.
6. **The Project Committee emphasizes the "dialogue process" over "private sector development" or investments.** A review of project documentation indicates that the intention was to generate private sector investment and to evoke policy and regulatory change at the instigation of the private sector to improve the investment environment. This is no longer the focus of the project.
7. **Over \$ 600,000 of project resources remain unprogrammed.** Over 17% of project resources remain unprogrammed under budget line items "Contingency Fund" and Activity 1. At the same time, the level of effort under Activity 3 (Thai Joint Agricultural Consultative

<sup>1</sup> The Evaluation Team has been advised that the role of the Board of Investment has not been reduced, only the level-of-effort of the consultants. No documentation was available to the Evaluation Team to confirm this advice.

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Committee) was reduced by one-third due to insufficient funds under that budget line item. There are no known plans for the use of these unprogrammed resources.<sup>2</sup>

8. There is no overall project implementation plan nor has the Project Committee required or reviewed implementation plans for the three activities. Little effort has been made by the Project Committee to assure the formulation of reasonable implementation plans against which progress could be measured or problems could be identified.

Project Design and Policy Implications:

1. Project goals and purposes should be specific, i.e., clear, concise and easily understood. The goal of this project is very broad and multifaceted, as evidenced by its three components each of which is a project in its own right. This breadth defies specificity in expected accomplishments and diminishes the likelihood of maintaining control over project administration.

2. Projects should include a realistic, reasonably detailed implementation plan and schedule to be negotiated with, and committed to by, the implementing agent(s). Perhaps as a result of the breadth and complexity of this project, there was no implementation plan or schedule provided to the implementing agent. This lack of targets or benchmarks lessens the sense of obligation to perform in a timely, effective and decisive manner. It also reduces the ability of the project manager to identify problems usually highlighted by slipping schedules.

3. During the Administrative Analysis of project design, care should be taken to assure claimed capacities are actual capacities. This project has suffered from two of the three sub-implementing agencies' inability to provide adequate human resources to perform their responsibilities, i.e., the Board of Investment and the Joint Standing Committee. Had this been recognized during design analysis, the means to satisfy these shortcomings could have been included in the project.<sup>3</sup>

Conclusions and Recommendations:

The overriding conclusion is that:

At the mid-point of the project, there is no indication that private sector business investment has increased as a result of project activities, but there is the likelihood that several investments will occur as a direct result of the project and there is the potential of project activities having a long-term impact on the investment environment.

The evaluators have reached the following conclusions (C) concerning the project and offer recommendations (R) which we believe could improve the likelihood of achieving project objectives.

1. C: The Project Committee has de-emphasized its project administration role.

R: The Project Committee should undertake an active project administration role.

<sup>2</sup> Contingency Fund equals \$347,843 and Activity 1 equals \$243,332 for a total of \$600,847. The Evaluation Team has been advised that the \$243,332 is to be used by the Board of Investment in support of investment missions, but no documentation was available to the Evaluation Team to support this advice.

<sup>3</sup> These deficiencies were highlighted by representatives of these organizations during evaluation interviews.

conducting a workshop as soon as possible involving representatives from each activity re-establishing the purpose of the project and developing work plans that assure progress in a fully coordinated manner. Efficient budget management techniques should also be included. As stated in 3 below, responsibility for Activity 2 should be that of the Private Sector.

- 2. C: The Board of Investment, due to human resource limitations, has delegated its project responsibilities to consultants.
- R: The BOI should develop a strategic plan for itself integrating the work plan of the project-funded consultants and demonstrating how benefits will be derived to the BOI from the involvement of the consultants, i.e., how the consultant designed and driven promotion program is being institutionalized within the BOI; how transfer of technology is occurring. This is not to say that the BOI should necessarily develop the capacity to carry out the functions now being performed by the consultants, but simply that the BOI as a participant and beneficiary of this project should have an independent plan.<sup>4</sup>
- 3. C: Activity 2 (Dialogue) concentrates on Public Sector interests.
- R: Every effort should be made to transfer the responsibilities of Activity 2 to the Private Sector, e.g., the Joint Standing Committee, as envisioned in the Project Agreement and to be more flexible in accepting study proposals. The intent of strengthening the capability of the Private Sector to address the Government should take precedence over the generation of studies.
- 4. C: The Thai Joint Agricultural Consultative Committee(Thai JACC) has inadequate resources to fulfill its role.
- R: The Thai JACC should be provided resources sufficient to retain staff for the life of the project and to establish a revolving fund for feasibility study financing. The potential for U.S.-Thai business linkages and technology transfer is the greatest for this component of the project.

<sup>4</sup>For example, if the BOI does in fact have a plan for the utilization of the remaining \$243,332 of project resources, it would be included in the recommended overall BOI plan.

## PROJECT IDENTIFICATION DATA

1. COUNTRY : Thailand
2. PROJECT TITLE : Private Sector in Development
3. PROJECT NUMBER : 493-0329
4. PROJECT DATES
  - a) Project Agreement: May 13, 1983
  - b) Final Obligation: On-going Project
  - c) Project Assistance Completion Date (PACD): May 1, 1987
5. PROJECT FUNDING:
  - a) A.I.D. Bilateral Funding: \$ 3.5 million grant
  - b) Local Currency Matching Funds: None
  - c) Other Major Donors: None
  - d) Host Country Counterpart Funds: \$ 1.57 million "in-kind"
  - e) Private Sector Contributions: \$435,000

Total Funding: Loan - None  
Grant - \$ 5.505 million
6. MODE OF IMPLEMENTATION: Host Country Contracting
7. PROJECT DESIGN: U.S.A.I.D. Bangkok, Office of Private Enterprise and Rural Employment
8. RESPONSIBLE OFFICIALS:
  - a) Project Officers: Jeffrey Evans 1983-
  - b) Mission Directors: Robert Halligan 1983-1985
9. PREVIOUS EVALUATION AND REVIEWS: None
10. COST OF PRESENT EVALUATION: N/A
11. DATE OF PRESENT EVALUATION: July 24 - August 30, 1985
12. HOST COUNTRY EXCHANGE RATES:
 

Beginning: approximately Baht 23 = \$ 1.00  
Ending : approximately Baht 27 = \$ 1.00

## PRIVATE SECTOR IN DEVELOPMENT SPECIAL INTERIM EVALUATION

### A. Summary Project Description

A major objective of the Royal Thai Government's (RTG) Fifth Development Plan was to better balance the country's economic development so that import dependence would decline, exports would rise, employment rates would be higher and economic activities would be distributed to areas outside of Bangkok and the central region. The role of the private sector in those efforts was recognized as especially crucial. The RTG gave a clear mandate to the private sector to expand its participation as a direct agent of change in the Fifth Development Plan and to participate directly with the public sector on planning and policy decisions. The RTG knew that vigorous private sector growth in development sectors would be necessary to provide jobs, mobilize required capital, provide management skills and technology and supplement the efforts of the increasingly overburdened Thai public sector development agencies.

U.S.A.I.D. Thailand and the RTG's Department of Technical and Economic Cooperation (DTEC) signed a \$ 3.5 million Project Grant Agreement (493-0329) on May 13, 1983. The goal was to contribute to the RTG's Fifth Development Plan structural adjustment objectives of improving Thailand's balance of trade and reducing unemployment problems, particularly in areas outside Bangkok. The purpose over a four year period was to increase private sector investment in employment generating, export oriented, resource based ventures in areas outside of Bangkok.

It was expected that a number of new investments and other business arrangements would be made in export oriented, labor intensive and natural resource based industries as a direct result of the surveys, promotional program, policy dialogue and U.S./Thai agribusiness linkages benefitting from assistance under the project. In addition, the relationships established between the private sectors in Thailand and the U.S. were expected to stimulate a steady flow of information on markets and new technology between the two countries. The improved policy analysis and planning capability established under the project to address private sector related issues were expected to result in realistic policies and regulations that would steadily improve the investment climate for industries particularly in priority development areas.

The project was intended to aid in meeting the abovementioned objectives by the following Activities<sup>1</sup>:

(1) providing technical assistance (\$ 2.551 million) to the Board of Investment (BOI) to undertake a selective analysis and marketing program to identify business opportunities consistent with Fifth plan objectives and to attract appropriate private enterprise participation in exploration of these opportunities, together with the equivalent of \$1.5 million to be contributed by the BOI;

(2) establishment of means for effective policy analysis by the private sector to analyze important issues and problem areas affecting private sector development and to recommend appropriate policies to the RTG (Royal Thai Government), by financing staff and studies (\$ 450,000) for the Joint Standing Committee for Commerce, Industry and Banking, together with the equivalent of \$60,000 to be contributed by the RTG and \$360,000 by the Thai private sector;

(3) establishment of linkages between private sector associations in agribusiness in Thailand with counterpart organizations in the U.S. to encourage mutual cooperation, transfer of technology and future business relations through staff support (\$ 75,000) for the Thai Counterpart of the U.S. Joint Agricultural Consultative Corporation, together with the equivalent of \$75,000 to be contributed by the Thai private sector.

<sup>1</sup> In addition, \$75,000 was budgeted for Evaluations and \$349,000 for Contingencies.

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Annex I presents the Logical Framework from the A.I.D. Project Paper.

### B. Summary Project Status

The Project Committee was formed and first met on August 15, 1983. **Activity 1:** The Board of Investment (BOI) signed a technical assistance contract with Arthur D. Little (ADL) on September 27, 1984. **Activity 2:** The Joint Standing Committee (JSC) was not found capable of carrying out its responsibilities as foreseen in the Project Agreement and the Project Committee assumed responsibility. Staff was obtained to assist the members of the JSC between January and March of 1984. A workshop was conducted in July 1984 to define the types of studies to be conducted. Project resources were also utilized in support of the Regional JPPSCC meetings (Joint Public/Private Sector Consultative Committee). **Activity 3:** The Thai counterpart (TJACC) to the U.S. Joint Agricultural Consultative Corporation (U.S.JACC) obtained its Managing Director in May 1984 although activities were conducted by the TJACC advisory committee prior to this appointment.

The Project Committee has met regularly since its inception, first monthly but now about every six weeks, to review the progress of BOI and TJACC activities and to decide activities to be carried out under the Activity 2.

Since the arrival of ADL, the BOI has produced promotional literature, participated in a Bangkok convention of U.S. business leaders to promote investment opportunities and conducted one trade mission to the U.S. focusing on the electronics industry.

The Project Committee has approved nine studies for project funding, one of which has been completed under the Activity 2. Support for activities of the Joint Public/Private Sector Consultative Committee (JPPSCC) has also been provided.

The TJACC has conducted a significant public relations campaign and has identified 14 joint venture opportunities, four of which are under active development.

The project is now at the 50% time-completion-point. Funds are 75% committed/earmarked, 88% of which are represented by the ADL contract. Project funds are 14% disbursed against this level of commitment and less than 11% disbursed against total project funding. 17% of total project resources remain unprogrammed.<sup>2</sup>

### C. Purpose of the Evaluation

A mid-term evaluation, covering the period from May 1983 to June 1985, was included in the original project evaluation plan as contained in the Project Paper. In recognition of the limited progress due to start-up delays, the Project Committee concluded that a full mid-term evaluation was inappropriate and chose to have a Special Interim Evaluation conducted by A.I.D. and DTEC (Department of Technical and Economic Cooperation) personnel. Detailed terms of reference were prepared by the Project Committee and provided to this evaluation team. Section E. herein is headed by the exact questions provided by the terms of reference.

An initial draft of this evaluation was submitted to U.S.A.I.D. Thailand for review on September 27, 1985. A number of comments were received on October 28, 1985. These comments have been addressed in this revised draft.

<sup>2</sup> The A.I.D. Project Officer advised that as of September 30, 1985, accruals totaled 31% of A.I.D. resources. Accrual figures were unavailable to the Evaluation Team for the period of May 1983 to June 1985.

## D. Evaluation Methodology and Introduction

### Methodology

As directed by the terms of reference, the evaluators reviewed project records and interviewed project committee members, consultants, analyst/planners and staff and directors of the relevant organizations. In addition, the evaluators interviewed several private sector representatives who have had direct contact with components of the project and some who have not. Twenty-five interviews were conducted and all relevant documents reviewed.

For ease in reference, this document refers to objectives of the project as Activities 1, 2 and 3, Investment Analysis and Promotion (BOI), Strengthen Private Sector Dialogue with the RTG and U.S./Thai Private Sector Linkage (TJACC), respectively, as described in Section A above.

### Introduction

To assure an appropriate perspective, several points should be made.

- The World economic situation has not been conducive to investment promotion in developing countries, including Thailand, throughout the life of the project.
- The BOI was and is not adequately or appropriately staffed to carry out the responsibilities of Activity 1. Senior officials of the BOI highlighted the fact that they do not have staff qualified to carry out activities similar to those being conducted by the consultants or even to be of much assistance to the consultants.
- The JSC had and has no staff organization which would enable the JSC to carry out the responsibilities of Activity 2.
- The terms of reference for this evaluation provided a framework which may have led to some biased investigation and to less general observations. For example, the question of coordination is a major focus for Activity 2, but it is never asked if the BOI coordinates with the ADL consultants; the effectiveness of TJACC is questioned, but not that of the studies conducted under Activity 2. The evaluators have assumed flexibility was intended to permit going beyond the terms of reference in an effort to make this document as useful as possible.

A general observation of the evaluators is that the Project Committee focuses far too much attention on Activity 2. It is the least likely component to contribute in an identifiable manner to achievement of the project purpose and represents only a small part of project resources. Even with the attention, it has produced fewer and less significant results than the other activities.

## E. Evaluation

The following presents the evaluation terms of reference questions as asked and provides a direct response. Every effort has been made to be brief and to the point. No attempt has been made to recount detailed information which is available in progress reports, minutes of meetings or the Status Report on Private Sector in Development Project, March 13, 1985, although they have all served as inputs to this evaluation and are occasionally referenced.

### **General Questions**

1. Determine progress toward the attainment of the project's purpose.

- **Purpose:** To increase private sector business investment in ventures which are primarily employment generating, export oriented, resource-based and outside the Bangkok area.

Of the three project activities, only two are directly supportive of the stated project purpose, i.e., **Activity 1, Investment Analysis and Promotion**, and **Activity 3, U.S./Thai Private Sector Linkage**. **Activity 2, Strengthen Private Sector Dialogue with the RTG**, is indirectly supportive based on the premise that the investment climate will be enhanced if there is a demonstration of genuine cooperation between the public and private sectors. At the mid-point of the project, there is no indication that private sector business investment has increased as a result of project activities, but there is the likelihood that several investments will occur as a direct result of the project and there is the potential of project activities having a long-term impact on the investment environment.

No substantive activity was undertaken under **Activity 1** until November 1984 when the Arthur D. Little (ADL) consultants arrived at the Board of Investment (BOI). Since that time, promotional literature has been prepared, several studies undertaken, a special focused promotional effort undertaken during a Bangkok-hosted Young Presidents' Organization (YPO) University, i.e., convention, and two trade missions conducted, one to Hong Kong on the toy industry (not directly project sponsored) and one to the U.S. on the electronics industry. No investment has taken place as a result of these activities, but there have been several visits by potential investors.

Nothing substantive occurred under **Activity 2** until after the July 1984 workshop in Pattaya. Since that time, one study has been completed, two more are underway and six more have been approved that will draw on A.I.D. project funds. The Public Sector participants view the submissions of the Private Sector to be poor quality, while the Private Sector views the overall initiative to be a Public Sector undertaking and with less than satisfactory results. The Public Sector lauds the process which is forming and taking place, but the Private Sector seeks substance. In addition, nearly \$10,000 of project resources were utilized in support of Joint Public/Private Sector Consultative Committee (JPPSCC) activities. Generally, those funds were used to prepare printed matter for the JPPSCC meetings in Chiang Mai and Hatyai.<sup>3</sup>

**Activity 3** made limited headway until a Managing Director was approved in May 1984. Since that time, promotional materials have been prepared and distributed and 14 potential joint venture opportunities identified with four now under active development. Expenditures of several hundreds of thousands of dollars have been made by potential joint venture partners, signifying genuine interest in investment in Thailand. It is unlikely that these potential joint ventures would have developed to this state without the initial introductory effort of the Thai JACC in conjunction with U.S. JACC.

2. Identify and analyze problems which may inhibit such attainment.

- The Project Committee has de-emphasized its project administration role.

The Project Committee focuses on **Activity 2** which impacts only indirectly on the project purpose and which represents only 16% of total project resources and 13% of A.I.D.'s contribution. No apparent effort is made to coordinate the three components of the project. With the exception of **Activity 2**, for which the Project Committee has assumed responsibility, no effort is made to review and comment on the work plans of project activities.

<sup>3</sup> Support for these Regional JPPSCC meetings is viewed as important by U.S.A.I.D., but JPPSCC Secretariat representatives were explicit in their minimization of the contribution of this project to the Regional meetings.

- The BOI, due to human resource limitations, has delegated its project responsibilities to consultants.

The BOI did not undertake any project-related activities until after the arrival of the consultants. The BOI expects \$400 million in investments as a result of consultant assistance based on the consultant's work plan. The BOI Steering Committee regularly meets with the consultants only monthly. As stated by the consultant and verified by the BOI staff, no one from the BOI staff works with the consultants on a daily basis. While not verified, at best only on-the-job training will be provided by the consultants for BOI staff now resident in the U.S. This may have been the intent as the Project Agreement language is unclear on this point.

- Activity 2 concentrates on Public Sector interests.

The Project Agreement called for the private sector's Joint Standing Committee to be responsible for Activity 2 with the intent of strengthening the Private Sector's capability to address the Government. Instead, responsibility rests with a sub-committee of the Joint Public/Private Sector Consultative Committee, an entity viewed by the Private Sector as a Public Sector Initiative. The NESDB constitutes the Project Committee Secretariat and is viewed as dominating the actions of the Project Committee. Most issues raised by the Private Sector for study under the project have been rejected by the Project Committee, as evidenced by Minutes of the Project Committee meetings. Studies undertaken and items for which project funds have been authorized to be spent have benefitted primarily Public Sector interests.<sup>4</sup>

- The Thai JACC has inadequate resources to fulfill its role.

The Thai JACC has only sufficient resources to retain staff for a two year period with no significant sum of funds to implement identified program activities. Support from the U.S. JACC has been less than satisfactory, requiring detailed project identification documentation before being able to identify potential U.S. partners. Thai JACC is unable to provide any assistance to Thai firms in their efforts to be responsive to such requirements.

### 3. Recommend solutions to any problems found.

- The Project Committee should undertake an active project administration role, conducting a workshop as soon as possible involving representatives from each project activity re-establishing the purpose of the project and developing work plans that assure progress in a fully coordinated manner. Efficient budget management techniques should also be included. As stated below, responsibility for Activity 2 should be that of the Private Sector.
- The BOI should develop a strategic plan for itself integrating the work plan of the project-funded consultants and demonstrating how benefits will be derived to the BOI from the involvement of the consultants, i.e., how the consultant designed and driven investment promotion program is

<sup>4</sup> Strong exception has been taken to this statement as it appeared in the initial draft. The Evaluation Team makes this statement based on statements made by interviewees primarily, and on documentation secondarily. Minutes of Meetings, the Status Report and a special listing prepared by the U.S.A.I.D. Project Officer all differ on what studies have been approved and conducted, supporting the claim that consolidated information is lacking for evaluation purposes.

being institutionalized within the BOI; how transfer of technology is occurring. This is not to say that the BOI should necessarily develop the capacity to carry out the functions now being performed by the consultants, but simply that the BOI as a participant and beneficiary of this project should have an independent plan.<sup>5</sup>

- Every effort should be made to transfer the responsibilities of Activity 2 to the Private Sector, e.g., the Joint Standing Committee, as envisioned in the Project Agreement and to be more flexible in accepting study proposals. The intent of strengthening the capability of the Private Sector to address the Government should take precedence over the generation of studies.
  - The Thai JACC should be provided resources sufficient to retain staff for the life of the project and to establish a revolving fund for feasibility study financing. The potential for U.S.-Thai business linkages and technology transfer is the greatest for this component of the project.
4. Determine if appropriate information is being collected to enable subsequent evaluations to be done and to recommend improvements to such data collection if necessary.
- Appropriate information is not being systematically collected to enable evaluations. The only information available to the current evaluators was a Status Report on Private ... Sector in Development Project, prepared March 13, 1985, covering activities through December 31, 1984, and Minutes of the Project Committee Meetings in Thai, a portion of which had been translated into English in summary form. The bulk of historical and project specific information is dispersed among the three project entities; all of which could be compiled regularly by the implementing agent, i.e., the Project Committee.
  - Work plans resulting from the recommended Project Committee Workshop will provide a basis for project management by the Project Committee. Minutes from a proactive Project Committee together with such work plans will provide a better resource for subsequent evaluations. There is no substitute for or solution to the absence of consolidated original base line data or an implementation plan presented in the Project Paper.
5. Recommend a plan and the timing for a subsequent evaluation.
- Given the lack of progress under this project, an additional Special Interim Evaluation should be conducted one year from now, i.e., July 1986. The plan for that evaluation should be a topic for discussion and resolution at the recommended Project Committee Workshop.
  - Assuming the recommendations made herein are adopted, the only additional Evaluation required should be the end-of-project evaluation. Again, the plan should be addressed at the Project Committee Workshop.

## Activity 1

### 1. Investment Analysis and Promotion

<sup>5</sup> For example, if the BOI does in fact have a plan for the utilization of the remaining \$243,332 of project resources, it would be included in the recommended overall BCI plan.

a. Whether the work under this part of the project is proceeding as envisioned in the Project Agreement.

□ The following is text taken directly from the Project Agreement.

- Section 5.2(a) of the Project Agreement requires the Grantee:  
To ensure that the Board of Investment (BOI) provides to A.I.D. an annual business opportunities identification and promotion plan, and associated BOI budget approved by the Council of Ministers, for FY 1984 and each succeeding fiscal year during Project implementation. These plans will indicate program objectives, publicity campaigns, scheduled major events, organizational responsibilities and arrangements, as well as other aspects of BOI activities which are related to Project objectives.
- Project Agreement Annex 1, para A., states:  
...providing technical assistance to the Board of Investment (BOI) to undertake a selective analysis and marketing program to identify business opportunities consistent with Fifth plan objectives and to attract appropriate private enterprise participation in exploration of these opportunities;...
- Project Agreement Annex 1, para B., states:  
1. Identification and Marketing of Business Opportunities.  
This component will provide technical assistance to the Board of Investment (BOI) to (1) help identify and analyze investment and technology licensing or contracting opportunities that could contribute to Thailand's structural adjustment objectives; (2) assist in designing promotional campaigns that would help alert local businessmen to opportunities as well as help obtain necessary investment, market linkages and technology from developed countries (particularly U.S.) private sectors to address the identified opportunities; (3) help carry out the promotion campaigns by preparing necessary materials, identifying target investors/licensors/contractors, programming media, providing personal follow-up service to attract investors to Thailand; (4) helping arrange business missions/seminars (for potential investors and bankers) in the U.S. and in Thailand to facilitate the investment process and match up joint venture partners; and (5) helping train BOI personnel in the U.S.

The analysis and promotion effort will focus on investment which has the potential to be employment generating, export oriented, resource-based and lying outside the Bangkok area.

Approximately five to ten surveys will be carried out during the life of the Project to determine good business prospects in a range of subsectors which meet the government's structural adjustment criteria. After screening, attractive opportunities will be incorporated into one of the three planned promotion campaigns to be carried out under the Project and aimed particularly at U.S. businessmen. A different campaign is planned for each Project year after year 1, and each campaign will focus on a target audience followed by personal contacts and investment missions arranged for interested business groups. Project consultants in conjunction with BOI will also assist potential investors to locate local business partners and provide available survey material and other materials to them upon request.

- Project Agreement Annex 1, para C., states:

**Activity 1 is at least one year behind schedule. The BOI has not submitted to A.I.D. an annual business opportunities identification and promotion plan for either Fiscal Year 1984 or 1985<sup>6</sup>. Technical assistance has been provided to the BOI, as of September 27, 1984, in the form of a contract with Arthur D. Little (ADL), together with Ruder, Finn and Rotman (RFR) and SGV.**

Due to the delay in obtaining technical assistance, the BOI reduced the level of effort required from ADL from the anticipated 36 months to 27 months and decreased the content of that effort. Of the five activities envisioned to be provided by ADL (ProAg Annex 1, para B.): activity (1) is being carried out; activity (2) is limited to developed country linkages with little or no effort extended to involve local businessmen; activity (3) is being well fulfilled; activity (4) does not appear to be occurring nor does there appear to be plans to perform this activity with respect to "In Thailand", while the contents of U.S. trade missions certainly do fulfill this activity; and the performance of activity (5) is unclear but at best is limited to on-the-job training for the staff of the New York office of the BOI.

The first promotion campaign (i.e., electronics trade mission) to the U.S., met the government's structural adjustment objectives criteria but did not clearly meet the Project Agreement criteria. That is, electronics industries will not be resource-based nor are they likely to be located very far from Bangkok, and in Thailand with an import bill exceeding \$150 million annually for electronic goods, it is probable that some "import substitution" will be the motive for investment as opposed to exportation<sup>7</sup>. It is indeed highly probable that any such industry will be a major employer, although the Sixth Development Plan highlights the shortage of both appropriately skilled workers and trainers to provide those skills. This will require investing electronic firms to provide basic to advanced training to meet their labor requirements.

On the positive side, the BOI was "geared up" for an electronics mission as a result of a 1984 fact finding trip to the U.S. on this industry. This enthusiasm combined with the consultants' experience provided an excellent demonstration of how an effective trade mission should be conducted.

- On a time basis and as compared to the implementation schedule contained in the A.I.D. Project Paper, Activity 1 is one year behind schedule. On a financial basis, 90% of the allotted funds have been obligated, and 10% have been disbursed which represents only 23% of the level that was envisioned to have been disbursed by the end of Year 2 (but is on target for the Year 1 budget).<sup>8</sup> The consultant's level of effort has been reduced forcing an attenuated promotion campaign planning process and reducing the degree of involvement of local businessmen. Although responsible for implementation, no BOI staff has been assigned to work closely with the consultants.<sup>9</sup>

b. Progress to date and prospects for attracting U.S. investments.

<sup>6</sup> It is noted that the Fiscal Year 1985 plan was submitted in September 1985.

<sup>7</sup> The Investment Mission Report confirms that of the potential new investments most would be for the domestic production of electronic equipment now sold to and imported by Thailand.

<sup>8</sup> The Evaluation Team has been urged to report on an accrual basis. Documentation available to the Evaluation Team from project files and the U.S.A.I.D. Office of Finance reported no accruals.

<sup>9</sup> This claim is based upon statements made by BOI officials including Mr. Staborn and Mr. Chakchai.

- The electronics trade mission to the U.S. has only recently been completed. At least two U.S. firms have since visited Thailand. It is too early to determine the likelihood of success.
- c. The appropriateness of the consultant's plan for monitoring progress in attaining the project's objectives.
- It is not clear that the consultants have been required to develop a plan for monitoring progress in attaining the project's objectives, nor do they appear to be doing so. The consultants do submit detailed plans and progress reports relative to the terms of their contracts.

## Activity 2

### 2. Strengthen Private Sector Dialogue with the RTG

- a. Whether the work under this part of the project is proceeding as envisioned in the Project Agreement.

□ The following is text taken directly from the Project Agreement.

- Project Agreement Annex 1, para A., states:  
...establishment of means for effective policy analysis by the private sector to analyze important issues and problem areas affecting private sector development and to recommend appropriate policies to the RTG, by financing staff and studies for the Joint Standing Committee for Commerce, Industry and Banking;...

- Project Agreement Annex 1, para B., states:  
2. Strengthen Private Sector Analysis Capabilities and Dialogue with RTG  
To strengthen the capabilities of the private sector to contribute more to the formulation of Thai Government policies that affect the private sector, the Project will finance professional staff for the representative private sector organizations which play a leading role in current dialogue with the RTG. In addition, the project will finance a series of studies on issues surfacing in this dialogue.

- Project Agreement Annex 1, para C., states:  
The three analyst/planners to be provided under the component to strengthen the private sector's dialogue with the RTG will fit into the ongoing relationships already established. The senior analyst/planner will serve the Secretariat which serves as a liaison between the JSC and the JPPSC. This person will be provided office space and support by NESDB but may at times be located at ATI or TCC depending on the nature of ongoing work. The other two analyst/planners will be located at and supported by ATI and TCC. The analyst/planner for ATI will also assist the Thai Bankers Association. The analyst/planner for TCC will also assist the Board of Trade.

The two analyst/planners will work with their organizations and the senior analyst to identify issues to be analyzed.

The senior analyst will present recommendations for studies through the Secretariat, to the JSC for consideration. The JSC will determine the organization which will sponsor the study (ATI, TCC or TBA). The Secretariat will advise A.I.D. of the study to be undertaken, its scope, and costs. The analyst/planner associated with the sponsoring organization will recruit

Individuals or firms to carry out the studies, oversee conduct of the studies, and present the results of the studies to the leadership of the organization. When the JSC advises AID that the study has been completed, and provides AID with a copy of the study, AID will reimburse the sponsoring organization for the cost of the study.

The appropriate analyst will arrange for JSC consideration of the organization's recommendation based on such studies and will assist in the transmittal of the JSC recommendation to the Consultative Committee.

**Activity 2** is at least one year behind schedule and is not being implemented in the manner envisioned in the Project Agreement. The Joint Standing Committee for Commerce, Industry and Banking (JSC) does not play an active role, much less serve as the Implementing Agent. No studies analyzing important issues or problem areas affecting private sector development have been completed using Project funds. Emphasis has been placed on "the dialogue process" and not on "private sector development". This has resulted in most effort being applied to supporting the activities of the JPPSCC and not to the substantive objectives of the JPPSCC. The three analyst/planners have been provided and are generally fulfilling their roles. Financially, Activity 2 is over 100% committed/earmarked, having drawn on Contingency Funds<sup>10</sup>, but only 28% disbursed as compared to the planned 47% disbursement level at project mid-point.

• **Work is not proceeding as envisioned in the Project Agreement.**

- b. How the analyst/planners are being used by their respective organizations and how this use relates to attainment of the project objectives.

The Senior Analyst/Planner (A/P) was supposed to be located at NESDB and serve the Secretariat that serves as liaison between the JSC and the JPPSCC (Joint Public/Private Sector Consultative Committee). In fact, the Senior A/P is located at NESDB but serves the NESDB-staffed Secretariat to the Sub-Committee of the JPPSCC which serves as the Project Committee. The JSC has no apparent role in the project except insofar as the JSC members are themselves members of the JPPSCC and the Sub-Committee. In any event, the Senior A/P focuses on issues identified by government offices, prepares the Agenda for the Project Committee meetings and meets monthly (or once before the Project Committee meetings which are usually every six weeks) with the other A/Ps. The Senior A/P has also assumed the support role to the Thai Bankers Association (TBA) for which two study proposals have been approved. The Senior A/P has been more successful in having study proposals accepted than the other A/Ps, but the initial study was a cataloguing effort and did not address anything affecting private sector development.

The Thai Chamber of Commerce (TCC)/Board of Trade (BOT) A/P is located at the TCC/BOT and is performing all services required under the contract. This A/P is particularly responsive to the requirements of the sponsoring organization performing analytical services beyond the scope of the project.

The Association of Thai Industries (ATI)/TBA A/P is located at the ATI but does not represent the TBA. This A/P performs in a more independent manner than the other A/Ps in addition to being responsive to the requirements of the ATI.

- **Without the JSC as the focal point for these Analyst/Planners, it is not clear how their efforts relate to attainment of project objectives.**

<sup>10</sup> These are overall project Contingency Funds budgeted at \$349,000 in the Project Agreement, and not contingency funds for Activity 2 only.

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c. Coordination between the analyst/planners.

As mentioned above, the A/Ps meet at least once before each Project Committee meeting usually held every six weeks. This is not indicative of close coordination and may be part of the reason many of the TCC and ATI study proposals are rejected at their first presentation to the Project Committee. A structural constraint to closer coordination is that each A/P is an employee of their respective sponsoring organization and as a result appropriately responds first to their employer, with the exception of the Senior A/P who is employed by ATI but serves and performs as responsible to the NESDB-staffed Secretariat.

• There is insufficient coordination.

d. The effectiveness within their organizations of the analyst/planners.

The Senior A/P is the most effective in obtaining approval for proposed studies. As the Secretariat of the Sub-Committee is the screen for proposed studies, the Senior A/P's location provides an advantage for developing study proposals that are responsive to the desires of the Secretariat, i.e., the Senior A/P is able to informally review ideas before presentation.

The TCC/BOT A/P is one of many analysts on the staff of TCC. The project has provided an opportunity for the TCC to obtain the services of an A/P that can be dedicated to finalizing many studies which the TCC had begun and to obtain funding assistance to complete those studies. The TCC and the A/P both feel that the level of effectiveness is adequate.

The ATI A/P is one of many analysts on the staff of ATI. The ATI does not appear to approach the project in the same manner as TCC. The A/P is not being utilized in the same manner, but is providing support for the ATI and the objectives of the project in an effective manner.

• There are mixed results with respect to effectiveness.

e. Support provided to the analyst/planners by their organizations.

All A/Ps are receiving adequate material support from their organizations. Each, as well, receives management support when presenting proposals to the Project Committee.

• Logistic support has been forthcoming.

f. The procedures for surfacing for policy study, for contracting/implementing the studies, and for considering the results of studies.

The Senior A/P both responds to and actively solicits suggestions from government offices. The TCC A/P responds to suggestions of the TCC Board and generates original ideas from analysis of trade data. The ATI A/P actively solicits suggestions from various sources, within and outside ATI, and generates original ideas from analysis of data. The review process prior to submission to the Project Committee has been slower than anticipated.

Contracting/implementing is uniform. The sponsoring organization recommends the proposed contractor at the time of proposing the study to the Project Committee. If approved, a direct contract is let; the contractor implements.

As no studies have been completed that have results for consideration; it is unknown how results will be considered.

Identification and implementing procedures appear adequate.

- g. The effect of this component of the project on strengthening the role of the private sector in the Joint Public Private Sector Committee.
- There does not appear to be any appreciable strengthening of the role of the private sector in the JPPSCC as a result of this component of the project because of the decision to shift responsibility away from the JSC resulting in only a slight modification to the status quo.
- h. Prospects for institutionalizing the work of the analyst/planners in their organizations including support for analysis capability, and staff development plans in ATI, TCC, and the JPPSCC secretariat.

As mentioned, all organizations involved, i.e., NESDB, TCC, BOT, ATI, TBA, already have the equivalent of the A/Ps on their staffs performing similar work, although none were dedicated solely to generating material for consideration by the JPPSCC. The TCC, ATI and TBA each view one of their primary roles to be dialogue with the Public Sector on behalf of their membership. Also, this role clearly has been recognized by the Public Sector as evidenced by the long-standing membership of the TCC, ATI and TBA on the JPPSCC. It is unlikely that any organization will maintain such dedicated A/P staff following the project with the exception of NESDB which staffs the Secretariat and already has many analysts on its staff with the Senior A/F overseeing one of many concerns of the NESDB. There are no known changes to staff development plans of any of these organizations as a result of this component of the project.

- Generally, such work is already institutionalized.

### Activity 3

#### 3. U.S./Thai Private Sector Linkage

- a. The work plans and previous activities of TJACC staff.

Activity 3 had a slow start, obtaining a Managing Director ("Staff") only in May 1984, but the TJACC Advisory Committee's active role enabled the activity to be on schedule. The Staff has regularly prepared detailed progress reports and work plans. Initial activities focused on public relations, extending an awareness of TJACC as broadly as possible. Financial institutions were originally targeted as likely sources for project opportunity leads. It was subsequently determined that by the time such an institution is aware of a project, the partners have been found. Consequently, most promising leads have come from public relation efforts, resulting in an expansion of those efforts.

- Work plans and activities have been adequate.

- b. The effectiveness of future and previous work on linking Thai and U.S. agribusiness.

A total of 14 likely joint venture opportunities have been identified by TJACC. Of these, four are under active development. It may be assumed that TJACC will become more effective in the future as it learns from experience, e.g., the shift from reliance on financial institutions as project originators to public relation efforts. TJACC is constrained in how effective it can be by how effective its U.S. counterpart is.

- The concept and implementing strategy appears to be effective.

- c. The role of TJACC.

The Project Agreement defines the role of TJACC as follows:

- Project Agreement Annex 1, para A., states:  
...establishment of linkages between private sector associations in agribusiness in Thailand with counterpart organizations in the U.S. to encourage mutual cooperation, transfer of technology, and future business relations through staff support for the Thai Counterpart of the U.S. Joint Agricultural Consultative Corporation.
- Project Agreement Annex 1, para B., states:  
3. Establish Linkages Between U.S. and Thai Private Sector Organizations  
The objective of this component will be to provide a basis for informal technical cooperation between Thai agroindustries and U.S. agroindustries. The project will provide funds for a small office staff for the Thai Counterpart of the Thai/U.S. Joint Agricultural Consultative Corporation (JACC) Committee for three years. JACC is a non-profit organization established to supply staff and other administrative support services to individual country agribusiness committees. This funding is expected to facilitate rapid initiation and expansion of linkages between agribusiness interests in the two countries. Other support for JACC in Thailand will come from the private sector.
- Project Agreement Annex 1, para C., states:  
The staff of the Thai JACC Committee will be recruited by the TCC. AID will provide TCC with an agreed amount of project funds to pay the salaries of this staff.

d. The role U.S. JACC.

The U.S.A.I.D., Bureau for Private Enterprise, Grant Agreement to U.S. JACC defines the purpose and role as follows:

- ...to facilitate the transfer of U.S. agribusiness technology, marketing and managerial skill to private for-profit agribusinesses in selected developing countries.
- ...(1) assist in the formulation and organization of U.S. and overseas counterpart JAC Committees for specified target countries; (2) work with these committees "to help them identify for-profit agribusiness investment opportunities and technical assistance needs in selected developing countries and to facilitate the transfer of U.S. management and technical experts to specific LDC agribusiness enterprises."

e. The nature of the relationship between the two.

There would not have been a TJACC if it had not been for the efforts of U.S. JACC. TJACC would not be as effective as it is if it were not for the several visits by representatives of U.S. JACC. By design, the two JACC organizations are inextricably linked; in practice, they are indeed linked. The only significant flaw in design and practice is the perceived requirement by U.S. JACC for a relatively detailed project proposal from TJACC before U.S. JACC can seriously pursue a potentially interested U.S. agribusiness concern. The U.S. JACC "Application Form", if accurately completed, is nearly a completed feasibility study in summary form. Worldwide studies have shown that detailed feasibility studies are not usually completed until after potential project partners have been identified. Hence, TJACC is placed at a disadvantage.

- The relationship is one of mutual dependence.

f. TJACC's effectiveness in representing Thai agribusiness.

Relative to U.S.JACC, its model, TJACC is very effective in representing Thai agribusiness. Its membership exceeds in number that of the U.S.JACC, and its integration within the Thai Chamber of Commerce (TCC) provides an excellent avenue into the rural provinces where project opportunities can be found. Further, TJACC has extended itself beyond the TCC and has introduced its services to members of the Association of Thai Industries (ATI). TJACC is not in a position to provide assistance to Thai firms desiring to complete the U.S.JACC Application Form which, if it were, would greatly enhance its effectiveness. TJACC members believe it will continue after project support ends through member and TCC support.

- TJACC is very effective.

g. TJACC's procedures and plans for monitoring the results of their work and reporting this work.

TJACC stays in close contact with the principals of all potential business relationships resulting from a JACC initiative. The plans and progress reports regularly prepared by the Staff are detailed and extensive. It is not clear that "procedures" have been established or that they need to be in the operation of a one professional and one clerical person organization.

- TJACC procedures and plans are adequate.

Overall Project Concerns

a. The effectiveness of the Project Committee in implementing the overall project.<sup>11</sup>

The Project Committee does not appear to attempt to implement (or serve as an administrator for) the overall project. No effective measures were taken to maintain project implementation progress, as evidenced by the overall one year delay in project performance. In the face of delays, the Project Committee endorsed reductions in the levels of effort rather than suggesting an extension to the life of project to maintain full effectiveness. At the mid-point of the project, over \$ 600,000 of project funds remain unearmarked, i.e., over 17% of all resources provided by A.I.D.<sup>12</sup> This is particularly significant when compared to disbursements to date which are only slightly over half that amount.<sup>13</sup> The Project Committee should be concerned with the effective utilization of these resources. Appropriately, Activity 1 is left to the BOI for management and Activity 3 is left to TJACC itself. The Project Committee focuses almost solely on Activity 2, which under its management, has concentrated on the activities of the JPPSCC rather than the full purpose as stated in the Project Agreement. At Project Committee meetings, progress reports are heard from the responsible entities for Activities 1 and 3. No effort is made to assure that work plans are in place against which to measure the significance of the reports of progress made. No effort is made to assure coordination between the elements of the project, the most glaring example of which is the expressed lack of concern under Activity 2 with policies and regulations affecting foreign investment, while Activities 1 and 3 concentrate only on foreign investment. No effort has been made to encourage

<sup>11</sup> The Evaluation Team has assumed that the meaning of "implement" as used here is synonymous with "administration" and is not meant as "activity management" which has been appropriately left to three sub-implementing entities.

<sup>12</sup> \$253,031 under Activity 1 plus \$347,843 under budget line item Contingency Funds equalling \$600,874.

<sup>13</sup> The Evaluation Team has been advised that reporting on an accrual basis would provide a more accurate picture. The Evaluation Team agrees but was not provided with documentation supporting such claims.

whatever change is required that would permit a private sector organization, such as the Joint Standing Committee, to manage Activity 2 as called for in the Project Agreement.

- The Project Committee is not effective in implementing the overall project.

b. The use and effect of contingency funds.

Only \$ 1,157.00 of the \$ 349,000.00 in Contingency Funds have been utilized (although the March 13, 1985, Status Report indicates utilization of approximately \$ 4,176.00). The use has been insignificant.

\$ 20,400.00 of the \$ 50,000.00 available for "PSCC Initiatives" under Activity 2 have been committed and \$ 9,685.00 disbursed. This budget line item is viewed by some members of the Project Committee as "contingency funds". The disbursed amount was used in support of the Chiang Mai and Hatyai meetings of the JPPSCC. The \$ 10,715.00 balance is for "Audio Visual Aids" to be used to promote the activities of the JPPSCC. These funds were to have been administered by the NESDB in support of JPPSCC activities, and it appears that that is how they are being used.

\$ 253,031.00 remains unearmarked under Activity 1 as a result of the reduction in the level of effort required of the consultants for which a larger sum had been allocated.<sup>14</sup> It is unclear why \$ 15,165 of Activity 1 unearmarked funds were used for travel expenses of BOI personnel. Such expenses might more appropriately have been met by the \$ 1.5 million contribution to the project expected from the BOI. (Note: The Status Report on Private Sector in Development Project, March 13, 1985, does not include a BOI financial report as it does for the other project participants which would indicate what contributions BOI has made to the project.)

A total of \$ 600,874.00 remains unearmarked, combining the "Contingency Fund" and Activity 1. This represents over 17% of A.I.D.'s resources and nearly 11% of total project resources. With all anticipated contracts in place and inflation running below 5% in both Thailand and the U.S., these funds should be programmed.

- The contingency funds have had little effect since they have not been used; they represent un-utilized resources which should be programmed.

c. The prospects for completing the project on schedule.

There is no implementation schedule contained in the Project Agreement, there is only a Project Assistance Completion Date which is May 1, 1987. Based on contract dates, the project will end on schedule. Meeting this schedule has been at the expense of level of effort and expected accomplishments. The full scope of the Project Agreement will not be completed by the end of the project. The only component not constrained by contract performance is Activity 2, and it is probable that 20 studies will be completed by the end of the project based on the present rate of progress.

Extending the Project Assistance Completion Date by one year in recognition of the one year delay in start-up would enhance the likelihood of achieving the planned outputs under Activity 2. There would be no benefit to Activity 1 by such an extension without a major amendment to the contract with

<sup>14</sup> The Evaluation Team has been advised that "the \$253,000 is basically being used for work in conjunction with the promotion missions as originally intended though it was negotiated out of the contract (with A. D. Little) to provide more flexibility for OBOI (Office of the Board of Investment)". The Evaluation Team agrees that this appears to be how the funds have been used to date, but there was no documentation to support this reported earmarking of project resources.

Arthur D. Little reinstating activities deleted when the level of effort was reduced from 36 months to 27 months. That is to say, all planned investment promotion missions and related activities will be conducted as the contract now stands, with only training and some domestic activities lacking. The limited benefits to be derived from such an amendment exercise do not warrant a recommendation to pursue it. Activity 3 would greatly benefit from an extension of time to the original plan of 36 months. However, this extension would not require an extension of the overall project. As it now stands, Activity 3 will end one year before the end of project. Rather than recommend an extension of the overall project to benefit only Activity 2, it is recommended that the Project Committee concentrate less on seeking study proposals that foster the dialogue process and accept proposals which analyze problems affecting private sector development and concentrate on strengthening the capability of the Private Sector to address the Government.

The U.S.A.I.D. Project Paper contained an implementation plan. Based on the negotiated contract and Arthur D. Little work plan, Year 1 and 2 activities will be completed in Year 2 under Activity 1. The JSC (Joint Standing Committee) has never been responsible for Activity 2. Although logistic and administrative matters were completed in Year 1, substantive activities for Year 1 were only begun in Year 2. No "study plans" have been developed. Only TJACC (Activity 3) met the schedule in Year 1 and remains on schedule. No base line evaluation data was systematically collected and consolidated.

• Project Paper Implementation Plan is as follows:

	<u>PCI</u>	<u>JSC</u>	<u>T/JACC</u>	<u>General</u>
Year 1 6/83- 5/84	Develop TORs for consultant, solicit expressions of interest, review proposals, negotiate contract. Consultant arrives. Develop scope for investment surveys and promotion campaign.	Hire staff. Procure office equipment. Develop study plan. Complete initial studies.	Hire staff. First USJACC/ TJACC meetings.	Satisfy C.P.s. Collect base line evaluation data.
Year 2 6/84- 5/85	Complete first round investment surveys. Initiate promotion program. First investment mission. Plan 2 <sup>nd</sup> round investment mission.	Continue studies. Develop study program for year 3.	Major US/ TJACC meeting.	Year end evaluation.
Year 3 6/85- 5/86	Complete second round investment surveys. Second promotion campaign. Second investment mission.	Continue studies. Develop study program for year 4. Determination of private staff financing.	Major US/ TJACC meeting. Plan for private sector staff financing.	
Year 4 6/86- 5/87	Third promotion campaign. Third investment mission. Contract completion.	Complete AID funded studies and staff financing.	Continued US/ Thai contacts	Final evaluation.

• A "reduced level of effort" version of the project will be completed by the Grant's Project Assistance Completion Date. There is no other schedule by which to measure progress

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

FORM NO. 10  
REVISED 11/78

Private Sector in Development, Project No. 493-0329

INSTRUCTIONS: THIS IS AN OPTIONAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.

ANNEX I  
Life of Project From FY 83 to FY 87  
Total U.S. Funding \$3.5 Million  
Date Prepared: January 11, 1983

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Structure Thailand's economic growth to reduce trade deficits as percent of GDP and reduce unemployment, particularly outside Bangkok.</p>	<p>Measure of Goal Achievement: (A-2)</p> <ol style="list-style-type: none"> <li>Trade deficit decreased from 8.2% of GDP to 4.5% of GDP.</li> <li>Manufacturing employment to expand by an annual rate of at least 165,000 persons (7.6 percent).</li> <li>Rate of growth of employment in areas outside of Bangkok area exceeds that of Bangkok area.</li> </ol>	<p>(A-3)</p> <p>MESOB and Bank of Thailand reports.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <ol style="list-style-type: none"> <li>Imports of petroleum continue to decrease as other resources tapped.</li> <li>Free enterprise policies maintained with minimum government control.</li> <li>Government will continue to provide priority attention to efforts to improve investment climate and promote private investment.</li> </ol>
<p>Increase private sector investment employment generating, export oriented, resource based ventures areas outside of Bangkok.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status. (B-2)</p> <ol style="list-style-type: none"> <li>Private firms of all sizes providing new investments for priority development sectors.</li> <li>Increased flow of technology, market linkages and management improvements from U.S. private sector to Thai private sector in priority development sectors.</li> <li>Improved investment climate reflected by better tax and incentive structure for businesses in priority development sectors.</li> </ol>	<p>(B-3)</p> <ol style="list-style-type: none"> <li>Bank of Thailand and Board of Investment reports.</li> <li>Project Evaluations.</li> <li>Board of Trade and Association of Thailand Industries reports.</li> </ol>	<p>Assumptions for achieving purposes: (B-4)</p> <ul style="list-style-type: none"> <li>Adequate numbers of attractive investment areas and potential investors available.</li> <li>IBRD structural adjustment loan implemented as planned.</li> </ul>
<p>Intensive promotional program aimed at attracting private enterprise participation in priority development concerns.</p> <p>An effective policy analysis set for public/private sector relations.</p> <p>Linkages between industry groups in Thailand and U.S. for joint ventures.</p>	<p>Magnitude of Outputs: (C-2)</p> <ol style="list-style-type: none"> <li>(a) Ten investment surveys conducted (b) Three investment campaigns conducted.</li> <li>Minimum of 20 studies being acted upon for private sector related policy</li> </ol>	<p>(C-3)</p> <ol style="list-style-type: none"> <li>Project reports/records.</li> <li>Evaluations.</li> </ol>	<p>Assumptions for achieving outputs: (C-4)</p> <ul style="list-style-type: none"> <li>RTG/private sector relations do not deteriorate.</li> </ul>
<p>Technical Assistance Funds for investment and policy analysis targeted promotional campaign, staff support.</p>	<p>Implementation Target (Type and Quantity): (D-2)</p> <p>(See PP Budget for details.)</p>	<p>(D-3)</p> <p>Project Records</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>(As related to inputs)</p>