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FINAL PROGRAM AND FINANCIAL REPORT AND
PROJECT COMPLETION REPORT
OCTOBER 1987 - APRIL 1990
RURAL INDUSTRIES AND EMPLOYMENT PROJECT/
POLICY RESEARCH COMPONENT

PACMAR, INC.

30 MAY 1990



Pacific Management Resources

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REF: Rural Industries and Employment
Project/Policy Research Component;
Contract No. 493-0343-C-00-7071-00

Dear Mr. Grossmann:

Enclosed please find fifty copies of the "Final Program and Financial Report and Project Completion Report", which covers the period 1 October 1987 - 30 April 1990, for the Rural Industries and Employment Project/ Policy Research Component. This report is submitted to you as required by the above referenced contract (page 7, Section C [Description of Services]; 1. Statement of Work; Tasks and page 8 Reports and Deliverables).

This report presents details of the activities of the prime contractor, PacMar, Inc., the research team fielded by the Thailand Development Research Institute (TDRI), and the Harvard Institute for International Development (HIID), operating under subcontracts administered by PacMar, Inc., the prime contractor.

This is the last report that will be submitted to the U.S. Agency for International Development for the Policy Research Component of the Rural Industries and Development Project. Fifty copies of the Thai translation of this report will be submitted to you within 30 days, on or about 30 June 1990.

PacMar is pleased to have been of assistance to the USAID/ Thailand Mission and the Royal Thai Government on this assignment. I would like to thank the USAID/Thailand Mission on behalf of the prime contractor and the subcontractors for the assistance, support, and cooperation provided by all American and Thai staff.

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I would like to offer special thanks to Mr. Mit Pramuanvorchat and the staff of the USAID Controller's Office, for their support, speedy assistance, and efforts in facilitating all aspects of our work. We hope to have an opportunity to provide consulting services to USAID again in the near future.

Please contact me immediately for further information and any clarifications related to these reports.

Yours truly,

A handwritten signature in black ink, appearing to read "AM Zola". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Anthony M. Zola
Project Coordinator

cc: Dr. Gosah Arya/TDRI
Public and Private Sector
Consultative Division/NESDB
HIID = 2
PacMar/Hn1

TABLE OF CONTENTS

	Page
I. Introduction	3
II. Activities Undertaken During the Quarter	5
III. Activities Planned for the Coming Quarter	18
IV. Concluding Remarks	18
V. Financial Summary	

Appendices

Appendix 1: Research Program Work Schedule

I. INTRODUCTION

This is the second Annual Report and the Project Completion Report for the Rural Industries and Employment Project/Policy Research Component. The report covers the entire period of project implementation from 1 October 1987 to 30 April 1990.

The Policy Research Component of the Rural Industries and Employment Project was administered by PacMar, Inc. through a direct contract with USAID/Thailand. PacMar provided a Project Coordinator, Mr. Anthony M. Zola, who made periodic trips to Thailand to assist the Project Director and liaise with various participants in the project. PacMar also provided the services of a Senior Policy Analyst, through two different consultants, to assist the Project Director with technical aspects of the project. PacMar was responsible for providing administrative and accounting support services to the subcontractors engaged to undertake the research and for preparing progress reports.

PacMar engaged two subcontractors to conduct the major portion of the work on the Policy Research Component: the Thailand Development Research Institute (TDRI) and the Harvard Institute for International Development (HIID).

The purpose of the Policy Research Component was to develop the basis for a dialogue among Thai policy makers in the public and private sectors related to rural industrialization. This policy dialogue would evolve from an investigation of constraints to the establishment, expansion, and development of rural based industries in Thailand. The goal of this component was to provide the Thai Government with policy recommendations on crucial issues that would contribute toward formulation of a more comprehensive national industrial policy.

The policy research component had as its main objectives to establish and analyze factors explaining the growth of rural industries and determine the main constraints to rural industrial development; and, to define strategies for accelerated rural industrialization and identify areas where interventions would be crucial for increasing industrial activities.

Activities undertaken through this project are based on a proposal submitted to USAID/Thailand by PacMar, Inc. in September 1987, and as outlined in PacMar's contract subsequently signed with USAID in that same month. PacMar's services officially began on 1 October 1987. As stipulated in the PacMar contract, subcontracts to conduct the research program were signed with the Thailand Development Research Institute (TDRI) on 5 November 1987, and the Harvard Institute for International Development (HIID) on 3 June 1988. Dr. Gosah Arya was recruited and assigned by TDRI to serve as the Project Director and leader of the TDRI research unit. The Project Director recruited a team of research associates as required in the TDRI contract. He also organized research assistants and clerical staff to support the implementation of the research program.

A project Advisory Committee was selected by NESDB in consultation with USAID and the Project Coordinator. The Advisory Committee operated as a technical steering body for the research unit at TDRI. The Project Director with the assistance of the researchers completed a Research Definition/Work Plan which was reviewed by the Advisory Committee in April 1988, and approved at a committee meeting on 15 August 1988. The Research Definition included the scope of the issues being considered; analytical framework for conducting the policy research; an overview of past studies; identification of topics to be studied; a research program work plan which includes a plan for editing, synthesis, and dissemination of research results; details on members of the research team; and, abstracts of the research studies. The principal issues identified by the research unit and studied by the TDRI research team included the following:

- Policies, instruments and institutions for rural industrial development
- Role of demand in rural industrialization
- Industrial structures and inter-industry linkages
- Profile of regional industries, Labor markets in rural industries
- Rural industry finance and credit
- Dissemination of information and provision of services to rural industries

The Project Director recruited a team of eight researchers from local academic and government institutions who were available and had the academic credentials and experience to undertake the assignment. The members of this team were organized and began to meet regularly toward the end of 1987. Two short-term consultants, Dr. Seiji Naya and Dr. Bruce Koppel, were engaged by PacMar in early 1988, to assist the TDRI Project Director with the preparation of a Research Definition/Work Plan. HIID also sent two short-term specialists, Dr. Donald Snodgrass and Dr. Tyler Biggs, in mid-June 1988, to further assist the Project Director with the preparation of the Research Definition document. These two specialists worked with the Project Director to identify the need for additional HIID short-term specialists to assist with implementation of the research program.

The Research Definition document as approved by the Advisory Committee addressed the matter of a plan for synthesis and dissemination of the research results. A final Synthesis Report was prepared HIID specialists, while the Project Director summarized the findings of all research components and synthesized the recommendations to formulate strategies for provincial industrialization. The principal mechanism used to disseminate the research findings was a series of regional seminars, a workshop, and a final project seminar which was designed by TDRI to facilitate wider discussion of the findings.

II. ACTIVITIES UNDERTAKEN DURING THE REPORTING PERIOD

1. EXECUTION OF SUBCONTRACTS

PacMar's contract with AID stipulated that PacMar sign subcontracts with TDRI and HIID to undertake the policy research program and prepare the research studies.

A contract was successfully negotiated between PacMar, Inc. and TDRI, and signed on 5 November 1987. The contract called for TDRI to carry out the following tasks:

- assign a research director to supervise research
- select with the approval of USAID and NESDB topics to be studied
- organize a policy research program
- recruit a research staff to direct and carry out the research
- implement the study program
- complete the studies
- organize and implement a program to disseminate research results
- meet regularly with the Advisory Committee to explore ideas and report study progress
- identify additional subcontractor requirements

The total value of the subcontract was US\$ 530,963, with \$281,280 (53%) allocated to staff salaries; \$84,384 (16%) allocated to indirect costs; and, an additional \$165,299 (31%) for other direct costs including workshops and seminars, equipment, data processing, translation, and engagement of short-term field assistants to conduct regional surveys.

The prime contractor's contract with AID and the subcontracts funded by the prime contractor were extended on 1 November 1989, for six months, until 30 April 1990. A modification to the prime contractor's contract with AID was authorized by the Acting Regional Contracting Officer on 11 January 1990, whereby a portion of PacMar's budget was reallocated to TDRI to support an extension of the TDRI subcontract.

The reallocation of PacMar's budget resulted in an additional \$19,000 being made available to TDRI to complete the work between 1 November 1989 and 30 April 1990. This amount was a 4% (four percent) increase in TDRI's original budget. It was also a 12% (twelve percent) decrease in the Prime Contractor's original budget.

A contract was successfully negotiated between PacMar, Inc. and the Harvard Institute for International Development (HIID), and signed on 3 June 1988. The contract called for HIID to provide the following services:

- provide expert research consultants as necessary to assist the Project Director, his staff, and other participants in the project
- to select, design, and carry out studies undertaken as part of the project
- to disseminate the results of these studies through papers, seminars and other means
- provide short-term consultants to perform specific tasks identified in the Research Plan (Work Plan)
- throughout the life of the project, HIID will maintain a part-time resident coordinator in Thailand, who will be responsible for assisting TDRI in carrying out the project and for coordinating and supporting HIID's short-term consulting inputs.

Services provided by both PacMar subcontractors were completed on 30 April 1990. All documents required by the prime contract and the subcontracts were expected to be submitted to USAID on or about 31 May 1990. This will fulfill all contract requirements by all parties participating in the Policy Research Component.

2. TDRI RESEARCH UNIT

A principal task assigned to TDRI was to recruit and establish a research unit within TDRI to undertake the policy research outlined in the Rural Industries and Employment project.

Dr. Gosah Arya was selected as the Project Director who undertook the task of establishing a research unit at TDRI by recruiting researchers and support staff. He had completed this task by the end of February 1988.

The TDRI based unit consisted of the following research associates engaged on a full-time and part-time basis:

Director: Dr. Gosah Arya

Research Associates:

Dr. Somsak Tambunlertchai
Dr. Pradit Charsombut
Dr. Chesada Loha-unchit
Dr. Somluckrat Wattanavitukul Grandstaff
Mr. Wattana Na Ranong
Dr. Saroj Aungsumalin
Dr. Rachain Chintayarangsan
Dr. Paitoon Wiboonchutikula

The research unit was supported by full-time research assistants and two secretaries.

During the data collection phase of the research program, the research unit was augmented by the engagement of regional researchers at Khon Kaen University, Payab University (Chiangmai), Thammasat University, and Prince of Songkhla University. These regional research associates supervised the collection of primary data over a six month period in each region of Thailand, contributing significantly to the establishment of a database upon which the TDRI researchers could operate.

In addition to his work as the HIID field coordinator, Mr. Peter Brimble worked closely with the researchers and NESDB during project implementation. He attended regular meetings of the researchers and provided advice and assistance to researchers as needed and upon the request of the Project Director. Insights he gained from working closely with the research unit were important in his assisting the HIID consultants and the Project Director with preparation of the final Synthesis Report.

The TDRI research unit was well managed by the Project Director and supported by TDRI administrative staff throughout the course of the study. The unit worked well together, providing technical and administrative backstopping to the research associates.

3. ESTABLISHMENT OF AN ADVISORY COMMITTEE

The Advisory Committee was selected by NESDB in consultation with the Project Coordinator, USAID, and the Project Director. The unit responsible for establishing the committee was NESDB's Public and Private Sector Division. The composition and responsibilities of the Advisory Committee were discussed in detail in the course of several meetings at NESDB. The Advisory Committee operated as a technical steering body for the research unit at TDRI, and met several times yearly.

The following were members of the Advisory Committee:

Assistant Secretary-General of NESDB (Mr. Anuparb Sunananto)	Chairman
Assistant Secretary-General of the Board of Investment (Mr. Chakchai Panichpath)	Vice Chairman
Executive Vice President of the Thailand Development Research Institute (Dr. Narongchai Akarasaenee)	Member
Director, Planning Division, Department of Industrial Promotion	Member
Director, Fiscal and Tax Policy Division, Fiscal Policy Office, Ministry of Finance	Member
Secretary-General, Association of Thai Industries or Representative	Member
Secretary-General, Thai Chamber of Commerce or Representative	Member
Secretary-General, Thai Bankers Association or Representative	Member
Director of the Projects Section, Institute for Management Education in Thailand or Representative	Member
Representative from the Department of Technical and Economic Cooperation	Member
Director, Public and Private Sector Consultative Division, NESDB	Member
Expert, Commercial and Services Planning, NESDB (Mr. Santi Bangoh)	Member
USAID/Thailand Representative	Member
Chief, Industrial Planning Coordination Section, Public and Private Sector Consultative Division, NESDB	Member and Secretary
Project Director, Rural Industries and Employment Project/Policy Research component, TDRI	Member and Assistant Secretary

The responsibilities of the Advisory Committee were identified as follows:

1. Approve issues to be studied through operation of the research program.
2. Be informed of and make recommendations regarding matters presented in progress reports, related to issues being researched.
3. Make recommendations and approve of the results of the research program.
4. Make recommendations to the NESDB related to the use of the research results in formulating policies, to make maximum use of the research results.

The Advisory Committee met four times in 1988 and twice in 1989. One meeting of the Advisory Committee were held in 1990, on 2 April 1990, in the form of a workshop, where aspects of the final Synthesis Report were reviewed and strategies and measures proposed by the research unit were discussed. Recommendations made by members of the Advisory Committee as well as other participants in the workshop were incorporated into the Synthesis Report prior

to its formal presentation at the Final Project Conference on 21-22 April 1990 in Chonburi. Only minor changes were made to the Synthesis Report following the Final Conference. These changes were incorporated into the final Synthesis Report prior to the project termination date of 30 April 1990 and the printing of the final research reports.

The Advisory Committee has served well as a mechanism for policy dialogue among members of the private sector, industrial policy makers, and the researchers. Members of the Committee have participated actively in meetings, demonstrating an understanding of technical issues and showing a sincere interest in the work being undertaken by the researchers. Committee members were well prepared for meetings, having read material provided beforehand and offering constructive and substantive recommendations to the research associates. Members' comments and observations were incorporated into the research reports, so as to make research results as responsive to public and private sector needs as possible.

Although this Advisory Committee was a temporary unit, established for the specific purpose of providing guidance to the TDRI Project Director and the research associates, it is recommended that the Thai Government consider setting up a more permanent unit that will operate to review industrial policy being formulated by NESDB and other policy making units of the Government. Such an entity, if operated properly, can serve as a useful forum for the exchange of ideas between the two sectors as well as a review board for researchers engaged by foreign aid and RTG agencies to undertake research on industrial policy and development.

4. DEFINITION OF THE RESEARCH PROGRAM/WORK PLAN

The Research Definition/Work Plan was approved by the Advisory Committee at its second meeting on 15 August 1988. This document is the "Work Plan" referred to in PacMar's contract with USAID. This Research Definition/Work Plan was prepared by the TDRI Project Director, with assistance from short-term HIID and PacMar consultants, and in consultation with the Project Coordinator.

The principal research and technical tasks undertaken by TDRI and HIID, are detailed in the Research Definition/Work Plan. The plan defined a research approach and a time schedule for conducting the policy research and identified topics to be studied by the research unit. The plan reviewed the objectives of the research program and discussed the scope of the issues. An analytical framework for conducting the research was presented, which included a discussion of policies, rural firms, household demand, output and input markets. It went into considerable detail regarding an overview of past studies, followed by a synopsis of the research components.

The work plan included a discussion of the methodology used by the research unit to collect and analyze data; a criteria for a sampling frame in gathering primary data; and, a plan for conducting regional surveys of industrial facilities in rural areas. A plan for processing of survey results and a schedule for preparing draft and final reports were included.

The work plan also presented a plan for synthesis and dissemination of research results. It pointed out that a "synthesis report will be prepared that integrates the individual studies to address the three major questions" related to rural industrialization and to which the research is being addressed. In line with the work plan, the research results were presented to regional seminars, a workshop, and a final seminar "to facilitate wider discussion and dissemination of findings."

Activities undertaken by the research unit as proposed in the work plan included but were not limited to the following:

4.1 LITERATURE REVIEW

By the end of the first year of the project, TDRI had input data to its computers from the register of factories in all provinces of Thailand outside of Bangkok. This data was subsequently evaluated and used to generate samples and representative firms for field surveys undertaken by the regional research teams.

The researchers conducted a comprehensive review of literature, which included current Thai Government policies and those implemented under previous five year national development plans. The literature included studies of small and medium scale industries; rural off-farm employment; growth and employment linkages; policies and programs for promotion of small scale and regional industries; rural industrialization in Thailand; strategies for development of small and medium scale industries; subcontracting in rural areas; labor and employment in small scale manufacturing; financial structure and credit needs of small scale industries; as well as other policy measures related to various aspects of rural industrialization.

4.2 FIELD SURVEYS

The Project Director and the senior researchers implemented field surveys in four regions of Thailand. Using a comprehensive questionnaire to collect primary data, information was collected related to all the studies. Regional industrial surveys used two questionnaires and one set of guidelines to cover the three categories of people to be interviewed: entrepreneurs, laborers, and bank staff. Thai language copies of these questionnaires were included as part of the Annual Report (dated 17 October 1988) as Appendix 3.

Interviews were conducted of 220 firms in each region and 110 workers in each region. The set of guidelines were used to interview a sampling of banks and financial institutions in each region which provide credit and other financial support to rural industrialists. The activity achieved its goal to obtain an usable sample of 1,000 of an estimated total of 50,000 firms registered in Thailand.

TDRI engaged four institutions to assist with the collection of primary data through the use of the questionnaire, including:

- Southern Region: Prince of Songkhla University, with the Dean of the Faculty of Natural Resources responsible for the survey work;
- Northern Region: Payab University, with the Chairman of the Research and Development Center controlling the survey work;
- Northeastern Region: Khon Kaen University, with Dr. Terd Charoenwatana, of the Faculty of Agriculture responsible;
- Central Region: Thammasat University, with the Dean of the Faculty of Economics responsible for the survey.

The surveys were carried out during the last quarter of 1988, and in January 1989.

4.3 NESDB

The Project Director and an HIID consultant engaged through the project interacted on a regular basis with officers from NESDB's Joint Public-Private Sector Consultative Division, throughout the first year of the project and on a less intensive basis in the second year. In addition to regularly scheduled consultative meetings, the TDRI Project Director provided computer training for official staff at TDRI, on use of packaged software programs used on micro-computers.

The Project Director worked at NESDB for one-half day each week during the first year of the project, providing advice to policy makers on issues related to industrial development. He also reviewed and commented on policy papers, and assisted with review and organization of industrial data from NESDB and the Board of Investment.

The HIID field coordinator and project consultant, Mr. Peter Brimble, assisted the Project Director at NESDB, by acting as a liaison between the project staff and NESDB's representatives on the Advisory Committee. This required his working for one day per week in an advisory capacity with the Joint Public-Private Sector Consultative Division staff at NESDB. Mr. Brimble's work focused on the linkages among industrial policy issues identified by NESDB policy makers and those being studied by the research unit.

5. ASSIGNMENT OF RESEARCH STAFF

Following is a list of the research team members and the research topics assigned to them:

Dr. Gosah Arya, Project Director

Senior and Junior Research Associates:

Dr. Somluckrat Wattanavitukul Grandstaff, Senior Associate, responsible for "The Role of Demand in Provincial Industrialization."

Dr. Somsak Tambunlertchai, Principal Researcher, responsible for "A Profile of Regional Industries."

Dr. Chesada Loha-unchit, Principal Researcher, responsible for "Policies, Measures, and Institutions for Industrial Development."

Dr. Pradit Charsombut, Principal Researcher, responsible for "Provincial Industry Labor Market."

Dr. Saroj Aungsumalin, Principal Researcher, responsible for "Finance and Credit and Provincial Industrialization."

Dr. Rachain Chintayarangsan, Principal Researcher, responsible for "Industrial Structures and Inter-Industry Linkages."

Dr. Paitoon Wiboonchutikula, Principal Researcher, responsible for "The Household Demand for Goods Produced by Rural Industries."

Mr. Wattana Na Ranong, Principal Researcher, responsible for "Dissemination of Information and Provision of Services to Rural Industries."

During the period June 1988 through August 1989, the research associates met at least twice per month as a group, to review progress of the research on each topic, debate issues being studied, discuss aspects of the field surveys, and prepare presentations for meetings of the Advisory Committee. These meetings allowed researchers to identify points of overlap and conflict, and to exchange information on aspects of their research that were linked.

Pre-tests of the questionnaire were undertaken by the research unit as a team, in the course of field trips to meet with rural industrialists and entrepreneurs.

All of the researchers had opportunities to meet with visiting consultants from PacMar and HIID, to discuss strategy in data analysis and policy assessment related to each topic and to receive recommendations regarding approach and methodology used in conducting each study.

6. SUPPORT AND TIMING OF HIID CONSULTANTS

Four specialists from HIID provided technical assistance to the Project Director during implementation of the Policy Research Component, including: Dr. Donald Snodgrass, a development and labor economist and HIID's manager for this project; Dr. Tyler Biggs, an economist and manager of HIID's Employment and Enterprise Policy Analysis project; Dr. Michael Murray, an economist, formerly with the World Bank, specializing in industrial policy formulation and industrial program implementation; and Mr. Peter Brimble, an industrial economist, with several years of experience in industrial investment in Thailand.

The consultants met with the research associates in the course of several trips to Thailand, both as a unit and individually, providing recommendations related to the research framework, hypotheses, and approach and methodology used in conducting research on each topic. Meetings were held to review data compiled to date, and to examine the dynamic context within which each topic will be studied.

Dr. Snodgrass and Dr. Biggs were able to provide consultations offering a comparative analysis of the development of Thai rural industries and industrial development in the rural areas of Taiwan and Korea. They worked with the Project Director to identify documents and research materials available to TDRI through HIID and recommended readings for the research team related to rural industrialization.

Four memorandums were prepared by the HIID specialists, related work of the research associates, including:

- 1) "General Comments on Plans for Rural Industries and Employment Study";
- 2) "Some Comments on the Role of Demand in Rural Industrialization";
- 3) "Comments on the Draft Research Definition of the Rural Industries Finance and Credit Component of the Rural Industries and Employment Study"; and,
- 4) "Policy, Instruments, and Institutions".

In addition, Dr. Biggs and Mr. Brimble worked extensively on the draft final Synthesis Report that was presented at both a final workshop for the Advisory Board and selected private and public sector representatives and at the final project conference in April 1990. The final Synthesis Report was well received by the participants at both meetings and was revised for submission to USAID in May 1990.

HIID designated Mr. Peter Brimble as a part-time resident "Industrial Policy and Planning Coordinator" in Thailand, who assisted the Project Director in carrying out the project, and for coordinating and supporting HIID's short-term consulting inputs. Mr. Brimble worked well and closely with the Project Director, NESDB, and the Project Coordinator throughout the implementation of the component.

The principal tasks of the HIID coordinator included the following:

- 1) Work closely with the Project Director to provide advice and assistance regarding all aspects of the research component. In addition to interacting with the Project Director and researchers on a regular basis regarding the various study components, specific areas which have been identified include:
 - helping in the preparation of the final Synthesis Report;
 - conceptualizing additional ways of utilizing the results from the field survey and the comprehensive set of industrial establishment data being compiled by the project.
- 2) Coordinate the role of HIID short-term consultants to the project in order to maximize the value of their contributions and participate in the formulation and implementation of carefully selected additional studies with the other HIID consultants that will complement and support the main thrust and policy effectiveness of the rural industries project.
- 3) Act as a liaison between the project staff and the members of the Advisory Committee, particularly the NESDB.

HIID consultants provided specialist services to the component during short visits to Bangkok in 1988, 1989, and 1990. During each visit, the specialists met worked closely with the Project Director and met frequently with the research associates to discuss aspects of their research work.

7. PLAN FOR SYNTHESIS AND DISSEMINATION

Preparation of a final project document which synthesizes the individual studies and presents the research findings was the responsibility of the Project Director. He was assisted by consultants from HIID, specifically Dr. Tyler Biggs and Mr. Peter Brimble. The final Synthesis Report was prepared in English and in Thai, and was submitted to USAID in May 1990. The Synthesis Report emphasizes program recommendations and linkages among aspects of the research results. It summarizes and combines the findings of the diverse research topics into a coherent document.

Dissemination of research findings will be facilitated by TDRI and PacMar, through the production of 100 copies of the Synthesis Report in both English and Thai which were presented to USAID upon completion of the research work. It is expected that USAID will make copies of these reports available to the public sector policy makers and private sector entrepreneurs, as well as the academic community.

TDRI organized a number of workshops and seminars for the specific purpose of disseminating research results. Regional workshops were organized by the Project Director with the assistance of the TDRI research unit, in Chiangmai, Khon Kaen and Haad Yai, as part of the dissemination program. At these conferences public and private sector representatives and members of the Advisory Committee were presented with data collected through the component and trends identified by the research associates in the course of analyzing data. This information would be taken into consideration in the formulation of industrial policy to be included in the Seventh Plan.

Holding of the Mid-Term Conference, originally scheduled for October 1988 was delayed until August 1989, upon the recommendation of the Advisory Committee. This re-scheduling allowed participants to benefit from researchers' reports presenting more definitive findings.

A Final Project Conference was held in April 1990 to allow researchers to present research results and make recommendations based on nearly two and one-half years of analysis and investigation of individual topics.

As a result of the Final Project Conference, representatives of the Ministry of Industry and the private sector indicated a serious interest in the analysis and findings of the Policy Research Component. A day-long meeting was held at the Department of Industrial Promotion on 22 May 1990, with the Permanent Secretary of the Ministry of Industry as Chairman, and more than 30 officers of the ministry participating. Four of the research associates, including the Project Director made presentations on aspects of the research work to the meeting. The Permanent Secretary indicated that in his capacity as the secretary to the Committee for Provincial Industrial Development, he would bring to the Committee's attention for consideration many of the recommendations made in the studies.

Thai and English language commercial newspapers, whose readers are primarily businessmen and investors have written several articles based on the results of the research work. This form of dissemination is expected to continue as the research results become known among more policy makers and the media.

8. ADDITIONAL TASKS

8.1 EQUIPMENT

All computer equipment required for project implementation was on site at TDRI within the first year of the study. The Project Director had purchased four IBM compatible micro-computers and one Compaq Deskpro 386 compatible computer. USAID agreed to a variation in TDRI's contract to enable the purchase of 1) a Compaq compatible computer (instead of an imported model) and, 2) three printers to use with the computers.

8.2 PRIME CONTRACTOR STAFF

The Project Coordinator assisted in project implementation on site nine times during the course of the study, as follows:

26 October	-	6 November 1987
8 March	-	21 March 1988
28 June	-	4 July 1988
26 September	-	7 October 1988
5 February	-	18 February 1989
18 August	-	21 August 1989
25 January	-	31 January 1990
26 March	-	30 March 1990
20 April	-	24 April 1990

During these trips, the Project Coordinator undertook the following tasks:

- 1) Preparation of quarterly progress and financial reports.
- 2) Followed up on the work performed by PacMar consultants who provided services as the Senior Policy Analyst.
- 3) Followed up on operation of the TDRI subcontract.
- 3) Followed up on operation of the HIID subcontract and HIID personnel working with the Project Director.
- 4) Met with the research staff and HIID specialists at TDRI, NESDB, and USAID regarding progress of project implementation.
- 5) Preparation of subcontracts for HIID and TDRI.

- 6) Assisted TDRI with the establishment of a research unit.
- 7) Drafted documentation to establish an Advisory Committee.
- 8) Met with TDRI and NESDB to define a process to identify and prioritize topics to be studied.

PacMar provided the services of Dr. Seiji Naya and Dr. Bruce Koppel, as a Senior Policy Analysts during the periods 12-16 March 1988 and 23-31 May 1988, respectively, to assist the Project Director with the following tasks:

- 1) Prepare a draft document which would be the basis for a "Research Program Definition."
- 2) Provide comments on the research topics for policy studies to be undertaken by the research team at TDRI.
- 3) Discuss with the Project Director the integration of the research topics into an integrated framework as advised by the Advisory Committee.
- 4) Hold discussions with research associates to advise them on the need for integration of topics into a comprehensive research framework.
- 5) Preparation of a research plan and an agenda for the first Advisory Committee meeting.
- 6) Make a presentation to a workshop sponsored by TDRI on the impact of privatization policies on rural industries.
- 7) Prepare an outline for a research plan, which would be developed into a research definition - a working document which would be a framework for the policy research to be carried out by TDRI.

III. ACTIVITIES PLANNED FOR THE COMING QUARTER

The Policy Research Component of the Rural Industries and Employment Project was completed on 30 April 1990.

IV. CONCLUDING REMARKS

The TDRI Project Director has provided consistently strong leadership and maintained high professional standards in organizing the research program.

The research associates have demonstrated a clear understanding of the issues examined and the context within which they were analysed. They spent considerable time reviewing past industrial policies, secondary data, and literature related to rural industrialization in Thailand. They undertook a comprehensive survey of entrepreneurs, laborers, and bankers participating in the rural industrialization of Thailand today. The primary data collected in the course of the regional surveys contributed significantly to their analysis and recommendations.

The TDRI research team was pressured at times due to the fact that the research was conducted over a two year period, during which Thailand has undergone dramatic political and economic changes. Policy makers and planners have been under daily pressure to respond to a highly dynamic situation. The demand for immediate response, creative new ideas, quick policy decisions, rapid appraisal and accelerated planning frequently frustrated these policy makers and planners. Added to this is the fact that the current government's priorities and objectives are significantly different from those of the last Prem Government. This is true particularly in the field of industrial development and the role of the public sector in providing a framework for that development.

The researchers responded by taking this dynamic situation into consideration when making policy recommendations and assessing the impact of various policy alternatives. Conducting research in the fast growing industrial sector was a difficult assignment. The research results do apply to the present context of Thailand's industrial development.

The TDRI research team has succeeded in meeting a primary objective of the project - that of preparing high quality research documents related to topics crucial to formulating appropriate industrial policy for Thailand. The issues addressed in the research documents and the findings of the studies are those that NESDB will want to take into consideration in the areas of industrial development in evaluating the impact of the Sixth Plan and in preparing the Seventh Plan.

The Ministry of Industry is eager to absorb the Component's findings and apply them to industrial development programs presently being prepared for the Seventh Plan. A policy dialogue appears to have been established between the research team and industrial planners and policy makers that TDRI and USAID should be aware of and should encourage.

The process of sustaining policy dialogue, on these issues and on issues that have arisen since the priorities of this component were defined, remains the responsibility of NESDB. Through that agency's Joint Public-Private Sector Consultative Division and the committees, sub-committees, and working groups created to formulate the Seventh Plan, the dialogue on industrial policy will continue. The reports prepared by the TDRI research unit are a valuable contribution to the body of knowledge available to participants in that dialogue.

V. FINANCIAL SUMMARY

Tenth Quarterly Progress Report

Rural Industries and Employment Project
Policy Research Component
(U.S. Dollars)

ITEM	Total Budget	Expenditure During Quarter Jan. - Mar. 90	Cumulative Expenditure	Balance
PACMAR BUDGET				
CONSULTING FEE				
Project Coordinator	11,072.00	865.00	9,342.00	1,730.00
Senior Policy Analyst	3,572.00	0.00	3,572.00	0.00
Fringe Benefits	3,227.51	252.15	3,764.43	(536.92)
Overhead Cost	12,821.14	817.43	12,203.73	617.41
Fee	3,157.67	193.46	2,888.22	269.45
SUBTOTAL CONSULTING FEE	33,850.32	2,128.04	31,770.38	2,079.94
OUT-OF-POCKET EXPENSES				
International Airfare	11,264.00	0.00	11,264.00	0.00
Per diem	7,263.00	0.00	7,748.00	(485.00)
Administrative Support	87,000.00	7,500.00	84,500.00	2,500.00
DBD Insurance	659.68	0.00	543.00	116.68
SUBTOTAL CONSULTING FEE	106,186.68	7,500.00	104,055.00	2,131.68
GRAND TOTAL PACMAR BUDGET	140,037.00	9,628.04	135,825.38	4,211.62
TDRI BUDGET				
CONSULTING FEE				
Research Director	73,975.00	9,415.00	64,560.00	9,415.00
Senior Research Associates	95,040.00	2,880.00	92,160.00	2,880.00
Junior Research Associates	64,560.00	0.00	64,564.71	(4.71)
Research Assistants	45,000.00	1,788.24	46,047.06	(1,047.06)
Clerical Support	18,200.00	1,411.76	13,960.78	4,239.22
SUBTOTAL CONSULTING FEE	296,775.00	15,495.00	281,292.55	15,482.45
INDIRECT COSTS				
TDRI Overhead 30% of Salaries	87,889.00	4,648.50	84,387.76	4,644.74
OTHER DIRECT COSTS				
Workshops & Seminars	50,000.00	706.08	30,351.41	19,648.59
Equipment	15,000.00	0.00	16,110.39	(1,110.39)
Regional Field Surveys	100,299.00	685.53	59,868.80	40,430.20
SUBTOTAL OTHER/DIRECT COSTS	165,299.00	1,391.61	106,330.60	58,968.40
GRAND TOTAL TDRI BUDGET	549,963.00	21,535.11	472,010.91	79,095.59
HIID BUDGET				
Consultants & Support	210,000.00	45,687.00	128,389.00	81,611.00
GRAND TOTAL HIID BUDGET	210,000.00	45,687.00	128,389.00	81,611.00

APPENDIX 1
RESEARCH PROGRAM WORK SCHEDULE

Work Schedule

Applicable to all Research Components

Item	1988											1989										
	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	
Literature Review. Collection of Secondary Data.	█																					
Determination of Sampling Method.		█																				
Questionnaire Design and Pretest.			█																			
Training of Field Personnel					█																	
Field Survey.						█																
Processing and Analysis of Secondary Data.				█																		
Preparation of Selected Short Reports. Midterm Seminar.										█												
Processing and Analysis of Survey Data.											█											
Report Write-up (First Draft)																█						
Regional Seminars.																			█			
Synthesis and Final Reports.																				█		
Final Seminar.																					█	

RURAL INDUSTRIES AND EMPLOYMENT
Revised Work Schedule

	1989				1990			
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Report write-up	xxxx	xxxx	xxxx					
Regional Seminars		xxxx	xx					
Workshop on Findings & Recommendations						x		
Synthesis	xxxx	xxxx	xxxx	xxxx	xxxx	xx		
Workshop on Synthesis							x	
Final Seminar								x
Translation					xxxx	xxxx	xxxx	
Submission of Final Reports								x