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ACTION MEMORANDUM FOR THE ACTING MISSION DIRECTOR

January 18, 1989

THRU: A/DD, Mr. Douglas Clark *DF*
FROM: TR/ANR, David Delgado *DF*
SUBJECT: Decentralized Development Management Project (AID Project
Number 493-0315) Completion Report

Background:

The Decentralized Development Management Project (AID Project Number 493-0315) was completed on August 31, 1988. AID Hand Book 3 requires the preparation of a "Project Assistance Completion Report".

Discussion:

The attached Project Assistance Completion Report follows the guidance for preparing such reports as contained in Hand Book 3, Chapter 12, Appendix 14 A. It includes, among other things, a brief review of project accomplishments, a statement of lessons learned in implementing the project, and the summary of project history.

Recommendation:

That you signify your acceptance of this completion report by signing below.

Accepted: *AL P. [Signature]*

Rejected: _____

Date: 1/19/89

Attachment: a/s

Clearances:

TR/ANR:DDelgado (draft) 11/2/88
O/TR:DClark (draft) 11/13/88
O/PDS:THammann (draft) 11/30/88
O/FIN:RHammersley(draft) 12/8/89

TR/ANR:Kasem:sk:11/2/88

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Decentralized Development Management Project (493-0315)
Project Completion Report

1. Purpose, Goal and Objective

1.1 Purpose:

The DDMP will strengthen and accelerate, in a replicable way, capability at the tambon and district levels to plan, design and implement development projects and programs which are responsive to the needs of local people. Acceleration of the RTG trend toward decentralization of authority and responsibility for use of development resources is encouraged by the Project's two basic and complementary elements. The first element focuses on strengthening the capacity of local government entities to manage rural development activities. The second component will provide capital to participating local governments through the RTG's National Rural Employment Generation Program. The Project area of 97 tambons in ten districts of five provinces constitutes a "learning laboratory" from which lessons will be drawn for application to the national program.

1.2 Goal

The Project will support RTG policies to increase resource flows benefiting economically deprived areas under a process that decentralizes administration and provides for greater participation in the development process.

1.3 Objective

- Improve capacities of Tambon Organizations;
- Improve RTG support systems at provincial, district and local levels;
- Provide new policy options to the RTG and experiment with selected policy implementation strategies in five areas; local planning, local finance and project maintenance, rural development monitoring and evaluation policy, local human resource development and local administrative structure.

2. Accomplishments

2.1 Development Process

a. Initial Stage (October 1982 - October 1983)

The Project was focused on conducting studies of existing rural development processes and support systems. Most of the work was related to the study of the Rural Employment Generation Program (REGP) process.

The Project produced a number of manuals for use by personnel at the tambon and village levels. These included a manual explaining the Regulation of the Office of the Prime Minister concerning REGP, technical manuals for village-level technicians, and manuals for planning and management at the tambon level. The project proposed many action-oriented recommendations to government offices, such as those on the improvement of planning and

implementation under REGP, e.g. budget allocation criteria to be used by personnel at the Tambon, district and provincial levels. Recommendations were also made regarding the technical support personnel at the district level to support tambon projects and seeking clarification of some confusing REGP Regulations. The REGP accepted the recommendations which resulted in a series of improvements in subsequent policies and guidelines.

b. Second Stage (October 1983 - October 1984)

The Project concentrated on conducting research on rural development processes of which findings would be used for designing decentralized development management concepts. The Project produced several academic papers aimed at promoting decentralized development management and capacity building concepts. About 60-70 issues were presented, for example:

- o a proposal to use the comingled funds of REGP and DDMP for increasing the capabilities of village organizations;
- o a proposal to establish locally funded maintenance arrangements;
- o a proposal to establish a provincial information center;
- o a proposal to use micro computers for data collection and analysis;
- o a proposal to induce potential rural development institutions to provide technical assistance to the project.

c. Third Stage (October 1984 - 1986)

The discrete development manuals were designed to be replicated nation-wide in the future. The project therefore aimed to conduct studies on the following seven topics:

- o Structure, authority and responsibilities of village organizations in the tambon
- o Provincial Development Planning
- o Tambon financial system
- o Local Level Rural Development Monitoring System
- o Human Resources Development for Rural Development
- o Village Development Funds
- o Local Maintenance Arrangements

The findings of the above mentioned studies together with the results of the previous studies were used in developing the manuals. These manuals were tested in selected areas of the DDMP target provinces.

d. Final Stage (August 1986 - August 1988 "Project Extension Period")

This period of the Project was devoted to the testing of the 6 manuals namely:

- o Provincial Development Planning

- o Tambon Financial System
- o Human Resources Development for Rural Development
- o Local-level Rural Development Monitoring System
- o Village Development Funds, and
- o Local Maintenance Arrangements

While the above six manuals were being tested, emphasis was placed on implementing tambon projects which would result in more efficient use of local natural resources.

The results of the testing of the six manuals demonstrated that they could be modified for nation-wide replication with the exception of the model for Village Development Funds which would require a further study. The DDMP Sub Committee chaired by the Interior Minister has reviewed the testing results and concurred with the replication of the manuals. Regarding tambon resource management, most target tambons had a better understanding of resource management. They had implemented several small-scale projects which demonstrated an understanding of resource linkages and had been creative in bringing together funds from a variety sources to complete a larger system. (See the consultant summary field report, attached.) A large number of RTG officials at the provincial and district levels participated in and learned about rural development processes during the course of the project implementation.

2.2 Implementation of Tambon Projects

During the 7 years of Project implementation, commingled funds of REGP budgets and AID loan funds were allocated to the DDMP target districts for construction of about 3060 projects at the tambon level. These projects included water resources, roads and bridges, economic promotion activities and social needs. The purpose of the allocation of the commingled funds to the tambon level was to enable the tambons to absorb more funds as their capacity for sub-project management increased.

2.3 Evaluation

There were two formal project evaluations conducted:

- a. A Mid Project Evaluation in 1984.
- b. The Evaluation of the Decentralized Development Management Project in 1988.

2.4 Commodity Procurement

The following categories of commodities were procured:

- a. Office and survey equipment for the Technical Assistance Team (TAT) and ARD technicians assigned to the DDMP target districts.
- b. Five jeeps, one microbus, one pick-up truck, and one sedan car assigned to TAT and RTG officials. Twenty-four motorcycles were assigned to ARD technicians and Community Development Officers at the district level.
- c. Five mini-computers used for DDMP data/information collection at the REGP Office.

- d. Eighteen overhead projectors assigned to the target districts for conducting trainings.

2.5 Technical Services Procurement

- a. Technical services contracts were made with A&R Consultants Co., Ltd., Population and Community Development Association and Development Alternatives Inc. These three consulting firms were formed as a Technical Assistance Team to conduct a series of studies on rural development process at the local level.
- b. Beginning in April, 1987, Bicentennial Volunteer Incorporated (BVI) provided technical assistance in natural resources management at the local level.

2.6 Training

- a. The project provided training for approximately 5,000 people at the local level in the fields of planning, engineering, and project implementation.
- b. Eighteen RTG officials including the Deputy Minister of the Office of Prime Minister, senior officials and operational-level officials had policy observation visits and training on resource management at the Tennessee Valley Authority (TVA) in the U.S.

3. Summary of Project History

On August 31, 1981 the Project Grant Agreement was signed and grant funds of 3.1 million U.S. dollars were obligated for contracting the Technical Assistance Team (TAT), procurement of equipment and materials, printing of manuals and documents, and activities concerning the

strengthening of capabilities of local personnel engaged in rural development. On September 24, 1981 the Project Loan Agreement was signed and provided loan funds of 7.5 million U.S. dollars to be commingled with the RTG's REGP funds. These commingled funds were allocated to the DDMP target districts for construction of tambon projects according to specified conditions and the Project's purpose. The original Project Assistance Completion Date was August 31, 1986 and was extended to August 31, 1988. The purpose of the Project's extension was to test the rural development manuals recommended by TAT before application on a nation-wide scale.

During 1981 - 1987, the Project was under the supervision of the Secretariat of the Prime Minister through the Office of Rural Employment Generation Program (REGP). To ensure future application of the DDMP's rural development manuals within the Thai administrative system, the management responsibility for the Project was subsequently transferred from the Office of the Secretariat of the Prime Minister to the Department of Local Administration, Ministry of Interior in July 1987.

During the first five years of the Project operation (1981 - 1986), the project focused on conducting studies and research on rural development processes and developing rural development manuals for replication nation-wide. The last two years of the Project (1987 - 1988) were devoted to testing of the manuals developed under the project.

4. Beneficiaries, Direct and Indirect

The Project constructed about 3060 projects at the tambon levels. These projects aimed mainly to improve water resource development, village access roads and local economic and social development. Approximately 140 tambons and 140,000 villagers have benefited directly from these projects.

5. Lessons Learned

- Tambon councils with district staff assistance have been able to use most of the DDMP manuals to plan, implement and maintain small scale projects. Based on discussions with Deputy District Officers and village leaders the most useful manuals have been in planning, resource management, project maintenance and local maintenance arrangements.
- Villagers rely on user groups to operate and maintain small scale projects. This often results in the users sharing in the profits from sale of fish, vegetables or fruit. Therefore, natural resource projects become a source of additional income for villagers in addition to serving as a field demonstration in better management of local natural resources. Part of the revenue is returned to the Tambon Council or village development fund for use in other public projects. The DDMP manuals on maintenance and village development funds are being used as guidelines for these activities.
- The most successful projects are in Tambons where there is strong local leadership with active District Officers and Deputy District Officers.
- The District Staff mainly the Deputy District Officers, have been the governmental focal point for working with the Tambon Councils and villagers to help them plan and manage small scale resource projects. The District Officer and Deputy District Officers understand resource relationships and have shown considerable creativity in using funds from several sources to implement resource projects.
- The role of the province has been limited to review and approval of project proposals prepared at the Tambon and District levels.

- DOLA now has the experience and the authority to institutionalize the most successful elements of DDMP.

6. Review of Warranties and Project Covenants

All Conditions Precedent and Special Covenants were met.

7. Post-disbursement Reporting and Residual Monitoring Requirements

No further reports are required from the host country.

8. Summary Financial Statement

A. USAID Funds (as of 8/31/1988)

	<u>Grant</u>	<u>Loan</u>
Life of Project fund	3,100,000	7,500,000
Obligated	3,000,000 ^{1/}	7,500,000
Earmarked	2,887,449	7,249,518
Committed	2,887,449	7,249,518
Total amount expended	2,656,170 ^{2/}	7,249,518
Pipeline	343,829	250,482
Deobligated ^{1/} 100,000	-	

B. RTG Contribution 10,112,804

C. Other Donor's Contribution N/A

Remarks: ^{1/} Excluded the obligated funds in the amount of \$100,000
^{2/} Disbursement will be made till 5/31/89 (TDD)