

A.I.D. EVALUATION SUMMARY PART I

PD-ART-344

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

IDENTIFICATION DATA

<p>A. REPORTING A.I.D. UNIT (Mission or AID/W Office) USAID/Thailand (ES #)</p>	<p>B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? yes <input checked="" type="checkbox"/> slipped <input type="checkbox"/> ad hoc <input type="checkbox"/></p>	<p>C. EVALUATION TIMING interim <input checked="" type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> other <input type="checkbox"/></p>												
<p>D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Project #</th> <th style="width: 40%;">Project/Program Title (or title & date of evaluation report)</th> <th style="width: 15%;">First PRAG or equivalent (FY)</th> <th style="width: 10%;">Most recent PRAG (mo/yr)</th> <th style="width: 10%;">Planned LCP Cost ('000)</th> <th style="width: 15%;">Amount Obligated to Date ('000)</th> </tr> </thead> <tbody> <tr> <td>493-0329</td> <td>Private Sector in Development</td> <td>FY 84</td> <td>5/87</td> <td>\$3,500</td> <td>\$3,500</td> </tr> </tbody> </table>			Project #	Project/Program Title (or title & date of evaluation report)	First PRAG or equivalent (FY)	Most recent PRAG (mo/yr)	Planned LCP Cost ('000)	Amount Obligated to Date ('000)	493-0329	Private Sector in Development	FY 84	5/87	\$3,500	\$3,500
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ACTIONS

<p>E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR</p> <p style="text-align: center;">Action(s) Required</p> <p>Between the writing of the final draft of the evaluation and the Mission review of the evaluation, the Project Officer was asked to prepare a memo responding to this evaluation and updating the status of the project. This memo dated March 10, 1986, is attached to the evaluation and was reviewed along with the evaluation. The Mission review determined that while parts of the evaluation remained valid, overall it was outdated and that it would not be productive to share it with the RTG (Royal Thai Government). However, a number of actions were taken along the lines recommended by the evaluation. These were:</p> <ol style="list-style-type: none"> 1. The Mission agreed that the emphasis of the Project Committee on <u>Activity 2</u> was appropriate. 2. The Mission concluded that OBOI (Office of the Board of Investment) was playing an appropriate role vis a vis its technical assistance team. 3. The Mission agreed that remaining unprogrammed project funds should be programmed in accordance with a plan to be drawn up by the Project Committee. The Committee drew up the plan and PIL 23 approved the earmarking of all except \$66,000 in project funds. Unearmarked funds remain available for contingencies. 	<p>Name of officer responsible for Action</p>	<p>Date Action to be Completed</p>
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SIGNATURES

<p>F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: no <u>3</u> day <u>11</u> year <u>1986</u></p> <p>G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:</p> <table style="width: 100%;"> <tr> <td style="width: 50%;"> <p>Signature Typed Name Date</p> <p>Project/Program Officer Mr. Jeffrey W. Evans JWE:ms 6/23/86</p> </td> <td style="width: 50%;"> <p>Representative of Borrower/Grantee</p> <p>Evaluation Officer Dr. Roger Montgomery June 17 1986</p> </td> <td style="width: 50%;"> <p>Mission or AID/W Office Director Dr. John R. Eriksson</p> </td> </tr> </table>	<p>Signature Typed Name Date</p> <p>Project/Program Officer Mr. Jeffrey W. Evans JWE:ms 6/23/86</p>	<p>Representative of Borrower/Grantee</p> <p>Evaluation Officer Dr. Roger Montgomery June 17 1986</p>	<p>Mission or AID/W Office Director Dr. John R. Eriksson</p>	<p>Report Date: no ___ DAY ___ YR</p>
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E. ACTION DECISIONS APPROVED BY MISSION OR AID/W
OFFICE DIRECTOR - CONTINUED:

Action(s) Required

4. The Mission agreed that the JSC (Joint Standing Committee) should play the primary role in determining studies to be funded. The Project Committee approved this and PIL 23 reflects Mission approval.
5. The Mission and Project Committee agreed that the JACC (Thai Joint Agricultural Consultative Committee) should be funded for a third year of the project and that its role should be expanded to include funding pre-feasibility studies or business plans. PIL 23 reflects Mission approval and the allocation of funds for this purpose.
6. The Mission agreed that OBOI's contractor had not shown that it was collecting data to serve for a final evaluation. OBOI was advised by letter to stress that the contractor must do this. They did so, and the contractor advised it was pulling together the data.

SUMMARY (continued)

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H. EVALUATION ABSTRACT (do not exceed the space provided.)

Project aims to improve Thailand's balance of trade and unemployment problems by increasing private sector investment in employment generating, export oriented, resource based ventures in areas outside the capital city of Bangkok. Emphasis is placed on technical assistance to the Office of the Board of Investment for its foreign investment promotional activities. Additionally, assistance is provided to develop a public/private sector dialogue and to improve the capability of the private sector to initiate policy dialogue, and to the establishment of Thai Joint Agricultural Consultative Committee (JACC) serving as a counterpart to the U.S. (JACC) to encourage U.S./Thai agribusiness linkages. This special interim evaluation (5/83-6/85) was conducted by a RTG-USAID/T team on the basis of a review of project documents (including a Status Report of Private Sector in Development Project, 3/13/85) and interviews of Host Country project personnel, contractor and public and private sector representatives (25 interviews). The major findings and conclusions are:

- There is a clear potential for the project having a long-term impact on the investment environment, although there are no directly linked investments resultant to date.
- The project has significantly improved the public/private sector dialogue mechanism, although assumptions concerning the private sector's role were too optimistic.
- Linking U.S./Thai agribusinesses is feasible, but requires more emphasis on business plan development and prompt action in the U.S. than contemplated.

The evaluators noted the following "lessons":

- Project goals that are too broad defy progress benchmark definition diminishing controlability.
- Diverse project components (not directly linked) complicate project administration.
- Implementation workshops for project participants instill enthusiasm and coordination.

ABSTRACT

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I. EVALUATION COSTS

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
Mr. Lawrence M.E. Brown,	ANE/O/RPE	25	0	
Ms. Prawissorn Hosakul,	DTEC	20	0	
			(RTG contribution)	

2. Mission/Office Professional Staff Person Days (estimate) 25 p/d

3. Borrower/Grantee Professional Staff Person Days (estimate) 20/pd

3

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A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)
Address the following items:

- o Name of mission or office
- o Purpose of activity (ies) evaluated
- o Purpose of the Evaluation and Methodology Used
- o Findings and Conclusions
- o Recommendations
- o Lessons learned

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USAID/Thailand and the RTG's (Royal Thai Government) Department of Technical and Economic Cooperation (DTEC) signed a Project Grant Agreement (493-0329) on May 13, 1983, for the Private Sector in Development Project. The goal was to contribute to the RTG's Fifth Development Plan structural adjustment objectives of improving 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.

The project was intended to aid in meeting the above-mentioned objectives by the following Activities:

(Activity 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.

(Activity 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 (\$460,0090) for the Joint Standing Committee for Commerce, Industry and Banking (JSC), together with the equivalent of \$60,000 to be contributed by the RTG and \$360,000 by the Thai private sector.

(Activity 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 (JACC), together with the equivalent of \$75,000 to be contributed by the Thai private sector.

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.

Date this summary prepared: June 6, 1986

SUMMARY

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 USAID/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 dated November 15, 1985.

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 result. 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 changes 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.
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 JPPSACC (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 projects 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 progress.
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" on 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

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SUMMARY (continued)

same time, the level of effort under Activity 3 (Thai Joint Agricultural Consultative Committee) was reduced by one-third due to insufficient funds under that budget line item. There are not known planned for the use of these unprogrammed resources.

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.

Conclusions and Recommendations:

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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 its project administration role, conducting a workshop as soon as possible involving representatives from each activity re-establishing the purpose of the project and developing work plan 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 (BOI), 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.

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.

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

Special Interim Evaluation of the Private Sector in Development Project.

ATTACHMENTS

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

This is a competent evaluation, carried out professionally by a USAID staff member and an RTG official. It raised several key implementation issues which focused attention on them, leading to problem resolution and earmarking of all but \$66,000 of the previously large unprogrammed level of funds (\$600,000).

MISSION COMMENTS ON FULL REPORT

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