

Thailand

“Tourism Development Project”

Project Summary

Borrower	Kingdom of Thailand
Executing Agency	Tourism Authority of Thailand
Exchange of Notes	September 1987
Date of Loan Agreement	January 1988
Final Disbursement Date	January 1997
Loan Amount	¥6,252 million
Loan Disbursed Amount	¥5,411 million
Loan Conditions	Interest Rate: 3.0%, Repayment Period: 30 years (10 years for grace period)
Procurement Conditions	General Untied (Partial Untied for consulting portion)

<Reference>

1. Currency Thailand: Baht
2. Exchange Rate (IFS annual average market rate)

Year	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	
Rate	Baht/US\$	27.5	25.7	25.6	25.5	25.4	25.3	25.2	24.9	25.3	31.4	41.4
	Yen/US\$	134.7	114.8	134.7	126.7	111.2	111.2	102.2	94.1	108.8	121.0	130.9
	Yen/Baht	4.9	4.5	5.3	5.0	4.4	4.4	4.1	3.8	4.3	3.9	3.2
CPI(1990=100)	118.7	94.4	100	105.7	110.0	113.7	119.5	126.4	133.8	141.3	152.7	

3. Fiscal Year: October 1 ~ September 30

(1) Abbreviations

- TAT : Tourism Authority of Thailand
ARD : Accelerated Rural Development Department
DOH : Department of Highways
DOLA : Department of Local Administration
FAD : Fine Arts Department
JICA : Japan International Cooperation Agency
NESDB: National Economic and Social Development Board
PWA : Provincial Waterworks Authority
PWD : Public Works Department
RFD : Royal Forest Department

(2) Terminology

- Executing Agency: In this project, TAT is the executing agency. It is the agency which coordinates all aspects of sub-projects from selection through implementation to maintenance.
- Sub-project: Individual tourism development projects.
- Steering Committee: Sub-projects for this project were confirmed at Steering Committee meetings, which took place at least once per year. The results were approved by JBIC.

Foreword

Tourism Development Project (referred to below as "this project") implemented over 70 small-scale tourism infrastructure projects (referred to below as "sub-projects"). This project aimed to build and develop tourism infrastructure in Thailand's regions, and the characteristics of the regions covered were widely different. Therefore the content of the sub-projects was very diverse, and the sub-project executing agencies included eight government agencies¹.

This project was unique among ODA loan projects in that [1] it was nationwide in scope, building a large number of tourism-related infrastructure projects, and [2] it pursued regional development through infrastructure building. Furthermore, this project laid the groundwork for the success, in the tourism field, of a series of regional and community development projects which comprised "Regional Development Program" phases I and II, followed by "Social investment project".

JBIC decided to commission a portion of the ex-post evaluation of this project from a third party that would conduct an expert evaluation of progress in Thailand's tourism and the impact of this project on that tourist development. Therefore JBIC commissioned the International Tourism Development Institute of Japan to conduct a field survey, and evaluate the progress of tourism in Thailand as a whole and sub-projects in two of the eight regions covered by this project. The report of the third-party evaluation is appended.

¹ As noted in the text, TAT was the executing agency for this project, but the construction of sub-projects was carried out by multiple government agencies (sub-project executing agencies), including TAT. At the time of the appraisal, the number of sub-project executing agencies was put at 18, including local governments.

1. Project Summary and Comparison of Original Plan and Actual

1.1 Project Location



1.2 Project Summary and ODA Loan Portion

This project is designed to construct infrastructure in regions throughout the country with tourism resources in order to promote the development of tourism, to further regional development by modernizing the country more widely, to redistribute income, to create jobs and to earn foreign exchange. Based on a feasibility study conducted by Chulalongkorn University, over 70 sub-projects in eight regions were selected. Tourism infrastructure was built up in each region in the form of small-scale infrastructure in tourist areas and their surroundings. One of the sub-projects was a marketing promotion campaign for Thai tourism.

The tourism resources covered can be broadly divided between natural attractions (mountains, national marine parks, wildlife sanctuaries, resorts etc.) and historic, cultural and artistic attractions (ruins, temples etc.). The content of the sub-projects consisted of the following:

- [1] Road construction (main roads and access roads).
- [2] Other facilities (jetties, electricity supply facilities, water supply facilities, beautification and tourist service facilities, excavation and restoration).

The loan covered the entire foreign currency portion of the project and some of the local currency portion.

1.3 Background

The main economic and social tasks for Thailand since the Fifth Five Year Plan for National Economic and Social Development² (1982~1986) have been redistribution of income to the regions and job creation. The tourism industry was expected to contribute to the elimination of these problems. Since the mid-1980s the importance of the tourism industry as a foreign exchange earner has been growing. Under the Sixth Five Year Plan (1987~1991) the importance of the tourism industry's role in the development of the Thai economy was increasingly recognized and taken up. As a result 1987 through to 1988 was declared "Visit Thailand Year 1987", in a massive promotional campaign. The Seventh Five Year Plan (1992~1996) which began during the implementation of this project, further expanded the role expected of the tourism industry in the development of the country.

However, as the importance of the tourism industry increased, the building of the country's road networks and the facilities in tourist areas lagged behind demand, and risked becoming bottlenecks impeding the development of the tourism industry. In particular, the improvement of roads and other aspects of transport networks is an essential element and remedial measures were needed.

This situation prompted the adoption of eight comprehensive tourism development plans for specific areas, dubbed "Master Plans", between 1975 and 1985. None of these plans was nationwide in scale, so in 1985 Chulalongkorn University was commissioned to prepare a "Feasibility Study for Tourism Development Project".

Based on the Chulalongkorn University study, eight regions were selected as target regions for the project, and the infrastructure was to build for tour courses or circuits in those areas.

² "Five Year Plans for National Economic and Social Development" will be referred to below as "Five Year Plans".

1.4 Comparison of Original Plan and Actual

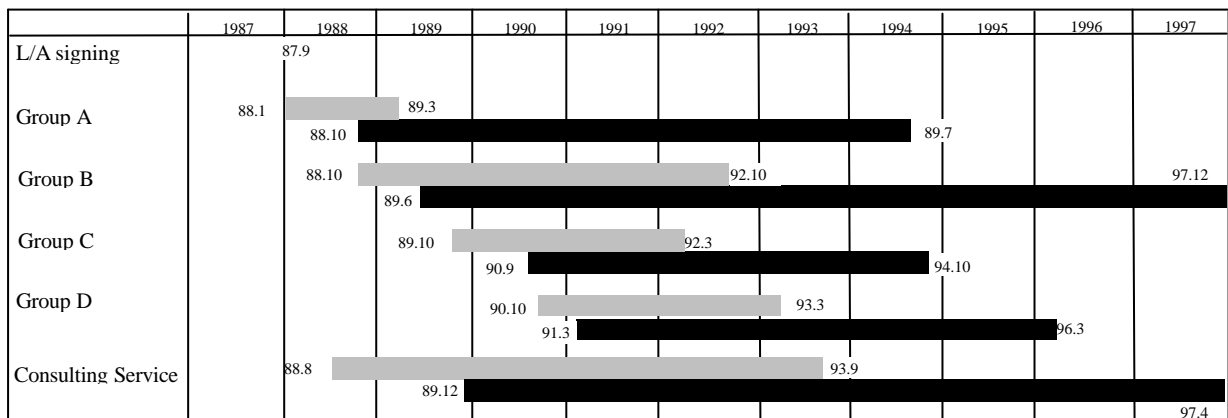
(i) Project Scope

	Plan (at the time of appraisal)	Actual	Difference
Group A (1988 construction started portion)*	21 Sub-projects	14 Sub-projects	- 7 Sub-projects
Group B (1989 construction started portion)	37 Sub-projects	29 Sub-projects	- 8 Sub-projects
Group C (1990 construction started portion)	9 Sub-projects	13 Sub-projects	+ 4 Sub-projects
Group D (1991 construction started portion)	4 Sub-projects	14 Sub-projects	+ 10 Sub-projects
Sub-total	71 Sub-projects	70 Sub-projects	- 1 Sub-projects
Marketing Promotion	1	1	
Consulting Service	1	1	
Total	71 Sub-projects + 2	70 Sub-projects + 2	- 1 Sub-projects

(Source) Materials at the time of appraisal, PCR

* Sub-projects were divided into four groups A~D according to the year construction started.

(ii) Implementation Schedule



(Plan)

(Actual)

(Source) Materials at the time of appraisal, PCR

(iii) Project Cost (by objective)

Unit	Plan (at the time of appraisal)			Actual			Difference		
	Foreign currency (JBIC portion)	Local currency (JBIC portion)	Overall (JBIC portion)	Foreign currency (JBIC portion)	Local currency (JBIC portion)	Overall (JBIC portion)	Foreign currency (JBIC portion)	Local currency (JBIC portion)	Overall (JBIC portion)
	¥ 1 million	1 million Baht	¥ 1 million	¥ 1 million	1 million Baht	¥ 1 million	¥ 1 million	1 million Baht	¥ 1 million
Construction/materials and equipment cost (including marketing promotion)	3,650 (3,650)	616 (341)*	7,038 (5,526)	3,735 (3,735)	666 (246)	7,218 (5,022)	85 (85)	50 (- 95)	180 (- 507)
Consulting	313 (313)	5 (-)	343 (313)	288 (288)	21 (21)	390 (390)	- 25 (- 25)	15 (20)	47 (79)
Contingency	413 (413)	141 (-)	1,189 (413)	0 (0)	0 (0)	0 (0)	- 413 (- 413)	- 141 (0)	1,189 (- 413)
Total	4,376 (4,376)	762 (341)	8,570 (6,252)	4,023 (4,023)	687 (267)	7,607 (5,411)	- 353 (- 353)	- 75 (- 74)	- 963 (- 841)

(Source) Prepared from materials at the time of appraisal and PCR

[Exchange rate of yen for local currency portion]

At the time of appraisal: 1 Baht = ¥5.5

Actual: 1 Baht = ¥5.2 (weighted average of actual)

* At the time of the appraisal, the JBIC portion of the local currency portion was only recorded as the total of the cost of construction, materials and equipment and the cost of consulting. Therefore the entire amount was included in the construction, materials and equipment cost.

Project Cost (by year)

Unit	Plan (at the time of appraisal)			Actual			Difference		
	Foreign currency	Local currency (JBIC portion)	Overall (JBIC portion)	Foreign currency	Local currency (JBIC portion)	Overall (JBIC portion)	Foreign currency	Local currency (JBIC portion)	Overall (JBIC portion)
	¥ 1 million	1 million Baht	¥ 1 million	¥ 1 million	1 million Baht	¥ 1 million	¥ 1 million	1 million Baht	¥ 1 million
1988	676 (676)	121 (*)	1,342 (*)				- 676 (- 676)	- 121 (*)	- 1,342 (*)
1989	1,420 (1,420)	255 (*)	2,823 (*)	109 (109)	19 (8)	213 (153)	- 1,311 (- 1,311)	- 236 (*)	- 2,610 (*)
1990	1,477 (1,477)	234 (*)	2,764 (*)	459 (459)	74 (24)	781 (585)	- 1,018 (- 1,018)	- 160 (*)	- 1,983 (*)
1991	688 (688)	136 (*)	1,437 (*)	708 (708)	121 (48)	1,237 (957)	20 (20)	- 15 (*)	- 200 (*)
1992	115 (115)	16 (*)	204 (*)	1,093 (1,093)	191 (80)	2,340 (1,511)	978 (978)	175 (*)	2,136 (*)
1993				692 (692)	115 (41)	1,217 (904)	692 (692)	115 (*)	1,217 (*)
1994				532 (532)	89 (33)	962 (701)	532 (532)	89 (*)	962 (*)
1995				368 (368)	65 (28)	719 (513)	368 (368)	65 (*)	719 (*)
1996				52 (52)	9 (4)	112 (72)	52 (52)	9 (*)	112 (*)
1997				10 (10)	4 (1)	26 (14)	10 (10)	4 (*)	26 (*)
Total	4,376 (4,376)	762 (341*)	8,570 (6,252*)	4,023 (4,023)	687 (267)	7,607 (5,411)	- 353 (- 353)	- 75 (- 74)	- 963 (- 841)

(Source) Prepared from materials at the time of appraisal and PCR

Note * At the time of the appraisal, only the total cost of the JBIC payment towards local currency costs was calculated.

[Exchange rate of yen for local currency portion]

At the time of appraisal: 1 Baht = ¥5.5

Actual: 1 Baht = ¥5.2 (weighted average of actual)

2. Analysis and Evaluation

2.1 Evaluation on Project Implementation

(1) Project Scope

This project is to envisage four courses (circuits) in eight regions outside the greater Bangkok area, and build the most important infrastructure and amenities in each of those circuits. At the time of the appraisal, the number of sub-projects was put at 71 (plus the marketing promotion), which were divided into four groups, A~D starting in different years, according to their readiness and priority³.

After the project started, the Steering Committee reviewed the sub-projects in all the groups and moved some between groups, cancelled or added others, and revised the target areas and their content. As a result, 70 sub-projects were finally implemented, and the target areas covered 26 provinces. Alterations were made to 70 sub-projects.

Table 0-1 Number of Alterations for Sub-Projects

	No. of alterations	Cancel	Newly added	Move between groups*	Project merging**	Alterations of targeted projects***	Alterations of content and budget****
Group A	15	1	1	8	4 (3)	2 (1)	2 (-)
Group B	31	12	1	6	3 (3)	3 (-)	5 (-)
Group C	6	1	0	1	2 (2)	0 (-)	2 (1)
Group D	18	2	14	2	0 (-)	0 (-)	0 (-)
Total	70	16	16	17	9 (8)	5 (1)	9 (1)

(Source) Prepared from materials at the time of appraisal and PCR

(Notes) * Numbers moved according to their initial groups.

** Sub-projects into which the content of multiple sub-projects was merged. In some cases the number of projects was unchanged from the original plan. Figures in brackets are the numbers of sub-projects after merging.

*** Figures in brackets are numbers of sub-projects which were changed in content and moved between groups.

**** Figures in brackets are numbers of sub-projects which were changed in scope and budget and moved between groups.

Classifying sub-projects by content, the largest groups are road building and natural parks. By geographical distribution, sub-projects are most numerous in the upper north and in the east.

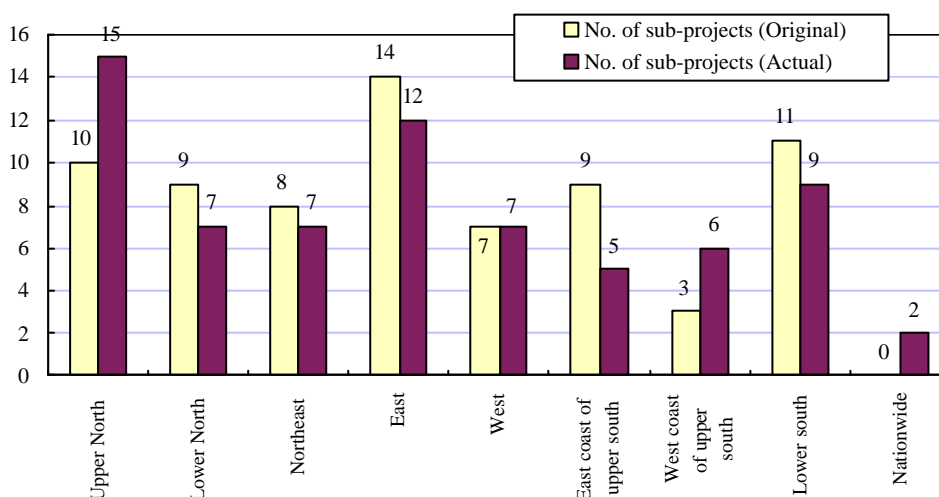
³ Sub-projects initially placed group A were carried out as planned, and the Steering Committee was scheduled to gradually review others in groups B to D, altering and rectifying their content, switching them between groups and adding and canceling some.

Table 0-2 Classification of Sub-projects by Content

	Excavation of ruins, restoration etc.	Improvement of natural parks etc.	Road building			Construction of museums and cultural centers	Construction of water supply	Construction of jetties, wharves etc.	Laying of electricity and telephone lines	Mooring and buoys	Totals
			Trunk roads	Local roads	Access roads etc.						
Group A (Plan)	5	9	0	2	4	1	0	0	0	0	21
Group A (Actual)	3	4	0	4	2	1	0	0	0	0	14
Group B (Plan)	0	10	5	5	9	2	1	2	3	0	37
Group B (Actual)	3	11	3	5	4	0	2	1	0	0	29
Group C (Plan)	0	3	1	0	1	0	2	1	1	0	9
Group C (Actual)	0	6	0	0	4	0	1	1	1	0	13
Group D (Plan)	0	2	0	0	0	0	0	2	0	0	4
Group D (Actual)	1	5	0	3	1	0	0	3	0	1	14
Total of Plan	5	24	6	7	14	3	3	5	4	0	71
Total of Actual	7	26	3	12	11	1	3	5	1	1	70

(Source) Prepared from materials at the time of appraisal and PCR

Figure 1 Number of Sub-Projects by Region (Comparison of Original and Actual)



(Source) Prepared from materials at the time of appraisal and PCR

To promote marketing, the TAT first commissioned Chulalongkorn University to conduct a year-long investigative research into the tourism sector, starting in January 1990. As a result, marketing focus groups in the tourism field were selected, and a booklet was prepared to publicize the progress and results of this project. The pamphlet was satisfactory in design and content, and appears to have been valuable in publicizing this project.

The study brought an awareness of the marketing focus groups, and led to them being targeted for marketing activities. Since September 1992, the TAT has placed tourist information programs on channels 5 and 11 at its own expense.

(2) Implementation Schedule

The sub-projects of this project were initially scheduled for completion by March 1993, but in fact completion was delayed to December 1997, a delay of four years and nine months⁴ which necessitated an extension of the loan disbursement period. The reasons for the delays include the following.

- [1] Difficulties in land acquisition.
- [2] Extension of the preliminary survey periods for sub-projects.
- [3] Delays in the implementation of sub-projects due to shortages of local funds.
- [4] Changes in the content of projects.

The first problem mainly affected road-related sub-projects, where changes of plan necessitated new land acquisition, and park and ruin restoration sub-projects which necessitated the relocation of residents. The second problem mainly affected sub-projects for the excavation of ruins, as the preliminary surveys took longer than anticipated. The third problem was common, because the sub-projects executing agencies were working under very limited budgets, and often could not scrape together the funds for the local currency portions of their sub-projects, and were forced to delay the starts of project execution. The fourth type of problem arose because the initial plan and budgets estimates were inadequate and had to be amended.

Within problem type [1], the acquisition of land for road sub-projects had no solutions other than slow, time-consuming progress, and the DOH that served as the executing agency had to ask the Ministry of Finance for an extension in the loan disbursement period. The relocation of residents for sub-projects involving the restoration of ruins and the improvement of natural parks took time to persuade the residents of the need for relocation, due to the low awareness of such things in Thailand. Reflecting on this difficulty, the sub-project executing agencies now conduct public ity and education activities to raise understanding of ruins and parks among nearby residents. The situation in future projects of this kind can be expected to be better, and the relocated residents are engaged in a constructive dialog to reach solutions, and they are given jobs in the maintenance of the projects. This approach has helped to make the relocation process amicable.

One factor behind problems [3] and [4] is that the level of contribution and concern for this project among the sub-project executing agencies was not uniform. The sub-projects of this project were basically selected according to the degree of priority assigned in a general plan prepared by the TAT. Therefore some of the executing agencies were pushed into implementing sub-projects when they lacked the ability to handle the project content and the budget to afford it. Scrutiny by the Steering Committee led to swift cancellation of sub-project candidates which were unfeasible for implementation under this project, and their replacement with alternatives. In other cases where it appeared possible to solve the problems and carry out the sub-project by delaying its implementation, they continued with the TAT in a central coordinating position.

⁴ The last sub-project to be completed was the construction of the trunk road (by the DOH) between Lawai Bay and Sulin Bay on Phuket island, which took six years. The causes were a change in the design (the route) and the attendant land acquisition work, and the acquisition of forest development permits.

(3) Project Cost

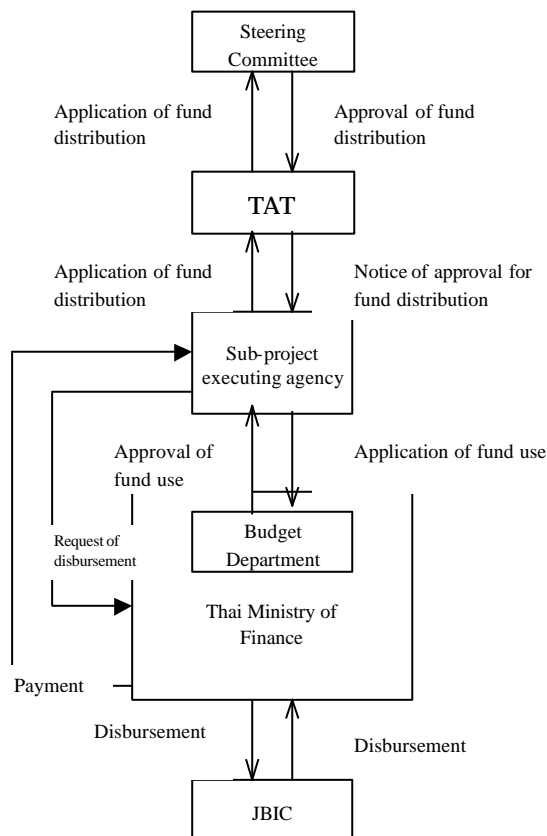
The Yen-based amount of project cost (the ODA loan portion) was initially planned at ¥6.252 billion, but it eventually came to ¥5.411 billion, a cost underrun of approximately ¥840 million or 13%. The main causes were reductions in Yen-based prices due to the appreciation of Yen, and alterations to the costs on sub-projects.

The costs of individual sub-projects deviated substantially from initial plans for various reasons, including the following cases:

- [1] Where the estimate for the initial plan was unrealistic.
- [2] Where the content of the project was substantially altered from the initial content for which the estimate was prepared.
- [3] Time passed before the project was implemented, and price fluctuations in the interim caused the cost to differ from the estimate.

The estimates for all the sub-projects were reviewed by the steering committee, but it is undeniable that there was a lack of preparation at the start of the project. However, subsequent coordination of sub-projects meant that there were no problems in the end.

Figure 2 Fund Flow



2.2 Implementation Scheme

(1) Executing Agency

The Tourism Authority of Thailand (TAT), which is the executing agency for this project, was formed in 1979, when the Tourist Organization of Thailand (TOT)⁵ was upgraded. Led by the Minister for Home Affairs, who was responsible for Tourism matters in the prime minister's office, it gathers and disseminates tourism-related information and runs publicity campaigns.

The implementation of this project was handled by the Investment Division of the Planning and Development Department of the TAT⁶. When the project started, the TAT had few staff, and the Investment Division consisted of only a deputy general manager and two staff. After that the entire organization of the TAT was expanded, and the Investment Division grew to more than ten people. The TAT made a strong effort in the management of this project's diverse sub-projects, in close cooperation with consultants.

At the start of this project, the TAT was only one corporation under the Prime Minister's Office. It was not equal to the task of coordinating between the various government agencies which worked as sub-project executing agencies, and it faced considerable difficulties in its coordination role. Therefore the Steering Committee, which was centered on the National Economic and Social Development Board (NESDB) and drew its membership from the NESDB and other related government agencies, had to play a large role⁷. Originally the Steering Committee was supposed to examine sub-projects prepared by the TAT, scrutinize the suitability of their content and budgets and pass its approval, but its role was expanded to include coordination between the agencies involved. The Steering Committee performed well in its scrutiny and coordination roles, enabling the completion of all sub-projects to high standards.

(2) Sub-Project Executing Agency

As mentioned above, there were 18 sub-project executing agencies, including the TAT, at the start of the project, but this number was eventually reduced to eight. The difference mainly occurred because local governments were included in the sub-project executing agencies at the time of the appraisal⁸.

Arrangements were changed later so that all local government sub-projects were passed to the Department of Local Administration (DOLA)⁹, Ministry of Home Affairs. In practice, supervision of

⁵ The TOT was a government organization for the promotion of tourism, which grew from a previous tourist organization called the Ministry of Finance Advertising Office, which was itself established by imperial ordinance in 1959. It had little authority in practice, and was therefore reorganized in 1979 under the Tourism Act.

⁶ In addition to the Investment Division, the Planning and Development Division was also involved in implementation.

⁷ The members were the heads of the Prime Minister's Office, the NESDB, the Ministry of Finance, the Ministry of Home Affairs, the Ministry of Trade, the Budget Office, the National Environment Agency, the TAT, the RFD and the FAD, as well as experts from the TAT and other bodies.

⁸ In addition, some ceased to be executing agencies when the projects they were to handle were cancelled, such as the Telephone Organization of Thailand and the Designated City of Pattaya. Others, such as the PWD, were not originally included as sub-project executing agencies.

⁹ At the time the Thai local governments had absolutely no independent budgetary resources, receiving all their funds

the execution of these projects was still carried out by the local governments. In the end, ten local governments (mostly prefectures) contributed to this project.

The sub-project executing agencies for this project can be broadly divided into two groups. One group comprises agencies which were directly involved in the development of the tourism sector before. These include the Fine Arts Department (FAD), which excavates and preserves ruins, and Royal Forest Department (RFD), which builds and manages national parks. The second group comprises agencies which had not had any direct involvement in tourism development. These include the Provincial Waterworks Authority (PWA), the Department of Highways (DOH) and the DOLA.

Table 0-3 Sub-Project Executing Agencies

	Steering Committee members	Project Contents	No. of Sub-project**	
			Original***	Actual
FAD		Excavation, restoration and conservation of ruins and improvements to surrounding areas	11	11
RFD		Building and monitoring of national parks (including national marine parks)	31	29
ARD	× *	Construction of regional roads outside urban areas	7	6
DOH	×	Construction of national roads and other trunk routes	6	3
DOLA	× *	Supervision of projects monitored by local governments	12	16
PWA	× *	Building of local water supply	3	3
PWD	× *	Construction of regional roads in urban areas	--	1
TOT****	× *	Laying of telephone lines on Koh Samui island	1	--
TAT		Scenic improvements on Pattaya beach	--	1
TAT		Promotion of marketing	1	1

(Source) Prepared from materials at the time of appraisal and PCR

Notes * These agencies are all divisions of the Ministry of Internal Affairs or corporations under its jurisdiction. The Ministry itself is a member of the Steering Committee.

** Sub-projects include marketing promotion.

*** The "original" number for the DOLA is the total number of sub-projects for which local governments were made the executing agencies at the time of the appraisal.

**** The Telephone Organization of Thailand, which was eventually not made an executing agency.

The members of the first group were included in the membership of the Steering Committee which approves sub-projects, and made direct and far-reaching contributions to the sub-projects from the selection stage onwards. The second group only became involved when they were asked to cooperate in line with the list prepared by the TAT, and some of them held negative attitudes to the project when it began.

For the sub-projects assigned to agencies in the latter group, measures were not in place to take the budgeting measures needed for their local currency costs, or the agencies had to make new technological arrangements. Therefore there were often delays before projects could get underway, which contributed to overall delays in the implementation schedule. However, there were no problems in the quality of the sub-projects, once they were completed. Some of these sub-project executing agencies drew on the experience of this project and were able to take an active role in the preparation and implementation of sub-projects in the subsequent "Regional Development Program" and other projects.

through allocations from the Ministry of Home Affairs. Therefore it was judged that they were not suited to work as sub-project executing agencies.

(3) Consultant

Consultant for this project was arranged through a shortlist method, which resulted in a Thai-Japanese joint venture being selected as the consultant. The consulting tasks were:

- [1] Overall coordination and assistance concerning the implementation of sub-projects
- [2] Progress management
- [3] Post-evaluation of sub-projects
- [4] Technological transfer to TAT staff through OJT

In principle, individual sub-projects were to be carried out without consultant service input, but it was possible for the same services to be applied to sub-projects under separate contracts if necessary.

The consultant played an extremely extensive and important role in this project, and was essential to its smooth operation¹⁰. When the project began, the TAT had almost no experience of participating in infrastructure building projects, and it had no staff with that background, making it almost impossible to manage the technical aspects of sub-projects. Also, as noted above, seven agencies (eight, including the TAT) were used as sub-project executing agencies, and their enthusiasm for the project varied widely. Thus large amounts of time and effort were required for coordinating the planning and implementation of individual sub-projects. If the TAT, which was then a small organization, did not have the backup of the consulting firm, it would have had great difficulty running this project. The work of coordinating the planning and implementation of sub-projects was handled very successfully due to the presence of a Thai company in the joint venture consulting firm. The Thai firm was contracted as the consultant for the later projects which continued from this one.

(4) Contractors

Contractors for the individual sub-projects were selected by the sub-project executing agencies according to JBIC guidelines. Some of the sub-project executing agencies had no experience of participation in ODA loan projects before this one, and the selection of contractors took a long time in some cases.

Nevertheless, there were no reports of major flaws in the work of the contractors, which appears to have been good, overall.

2.3 Maintenance Scheme

The maintenance position is mostly good. There are no maintenance problems where it is the responsibility of the sub-project executing agency, which are divisions of the central government, but where local governments handle the maintenance, there are some cases where the level is inadequate in aspects such as budget, skills and personnel.

Changes have taken place in the sub-projects in which divisions of central ministries were responsible for maintenance. Responsibility for tourism, cultural activities and regional development is rapidly shifting to the local governments, due to moves such as the inclusion of decentralization in the New Constitution. The task of maintenance for some access roads and other amenities built under this

¹⁰ The TAT highly valued the role of the consulting firm and was satisfied with their work.

project has been transferred in part to local governments, including municipalities. However, such local governments start off lacking engineers and other relevant staff, they are gravely short of funds, and they do not receive any additional budget allocations to cover their new maintenance responsibilities. Proper measures must be taken to enable them to provide proper maintenance¹¹.

Such changes in maintenance systems fall, in part, beyond the supervisory capacity of the TAT. This project placed the responsibility for the maintenance of each sub-project on its executing agency, and there is no agency for centralized supervision of maintenance. In regionally-dispersed projects where multiple agencies take part, a maintenance system must be devised that will carry out at least periodic information gathering and monitoring on the maintenance situation of each sub-project.

2.4 Project Effects and Impacts

Quantitative Effects

(i) Impact in income improvement and job creation

This project used a large number of sub-projects to make wide-ranging improvements to tourism infrastructure. Its effects in areas such as income improvement, foreign exchange earning and job creation are indirect and therefore hard to quantify. However, a number of sample surveys conducted after the implementation of the project reported that the project had contributed to increased income in the regions, and to job creation in the target areas, before and during the construction of the projects and in their management.

(ii) Promotion of local government participation in infrastructure improvement projects

Eighteen of the sub-projects of this project were effectively carried out with local governments as the de facto executing agencies. Regional development is a long-standing need in Thailand, and a large portion of the national budget is allocated to it. However, local governments¹² of province size and below have no independent budgets for local economic and social infrastructure improvements. Therefore they could only passively accept regional development projects which were planned and implemented by central agencies.

The experience of this project led some of the participating local governments to take active steps to conduct local infrastructure improvement projects, such as preparing their own overall plans for infrastructure improvement, based on the opinions of local people, and asking for budget allocations to carry them through. Thus this project made a great contribution as an opportunity for local governments to start participating in the building of amenities in their regions.

¹¹ The Thai government has made various efforts to broaden the revenue base of local governments, such as permitting Sub-district Administration Organization (SAO) to levy taxes on realty (land) transactions. Nevertheless, decentralization is in a transition phase, and it is still unclear how their problems are going to be solved.

¹² The classifications for the DOLA and the local governments were moved to a new system on 27th June 1999. The previous administrative divisions were province, municipality and sanitary district. Some sanitary districts have now been promoted to municipalities, and the remainder have been renamed as SAO. Decentralization is proceeding as the constitution is amended, but the newly-promoted municipalities and the SAOs face grave budget shortfalls. Local governments which implemented sub-projects for this project under the supervision of the DOLA are mainly provinces, which enjoy relatively good budgets and staff, so there is no problem with their maintenance work.

3. Lessons Learned

(1) When regionally-dispersed projects are implemented, a system should be established in advance that will be able to cope with changes in maintenance scheme.

In regionally-dispersed projects involving the participation of multiple agencies, a maintenance scheme including monitoring must be built to operate after the completion of the project. Some parts of the maintenance of this project have been transferred to local governments as part of the process of decentralization. However, some local governments lack the engineers and other personnel and the funding required to carry out maintenance appropriately. Shortcomings in maintenance occur in areas that are outside the supervisory capacity of the TAT. After the completion of the project, some kind of system or organization needs to be determined that will carry out centralized information gathering and monitoring of the maintenance position of each sub-project.

(2) In projects where multiple executing bodies contribute, they must receive and comprehend a thorough explanation of the nature of the project before it starts.

In projects of this kind, where the executing agency serves as the coordinator rather than executing each sub-project, and where the sub-projects are numerous, the sub-project executors must receive and comprehend a thorough explanation of the nature of the overall project and its sub-projects, if the project is to start and proceed smoothly.