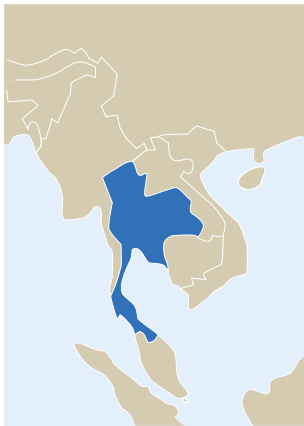


# PROJECT EVALUATION

External Evaluator: Atsushi Hashimoto

Overall Rating **A** Poverty Reduction  
Human Resource Development



## 1 Thailand

### Economic Recovery and Social Sector Program Loan

Support for Thailand's Measures to Increase Public Sector Spending Contribute to creation of employment opportunities during economic recession

**Loan Amount/Disbursed Amount** 30 billion yen/29.627 billion yen  
**Loan Agreement** March 1999  
**Terms & Conditions** Interest rate 1.0%, Repayment period 25 year (grace period 7 years), General untied  
**Final Disbursement Date** March 2003  
**Executing Agency** Public Debt Management Office, Ministry of Finance (<http://www2.mof.go.th>)



### Project Objectives

The objective of the project was to stabilize international balance of payments, create employment opportunities, and strengthen industrial competitiveness in Thailand, a country which suffered from the Asian currency crisis. The objectives were to be achieved through provision of foreign currency and use of collateral funds to implement labor-intensive public works and various other projects, thereby contributing to the recovery of the national economy and economic stability.

### Effectiveness & Impact

Rating **a**

Following commencement of the project, Thailand's international balance of payments shifted into surplus. The project presumably improved investor confidence through the improvement in balance of payments. It is estimated that subprojects implemented using collateral funds contributed to the creation of employment opportunities for approximately 950,000 people/month (127% of planned). Further, the majority of public works subprojects, such as installation of irrigation facilities and vocational training, were implemented from the second half of 1999 to 2000, a period when job market was severe. The project presumably had certain effect on employment creation. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

### Relevance

Rating **a**

This project has been highly relevant with Thailand's national policies both at the time of the appraisal and at the time of the ex-post evaluation. At the time of the appraisal, the issues were economic stabilization through improvement of the international balance of payments, subjugation of the currency crisis, and the establishment

of a social safety net. In order to tackle these issues, the Measures to Increase Public Sector Spending (MIPSS) was planned. During the implementation of the project, collateral funds were spent in accordance with MIPSS. In ex-post evaluation, the current growth of Thailand's economy may suggest that the project contributed to the country's subjugation of the currency crisis and to its subsequent growth.

### Efficiency

Rating **b**

Project costs were almost as planned however, since the project period was longer than planned (by 129%); therefore the evaluation for efficiency is moderate. The project extension was due to that sub-projects have been implemented since 2001.

### Sustainability

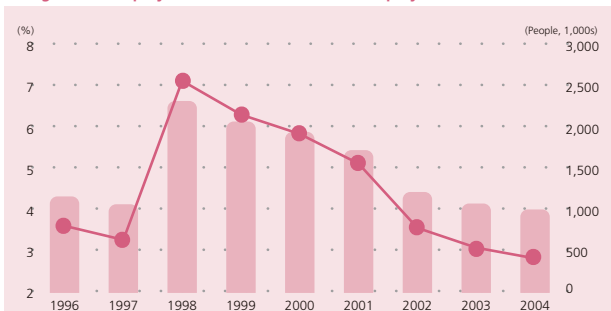
Rating **a**

Sustainability of the project effects can be acknowledged given the underlying growth trend of Thailand's economy subsequent to project implementation. Operation and maintenance of facilities are overseen by several government institutions. No major problem has been observed for capacity of the executing agency nor the operation nor its maintenance system, therefore, sustainability of this project is high

### Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. It was difficult to grasp the immediate effects of the project at the time of ex-post evaluation. As for lessons learned, it is desirable to collect data on the effectiveness and impact of program loan either immediately after project completion, or during implementation of project.

Changes in unemployment rate & number of unemployed



### Third-Party Opinion

Relevance of the loan is extremely high because public works in unprecedented scale the resulted in employment creation. Whilst targeting of beneficiaries has room for improvement, the program has brought many benefits.

Name of specialist: Dr. Medhi Krongkaew (academia), PhD in Economics from Michigan State University. Currently, Professor of School of Development Economics, National Institute of Development Administration (NIDA). Areas of expertise are economics, East Asian economics, etc.