



# Regional Development Program (2)

Contributing to the sustainability of tourism development by supporting the improvement of the quality of tourism

**[External evaluator]**

Satoshi Ohira, Keio University

Rating		Overall rating <b>C</b>
Effectiveness, Impact	b	
Relevance	a	
Efficiency	b	
Sustainability	b	

**Project Objectives**

To enhance the quality of tourism – an important part of the Thai economy – by developing the basic infrastructure, conserving the environmental, cultural and historical resources of tourist spots, and constructing centers for developing human resources for environmental conservation, thereby contributing to the sustainability of tourism development.

**Outline of the Loan Agreement**

- Loan amount / disbursed amount: 3,602 million yen / 2,454 million yen
- Loan agreement: September 1998
- Terms and conditions: Interest rates: 0.75% (for the sub-projects for the nature research centers and consulting services), 1.7% (for the sub-projects for constructing waste and sewage treatment plants), and 2.2% (for other sub-projects); repayment period: 40 years including a 10-year grace period (for the sub-projects for nature research centers and consulting services), 25 years including a 10-year grace period (for constructing waste and sewage treatment plants and other sub-projects); general untied (consulting services: bilateral tied)
- Final disbursement date: January 2006
- Executing agency: Tourism Authority of Thailand (TAT)
- Website URL: <http://www.tourismthailand.org/>

**Special note**

The industrial village sub-projects under the tourism facilities package deserve special attention. This sub-project is unique both in that it is built on the craftsmanship of local residents for sustainable tourism development and in that it takes advantage of Japanese experience in “roadside stations” (michinoeki).

**Effects of Project Implementation (Effectiveness, Impact)**

The average length of stay for domestic tourists slightly increased from 2.31 days in 1997 to 2.65 days in 2006. The number of foreign tourists visiting Thailand plunged after the currency crisis of 1997. It bounced back to the pre-crisis level in 2006, when this program was completed. It is unclear whether the program contributed to this recovery. The program outcomes may not be explicitly observed across the country.

The increase in the average spending by both domestic and foreign tourists has resulted in a steady growth in tourism revenues. It is easy to imagine that the depreciation of the baht following the currency crisis has allowed foreign tourists to now spend more and stay longer. It is difficult to determine whether the increase in tourism revenues is due in part to this program or other efforts to upgrade the quality of tourism in Thailand.

On a positive note, this program has produced some of the planned effects. A case in point is the industrial village sub-projects. Although it accounts for only a tiny portion of the total program costs, the sub-projects are becoming a successful example of participatory projects that involve the transfer of Japanese experience.

Therefore, this project has produced certain effects, and its effectiveness is moderate.

**Relevance**

The program has been highly relevant with Thailand’s national policies and development needs at the times of both appraisal and ex-post evaluation. The tourism sector assumed an important position in the national economic and social development plan at the time of the appraisal. The new national economic and social development plan that was in place at the time of the ex-post evaluation had a major goal of achieving environmentally-sound development that embraces biodiversity and local resources based on the idea of a “sufficient economy” advocated by H. M. King Bhumibol. In this sense, the significance of this program is higher now.

**Efficiency**

The project period was much longer than planned (169% of the planned period) partly because a few sub-projects were not completed by the final disbursement. On the other hand, the program costs were lower than planned (68% of the planned cost). Therefore, the evaluation for efficiency is fair.

**Sustainability**

The sustainability of this program is moderate as no single agency has general oversight of all these sub-projects.

**Conclusion, Lessons Learned, Recommendations**

In light of the above, this program is evaluated to be fairly satisfactory. It is advisable that the Thai government secure budget allocations for transferring the equipment that is not in operation due to inadequate funds to another place where it can be put to good use.