

Country Policy Evaluation Study of Thailand

Summary

1. Background, Objectives, and Implementing Procedures of this Study

1.1 Background

Total amount of Japan's Official Development Assistance (ODA) has been one of the largest in the world in recent years. However, Japan's current severe financial situation requires more effective, efficient, and high-quality implementation of assistance. Implementation organizations are, therefore, actively conducting evaluations of completed individual projects as a starting point.

On the other hand, the Ministry of Foreign Affairs (MOFA), the Ministry responsible for formulating ODA policies, has traditionally evaluated several projects by countries. However, MOFA has recently concluded that evaluation from the policy's point of view is useful mainly for implementing more effective, efficient, and high-quality assistance and has started to evaluate Japan's ODA policy in targeted countries.

1.2 Objectives

The first objective of this evaluation study is to comprehensively review Japan's overall ODA policies for Thailand, a stable power in South East Asia and an important partner of Japan in South East Asia's diplomatic arena. Specifically, this study evaluates how Japan's ODA has contributed to the development in Thailand and, using the results of such evaluation, obtain lessons and recommendations for formulating and implementing more effective and efficient ODA policies to Thailand in future.

The second objective of this evaluation is to fulfill its accountability by disclosing the results of the above-mentioned evaluation to the people of Japan, including publication on the website of MOFA.

1.3 Implementing Procedures

This evaluation study assumed that ODA projects and programs initiated from fiscal 1995 to 99 were implemented under the ODA policies such as ODA Country Policy for Thailand. The study subsequently implemented analysis and evaluation by preparing "Objectives Framework" and setting indicators from the viewpoint of ODA policies. In practical terms, this study evaluated

Japan's ODA policies for Thailand in fiscal 1995 to 99 from the three viewpoints of "Theory," "Process," and "Effect" as described below.

(1) Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Theory"

The study verified whether the Country Assistance Plan for Thailand was consistent with the upper-level policies; the ODA Charter and the Medium-Term Policy on ODA, to evaluate whether the ODA policies for Thailand are founded on an appropriate theoretical basis or not.

(2) Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Process"

The study evaluated formulating and implementing process of the Country Assistance Plan for Thailand. The study examined the formulating process of the said Plan to determine whether it was prepared with an appropriate process and system based on sufficient collection and analysis of information. As for the implementation process, the study checked whether the said Plan was reflected in the assistance implementation plans for Thailand and selection of projects by ODA implementation agencies; the Japan International Cooperation Agency (JICA) and the Japan Bank of International Cooperation (JBIC).

(3) Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Effect"

The study examined the "Effect" of each important sectors of the Country Assistance Plan for Thailand using related indicators. In addition, 10 individual projects were visited as actual examples during the on-site survey in Thailand and the findings were incorporated into the above-mentioned evaluation.

2. Development in Thailand and Japan's ODA

2.1 Transition of Thai economic structure

Thai GDP grew at an annual average rate of 8.0% in the 1960s, 6.8% in the 1970s, 7.8% in the 1980s, and 8.6% from 1990 to 1995. The GDP suffered negative growth in 1997 and 98 due to the economic crisis in 1997, but it recovered to a positive growth of 4.2% in 1999. One of the main factors for this long-term growth is that Thailand converted its economic structure from agriculture-based to manufacturing-based one. By emphasizing manufacturing industries, Thailand achieved a high growth rate by producing higher value-added products and selling them in domestic market and exporting them to international markets. In 1960, amount of added value accounted for 39.8% in the agriculture, forestry, and fishery sectors and 12.5% in manufacturing industries. In 1999, however, the amount accounted for 10.5% in the agriculture, forestry, and fishery sectors and 35.5% in the manufacturing sectors. The percentages of the amount of added

value in the agriculture, forestry, and fishery sector and in the manufacturing sector had thus reversed in 40 years between 1960 and 1999.

2.2 National development plan of Thailand

The National development plan of Thailand was initiated firstly as a five-year plan in 1961 based on the recommendation of the World Bank in 1957, and this plan has been periodically revised for more than 40 years. Thailand is currently implementing its ninth five-year plan (Oct. 2001 to Sept. 2006). The National Economic and Social Development Board (NESDB) prepares the plan and examines the requests for the Japan's government loans submitted by each ministry and agency in Thailand based on the plan.

2.3 Result of Japan's assistance to Thailand

Thailand began to receive foreign assistance on a full scale in 1961. In the 1960s, the assistance primarily consisted of donations from the United States and loans from the World Bank. Since 1970s, loans from the World Bank, the Asian Development Bank and Japan have increased. By fiscal 2000, total amount of Japan's ODA to Thailand comprised 175.1 billion yen of technical cooperation, 1,912.9 billion yen of government loans, and 161.9 billion yen of grant aid. At present, Japan's ODA accounts for an overwhelmingly large percentage of the total bilateral and multilateral assistance to Thailand. For example, Japan's ODA from 1997 to 99 accounted for 82% of the total assistance from DAC countries and international organizations during the same period. This reflects the close bilateral relations built so far. At the same time, it reflects the fact that Japan's government loans, which represents a large amount of Japan's funds, accounted for large percentage among Japan's ODA. However, Japan's ODA to Thailand accounted for only 1.6 to 4% of the national government expenditure of Thailand from 1995 to 99, which cannot be considered such a large ratio.

3. Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Theory"

3.1 Consistency with the ODA Charter and the Medium-Term Policy on ODA

This study investigated whether or not Japan's ODA policies for Thailand were founded on an appropriate theoretical basis. Specifically, the study examined whether the Country Assistance Plan for Thailand was consistent with the ODA Charter and the Medium-Term Policy on ODA. Finally, the study determined that the Country Assistance Plan for Thailand embodied the ideas stipulated in the ODA Charter and the Medium-Term Policy on ODA, such as development of human resources, support to social sectors including education and healthcare, cooperation in preserving the environment, and assistance on economic infrastructure. Therefore, the study

concluded that the Country Assistance Plan for Thailand was founded on an appropriate theoretical basis.

3.2 Consistency with Thailand's development plans

The Country Assistance Plan for Thailand is highly consistent with Thailand's development plans. Japan has always tried to assist Thailand in promoting self-help efforts, and has constantly focused on the sectors which were given higher priority by the Government of Thailand. As a result, the direction of development sought by Thailand and the sectors emphasized by Japan have converged.

4. Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Process"

4.1 Formulation process

In the formulation process, the study examined the process, timing, system, and others for establishing the Country Assistance Plan for Thailand. The Country Planning Division, Economic Cooperation Bureau, Ministry of Foreign Affairs plays a leading role in formulating the Plans. The study confirmed that the Plan for Thailand was formulated through a tremendous amount of works such as conducting multiple consultations based on information from the Embassy of Japan in Thailand, JICA, JBIC, considering opinions of the Government of Thailand and local NGOs, and then reflecting comments of Japanese NGOs and knowledgeable people, and comments of local related persons collected by the Embassy. As a result of the investigation, the study found that the Country Assistance Plan for Thailand met the criteria for selecting suitable countries for formulating Country Assistance Plans and is based on the common formulation process. The study therefore judged that the Country Assistance Plan for Thailand was established with an appropriate process, timing, and system.

4.2 Implementation process

To examine the relevance of the implementation process, the study reviewed the process primarily focusing on whether the content of the Country Assistance Plan for Thailand was reflected in the plans and guidelines of the ODA implementation agencies, JICA and JBIC. The study also examined how the Plan resulted in the implementation of individual projects. To verify these points, the study traced how individual projects of assistance were found, selected, and adopted and how the Country Assistance Plan for Thailand, the JICA country program, and the JBIC country implementation guideline functioned as judgement criteria in such processes. The results verified that the important areas of the Country Assistance Plan for Thailand were adequately reflected in the JICA country program, the JBIC country implementation guideline and

in individual projects implemented. The study was thus able to determine that the Country Assistance Plan for Thailand functioned satisfactorily as a policy.

5. Evaluation of Japan's ODA policies for Thailand from the viewpoint of "Effect"

The study attempted to comprehensively understand the effect of Japan's assistance on the policy level by examining Thailand's trend of development in 'points of importance' identified in the Country Assistance Plan for the country. However, the amount of Japan's ODA accounts for only a small percentage of the government budget of Thailand as described earlier. The study therefore realized from the beginning the limitation of quantitative evaluation of the degree of contribution or of effect of Japan's ODA.

Working under these restrictions, the study found that development in Thailand during the targeted period of evaluation (fiscal 1995 to 99) demonstrated relatively good trends, at least on sectors where Japan's ODA policy focused. It seems highly probable that Japan's ODA contributed to development in Thailand to a considerable extent, particularly in sectors related to providing economic infrastructure. Thus, the study judged that the Japan's ODA policy for Thailand functioned effectively and took considerable effects.

6. Comprehensive evaluation of and proposals for the Country Assistance Plan for Thailand

6.1 Comprehensive evaluation

The study found that Japan's ODA policies for Thailand were implemented flexibly based on the Country Assistance Plan for Thailand which was established through an appropriate process and was implemented while observing political, economic, and social circumstances at that time. The Plan for Thailand is properly positioned in a large flow of Japan's ODA policies as reflected in the upper-level policies; the ODA Charter and the Medium-Term Policy on ODA. The study further believes that the direction indicated by the Country Assistance Plan for Thailand is also precisely reproduced in individual projects implemented by JICA and JBIC. Thus, the study finds that the Country Assistance Plan for Thailand plays a core function to assure the consistency of the flow of Japan's ODA policies for Thailand, from the ODA Charter to selection of individual projects.

It is evident that in the process of establishing Japan's ODA policies for Thailand, in the discussions for selecting individual projects, as well as in project selection work, the JICA country programs, and the JBIC country implementation guidelines were referred in various ways. The

study has also determined that the experiences cultivated by JICA and JBIC, through implementing projects in recipient countries for many years as the ODA implementation agencies, are widely utilized by the policy-making body; the Ministry of Foreign Affairs.

With regard to the effect of Japan's ODA policies for Thailand, the study has ascertained that they contributed to a considerable extent at least in one of the emphasized sectors, namely providing economic infrastructure. In practical terms, the amount of Japan's ODA in that sectors is estimated to have accounted for more than 20% of the government budget of Thailand during the targeted period of this evaluation. The study can conjecture that such ODA policies contributed significantly to structural reform in the Thai economy, from agriculture, forestry, fishery-based to manufacturing-based one. Furthermore, Japan's ODA created jobs through supporting the promotion of public investment plans, and prevented further aggravation of the economy during the economic crisis in 1997.

6.2 Recommendation

According to this evaluation study, Japan's ODA policies for Thailand have gradually enriched their functions. Thailand is transitioning to a more developed country. Therefore, if Japan wants to further cultivate cooperative relations with Thailand, the process of formulating and implementing the Country Assistance Plan for Thailand should be further enhanced. The Government of Thailand intends to have dialogue with donor countries on an equal footing and is assumed to be preparing herself for that purpose. Furthermore, the Thai Government is increasingly hesitating to receive foreign assistance loans for development in some sectors. Therefore, Japan should not be content with the current system of formulation and implementing ODA policies. She must also consider effective measures while remembering trends in the Government of Thailand. The followings are the practical recommendations.

(1) Setting indicators on the ODA policy level and establishing monitoring systems

To utilize the information acquired by JICA, JBIC, and the Embassy of Japan in Thailand more effectively in formulating and revising the Country Assistance Plan for Thailand, indicators that enable objective conjecture of the contribution degree of Japan's ODA should be chosen when the country assistance plan is formulated. At present, the Embassy collects and analyzes detailed information about politics, economy, and social circumstances in Thailand. At the same time, the implementation agencies; JICA and JBIC, collect and analyze information about development subjects. The information collected by these agencies is concentrated at the Ministry of Foreign Affairs. Though decisions concerning ODA policies are made referring to the information, the information sent from fields of the recipient country could be analyzed more objectively if indicators corresponding to the Country Assistance Plan are chosen in the initial stage of formulating the Plan.

(2) Further enrichment of the evaluation system for Grant Assistance for Grassroots Projects

Grant Assistance for Grassroots Projects (GGP) has been recently evaluated by the MOFA as part of the evaluation by scheme (a form of evaluation at the program level). However, the MOFA does not adopt a system in which indicators are set before an evaluation, and an ex-post evaluation of the program level is implemented using these indicators. The MOFA is expected to conduct evaluation at the policy and/or program level. With regard to the evaluation system for the GGPs, it is necessary to endeavor to comprehend GGPs as a whole by enhancing evaluation by scheme. The Embassies currently require the organizations implementing GGPs to submit an interim report and a final report. However, on-site surveys confirmed that these reports are not submitted on all projects and the contents of submitted reports are sometimes inadequate. Even these reports were not submitted to conduct program level evaluations. Setting necessary indicators for an evaluation of the program level will be useful for Japan to comprehend the overall view of GGPs, in addition to enhancing the submission rate and contents of these reports.