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**THE RELATIONSHIPS BETWEEN FOREIGN LOANS
AND DEVELOPMENT PROJECT MANAGEMENT
IN THE EXPERIENCE OF THE LOANS CONTROL DIVISION
OF THE DEPARTMENT OF HIGHWAYS IN THAILAND**

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ABSTRACT

This study is concerned with the relationships between foreign loans and development project management. The main focus of the study is to investigate factors that undermine the effectiveness and efficiency of the management of loan projects in the experience of the Loans Control Division of the Department of Highways in Thailand. The emphasis is on road projects funded through foreign loan schemes because roads are one main infrastructure that requires never-ending financial support, with little or no direct cost recovery. When partly financed with loan monies, road projects also add to the burden of debt repayment for the nation. Thus, one essential objective in implementing road projects is to minimize investments cost by delivering a well-managed project. As loan projects have unique characteristics and require particular management skills, a comprehensive study of the experience of the Loan Control Division will help to reveal solutions to improve the effective and efficient management of other loan projects.

The findings suggest that the Loans Control Division is presently facing three main factors that create a hostile environment for the management of loan projects. They are: the differences between local regulations and foreign guidelines; an unsupported working environment and the lack of knowledge and skills. These factors reflect a lack of understanding of loan projects at both national and personal levels. At the national level, it is evident in this study that the merger in the 1990s of local regulations for local projects with those for local projects was based on an ignorance of the requirement to have specific regulations that are compatible with foreign loan guidelines and which support the management of loan projects. At the personal level, the study suggests that the majority of the respondents need specific knowledge and particular skills to help them carry out their work efficiently. Proper orientation and training is inadequate and the knowledge and experience of individuals has not yet been transferred to the organization. It is therefore recommended that to enhance the effectiveness and efficiency of the management of loan projects, it is essential to take the unique characteristics of each loan project into account and to provide necessary resources, such as an in-house orientation and training programmes, a good working and learning environment, and a handbook or manual for work procedures.

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GLOSSARY

<i>Baht</i>	Thai currency
<i>Krong kan</i>	Projects
<i>Krong kan nguen ku</i>	Loan projects
<i>Krong kan nguen ngub pra man</i>	Local projects

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ADF	Asian Development Fund
AEs	Area Engineers
APD	Assistant Project Director
BOT	Bank of Thailand
DAC	Development Assistance Committee
DMCs	Developing Member Countries
DOH	Department of Highways
DPD	Deputy Project Director
ECAFE	Economic Commission for Asia and the Far East
GMS	Greater Mekong Subregion
GNP	Gross National Product
IBRD	International Bank for Reconstruction and Development (also known as the World Bank)
ICB	International Competitive Bidding
IDA	International Development Association
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
JEXIM	Export-Import Bank of Japan
LCD	Loans Control Division
LCO	Loans Control Office
MDBs	Multinational Development Banks
NESDB	National Economic and Social Development Board
NGOs	Non-Government Organizations
NICs	Newly Industrialized Countries
NSO	National Statistics Office
OCMRT	Office of the Commission for Management of Road Traffic
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECF	Overseas Economic Cooperation Fund of Japan
PD	Project Director

PSs	Project Secretaries
REs	Resident Engineers
SALs	Structural Adjustment Loans
TAs	Technical Assistants
UCLA	United Nations Economic Commission for Latin America
UNCTAD	UN Conference on Trade and Development
US	United States of America
USAID	US Agency for International Development
USOM	US Operations Mission

CHAPTER 1

INTRODUCTION

This thesis focuses on the practical management of development projects in Third World countries that are partly financed by loans from external loan sources. In this chapter, the background of the study, the reason for the study, its objectives as well as the framework of the research are introduced to give a broad picture of the study. Outlines of each chapter are provided in the last part of the chapter.

1.1. BACKGROUND

Since the introduction of the first national economic and social development plan in 1961, development strategies in Thailand have been largely based on the acceleration of economic growth. Infrastructure has been heavily invested in to support the industrial expansion. Roads and highways, which are considered to be the infrastructure that helps to underpin the economic growth and social well-being of the nation, have been constructed in all regions of the country. These roads are largely managed by the Department of Highways (DOH) which is considered to be the main organization for road development throughout Thailand (Muscat, 1994: 94-98).

As road development projects require a great amount of investment - an average of 426 million *bath* or about US\$10.14 million per km (at the exchange rate of 42 *baht*: US\$1.00) for new standard highway (San, 1992: 136), many large projects have been co-financed by international financial institutions ('the loan sources') such as the International Bank for Reconstruction and Development (IBRD or generally called the 'World Bank'), the Asian Development Bank (ADB) and the Japan Bank for International Cooperation (JBIC). Foreign loans therefore play an influential part in the loan project management as the borrowers are required by the loan sources (through loan agreements) to follow their guidelines and conditions for the execution of the projects (DOH, 1995: 106).

These requirements result in the need to have a unit that is directly responsible for the work of loan projects because specific conditions, such as English language and the regulations of the loan sources, become the essential elements that make the management of loan projects different from those of local projects (projects that are

fully funded by the government fiscal budgets). The Department of Highways therefore established the Loans Control Division (LCD) to undertake the management of loan projects. From a report by the World Bank (1995: 1-9), the outcome of road projects under past loans has been considered successful in terms of schedule and budgets. However loan projects still lack adequate performance management to support the smooth implementation of the project and improvements are necessary to remedy the situation. This thesis therefore seeks to identify factors which are critical to the efficiency and effectiveness of the management of loan projects.

The research student's interest in this topic emerges under four reasons. Firstly, foreign aid (grants and loans) is one of many debated issues in development literature. The arguments for and against foreign aid and its structure are many and varied. In general foreign aid is economic assistance given to Third World countries because they have insufficient financial resources to undertake development work. However many aid critics say that aid is used as a tool for controlling Third World countries as it contains strategies for expanding the self-interest of the United States (US) and other Western countries (Hope, 1996: 53,57).

In addition, the rapid accumulation of debt burden resulting from foreign loans becomes a foreseen but not faced problem by many Third World countries. One worry about foreign debt is that the developing countries can never be freed from the external debt cycle. With the hope to be able to pay off the debt in the future, these countries continue to seek foreign loans for the implementation of what is called 'a development project'. But when the outcome of the project is something, such as roads and highways, that does not make a profit by itself, it is necessary to make sure that the project yields more benefits than the debt burden to all population in the country (Payer, 1991: 58).

Secondly, a project is considered to be an important development tool. But projects in many developing countries have failed due to the lack of good project management (Cusworth and Franks, 1993: viii). When the project does not yield the expected outcome, it means a waste of investment. And when the investment is funded by foreign loans, it means the population in the country have to pay the debt without receiving full or any benefits at all.

As loan projects require different management procedures from local projects, some practices such as using guidelines from the loan sources as well as the local regulations for loan projects can cause difficulties in the management of loan projects. This is because other relevant officials and contractors tend to employ other local regulations, which are generally used for local projects, in relation to loan projects. These procedures also create a sense of alienation towards the LCD by others divisions in the DOH as well as by the contractors since all procedures are processed differently. However as time passes by, the unique characteristics of the LCD have gradually declined and a decreased standard of work has been noticed by relevant staff (Interviewed, 6 February, 2003).

Thirdly, according to Carlsson and Wohlgemuth (2000: 7), issues of learning in development organizations by all parties involved in development projects have recently been brought to public attention. This subject is mentioned in discussions about aid effectiveness by many well-known writers such as Cassen et al. (1994), Mosley (1987), Bauer (1991), and Berg (2000). There is a general conclusion that if aid agencies and their recipients were more concerned with learning, aid would be processed in a more effective way. Both aid agencies and their recipients would be more aware that their experiences are worth learning from and using as guidance for improving their practices. This thesis puts this concept into practice, learning from the experience of the LCD.

Lastly, it appears that through years of servicing the management of loan projects, the LCD has experienced many changes that more or less affect the effectiveness and efficiency of its work. These effects can be better understood by learning from officials who have worked at the LCD long enough to see those changes. However the resources for learning are quite scarce because these officials are gradually retired or transferred to other offices. Once they are gone, the LCD loses the opportunity to make use of their valuable experience and knowledge forever. Thus, it is a high time that such knowledge and experience is passed on or documented and made accessible.

In addition, the study at a practitioner level will yield more benefits in terms of defining effective management and administration if it analyses a current loan projects rather than studying the end result of a road construction project. Officials in loan projects are

considered to be both primary and secondary stakeholders. They build roads, pay tax and sometimes use the roads they built. If they manage loan projects, mindful that such projects affect their lives as well as others either directly or indirectly, they will at least help to produce good roads rather than bad ones. I agree with a classmate who said “Once constructed, the road is there. You can’t remove it to somewhere else. Our work is to respond to a top-down policy. No matter how it happens, you still have to do your job” (Conversation with research student, Massey University, 22 July, 2002).

This thesis emphasizes issues about external loans, development project management, and the critical factors that affect or impede the management of loan projects. The study will help to promote awareness of the unique characteristics of loan projects and the requirement for particular expertise in loan project management by relevant officials at both management and administration levels. The study will also help officials who are responsible for loan project management, both inside and outside the LCD, to gain a broader understanding of development project management and of development theories; and be able to act as a tactical and discreet tool in development project management.

1.2. OBJECTIVES OF THE STUDY

This study will identify and examine the factors that affect or impede the efficiency and effectiveness of the management of loans projects. To answer the central question of the study “What are these factors?”, this thesis explores the experience of the LCD to collect a detailed account of the management and administration of loan projects. An analysis of the organizational structures as well as its management culture bring light to the study.

Subsidiary questions investigated in this study are:

- What are the officials’ perceptions of foreign loans, loan projects, and the Loans Control Division? What recommendations and criticisms exist?
- What are the effects of the foreign loans guidelines on loan project management and how are the effects managed?
- What are the influences of the organizational structure in the Loans Control Division?
- What particular expertise is needed for the management of loan projects?

The objectives of the study are:

- To explore how relevant officials perceive foreign loans, loan projects and the Loans Control Division.
- To investigate the effects of foreign loans on the management of road development projects.
- To examine the influences of organizational structures on loan projects.
- To investigate the particular expertise needed for loan project management.
- To provide a description and analysis of factors that affect the efficiency and effectiveness of loan project management.
- To form a number of recommendations based on the research findings.

1.3. RESEARCH FRAMEWORK

The thesis comprises three main research components: the literature review, the collection of data via interviews with the LCD officials, and analysis of the collected data. The survey of relevant literature to the topic provides the theoretical background and concepts about development theories, foreign loans, project management and road development in Thailand are examined in Chapters Two and Three.

The collection of data was carried out mainly in the LCD. The finding of this research analyzes loan project management on the grounds of reality and practicality. The two major approaches for gathering the information were collecting data using primary sources and collecting data using secondary sources (Kumar, 1999: 105-126). Methods used to collect the primary data were interviews, questionnaires, and observation.

A semi-structured questionnaire-based interview was conducted with present and former officials of the LCD. The researcher asked questions in the prepared questionnaire (see Appendix A) to find out viewpoints on the following issues:

- The perceptions of foreign loans, loan projects and the Loans Control Division.
- The effects of foreign loans guidelines and conditions on the management of loan projects.
- The influence of organizational structure in the management of loan projects.
- The particular expertise needed for the management of loan projects.
- How can the present situation be improved?

Data from secondary sources such as working files, final reports, annual reports, loans agreements, guidelines, and regulations for project management from both Thai government and the loan sources was also examined. As there were major changes in project management after organizational restructuring, data was collected from 1983 (the year before the organization structure was changed) to 2002. This information was used to provide the localized context for this research found in Chapter Three.

1.4. CHAPTER OUTLINES

Chapter One presents a framework for the thesis. The background of the study, the reason and objectives of the study as well as research methodology are introduced to show a broad picture of the study. Chapter Two reviews the literature about development concepts and theories. The issues surrounding modernization theory, foreign loans, and development project management are explored. The concepts of efficiency, effectiveness and learning organizations are also examined. Chapter Three concentrates on road development in Thailand. It gives a brief history of road construction in Thailand. This is followed by the work of the LCD with relevant loans sources. Chapter Four presents the research methodology in detail and the problems and limitations that apply to data collection. Chapter Five examines and describes the experiences of the LCD. The collected data is analyzed to find out the results from field work. Chapter Six draws conclusions from the study. The main issues from previous chapters, discussions, and recommendations are provided as the final episode this study.

CHAPTER 2

DEVELOPMENT ISSUES

The first section of this chapter presents development concepts and approaches which are influential to Third World development and the path of development in Thailand. Foreign aid is examined in the second section to consider the extent of its impact on the Third World and its link to development projects. Finally, the issues of development project management are examined to survey factors that are critical to loan project management.

2.1 THE CONCEPT OF DEVELOPMENT

Development is a word that has no consensus on its definition. It is a 'user-friendly' expression meaning different things to different people. The term can be interpreted as a movement towards progress, a means towards an end, or simply an end. Development thus can be thought of in both subjective and objective ways (Black, 1991: 1; Thorpe, 1995: 3).

The notion of development originally emerged from a Western concern to understand unsatisfactory conditions that are needed to be changed in poorer countries located in different geographical and historical contexts from those in the northern or Western hemispheres (Hettne, 1990: 3). These countries, mostly former colonies, have been labeled as backward (1940s), underdeveloped (1950s), less developed, or the Third World (1960s), developing nations (1970s) and the South (1980s). Nowadays, less developed nations, developing countries, and Third World countries are the most broadly, and interchangeably, used names (Hope, 1996: 4-5; Hulme and Turner, 1990: 8).

Different concepts towards development lead to different approaches. When first introduced, definitions of development focused on economic growth (which emphasizes investment, industrial expansion, and growth theories) and the duplication of the economic, social and political patterns found in the western hemispheres (Cusworth and Franks, 1993: 1; Hulme and Turner, 1990: 5). Development policies in the first development decade (1960-1970) were formulated under the notion of economic development. Measurement of development was based on estimates of the Gross

National Product (GNP) as it was assumed that the increasing of GNP level indicated real growth and the eradication of poverty (Webster, 1990: 15, 30).

It became evident in the early 1970s that GNP did not work well as a development indicator. Millions of people, who lived in developing countries experiencing the rise of their GNP, were still left in absolute poverty – living on less than US\$1 a day. The meaning of development was reconsidered and redefined in terms of achieving the welfare goals. Alternative strategies, such as sustainable development, meeting basic needs, appropriate technology, gender and development, and participatory developments have been employed to serve this definition (Martens, 2001: 117; Hulme and Turner, 1990: 5; Webster, 1990: 32-36).

The perspectives of alternative people-centered strategies advocated in recent years demand a very different perception of development to that provided by grand theories as they place the personal values of those involved in development activity as the priority. Instead of raising issues inside the political economy level of the left–right debate, they focus on micro-level issues and place great emphasis on abandoning mainstream development projects in favour of indigenous culture and values (Longwe, 1991:49; Pieterse, 1998: 345).

Although as of today no single development concept succeeds in providing a complete answer to the question of why many parts of the world still face up to absolute poverty and hardship, the approaches from these concepts and their residue have played a pivotal role to Third World development. The next section discusses the paths of these approaches.

2.1.1 FROM MODERNIZATION TO ALTERNATIVE APPROACHES

Modernization theory emerged after World War II and dominated development debate, practice and policy in the 1950s and 1960s. There are many variants of this theory but it can be said that they all represent “... the process of change towards those types of social, economic and political systems that have developed in Western Europe and North America from the seventeenth to the nineteenth centuries ...”(Eisenstadt, 1970: 1). Many critics consider imperialism as the starting form of modernity. After being reinforced by capitalism, western style of governmental institution, and cultures of the

former dominant nations over the postcolonial period, this form is totally transformed to a full guise of modernization (Hong, 1984: 13).

From the modernization view, development is a total transformation of a traditional society into the model of an advanced, economically thriving nation. All societies can follow the same path of economic progress as those of the developed countries such as the US, Great Britain or France. The ideological framework proposed by this approach is essentially Western and pro-capitalist. It forms part of the process of Westernization of developing countries, and defines development in term of economic growth and increases in per capita income (Harrison, 1988: 77; Moore, 1974: 89).

Since modernization theory is typically a Western phenomenon, the First World is seen as superior to the Third World in all social, political and economic aspects. This paradigm does not recognize social change and local cultures as being of relevance nor importance. Indigenous knowledge and customs are blamed for underdevelopment and have to be substituted by Western values. Western conceptions are therefore disseminated and diffused to Third World countries (Hoogvelt, 1978: 54).

The validity of this theory is challenged in many angles. Bauer (1981: 58) views that modernization is "... a culture process ..." that involves the adoption of entrepreneur oriented values and attitudes opposite to those of traditional society. Roberts and Hite (2000: 11) see that modernization theory failed to distinguish the difference between countries, regions, structural conditions, or specific historical experiences. Many underdeveloped countries, that transformed themselves with industries, educational systems or other necessary precursors for modernity, are still classified as underdeveloped. The term 'modernization' is increasingly criticized as being only a euphemism for 'Americanization'. The concept, which is based on ethnocentric assumptions and which is pro-capitalist, becomes recognized as a tool of the American Cold War anti-communist effort.

After two decades of dominance in development circles, modernization theory has not lead the Third World to the expected development stage. On the contrary, this theory is seen as adding more burdens to the poor people (Thaman cited from Maiava, 2001: 12). From the late 1960s to early 1970s another theory, known as dependency theory, was

formulated. Although this theory is seen as containing more sociological and political thoughts, the concept of economic growth is not totally demolished from the interpretation of development. Even the United Nations Economic Commission for Latin America (UCLA), which provided the primary impetus for dependency theory, still defines development in terms of economic growth and increases in per capita income (Harrison, 1988: 77).

In dependency theory, blame is placed on the First World as the cause of underdevelopment in the Third World. The exploitative relationships between the core and the periphery is considered to be a fundamental factor that obstructs the latter from reaching true development. The theorists in dependency theory attempt to explain why some countries are still underdeveloped but they are not able to explain why development also occurs in some periphery countries such as Newly Industrialized Countries (NICs) (Hulme and Turner, 1990: 46-48). Like modernization, dependency theory can not be well generalized to areas outside its origin. By the mid 1980s many critics such as Booth even mentioned that development theories had reached some kind of impasse (Booth, 1985: 761-787).

Nowadays the concept of development has moved forward to 'alternative development' which puts participation and people-centered development at the forefront. The concept of participation has close links to the management of development projects and is considered to be a key prerequisite for development success. The concept emphasizes the full involvement of beneficiaries in the whole process of development. The people identify their own needs, and their own resources are primarily used in the project. This activity is believed to bring a sense of ownership of the project and create higher motivation and involvement of beneficiaries (Stohr and Taylor, 1981: 2).

Participation has become a new principle for monitoring projects by the World Bank and many Third World countries. Many project evaluations show that the most successful projects have their objectives corresponding to the needs of partner institutions and beneficiaries, and have local institutions and beneficiaries regularly involved in decision-making at all stages of the project cycle. Even a recent World Bank study indicates that rapid disbursement made after signing the loan agreement correlates

significantly with participatory approaches to project preparation (Chambers, 1998: xiii, DFID, 1995: 18,29).

Although participation is seen as a central element in achieving project objectives and sustainability, Rahnema (1992: 127) argues that participation has lost much of its value after being widely used in development practice. It appears that more powerful people use this notion to maintain their own power, not challenge it. Moreover people are not really actively involved in the project but are used to gain support and assist outsiders. The free exercise of participation usually ends up with people being asked or dragged into partaking in activities that they are not really interested in. The process therefore occurs only for the sake of the word 'participation'. And participation may be very difficult to implement in practice as there are questions to be considered, such as who participates, what they participate in, how they participate, and for what reasons they participate. Participation has become a complex issue in the end as it is a multi-dimensional concept (Brohman, 1996: 251).

2.1.2 DEVELOPMENT THEORY AND THIRD WORLD DEVELOPMENT

Development theory has played a critical role in changes to economic structures and social institutions in many Third World countries. Development, when viewed as a process of movement from traditional to modern society, is seen as a gargantuan task, and development problems are defined as national problems. Only governments are able to organize, coordinate and find the solutions to these problems (Hettne, 1990: 3-5).

The pursuing of economic growth is an ultimate goal for most governments, and state civil services have been oriented to its achievement. Development policies have been formulated and development plans have been drawn up. Development programmes and development projects such as industrial development, rural development and urban development are heavily implemented (Hulme and Turner, 1990: 4; Momsen and Townsend, 1987: 16). Foreign aid, in the form of loans and grants, is used to support large government projects, for example in developing infrastructure and communications, as the level of domestics savings and investment within Third World countries is inadequate to facilitate economic development (Maiava, 2001: 11).

Attempts to implement national plans for improving the economy in rural and industrial sectors have been made by most Third World governments. These plans are usually strongly influenced by foreign aid and commercial banking agencies that provide capital, technology and know-how for long term development programmes. Many countries even used the 'country economic reports' of the World Bank as the guidelines for drawing their own national plans. When development projects are financed by external loans, their objectives have occasionally been changed according to what the lenders perceive as development problems and what the politicians consider as their achievements for future votes. When the implementation of development plans involves political decisions and priority, government administration is no longer a plain task of daily household management (Webster, 1990: 9).

2.1.3 THAILAND AND MODERNIZATION

It is generally known that the strategy used to boost economic development in Asian former colonies is formalized in the body of modernization theory. Although Thailand has never been physically colonized but remained independent solely in Southeast Asia, the country is not surprisingly unable to escape the threat of European colonialism and the impact of modernization theory (Ratanakul, 1986: website).

In order to avoid colonization, Thailand made territorial concessions to give Penang and much of present Cambodia and Laos to the British and the French respectively. By the obligations under the Bowring Treaty signed with Great Britain in 1855, and several subsequent treaties, Thailand had to adopt relatively free trade policies as well as grant extraterritorial rights over legal practice to European nations. But this is not the final answer (Muscat, 1994: 13; Warr, 1993: 9-10).

The ruling class realized that their survival definitely depended on the country adapting to a Western modern style. They therefore began to transform the country by working closely with brought-in Westerners who provided guidance on every matter from the construction of railroads and canals to the education system. At the same time they sent the royal princes to Germany, France and Britain to study and observe European military, political and administrative systems. After graduation from abroad, these princes became the protagonists of Thai economic development. These processes

gradually restructured Thailand from an agrarian nation to a modern state under the influence of modernization theory (Vickers, 2001: 18).

The event that played a significant role in the subsequent Thai economy was the World Bank advisory mission in 1957. The mission recommended that Thailand had to improve the public infrastructure if the country wished to achieve economic growth. The bank's suggestion created a new surge of government investment in infrastructure, including roads, ports, electric power and telecommunications, and the establishment of the National Economic and Social Development Board (NESDB), a government planning agency, to set a policy for economic development (Ingram, 1971: 11-12).

The transformation to modernization appeared to be dramatic in Thailand as manufacturing rapidly outstripped agriculture in term of gross domestic product (GDP). Along with favourable results, Thailand had debt at a level considered, by Thailand's conservative standards, to be problematic. Like other Third World countries, Thailand depended to a large extent on foreign borrowing to adjust to the oil price shocks of the 1970s, and the high interest rates of the early 1980s. According to the East Asian standards, the total debt service in 1990 was moderately high. This means a decline in value of exports, a source of foreign exchange to repay the debt, could cause significant trouble to Thailand (Warr, 1993: 65-66).

However Thailand had continued rapid growth until 1997 when the country, as well as fellow Asian countries, suddenly experienced an economic crisis, the phenomenon that Chulakorn Singhakowin, President of Thai Bankers Association, terms as "... the product of a lengthy period of over-investment and speculation ..." (Singhakowin, 2001: 95). Although the crisis was a result of financial turmoil in the private sector, not in the government sector, it is a good example of the vulnerability created by an over dependence on economic growth, excessive foreign loans and mismanagement of the loan monies. The economic growth was spurred by foreign loans and investment, not by domestic capital which appeared to be in a shortfall. The mismatch of foreign loans for local over-investment eventually paid its price when growth suddenly slowed down and one commercial bank collapsed. When the weakness of the economy became clearly seen, the capital rapidly flew out of the country, leaving the local banks with massive non-performing loans (Killick et al., 1998: 66; Singhakowin, 2001: 95-96).

According to Valdepenas (2001: 99,106), this crisis caused deep and extensive damage to the economy of the country. The Thai government once again had to rely on Structural Adjustment Loans (SALs) from the International Monetary Fund (IMF) to solve this financial problem. The country today burdened by corporate bad debts and bankruptcies. The depreciation of Thai *bath* by 17 per cent versus the United States dollar puts the country under an additional burden of heavy foreign debt. The latest statistic from the National Statistic Office (NSO) of Thailand shows that at the end of the year 2002 Thailand had a total external debt of 48.9% of GDP and the Bank of Thailand announced the figure in February 2003 of US\$57,391 million (BOT, 2003: website; NSO, 2003: website). The debt problem is undoubtedly the core of current policy reforms, and issues such as the quality of economic growth, and good governance are subjects of concern in Thailand.

From one side of the modernization formula, it can be said that Thailand has been successful in transforming a relatively backward self-sufficient agrarian nation in the early 1850s to now "... an economically progressive state with exports dominated by manufactured goods ..." (Ingram, 1971: 5). The recent classification of economies by the World Bank shows that Thailand is a lower-middle income country with a per capita gross national income between US\$756 and US\$2,995 (Todaro and Smith, 2003: 34). But from the other side, it is clear that after decades of investment, economic development has led Thailand to an increasing accounts deficit and inflation, infrastructure bottlenecks, environmental degradation, social ills and the unprecedented debt burden (Warr, 1993: 1).

The above discussion shows how development theories, especially modernization, have played a significant role in Third World development, including Thailand, since the end of the Second World War. When development plans need huge financial support while the local budget is insufficient, Third World governments have had to depend on foreign aid from the developed countries. Foreign aid and loans are therefore the next issues to be explored.

2.2 FOREIGN AID

In development literature, foreign aid or foreign assistance are technical terms meaning contributions in the form of loans or grants to Third World countries. Foreign aid is

further defined as Official Development Assistance (ODA) when its flow meets three requirements set by the club of Western donors established in the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) (Corbridge, 1993: 26; Mitsuhashi, 1996: 3).

The requirements for ODA are first that it is made on a government-to-government basis, second that its main objective is to promote economic development and welfare of developing countries, and third that it must be provided on concessional terms (lower interest rates, longer grace periods and repayment schedules). Plus it must be comprised of at least 25% grant element. The minimum level of concessionality (25%) is set to distinguish a large proportion of loans made in other forms of financial transfer apart from foreign aid because many of these loans are provided at near-market terms (OECD, 1985: 160; OECF, 1995b: 20).

Aid is transferred mainly in bilateral and multilateral forms. For bilateral aid, the donor government transfers goods or services for the approved projects directly to the recipient government in the form of either low-interest loans or grants. The donors in this category often tie their aid to a special commercial condition requiring that the recipients should purchase goods from the donor countries. In other words, the recipient government cannot buy products from other countries even if it means higher quality with lower price. In the US, this tied aid is considered as a tool to balance the payments by way of an extension of export markets and as a way to gain support from business lobbyists for aid activities (Gore, 2000: 789-804; Lappe et al., 1980: 171).

For multilateral aid, the goods or services are transferred from one government to another through international organizations, such as the multilateral development banks (MDBs), almost entirely in the form of loans. MDBs are financial intermediaries formed under international agreements to facilitate economic growth in Third World countries by lending for development projects. The funds are paid in capital from member nations. The United States used to be the largest donor at the inception of each MDB, but has later reduced its contributed funds with the policy to spread the burden of support to other donors. However when measurement is made between assistance and the size of the national economy, the United States ranks below a number of other donor

countries. Nowadays the US allocates barely 0.1 per cent of its GNP to foreign aid (Gore, 2000: 789-804; Therien, 2002: 453).

MDBs, such as the World Bank and four regional development banks distribute 100 per cent loans to Third World borrowers. The loans are offered in two kinds. Soft loans are offered at higher concessional interest rates than that of the hard loans. The average rate of concessional lending in 1999 was 1.5 per cent per annum with a 7-year grace period and maturity of about 25 years. The MDBs play a major role in current development theory, practice and policy through their sheer lending scale. However not all of them share the same philosophies of development (Bauer, 1991: 359; Ross and Harmsen, 2001: 29). The background of the World Bank, ADB, and JBIC which partly finance the projects in the LCD is discussed in Chapter Three.

Foreign aid in the development context has been heavily debated regarding its genuine contributions to Third World development. It can be said that the majority of foreign critics cast doubt about the effectiveness and the accountability of foreign aid. These issues are explored in 2.2.1 to see the extent to which aid supports or exploits the Third World.

2.2.1 CRITIQUE OF FOREIGN AID

The criticism about foreign aid appears in both pros and cons dimensions. For those who favour aid as a helpful resource for economic development, aid is believed to accelerate development progress in Third World countries. The transfer of capital and more effective systems from developed countries can help those still underdeveloped to follow a linear path to industrialization. When growth rises, the requirement for foreign aid will decrease. This concept is based on Keynesian economic growth theory, Harrod and Domar's mode, and Rostow's 'take off' conditions (Browne, 1999: 5; Fell and Jacobs, 1999: 42).

While many see foreign aid as the solution for world development, a lot more argue against it, starting from the term itself to the diverse impacts of foreign aid. Bauer (1991: 359) argues that aid is the term coined intentionally to "... avoid criticism, obscures realities and prejudices results ...", and to imply that what emanates from the

North must be good for the South. But instead of being the answer to the Third World, aid leads to more problems than solutions (Webster, 1990: 13).

Raffer and Singer (1996: 3) add that the word aid in everyday English connotes the sense of "... altruism and generosity ...". When used as technical term in development economics, the term 'foreign aid' tends to create a perception of altruistic or paternal helpfulness, which may not necessarily happen in the world of development assistance. Donors may be motivated more by their own interests than by the recipients' benefit because it is obvious that many donors have used aid to serve themselves rather than the developing countries.

According to Bauer (1991: 361-362), the perceived picture that the Third World is in extreme poverty could not be right as many parts of this world, such as the Far East and the Middle East, are wealthier than many Western countries. Moreover large scale development occurred in many countries long before the policy of foreign aid was invented. Some countries such as South Korea, Taiwan, Thailand, Malaysia, the Ivory Coast, Mexico, Venezuela, Colombia and Brazil grew steadily before receiving foreign aid. The lack of present progress shows there are obstacles that aid cannot overcome.

Bauer (1991: 362) further adds that the policy of aid encourages the West to impose its will to monopolise economic decision-making on the Third World. Although the United Nations, by its charter, is supposed to have the central role in formulating and giving guidance for world macroeconomic policy, the World Bank, the IMF and seven major industrialized countries are, in reality, the main organizations that give decisions about policy in this field. The United Nations, the World Bank and the IMF therefore need to reform the division of their labours (Martens, 2001: 122).

Todaro (1989: 485, 489) states that tied aid and loans are fundamental instruments for responding to make profits to the donors since the 1950s. Aid is primarily given out because the donor countries have political, strategic, and/or economic self-interest in Third World countries. It is often argued that the motive in providing development and humanitarian support is dominated by the donors' desire to gain profit both politically and economically.

The following remark by Mr. Coffin, former deputy administrator of the US Agency for International Development (USAID), gave a clear picture about the political nature of aid:

“Our basic, broader goal is a long range political one. It is not development for the sake of sheer development ... An important objective is to open up the maximum opportunity for domestic private initiative and to ensure that foreign private investment, particularly from the US, is welcomed and well-treated ... The problem is ... to evaluate the manner in which the program can make the greater contribution to the totality of the US interests.” (Coffin, quoted in Webster, 1990: 153)

In the 1960s and 1970s there was a demand to provide multilateral rather than bilateral aid to eliminate the shortcomings of the latter and reduce political influence from single donors. However multilateral donors have been criticized in that they have not taken the interests of stakeholders into account, have exerted political influence on the Third World, and have financed projects that violated human rights. Moreover, international tendering opened the opportunity for western countries to take advantage of their better skills and know-how in implementing development projects in the developing countries (Raffer and Singer, 1996: 10).

Schumacher (1998: 140-143) suggests that foreign aid is more of failure than a success. Instead of overcoming poverty, aid tends to promote it. The main problem is a development philosophy that puts materials as the first resources. But these resources can not be best used without educated people, organization and discipline, which are not inherent the developing countries. Aid projects will be beneficial and healthy only when they are sustained by these components. Otherwise aid is only a foreign tool that adds problems to the Third World.

From the argument against foreign aid, it can be concluded that development efforts have failed to achieve their original goals because motivation for development assistance has been dominated by donors' self-interests which were changed over times. The economic development and true humanitarian concern were overshadowed by the fear of communism. Assistance is made under “... short term political security goals rather than long term economic development”. Tied aid, resulting from a recognition of business advantage, conditions the borrower countries to purchase their capital needs only from the donor countries, even when much cheaper and better goods

can be found elsewhere. When compared with political policy and economic self-interest, the original humanitarian motivation comes third (Torres, 1993: 15).

It appears in foreign aid literature that the US has been largely and negatively criticized about its foreign aid programs. To understand this circumstance, the relationship between the US and foreign aid is examined next.

2.2.2 THE US INFLUENCE ON FOREIGN AID

The Marshall Plan, which was launched by the US to reconstruct the postwar European economies, offered a vision of stimulating a world-wide economic restoration through large-scale international cooperation. Because after World War II, the US was the sole superpower with an infrastructure of roads, bridges, buildings, and banks untouched. With a near-monopoly on new technology and industry, the US needed functioning economies for supporting its policies and buying its products and expanding its growth. Despite the recovery of Europe and Asia, countries in the Third World shared the benefits from the Plan when former European powers used the money they were given for both investment and putting down anti-colonial turmoil in their colonies. The success of the Marshall Plan was not only that it ensured markets for the US but also prevented communism from spreading (OECD, 1985: 175; Payer, 1991: 19; Roberts and Hite, 2000: 8).

The idea of foreign assistance shifted from reconstruction of war-torn developed countries to providing development in the Third World shortly after World War II, as evidenced in President Harry Truman's Point IV Programme (Torres, 1993: 1). Since then, foreign aid is said to be one mechanism to assist the US in opening up market opportunities in the new nation states. The transferring of capital, know-how and technology to spur development in these countries was soon a widespread practice in the western sphere and gave empirical support to modernization theory (Thorpe, 1995: 5).

This is because the US policy toward development in other countries was strongly influenced by modernization theorists. For example, Rostow worked for both the Kennedy and Johnson administrations. The programmes and policies of the USAID were also based on the concepts of this theory. And today these ideas still exist in many

policy-making processes, and continue to influence planners in many Third World countries (Roberts and Hite, 2000: 9).

At the very beginning development assistance had been largely made in the form of grants and gifts. But by the end of the 1950s the US Congress was urged to provide loans more than grants as they were "... getting tired of giveaways ..." (Corbridge, 1993: 26). This phenomenon was formerly observed and described by Pearson:

"... The proportion of loans to grant in aid flows has gone up from 13 per cent to 50 per cent in the last ten years. In addition, the terms of official loans have hardened, from an average rate of 3.1 per cent in 1964 to 3.3 per cent in 1968. World Bank loans, which were as low as 4.5 per cent in the late 1940s, reached seven per cent in that year. Loan maturities were down from 28.4 years to 24.8 years ..." (Pearson, 1969 quoted in Payer, 1991: 59).

As the capital and interest had to be repaid by the borrowers to the loan sources, it soon appeared that debt was becoming a great burden to Third World countries. One simple reason was that debt burdens rose faster than the growth of the borrowers' economies. Pearson also predicted in 1969 that the debt service burdens would reach the point of being unmanageable in the next decade (Payer, 1991: 10, 57-58). Robert McNamara, former president of the World Bank, also discussed debt servicing in his speech to the United Nations Conference on Trade and Development (UNCTAD) in April 1972:

"... Since the mid-1950s, publicly guaranteed debt has been growing at about 14% a year. At the end of 1971 it stood at over \$60 billion and annual debt service exceeded \$5 billion. Servicing of debt since the mid-1950s has been growing at the same annual average rate of about 14%. This is about twice the rate at which the export earnings, from which the debt must be serviced, have been growing. Such a relationship cannot continue indefinitely ..." (McNamara, 1972 quoted in Payer, 1991: 59).

Pearson's prediction was right and McNamara's warning came true. Today, the Third World debt burden has already become debt crisis. Many countries continue to make new loans to get the foreign exchange to pay off the old loans instead of executing development projects. The relationship between foreign loans and development are therefore described next.

2.2.3 FOREIGN LOANS AND DEVELOPMENT

When development projects are financed by external loans, the dollars usually go to large-scale infrastructure projects and are channelled through the powerful people. It is often argued that the poor benefit little, if at all, from loans because assistance is not truly passed from the better-off to the left-out people. On the contrary, loan projects hurt the poor while enriching the rich. When economic control is in the hands of the minority local elites who hold the majority lands and other productive resources, the loan-financed projects end up as a windfall to the rich rather than the poor (Lappe et al., 1980: 11).

When loans are used in projects, the local governments are conditioned by the lenders to provide 'counterpart funds' for these projects. The proportion of the counterpart funds is approximately 20-60 per cent of the total amount of the project. Many loan projects are delayed in many countries by the lack of the counterpart funds. Apart from the scarce financial resources of the borrowers, the human resource is also tied up by the counterpart funds because most manpower is employed in the larger loan-financed projects rather than the smaller local-funded projects (Lappe et al., 1980: 90).

Loans are more easier to procure when the development purpose is related to the strengthening of a military army. Military assistance shared 50 per cent of total US foreign aid to the Third World up until the beginning of the 1980s. In addition to this, the less needy nations receive more assistance than the most needy nations. The 'low income countries' in the World Bank categories acquire about 50 cents per capita from US foreign aid while the 'upper-middle income countries' receive US\$1.80 (Torres, 1993: 72).

Apart from increasing the unnecessarily burden on borrowers' future payment balances, loans produce a set of underdevelopment attitudes such as addiction to foreign-made products. Tendler describes development assistance projects as an underdeveloped-country railway that:

"... lead directly from a foreign-owned mining site to the coast, instead of traversing the country and picking up inputs and dropping off outputs along the way'. The projects and the railway share the characteristic of creating mild rebound on the economy..." (Tendler, 1975: 76)

Debt burden resulting from foreign loans becomes a foreseen but not faced problem by many Third World countries (Payer, 1991: 58). With the hope to be able to pay back the debt at some stage in the future, Third World countries still continue to seek foreign loans for the implementation of what is called 'development project'. But these projects are unnecessarily large scale investments such as the IBRD loans which have been allocated mostly to develop roads, dams, power plants, telecommunications, ports and railways. It is inevitable for the developing country to support the demand for intensive equipment, foreign exchange, and sophisticated technology far beyond the absorption capacity of the developing countries' institutions as these projects are designed to well serve the firms providing consulting services and equipment from the developed country (Tendler, 1975: 2).

2.2.4 THE CYCLE OF FOREIGN LOANS AND DEBT

According to economic theory, a one-way flow of capital from the developed countries to the Third World was considered to be 'natural' as that money would create more output from the increase in investment. The financial markets were assumed to refinance old debt and extend new credit in order to support the flow of resources to Third World countries until the debtors were developed or able to export more than import capital (Corbridge, 1993: 24; Lever and Huhne, 1985: 11-12).

But Payer (1991: 4) argues that this kind of capital flow was not at all natural because banks and other creditors refrained from lending to Latin American borrowers who could not pay their debt. If a one-way flow was considered natural, the reverse flow should be unnatural. But in commercial loan contracts, capital flowing from borrowers to service debts was an inevitable consequence of a loan. All loans could not avoid this cycle unless they were defaulted, forgiven or were granted under the guise of soft loans.

However loan defaults and soft loans do not definitely guarantee that the debtors will be totally extricated from the loans cycle. Loans and defaults have a long associated history. In the past, many borrowers such as the state of Mississippi and Louisiana (1839) and Latin American (1870s and after the Great Crash of 1929), defaulted on their debts and refused to reach a settlement with their creditors. Argentina which is said to be the only country to repay debt in full and on time in the 1930s and the 1940s (Congdon, 1988: 110), has already defaulted on World Bank debt and has accepted the

conditions for funding from IMF to help end its now five year long financial crisis (Dominion Post, 2003: C11). This instance means that debt crisis in 1980s was not a new phenomenon nor occurred only in Third World countries. Moreover there is no guarantee that creditworthy debtors in the past will be able to free themselves in the future or stop seeking new loans even after their past debts were defaulted (Corbridge, 1993: 25).

For soft loans, it is argued that the grant element is not a gift or subsidy but a measure that differentiate the conditions of repayment. The borrowers are still heavily charged from lending. The reason is that:

“... If a firm from the donor country charges the recipient double the price which would be paid on the world market, the loan will also double. A 5 per cent official loan with 15 years maturity would yield a grant element of just above 25 per cent, qualifying this transaction as ODA although the recipient has been heavily overcharged. The more excessive the overcharge the higher the recorded ODA and, in consequence, the more generous the donor ...”(Raffer and Singer, 1996: 10).

According to Corbridge (1993: 15), huge stocks of debt do not matter. What matters is the credit that each debtors has towards debt servicing. The financial system will be working as long as money continues its rotation and the loans are properly serviced. In this case non-performing loans are merely an implication for the bank's balance sheet and its creditworthiness. The difficulties only arise when this mechanism stops or is threatened. When debt servicing is expected to be in trouble, the non-performing loan becomes a fear that most debtors have encountered in the 1980s debt crisis.

Warr (1993: 66) explains that a cycle of borrowing new loans to service the old debt can be sustainable as long as the borrowers invest the borrowed funds in a way that creates more returns than debts. In this way the borrowers can repay the loans. Loans and debts appears to be a never ending cycle as the Third World continues to borrow to repay old debts. This debt cycle alerts the lending world when it becomes a problem to the donors as well. The foreign debt crisis is therefore discussed in 2.2.5.

2.2.5 THE FOREIGN DEBT CRISIS

The first sign of debt crisis appeared in 1982 when Mexico announced its incapability to continue repaying foreign debt. This phenomenon was at first thought of only as liquidity problem – the borrower can not pay debt on schedule due to a lack of foreign exchange. But nowadays it is considered as a problem of insolvency – the national income generated by the loan is less than the real interest rate resulting from that loan (Aliber, 1980: 5-6; Hope, 1996: 162).

According to Payer (1991: 5), the debt crisis resulted from the inbuilt contradiction between a macroeconomic theory and the microeconomic marketplace instruments. In theory, flow of capital to Third World borrowers is supposed to be invested to produce an export surplus to service their debts. If this circle really happens, it means that the creditors will face higher competition or even a loss of their markets. But in reality Third World countries can not make enough surplus to pay off the loan money. Most of them owe more than they earn. To keep going means to keep borrowing and plunging into heavier indebtedness (George, 1994: 74; Gibson and Tsakalotos, 1992: 41-65).

Heavily indebted nations that have limited access to the world market usually seek loans from MDBs such as the World Bank and the IMF (Ross and Harmsen, 2001: 22). In principle, these banks are 'preferred creditors' and default on indebtedness to these banks cannot be made. Under these obligations, the World Bank and the IMF always get paid even when no one else is paid. The borrowers have a rather weak incentive to declare default because the penalties for failing to service debt are severe, such as suspension of debt relief agreements or cessation of most new aid inflows. This means the lifeline of the poor debtors is cut off. These debtors have to continue servicing their debts even if it means they have to pay from a large portion of new debt (Campbell, 1992: 4; Mistry, 1994: 13; Nunnenkamp, 1986: 124-125).

Since 1987 MDBs have increased their gross lending to ensure that their debtors can properly service their debts. The multilateral debt of public external loans was increased from an approximately 21 per cent in 1990 to over 26 per cent in 1999. The largest lending account belongs to the World Bank. The regional development banks account for less than a quarter of the total amount of Third World multilateral debt while the IMF accounts for 20 per cent (Ross and Harmsen, 2001: 27).

As a result, the loans become a resource for these banks to extract money from severely indebted countries. Instead of being a solution for debt relief, multilateral lenders have now become the problem for most severely indebted countries (Mistry, 1994: 9). In regards to this phenomenon, Raffer (2001: 153) recommends that the management of the debt crises in Third World countries needs to be initiated by an international organization. The long history of 'over-indebtedness' shows that the existing system is unable to "... turn unpayable debts into paid debt ..." (Raffer, 2001: 153). Instead, it prolongs the problem. A quick and efficient solution is to cancel a huge percentage of debt of many Third World debtors.

Raffer (2001: 153, 158) further suggests that resolution of debt crisis must be a process that fairly balances the interests of both creditors and debtors. Arbitration is proposed to fulfill this demand. Creditors will also be strongly discouraged to make excessive loans in the future by the existence of this structure because the loans will no longer be expected to be fully nor partly repaid. Martens (2001: 210) adds that the circle of indebtedness can eventually be terminated if future assistance is provided in form of grants to all development projects, especially the ones that make inadequate profit nor yield insufficient foreign currency.

It can be seen from the above literature that foreign aid and loans play a significant role in development assistance to the recipient countries. As a project is considered to be a major tool for development assistance and is the main indicator for the effectiveness of foreign aid, the next section explores the issues surrounding development project management.

2.3. DEVELOPMENT PROJECT MANAGEMENT

According to Cusworth and Franks (1993: 3), development projects have become closely associated with the delivery of foreign aid since they are a major tool that transforms development policy to practice. Under the influence of the modernization paradigm, loan projects on a large, capital intensive scale are managed mainly by the public sectors. As these projects are complex tasks, not all of them are unresponsive to the required objectives. It is broadly agreed that failure of a lot of projects in many developing countries results from a lack of good project management. Effective and efficient management is therefore considered to be the key element that brings a

desirable outcome to a project. This section explores the issues about project management and factors that support or impinge the effectiveness and efficiency of project management.

But before making further discussion, it is worth noting here that the word 'management' is perceived in two different ways. Some writers such as Cusworth and Franks (1988: 32) differentiate project management from administration. They consider management as a process of directing activities to effect change, and administration as a function that maintains and facilitates the existing procedure. Others such as Painai (1997: 4) and Rondinelli (1993: 1) view management and administration as the process for acquiring a set of objectives. When this process is applied in business organization, it is called 'management'. And when it is employed in the public sector, it is called 'administration'. This study refers to management in an undifferentiated manner, even though the focus is made on the process in the public sector.

2.3.1 THE PROJECT CONCEPT

By definition, a project is multidisciplinary, with complex tasks and a top-down, interventionist and fund transferring structure. By nature, a project is a system consisting of "... many interrelated and interconnected parts which must function together as a whole..." (Maiava, 2001: 37). In this system there are a number of people involved in the project. These people are generally the primary or secondary stakeholders of the project (Stuckenbruck, 1988: 57, 59). This study focuses on the staff of the LCD who are considered to be both the primary and secondary stakeholders of road construction projects.

To achieve the required objectives, projects must go through a process known in project management as the project cycle. The fundamental sequencing or blueprint of a project cycle comprises stages of identification, formulation, implementation, commissioning, operation and evaluation. Since this approach is based on an engineering concept, it has been widely used for the management of industrial and infrastructural projects such as road and highways construction. Despite its rigid and inflexible characteristics, this approach is still popular among the public sector (Cusworth and Franks, 1993: 3,10; Morris, 1988: 19-20).

2.3.2 PROJECT MANAGEMENT FRAMEWORK

A project needs potential management to complete all phases of activities. A project owner is the key member who can determine performance standards for the management of projects in the organization. But to achieve particular objectives, project management relies tremendously on the efforts of the project team members. The management of project staff then plays an important role in the strategic management of organizations (Cusworth and Franks, 1993: 30-34).

Stuckenbruck (1988: 61) points out that there are three general problems that appear in most projects. These problems are first, administrative problems such as solving organizational conflicts, or setting priorities for the work; second, technical problems such as making decisions or changes; and third, client problems such as a lack of conformity in the interpretation of the regulatory document. The successful management of these problems almost entirely depends on the performance of the relevant people in the project.

To ensure that the project activities function properly, top management of the organization must assign key personnel who have expertise and experience suitable to the project. These key personnel will subsequently be responsible for seeking the qualified subordinates based upon their expertise, experience and training. If the selection and training of these personnel are effective, the demand for supervision and the number of personnel is reduced (Heidenreich, 1988: 513).

Wilemon and Baker (1988: 847, 864) state that a management system has been broadly applied to project management. But it was not until recently that research about project management placed more attention on the behavioral and organizational aspects instead of the tactics of the project manager. Although research helps to explain the complex factors that affect the efficiency and effectiveness of project management, no particular panacea is prescribed to project management. This is because these factors work differently in different environments.

Environment and culture in organizations are considered to be important parts of management practice. When culture and environment in developing countries are generalized as the opposite of those in developed countries, project management should

be conducted with an understanding of these two factors. Moreover, the organization's culture and environment, as well as its staff, need to be analyzed when consideration is made about the efficiency and effective of management (Cleland, 1988: 276; Cleland and King, 1988: 183; Cusworth and Franks, 1993: 41).

Wilemon and Baker (1988: 864) suggest that project organization must be designed to serve the specific task and environment. At the same time, more authority should be retained at the project manager level to ensure fewer cost and schedule overruns. Effective coordination and connection is also significant to project management. However these interpersonal networks are too complex to be fully understood and more research is required in this area.

Baker et al. (1988: 933) add that although there are attempts to develop general guidelines for improving project management, these guidelines have to be adapted to suit the specific culture and environment in the organization. Some strategies must be tailored to meet the specific demand of the organization. A combination of several strategies can bring better results to project management.

Although there is no specific pattern for good project management, it can be seen that all projects need to be managed efficiently and effectively to achieve their required objectives. Mosley et al. (1995: 23-25) state that efficiency and effectiveness is one of three primary reasons for the management of organizations. Efficiency focuses on how well or how productively resources are used to achieve a goal. Efficiency occurs where the amount of input resources or time needed to produce an output are at a minimized level. Effectiveness sets the appropriate objectives for the organization, and the degree to which the organization achieves those objectives. Efficiency and effectiveness have a strong impact on organization performance. The more efficiency and effectiveness increases, the better the organizational performance will be (Jones et al., 2000: 5-6). The proportion of these two factors is shown in Table 2.1.

Mosley et al. (1995: 23-25) cite an example of a restaurant management for a concrete explanation of efficiency and effectiveness. The management is considered highly effective if the restaurant reaches or exceeds the target of sales in that year. This target of sales is one of several objectives of the restaurant. If this restaurant uses less

resources when comparing to other restaurants who achieve the same sales volume, this restaurant is considered more efficient. In other words, effectiveness is when a job is done by the use of the least proper amount of resources, and efficiency is when a job is done with the least cost.

Table 2.1 Efficiency and Effectiveness

		Efficiency	
		Low	High
Effectiveness	High	Appropriate objectives / Poor use of resource Desirable product/ Unaffordable price	Appropriate objectives/ Good use of resource Desirable product/ Affordable price
	Low	Inappropriate objectives/ Poor use of resource Low-quality product/ Undesirable product	Inappropriate objectives/ Good use of resource High-quality product/ Undesirable product

Source: Adapted from Jones et al. (2000: 6)

2.3.3 INFLUENTIAL FACTORS ON PROJECT MANAGEMENT

Project management does not always work as a panacea nor does it ensure the success of the project. This is because it depends on the efforts of project manager as well as other people making up the project team to accomplish the project objectives. Pinning down the real causes of project success or failure is rarely clear-cut (Stuckenbruck, 1988: 56).

According to Cleland and King (1988: 186), the success of management practices depends on a commitment to use contemporaneous theory and practice to proactively manage projects. Baker et al. (1988: 903, 915) state that the completion of a project on schedule, within a budget allocation, and to technical specifications is not considered to be an overall project success if relevant stakeholders are not satisfied with the project outcome. When examining factors related to perceived failure, a number of variables are shown to be centered around poor coordination and human relations patterns. The establishment of effective coordination and human relations can minimize the chances of perceived failure.

Rondinelli (1993: vii) notes that rationalistic techniques of planning and managing development projects have become less effective over the past few decades. The planning and administrative methods used by foreign aid agencies and governments in developing countries often lead to inappropriate and sometimes harmful interventions. Low levels of administrative capacity in these countries discourage administrators from detecting and correcting errors.

Rondinelli (1993: viii, ix) further argues that development administration must be:

“... reoriented to cope more effectively with the inevitable uncertainty and complexity of the development process. One of the most promising ways is to use an adaptive approach that relies on strategic planning, on administrative procedures that facilitate innovation, responsiveness and experimentation, and on decision-making processes that join learning with action ...”

A learning approach in project planning and administration is recommended for the strengthening of both human resources and organizations by way of promoting the development of individual potential.

Cusworth and Franks (1993: 11) agree that a lack of good project management results in the “... increased demand for the strengthening of project management capacity in many countries ...”. As project management in Third World countries proceeds in a different context, and encounters a different set of problems from those in industrialized countries, it is recommended that management practice could learn from the failure or success of previous projects within the country. The aspect of learning is also emphasized by Carlsson and Wohlgemuth (2000: 7) who argue that the practices of all parties in the development projects will be more efficient if these parties pay more attention to the issue of learning in development organizations. This issue is discussed in 2.3.4.

2.3.4 LEARNING IN DEVELOPMENT ORGANIZATIONS

Many critics have brought the issues of learning in development organizations to attention since the late 1980s. Cassen et al. (1994: 84) states that aid organizations do not appear to learn from their ineffective ways of working. The report on ‘Organizational Learning in Development Cooperation: How Knowledge is Generated

and Used' by the Swedish Foreign Ministry in 1998 (quoted in Berg, 2000: 24) concludes that aid organizations learn slowly.

Learning in this context can be defined as a common concern, involving all parties active in development cooperation. The objective of this learning is to translate the acquired knowledge into appropriate practices. If this knowledge is consolidated in the organizations skills base, these organizations are considered to be the learning ones. As the transformation of individual learning to organizational learning is a complex process, it is normally difficult to state that an organization has learnt something. Nonetheless when someone learns, it creates conditions for the organization to learn too (Carlsson and Wohlgemuth (2000: 9-10).

Many critics who have long experiences of working in development, such as Berg (2000: 24-40), Carlsson (2000: 120-129), Edgren (2000: 41-68), and Hallak (2000:152-163), identify a lot of factors that make learning difficult in the book 'Learning in Development Co-operation'. However only three factors are explored in this study as they explain the obstacles in the recipient countries. They are: the nature of development work, the insufficiency of human resources, and the lack of sources of knowledge and quality information.

The nature of development work makes it difficult for staff to learn from their work because a development project is normally a long term task that requires at least two or three years before any feedback is assessed. Moreover, the broad and open process of the work tends to create problems than facilitate the staff to work faster. This atmosphere results from different interpretations which are made in a way that best maintains the interest of each side. Performance is then difficult to measure, and the staff end up not actually knowing whether they have done the right things or not (Berge, 2000: 33-38 ; Carlsson, 2000: 120; Edgren, 2000: 53).

The insufficiency of human resources in the recipient countries results from many factors, such as the turnover of staff within the public organizations. Staff have to move around from one area to another mainly for promotions and prevention of corruption. However this results in a lack of insight and knowledge for specific jobs because the person who already acquires a certain knowledge for one job is transferred to a place

that require different knowledge for another job. The other factor is the brain-drain constraint in the public bodies as well-trained and well-educated staff often leave the public sector to work for private sector which offers higher remuneration. Capacity building for the replacement of such losses is in question as the majority of the remaining staff are not prepared by the existing education system for a process of life-long learning which is required in development work (Hallack, 2000: 158-163; Schiefelbein and Schiefelbein, 2000: 213-227).

Lastly, the lack of quality information and sources of knowledge is stated by Carlsson (2000: 120) as one prominent factor that restricts staff from learning. Actually staff are flooded with evaluations, research or reports in development works, but the information is often too vague for learning. The information is usually prepared for the donors' further action or lacks useful advice for achieving better performance. Moreover, the scattering of information makes it difficult for general staff to access. At present, existence of information and sources of knowledge therefore does not facilitate learning.

Although these factors are problems of learning, Carlsson and Wohlgemuth (2000: 17) see that learning is still possible if the organizations put more emphasis on capacity building by retaining the already available qualified staff, providing the sources of knowledge for learning, and making work processes clear. While the staff's learning requires a dynamic action, the leaders of the organizations have to take part in the learning course as they have significant influence on the organization. If the parties concerned are all learning, a learning environment can occur and the performance of the organization will improve as a whole (Suzuki, 2000: 101).

However when looking from the past to the future of the project management field, management lessons have not yet been systematically extracted and disseminated. People concerned with the project have not yet learnt how to learn (Cooper et al., 2002: 213-219). For government bureaucracies, learning-based administration remains a challenge in development project management, as there are still many rigid and hierarchical work environments (Rondinelli, 1993: 168). This thesis therefore builds on these concepts and puts them into practice by learning from the experience of the LCD.

2.4 CONCLUSION

In this chapter, an exploration of development literature shows that modernization theory emerged essentially as a proposed economic solution to the economic gap between the First World and the Third World. The concept stemmed mainly from theorists in the US who were enthusiastic to spread capitalism across the world. Foreign aid was used to gain more allies in Western Europe and Asia, which lay on the periphery of the Communist Bloc.

The modern development of Thailand has been strongly influenced by the country's intellectual, economic, and security relationships with the industrialized world. At times, these influences have played important roles in the evolution of development policies in the country. The major substance and contribution of foreign aid to Thailand's development has been focused on the institutional capacities. To develop and manage a modern state, Thai elites and professionals were educated and trained overseas, and brought back knowledge to lead and staff government institutions.

To overcome the shortage of the government budget, external aid loans have been heavily used for the development of infrastructure, including roads and highways, to serve the economic growth of Thailand. When these development projects (which only generate income indirectly through facilitating economic growth) have become closely linked to loans (which must be repaid from taxes on that growth), there was a concern about the efficiency and the effectiveness of such project. Loan projects in many developing countries failed to achieve their objectives because of many obstacles in development project management. These obstacles as well as suggestions, are explored to pave the background for further inquiry about factors that related to the effectiveness and efficiency of the loan projects in the LCD in Thailand.

CHAPTER 3

ROAD DEVELOPMENT IN THAILAND

From the theoretical background in Chapter Two, this chapter discusses the issues surrounding road development in Thailand. The background and history of road projects are firstly introduced to show the path of road development in Thailand. The scope of the organization and operation of the LCD are described to show how it works and why it is selected as a case study in this thesis. The last part of this chapter examines the main development banks (IBRD, ADB and JBIC) which partly finance the road projects managed by the LCD.

3.1 BACKGROUND

By geographical nature the plain of the Chao Phraya river in Thailand, which used to be known as 'the Venice of the East', depended largely on river and canal transport for mass commodities and communications. Although railways and roads were increasingly built, boat transportation of rice from remote areas to the mills remained popular for a long period of time due to its low cost (Donner, 1978: 167-169).

Transportation methods shifted from boat to railways in the 1880s under political pressure from the British and the French. The British convinced King Rama V (1868-1910) to build a railway system with a connection through Thailand to China because they wanted to counter the advance of French trade from British Burma. When the French diverted policy direction from Indochina to North-Eastern trade, more railways were built to tie the region closer to Bangkok. Since the operation of the Bangkok-Nakhon Ratchasima line in 1900, railway networks were extensively established in all regions of the country (Donner, 1978: 171-173).

According to Thompson, the government in that era ranked road second to rail systems, as the state had the philosophy that "... the road must feed not compete with the railroads ..." (Thompson, 1941 quoted in Donner, 1978: 173). The reason being that roads could not be made to pay for themselves while the rail system could. Under this circumstance, Thailand appeared to be slower than other Asian countries in realizing the significance of roads as a means of development, and the establishment of railway

systems in the nineteenth century prevented the systematic development of road construction for many years (Donner, 1978: 173).

3.2 THE HISTORY OF ROAD PROJECTS

Although roads for wagon trucks in Thailand existed since the Sukhothai Period (1249-1438), there is no evidence of major road construction until the reign of King Rama IV (1851-1868). During that period, roads were constructed only under the King's command and the task was assigned to no specific person. In most cases, the full responsibility rested with Governors of the provinces where the King paid a royal visit (DOH, 1995: 10-11).

At the beginning of 1900s there were few modern roads, and travel by car from Bangkok to other provinces was impossible. Credner points out:

“Apart from more or less improved ox-cart trails on higher levels, porter trails in the mountains and animal tracks in the North-East over which herds were driven to the markets, there was no modern land transport outside the railway ... there was no possibility to leaving the capital by car in any direction” (Credner, 1966 quoted in Donner, 1978: 175).

In the reign of King Rama VI (1910-1925), although the Department of Highways (DOH) was established to be directly responsible for road works in 1912, road construction still adhered to a horse-drawn standard (DOH, 1995: 11). It was not until 1936 that the improvement of road construction was first initiated because only 125 km out of 3,587 km of roadways were all-weather roads. When compared with Malaya and Indochina, Thailand had 1 km of road to every 310 km² of land area, while they had 1 km : 8 km² and 1 km : 22 km² respectively (Donner, 1978: 175).

In 1936 the government approved a long term project which foresaw the building of 14,900 km of inter-provincial highways within 18 years. The first phase was set for 1936-1940. The roads and highways constructed during this period had a gravel or laterite surface with 5 meters width, and 8 meters embankment. A total of 2,215 km of highways were completed during this phase. From 1941-1952 an armed conflict with French Indochina, followed by the outbreak of World War II, caused the DOH to devote itself to constructing temporary roads for military use and to repairing damaged

roads. Only another 630 km of roads was completed during this period (DOH, 1995: 13).

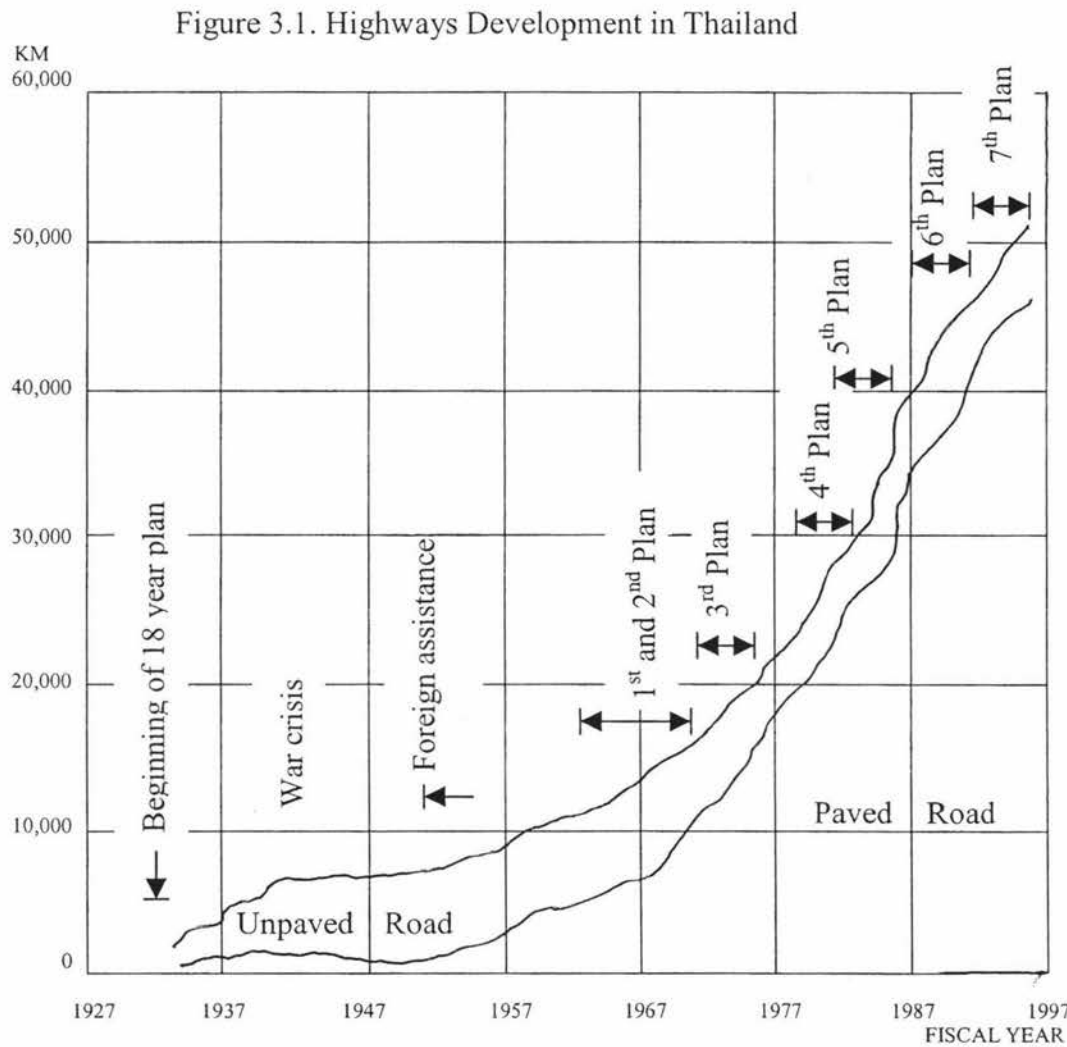
After the war, the DOH actively implemented various highway projects because the new roads needed a higher standard of construction and the old ones required extensive improvements. Modern standards of highway engineering and know-how from the United States were first introduced to Thailand during 1953-1955, when the US Operations Mission, generally known in Thailand as USOM, assisted the DOH to construct state highway route no. 2 (Saraburi-Nakhon Ratchasima Section), known as 'Friendship Road'. Two American companies were employed to design and to build the road, namely Sverdrup & Parcel Engineering Co., Ltd. and Raymond Construction Co., Ltd. Since then, the DOH has improved its design work and utilized American technology in road construction and maintenance (Salikupata, 1996: 113).

In 1956 the government had a policy to construct both main and secondary highways throughout the country as well as upgrade the existing ones. By 1962 new highways at a total length of 1,850 km were completed with a total cost of 1,725 million *baht*. The annual budget funding during 1956-1962 ranged from 4%-6% of the total government budget (Srirungrojana, 1996: 116).

It can be said that the policy of highways development has become more strategic after the NESDB adopted the first six-year plan, and later a series of five-year plans called the 'National Economic and Social Development Plan' to guide national economic development, and ensure maximum efficiency. In the first few decades after the announcement of the plans, the economic infrastructure, including transportation, were heavily investing in, to accelerate sheer economic growth. The shortage of roads and highways has been a clear impediment to modernization as perishable commodities need to be transported quickly and safely to manufacturers. All-weather roads and highways have been built to improve the transport connection between regions, and to create conveyance links between ports, railroads and airports throughout the country (Muscat, 1994: 95; Muscat, 1966: 211).

Moreover, the DOH has continually formulated its own work plans for highways development in compliance with the guidelines and objectives of each National

Economic and Social Development Plan. These plans are described in 3.3. and the concrete result of these plans in terms of rapidly increasing kilometers of roads over the past sixty years is shown in Figure 3.1.



3.3 HIGHWAY DEVELOPMENT PLANS

Before 1962, the highway plan was in the form of broad policy and objectives set up annually according to the number of cars on the road. A more concrete form of the plan became distinct when the DOH formulated its own seven-year plan (1965-1971) for highway construction and maintenance. As this plan was launched concurrently with the implementation of the First and Second National Economic and Social Development Plans, the DOH plan was periodically evaluated and made compatible with the National Plans. As a consequence, the following plans have been prepared in line with the later National Plans (Srirungrojana, 1996: 116).

Although the First, Second, Third and Fourth National Economic and Social Development Plans, which were implemented between 1962 and 1981, differed in many aspects, the improvement of infrastructures remained the primary focus of national development. Thus, all highway development plans formulated during this period focused on similar concerns, such as the construction and improvement of main highways, inter-regional highways and tertiary roads throughout the country, to link the sources of production, especially from the remote villages alongside the borders, to the market places. However, the plans placed greater significance on reducing traffic congestion in Bangkok by the construction of main highways around the outskirts of this capital city (DOH, 1995: 14; Muscat, 1994: 95).

The objective of the highway development plan between 1982 and 1986 was shifted to road maintenance in rural areas as the Fifth National Economic and Social Development Plan, faced with an oil crisis, called for a slow-down in the construction of main highways. During this period, the government placed more importance on waterway and railroad transportation (DOH, 1995: 15).

The construction of roads and highways started to speed up in 1987 when the Thai economy reached a rapid annual growth rate of 11%, instead of the expected 5%, and never fell below 8% during the term of the Sixth and Seventh National Plans (1987-1991, and 1992-1996). The growth pushed the Department of Highways to accelerate its works to catch up with the increased demand for road transportation. The major works during these two periods were the widening of existing highways to four or more lanes and the construction of inter-city motorways (Srirungrojana, 1996: 117).

In the Eighth National Plan (1997-2001), it is obvious that the essence of the plan differs from those in all previous plans, which focused on facilitating economic growth. The main objective of this plan is to put people and human resources at the center of development. However there was no major change in the highway development plan. The DOH still continued with the implementation of the inter-city motorway programme and the construction of the on-going projects, with the aim of connecting the eastern and western areas of Bangkok to other regions of Thailand (DOH, 1995: 49).

It is worth noting here that the inter-city motorway programme is a 20-year plan from 1997-2016 with an approximate distance of 4,150 km and a purposed investment cost of 472,360 million *bath*. As this programme will continue until 2016, it still is a major task of the Ninth National Plan (2002-2006). It is expected that a complete network of inter-city motorways will bring about economic and social development to the whole country (DOH,1995: 41, 49).

According to Srirungrojana (1996: 119), the previous highway plans were considered to be successful as the evaluation of these plans showed that 75% of the work had been completed under each plan. However, when considered as a percentage of the national budget, it can be seen that the government budget has been allocated at a continually decreasing rate, except in the year 1992-1996 when the country experienced extremely high rates of economic growth, as shown in Table 3.1. below:

Table 3.1 National Government Budget Allocated to DOH

Year	% of Budget
1965-1971	10
1972-1976	8.5
1977-1981	6.5
1982-1986	4.8
1987-1991	4.4
1992-1996	6.2
1997-2001	5.6

Source : Srirungrojana (1996: 119) and DOH (2002: 32)

The decreasing proportion of government budget allocated to roading will be a major obstacle for highway development in the future because the country will require a very high-standard of highway, such as an inter-city motorway or the four-lane highways, for facilitating rapid transportation. The development of these highways needs a large amount of investment. The budget allocated at this trend barely supports the required highways development. Moreover, Thailand still invests in highways development at the rate of lower than 2% of GNP while the rate of developed countries is 2-2.7%. Those who regard highways as important for national development therefore argue that the government needs to increase the budget for highway construction (Srirungrojana, 1996: 119). As the DOH has also received loans from various loan sources for co-financing many road projects since 1963 (DOH, 2002: 109), the next section discusses foreign loans and road development.

3.4 FOREIGN LOANS AND ROAD DEVELOPMENT

Thailand has borrowed money from external loan sources to partly finance road development projects for more than 50 years. The loans are applied through a Ministry of Finance annual loan application and the DOH acts as an implementing agency undertaking road projects as stipulated in the Loan Agreement. Although foreign loans were first introduced to the DOH in 1950, it was not until 1963 that loan projects have been organized in a systematical way and the LCD was first established in the name of the Loans Control Office (LCO), an informal office in the Finance Division (DOH, 2002: 109; Salikupata, 1996: 33-35).

Throughout the lending decades, the DOH has regularly received loans from the International Bank for Reconstruction and Development (IBRD), the Asian Development Bank (ADB), and the Japan Bank for International Cooperation (JBIC - formerly Overseas Economic Cooperation Fund of Japan or OECF). The DOH, as shown in Table 3.2, has received loans from IBRD long before ADB and JBIC were established. However in the last ten years, there was only one IBRD loan for road development in Thailand as IBRD has shifted the focus from road construction to road maintenance.

Table 3.2 Loans for Road Projects in Thailand between 1993-2002

Loan Sources	Founding Year	Year of First Loan for Road Projects	Loans between 1993-2002	Amount (Million)
IBRD	1945	1950	1	US\$150
ADB	1966	1968	3	US\$536
JBIC/OECF	1961	1969	8	US\$848

Source: Loan Agreements from ADB, IBRD, JBIC, and OECF, various dates.

Despite having less support from IBRD, Thailand still received many other loans from ADB and JBIC which, similarly to IBRD, have focused on lending for infrastructure development in Third World countries. The DOH has therefore been continually provided loans for road construction projects until now. When comparing the percentage of foreign loans with local budget financing for road development, it seems that foreign loans share a small percentage of the investment. It was shown in the World

Bank Report (1995: 5) that these three loan sources shared 15 per cent in financing the road projects undertaken in the Seventh Highway Plan.

However when considering the proportion between the loan monies and the local budget in each project, it can be seen that foreign loan shares a big part in the financing of each road construction project. The proportion of loan monies varies from 50 to 75 per cent (Interview, 26 February, 2003). Moreover, the amount of loan monies undertaken by the DOH each year is proportionally high. From 1993-2002, the DOH received loans to the total amount of US\$1,534 million or 64,428 million *baht*. This means the LCD was responsible for the loan monies at an average amount of US\$153.4 million or 6,442.8 million *baht* per year. The ongoing projects from the latest IBRD, ADB and JBIC loans are detailed in Table 3.3.

It can be seen from Table 3.3 that although each loan source has different lending conditions, IBRD and ADB have followed almost the same terms of lending. While IBRD and ADB also extend their loans for other activities in the DOH, such as safety programmes, procurement of computers, and human resource improvement, JBIC focuses purely on road construction projects. It should be noted here that the DOH loan projects generally include feasibility studies on many aspects such as economics, environment impact, information technology, and human resources; detailed engineering design; and procurement of goods, contractors, and consultants (DOH, 2001: 106).

In the past the LCD was responsible for the management of all DOH loan projects as stipulated in the Loan Agreement. The LCD controlled the procurement of goods, contractors or consultants for each project and delivered them to the required division. For example, when loan money is used for employing consultants for detailed engineering design work, the LCD processes all stages of work from seeking the right consultant to having the consultant agreement signed. Afterwards, the successful consultant will work with the relevant division. By this process, LCD could monitor all loan projects and provide smooth coordination with the loan sources (Interview, 7 February, 2003).

Table 3.3 Ongoing Projects in 2003

LOANS FROM IBRD						
Loan No.	Amount Million	Repayment Period (Year)	Grace Period	Interest Rate	Commitment Charge (Disbursement Fee per year)	Project
IBRD 3968-TH	US\$ 150	17	5	Change every 6 months, plus 0.5% per year	0.75% (1)	1. 4-lane Highways II 2. Survey and Design 3. Construction Supervision 4. Computer Work 6. Human resources
LOANS FROM ADB						
ADB 1306-THA	US\$ 170	20	5	Floating rate, change every 6 months,	0.75% (1)	1. 4-lane Highways I 2. Survey and Design and Supervision 3. Safety Programme 4. Computer Project
ADB 1391-THA	US\$ 180	20	5	Floating rate, change every 6 months,	0.75% (1)	1. 4-lane Highways II 2. Survey and Design and Construction Supervision 3. Computer Project 4. Human Resources
LOANS FROM JBIC/OECF						
OECF TXX- 3	¥ 13,374	25	7	25% per year	0.1% of loan released each time	4-lane Highways II
OECF TXXIII - 2	¥ 1,600	25	7	25% per year	-	Regional Road Improvement II
JBIC TXXV- I	¥ 29,544	25	7	2.2% plus 0.1%	0.1% of L/C Amount	Regional Road Improvement III

Source : DOH, 2002: 110-111

However this process no longer exists because the divisions which use the loan monies in their projects now carry out the work from the very start by themselves. For example, instead of waiting for the signed agreement, the relevant division goes through all stages of seeking the consultant itself. When this happens, it causes problems for the LCD as whenever any problem arises in any stage, the LCD has to be responsible for solving that problem. It is obvious that most problems resulted from a lack of knowledge about foreign guidelines and local regulations (Interview, 7 February, 2003).

As mentioned before, the management of loan projects is different from that of local projects because loan projects have to follow both foreign loans guidelines and local regulations, while local projects follow only local regulations. Although the loan sources used the word 'guidelines' instead of 'regulations', in practice the enforcement of these guidelines is equal to regulations. For example, it is stated in the Loan Agreement between IBRD and Thailand (IBRD, 1996: 17-18) that "... works shall be procured in accordance with the provisions of Section I of the Guidelines for Procurement under IBRD Loans and IDA Credits published by the Bank in January 1995 ..." and the procurement plan shall be furnished to the Bank for its review and approval prior to the proceeding of any action in the plan.

The guidelines set out detailed arrangements for procuring the goods and works required for the project. For example, the countries eligible for bidding are Bank member countries; bidding shall be processed through International Competitive Bidding (ICB); languages governing in bidding documents and contracts are English, French, or Spanish; and documents, bid evaluations, award of contracts, and contracts shall be reviewed by the Bank to ensure that the procurement process is carried out in accordance with the agreed procedures. Goods and works that have not been procured in accordance with the agreed procedures in the Loan Agreement will not be financed by the Bank (IBRD, 1995: 3-6). These practices are totally different from those followed in local projects and involve complex processes. This is why the LCD was established, and why problems occur when the work is carried out by personnel who do not have enough knowledge and experience about loan projects.

In general, loan projects have been considered successful in terms of physical appearance, and they support the highway national plans and the National Economics

and Social Development Plan (DOH, 2001: 106). According to past loan evaluations by the World Bank (1995: 2-5), loan projects have been largely completed on schedule and within budgets; and have helped the DOH to maintain a more efficient road transport system. However in terms of management, the World Bank stated that the implementation of past projects were undermined by the lack of adequate staffing, procurement procedures, sufficient operating budgets, and unity between local and foreign regulations. The Bank even suggested that reforms were necessary to strengthen institutional capabilities for the management of highways projects (World Bank, 2002: 9).

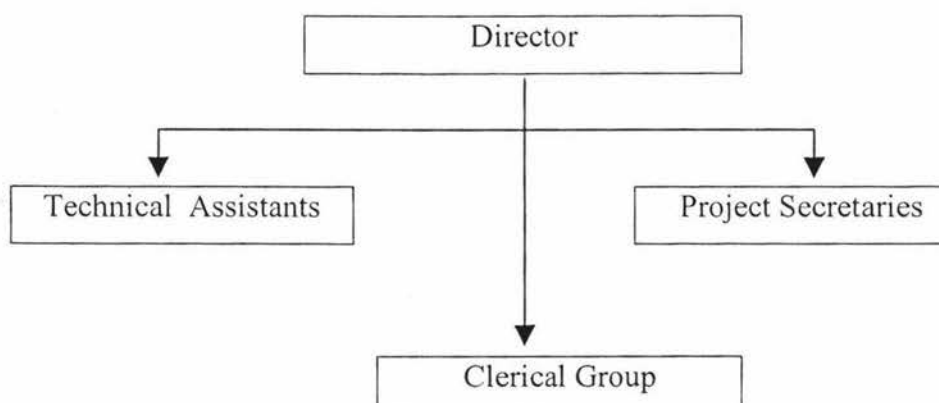
As the DOH loan projects are undertaken by the LCD, it is essential to learn from the experience of the LCD and to assess the effectiveness of its work. In doing so, it is necessary to understand how the LCD is organized and operated. The background and the organization structure of the LCD are therefore discussed in 3.5.

3.5 LOANS CONTROL DIVISION

After receiving a loan, Thailand becomes bound by a series of requirements, for example repayment schedules, interest rates, and the completion of a given project, as embodied in the loan agreement and related documentation. The Banks will make further disbursement only when these conditions are met. Under this circumstance, the DOH, as the implementing agency for the road projects, set up the LCD to directly manage and administer the DOH loan projects.

From the organization chart shown in Figure 3.2, it can be seen that all officials are directly under the supervision of the director. Technical Assistants (TAs) and Project Secretaries (PSs) are accountable for the assigned construction project. TAs (civil Engineers) are responsible for fieldwork, while PSs (accountants) are responsible for administration and accounting throughout the project. The Clerical Group is responsible for support work such as typing, receiving and delivering documents from and to other agencies, supplying stationery and office equipment, and keeping LCO personnel files (Interview, 7 February, 2003).

Figure 3.2 LCO Organizational Structure (1983-1990)



Source: Adapted from Interviewed, 7 February, 2003

It is necessary for TAs and PSs to be able to communicate in English as they have to coordinate with foreign consultants as well as read English documents such as the loan agreement, guidelines and conditions of contracts. Thus TAs under the previous structure mostly held Masters degrees from abroad while PSs had at least a Bachelors degree in Accounting or Arts. On the contrary, the officials in the clerical group were mainly undergraduates and did not have to communicate in English as they only worked with Thai officials in the office and sought advice from TAs or PSs whenever they encountered difficulties with English (Interview, 7 February, 2003).

Despite its unofficial status, the LCO was given much recognition from high ranking officials both inside and outside the Department. This is because the LCO worked closely with high ranking officials in a particular committee known as 'the Main Board'. The Main Board was comprised of the Minister and Deputy Minister for the Ministry of Transport; Director General and Deputy Director General of the DOH; delegates for the Director General from the Office of the Attorney General, Bureau of the Budget, Ministry of Finance, the Comptroller General's Department, NESDB, and the Bank of Thailand; the Directors of the Planning Division and the LCO; and a delegate from the Office of the Permanent Secretary, Ministry of Transport (Yaipakdee, 1983: 1).

The Main Board examined and gave resolutions to the bidding evaluation as well as gave consideration to other issues to ensure that all procedures were undertaken

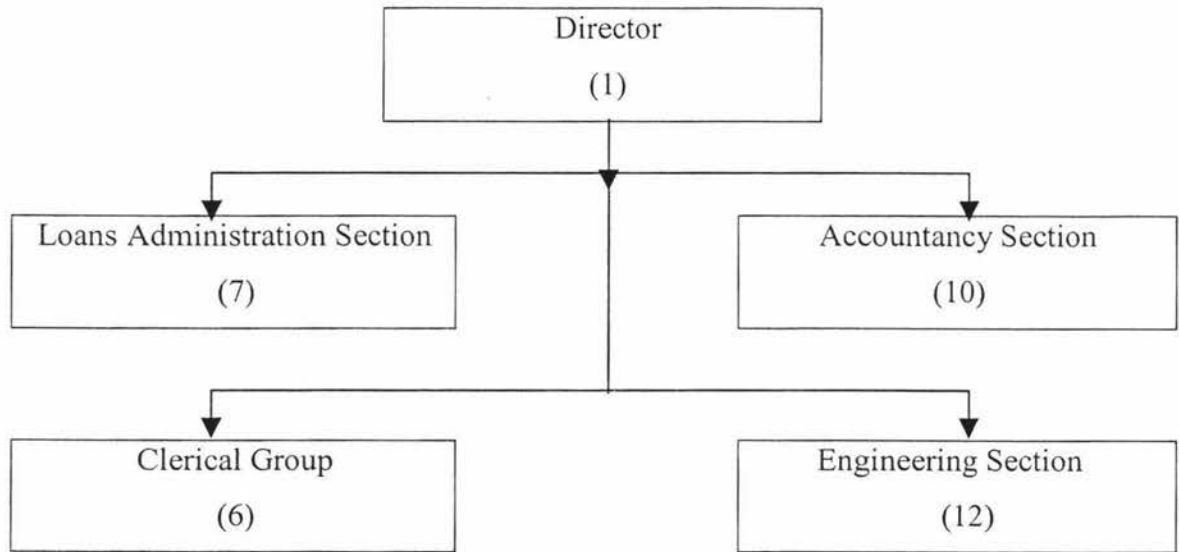
according to the Regulations of the Ministry of Finance, Guidelines of the Loan Sources, Loan Agreements, the Conditions of Contract and other relevant regulations. By including delegates from all relevant organizations, the resolutions of the Main Board were highly regarded as being transparent and trustworthy. Moreover this system enabled the LCO to cut through a lot of red tape, as the resolutions were considered final, and allowed relevant officials to unhesitatingly take further action (Interview, 7 February, 2003).

The LCO's organization was altered around 1990 when more officials were placed in the office according to the increased work load. From the present organization as shown in Figure 3.3, the office is divided into three main sections and one support group. The number of officials is increased to 36 people, from less than 20 people in the past. Each section is responsible for a different aspect of the work. For example, the Loans Administration Section is responsible for the administration of loans projects from procurement until the expiration of the maintenance period, correspondence with the loan sources, consultants, contractor or relevant agencies, and translations; the Accountancy Section is responsible for making payments to the contractors, consultants and field engineers, and for keeping accounts for auditing; the Engineering Section is responsible for road construction and rehabilitation, monitoring and evaluation of the existing projects, planning for the recruitment of consultants and contractors, evaluation of the need for future loans, and the submission of the proposal to relevant agencies; and the Clerical Group is responsible for clerical work and general office support (Pussayanavin, 1990: 1).

Along with the new organization chart, there are four main aspects in which the work of the present LCD office differs from that of the LCO as summarized below :

1. The Main Board is dissolved and issues about bidders and bidding results are considered by the DOH central committee, which was previously responsible for only the local projects.
2. From an individual person undertaking an entire project, the job is classified into particular characteristics and assigned to relevant sections, for example the procurement phase goes to the Loans Administrative Section and the Construction phase goes to the Engineering Section.

Figure 3.3 Present LCD Organizational Structure



Source : Personnel Division, DOH, 2002

3. The Loans Administrative Section is set up specially to deal with English issues as the officials in this section have to have at least a Bachelors degree with an English major. English is no longer considered as one necessary qualification for placing new personnel in the LCD, except in the Loans Administrative Section.
4. The 'Regulations of the Ministry of Finance', a main guideline for the management and administration of loan projects, is abolished and LCD officials have to follow the 'Regulations of the Office of the Prime Minister' which was formerly designed for the management and administration of the local projects.

It seems that the present organization supports the existing work load and reduces the differentiation of the LCD from other offices in the DOH, as all other offices classify their jobs this way. However the change to using the regulations of the Office of the Prime Minister has originated from the unique characteristic of the LCD which used the Regulations of Ministry of Finance as well as guidelines from the loan sources, resulting in different procedures and practices from those of the local projects. For example, with package bidding, a bidder who wins only one bid may lose that bid to the contractor who wins the overall bids for that package. This means the contractor is not necessarily the lowest bidder in all bids but his overall bid prices must be the lowest for that package bidding. This condition, although stipulated in the bidding documents,

caused trouble for officials when one contractor accused them of corruption (Interview, 7 February, 2003).

After the allegations failed, there was a movement to include the Regulations of Ministry of Finance with the Regulations of the Office of the Prime Ministers, and force the officials dealing with loan projects to follow the new regulations since 1993. It should be noted here that the combining of the two regulations proceeded amidst disagreement from the officials responsible for loan project management. The new regulations only mention a broad rule for loan projects by adding the phrase 'in cases not specified otherwise by the loan sources' at the end of all clauses of the old Regulations of the Office of the Prime Minister. Up until today opposition voices have grown stronger and louder claiming that the combining of these regulations does more harm than good to loan project management. And a move has now taken place, with support from IBRD, to solve this problem by separating the two regulations (Interview, 7 February, 2003).

As the LCD director wears two hats; one as an office manager, and the other as an Assistant Project Director (APD), it is sometimes hard to decide when the work should be proposed to 'the director' or 'the APD'. The difference between these two positions is that the director is responsible for general management of the LCD but the APD is responsible for the management of loan projects, advising the higher ranking officials, endorsing payments and coordinating with relevant agencies. When the responsibilities of the two different positions are not clarified from the very beginning, LCD staff tend to address correspondence to 'the director' when it should be addressed to 'the APD' (Interview, 7 February, 2003).

Apart from APD, loan projects have various positions that local projects do not have:

1. Project Director (PD) is responsible for contract implementation, administration, and alteration. PD can give approval for the alteration of the work amounting to not more than 1 million *bath*. Normally, the Deputy Director General is assigned by the Director General for this position.
2. Deputy Project Director (DPD) is responsible for considering the work of the project, endorsing payments, and advising the PD. In general, the director of the office from which the resident engineer comes is assigned as DPD.

3. Area Engineers (AEs) are the LCD engineers who collect data, examine the work and payments, advise the APD, and coordinate with the Advisory Team, Consultants and relevant agencies.
4. Resident Engineers (REs) are the DOH engineers from another offices who work at the construction sites with the contractors.
5. Advisory Team is a group of engineering professionals, from the Material Research Bureau, assigned to be PD consultants.
6. Committees such as the Price Evaluation Committee, Bid Opening Committee, Bid Evaluation Committee, and Acceptance Committee are responsible for particular tasks such as evaluating the bid price, receiving bids, examining bid documents and bid prices, and inspecting and accepting the work from the contractor (Pussayanavin, 1990: 2).

Moreover, the LCD have to employ consultants to carry out supervision work in each loan project, and the appearance of the consultants creates a different system of project management between local and loan projects. For example, local projects employ only DOH staff in carrying out the construction work, and officials are directly under immediate superiors within the same office. But loan project operate differently. The consultants in loan projects act as project managers, and supervise DOH engineers who work on the construction sites. As DOH engineers are not consultants' staff, it is important that personnel from both sides understand the relationship between the DOH and consultants (DOH, 1991: 1-2).

When the work load heavily increased and more officials from another offices, both inside and outside the DOH, were involved in loan projects, there was a need to give the same vision about loan projects to all relevant officials. Mr. Pravitra Pussayanavin, the LCD director in 1990, therefore wrote 'A Guideline for Loan Projects Management' to inform all relevant officials about the process of work in loan projects, and to be used as guidelines for LCD staff to carry out work in a systematic manner (Pussayanavin, 1990: 1). However these guidelines only inform the responsibility of engineers and work processes in a broad manner. This guideline was distributed to relevant offices in that year and no revision has yet been made. Although this guideline does not cover all aspects of work in the LCD, it is considered to be the first attempt to inform relevant staff of the work of loan projects.

3.6 LOAN SOURCES

For more insight about the loan project, the last part of this chapter provides a brief look at IBRD, ADB, and JBIC which have continued to extend loans to the DOH for many decades. Although IBRD does not extend new loans to the DOH in 2003, its long and much debated function towards world development can not be overlooked.

3.6.1 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Generally known as 'the World Bank', the International Bank for Reconstruction and Development (IBRD) was established in 1945 as a lending source for the middle-income countries (Finnemore, 1997: 221). After its first mission to facilitate European post-war reconstruction, the Bank shifted its focus to the developing countries to assist them to raise economic growth and living standards. As a consequence, investment, capital accumulation, growth and balance of payments were strongly emphasized. Today the Bank has turned its attention from heavy infrastructure investment projects, which once dominated the Bank's portfolio, to social sector projects, poverty alleviation, and the Comprehensive Development Framework (Miller-Adams, 1999: 21).

IBRD has a policy to lend to the governments of member countries for specific programs and disburses its loans for goods and works provided by the Bank's member countries only. Under this policy, non-member countries can not join the work financed in whole or in part from IBRD loans. As a consequence, the bank is now joined by 184 member countries. Thailand has been a Bank member since 1949 and now holds the votes of 0.41%. The United States used to hold 35 per cent of voting power but by 2001 its voting power declined to 16.41 per cent. Japan is the second largest donor holding 7.87 per cent of the votes. Neither country borrows from the IBRD. On the contrary, the largest borrowers such as China, India, and Russia each account for only 2.79 per cent of the votes within the Bank (Miller-Adams, 1999: 11; World Bank, 2001: 11-14).

The borrowers have 10 to 20 years to repay the Bank and a three-to-five-year grace period before the principal starts to be paid off. In practice, IBRD has rarely rescheduled its loans in terms of interest, principal payments debt. Only in exceptional cases when an implementation of a project has been delayed, the amortization schedule of the loan may be modified to ensure that repayments begin after project completion (World Bank, 2001: 17).

IBRD provides loans at market rates and expects a rate of return of least 10 per cent. Nevertheless, the Bank achieves a net return on assets of about one percent per annum. In 2001 IBRD net income was increased by US\$219 million. The main resource of the Bank is the capital gained by issuing bonds to private sector investors. However the level of Bank borrowing depends on the backing capital of the member countries. Failure by borrowers to repay debt is taken seriously and late repayment results in measures brought against the government of that recipient country (Miller-Adams, 1999: 25).

In the 1990s the World Bank had total outstanding loans of US\$89 billion with over 1900 projects implemented. Its lending in 1993 averaged some US\$2.5 million per hour. The total IBRD lending amount in the fiscal year 2002 was \$11.5 billion and now the Bank is working in more than 100 countries with projects primarily focusing on poverty elimination (World Bank website, 2003).

Criticism

The World Bank is a large, complex organization which has long been the center of criticisms regarding its questionable development functions. Many have charged this institution with 'bankrolling disasters' - funding projects without recognizing the devastating effects towards the poor and environment. Although past mistakes have been admitted by the presidents of the Bank since 1987, and more emphasis has been added to environmentally sustainable implementation, the IBRD has yet succeeded to regain trust from public interest groups (Fox and Brown, 1998: 1).

The World Bank has become the key institution for channeling resources from the rich to the poor nations. The developed countries, by supplying more proportion of their shares, have dominated voting power in the Bank and have been able to exercise power to leverage economic policy changes on behalf of the Bank. Since its inception, the United States has remained the largest and most powerful member due to its highest percentage of voting power, and by the tradition that the Bank president is elected by the United States. This leads many to believe that the World Bank is a tool for the United States to achieve a new form of colonization (Miller-Adams, 1999: 4,10).

Since the 1970s, the success of the bank has been judged by the increased number and size of the loans. Although the importance of lending volume has currently been downplayed, the Bank still has an incentive to continue lending, even if it means granting a new loan to service the old debt. This is because the majority of the recipient countries owe the Bank to the point of insolvency. However borrowers generally treat the Bank as their 'preferred creditor' as they need to maintain their businesses with the Bank and be in good credit to other lending organizations (Miller-Adams, 1999: 18).

In 1980, the World Bank began to make SALs which provided a short-period disbursement conditioned to economic policy reform in the recipient countries. This service has blurred the functions of the IBRD and the IMF which was clearly defined at Bretton Woods on 22 July, 1944 that the IMF was responsible for the management of short-term exchange rates and the correction of imbalances in external accounts, while IBRD provided long-term financial assistance for development projects (Miller-Adams, 1999: 15; Ibiblio website, 2003)

It appeared that both institutions were doing the same job of supporting macroeconomic and microeconomic adjustments as well as recovering the deficit account of the recipient countries. During the 1980s debt crisis, both agencies played a role in financing funds to heavily indebted countries. This duplication of functions resulted in a call to rethink whether the roles of the IBRD and the IMF should be merged (Miller-Adams, 1999: 15).

After the fifty years of evolution, the World Bank has been lobbied by diverse groups of society to reform its projects, policies, and programs to promote democracy and alternative developments that are "... socially just and environmentally sound ..." (Fox and Brown, 1998: 391). Today the topics of public accountability and transparency at the World Bank continue to be intense among both non-government organizations (NGOs) and donor governments. And although the Bank has taken an important step in implementing the reforms by establishing the new Information Policy and the Inspection Panel, it is too early to tell whether these reforms will bring about the positive effect the campaigners are expecting (Fox and Brown, 1998: 426).

Thailand and the IBRD

IBRD first extended financial assistance to Thailand in 1950 and has since financed about 130 projects at an estimated amount of US\$8 billion. When Thailand faced the onset of the currency crisis in 1997, the Bank approved an estimated amount of US\$2.1 billion under the non-project loans or generally known as Structural Adjustment Loans (SALs) (Shivakumar, 2000: 4).

The SALs from the World Bank are not new to Thailand. The Bank, in cooperation with the IMF, first extended SALs in 1982 when the country experienced a rapid current account deficit resulting from the second oil shock between 1979 and 1980. At that time a growing dependence on foreign borrowing was considered to be a major cause of the problem. The measures taken - a combination of loans and policy changed - appeared to have a positive effect on the economy of Thailand. A recent World Bank SAL, introduced after the collapse of the Thai economy in 1997, also sped up the recovery of the Thai economy to a degree that the Thai government will be able to complete IMF repayment of US\$17.2 billion by mid-2003 (Sahasakul et al., 1991: 80, EBSCO HOST website, 2003).

3.6.2 ASIAN DEVELOPMENT BANK

The establishment of the Asian Development Bank (ADB) in 1966 was the eventual outcome of thoughts from officials from Sri Lanka, Japan and Thailand to form a regional bank that could better tackle the development problems and provide sufficient funds for economic development in the Asian region. Although already funded by bilateral and multilateral channels, the Asia continent still needed more financial backup. In the early 1960s, it was estimated by the Economic Commission for Asia and the Far East (ECAFE) that Asia received only \$2 billion of foreign aid and investment while the actual required inflow was \$3 billion (Wilson, 1987: 3-7).

ADB settled its headquarters in Manila, Philippines and 24 branch offices around the world. At present there are 2,163 staff from 47 countries in ADB. Out of this total, 15 professional staff members are from Thailand (1.97% of the total professional staff). When first set up, ADB had 31 founding members. Nowadays the membership has grown to 61, with 44 from Asia and the Pacific and 17 from other parts of the world.

The US and Japan are now the two largest shareholders with the equal share amount of 15.893% (ADB website, 2003).

The management of ADB consists of a Board of Governors, a Board of Directors, a President, three Vice-Presidents, and the Heads of departments and offices. One nominated Governor and an Alternate Governor from each member country vote on behalf of their country. Although the Board of Governors is responsible for electing the President, it appears that all presidents were nominated by the government of Japan and almost all of these Japanese presidents were responsible for managing Japan's role in ADB before being appointed to the Bank (Kappagoda, 1995: 38).

ADB provides three types of financial resources: ordinary capital resources (OCR), the Asian Development Fund (ADF), and other special funds. The OCR loans are dominated by U.S. dollars and the interest rate is determined by the market. The periods of repayment are between ten and thirty years. The ADF consists of concessional resources contributed by donors and allocated to only developing member countries (DMCs) in Group A (full amounts) and Group B (limited amounts). Group C, which consists of upper middle-income and high-income countries, is not eligible for ADF assistance. The DMCs classification, is based on per capita GNP, debt repayment capacity, and special circumstances such as the size of the country. The third type of ADB financial resources is other special funds, financed mainly on a grant basis for technical assistance (Kappagoda, 1995: 18-21).

As of 31 December 2002, ADB provided the cumulative amount of US\$ 98.80 billion in loans for 1,752 projects in 38 countries and US\$2.20 billion for 5,023 technical assistance projects, including regional technical assistance projects. The cumulative procurement contracts, awarded on an international competition basis, was valued at US\$67.29 billion (ADB website, 2003).

ADB also arranged cofinancing with official, commercial, and export credit sources as additional resources for project funding. Cofinancing arrangements in 2002 amounted to US\$2.85 billion for 38 loan projects and US\$157.85 million in united grant financing for 73 technical assistance projects and grant components of loan projects. At the end of 2002, cumulative cofinancing arrangements (beginning in 1970) amounted to US\$38.33 billion for 609 loan projects and US\$583.13 million in

grants for 501 technical assistance projects and grant components of loan projects (ADB website, 2003).

Criticism

Since the inception of the ADB, only the regional countries have played a significant role in formulating the bank policy. The ADB is in effect a regional development bank. Japan, which has provided equal contributions with the United States, maintains the ability to control the bank policy through its Japanese president. On the contrary, the influence of the US on the Bank has diminished over the time due to its late payment habit and nonregional characteristics (Kappagoda, 1995: 33-44).

ADB made extensive lending programs to DMCs during the mid-1980s and 1990s focusing primarily on economic growth. However a great volume does not always mean a great success. The post-evaluation studies conducted by the bank have shown a decline in the quality of loan portfolios. Moreover, DMCs need adequate technical assistance for project preparation, supervision and institutional capacity building. ADB has therefore taken steps to improve its processes for loan and technical assistance operations, and give more attention to social and environmental issues (Kappagoda, 1995: 157).

The Bank also works closely with the IBRD in providing loans to DMCs. Since the 1970s, both banks have collaborated at management level and have held an annual meeting to share information on work programs, lending allocations, planned missions, and policy papers. These activities are critical to DMCs' interests as resources projections indicate that the lending level will no longer be increased. DMCs should avoid duplication of loans and make the best use of resources for their own long-term benefit (Kappagoda, 1995: 79).

Thailand and ADB

Thailand is one of the 31 founding members of ADB and is the 17th largest shareholder with 1.382% of total shares. Being included in Group B according to DMCs classification, Thailand is eligible for receiving a blend of ADF/OCR loans. Apart from borrowing, Thailand also committed itself to contribute to the ADF at the amount of US\$4.67 million. Although continually participated in ADB subregional cooperation

activities such as the Greater Mekong Subregion (GMS), the Thai government pared down its borrowing program in 2002. Thus, no loans to Thailand were approved in that year. Only three technical assistance projects totaling US\$900,000 were approved. The cumulative procurement contracts for goods and related services, civil works, and consulting services under loan and technical assistance operations as of 31 December, 2002 was US\$1,881.18 million (3.01%) and US\$44.88 million (0.92%) respectively (ADB website, 2003).

3.6.3 JAPAN BANK FOR INTERNATIONAL COOPERATION

Originally, the Thai government borrowed the Japanese Yen Loans from the Overseas Economic Cooperation Fund of Japan (OECF). This independent legal entity was set up in 1961 to facilitate Japan's economic cooperation to Asia because the existing Japanese private companies and the Export-Import Bank of Japan (JEXIM) were not enough to maintain Japan's economic ties with the region. In 1999 OECF became Japan Bank for International Cooperation (JBIC) after being merged with JEXIM to better respond to the current world economies. This change does not affect the management of projects under OECF loans (OECF, 1995b: 1, 6-7; JBIC, 2000: 2).

From OECF to JBIC

OECF capital resources were from both the budget allocation and Trust Fund lending by the Japanese government as well as OECF's own fund. OECF provided a broader range of financing and more concessional conditions than JEXIM. The main principle was to offer private sector investment finance to Japanese corporations or individuals who took on development projects in developing countries. OECF first operated the ODA loans in 1965 when the Japanese government decided to lend the government of the Republic of Korea US\$200 million. Since then, Japanese ODA loans have been provided, particularly for infrastructure projects, to support the self-help efforts of developing countries towards sound economic development (OECF, 1995b: 7-8).

Before 1971, all ODA loans from OECF were tied loans. The first general untied loan was provided to Myanmar. After Japan committed to expand the general untying of loans at the third general assembly of the UNCTAD in 1972, OECF steadily increased the ratio of untied loans until it reached 98.3% in the 1994 fiscal year. By this circumstance, ODA from Japan was said to be one of the most unconditional loans in

the world. In addition, OECF expanded ODA loans to recipient countries in sub-Saharan Africa, Central and South America, and countries in transition to a market economy such as Poland, Hungary, the Republic of Uzbekistan (OECF, 1995b: 8-9).

In response to a comprehensive civil service reform, Japan merged OECF with JEXIM to form the JBIC in October 1, 1999. This new government financial institution is responsible for the implementation of Japan external economic policy and the management of overseas economic cooperation. The services formally provided by OECF and JEXIM are included in two distinct components of JBIC operation namely the Overseas Economic Cooperation Operations and International Financial Operations respectively (JBIC, 2000 : 13).

The aggregation of OECF and JEXIM activities made JBIC the largest bilateral organization in the world in terms of assets. In 1999, the capital of JBIC was ¥6.4 trillion (US\$60 billion), and total assets amounting to ¥21.8 trillion (US\$204 billion). In the 1999 fiscal year, the total commitments of JBIC was ¥2,546 billion. By region, Asia was the largest recipient with 180 commitments worth ¥1,436.5 billion or 56% of the total amount of commitments. For ODA loans, Overseas Economic Cooperation Operations had a total commitment of ¥1,053.7 billion. By region, Asia accounted for the highest percentage (80%) of all loan commitments. On a country basis, Thailand received a total commitment of ¥1,524 billion (JBIC, 2000: 13, 15).

Criticism

JBIC is different from IBRD and ADB in the aspect that it is totally owned by one nation - Japan. The operations and management of JBIC thus proceed fully under Japanese practices. Japan, through the OECF, argued with the World Bank about the efficacy of policy-based lending. Citing Taiwan, South Korea, Thailand and Indonesia as examples, Japan demonstrated that the rapid growth in these countries was strongly associated with state intervention in the markets. It was said that, apart from containing intellectual discussion, this argument was served to protect the soft-loan business of Japan (Mosley et al., 1991: xxxiv).

Since its establishment, JBIC has continuously supported Asian countries suffering from the currency crisis. Although the ad hoc operation has almost come to an end,

JBIC sees that countries in Asia, as well as in other continents, still need funds to sustain their economic growth and JBIC support is crucial to such efforts. Apart from individual operations, JBIC collaborates with other international agencies in a variety of activities, such as co-financing with IMF, the World Bank, or ADB. It is expected that this collaboration will facilitate JBIC to make optimal use of its resources (JBIC, 2000: 3, 60).

Thailand and Japanese ODA Loans

In 1965 the first OECF representative office was established in Bangkok. However it was not until 1969 that ODA loans to Thailand began. All loans were project loans for specific development projects. It was recorded in 1995 that Thailand had received a total of 19 loan packages and five special loans, with a cumulative commitment to the country of ¥1,197.7 billion in 183 projects. When categorized by sector, transportation accounted for 37.4% of total loans. This figure made Thailand the fourth largest source of OECF funding while the top three were Indonesia, China, and India (OECF, 1995b: 54-55). Now the cumulative commitment of ODA loans to Thailand covers 220 projects at the amount of ¥1,631,196 billion (JBIC website, 2003).

For ODA loans to Thailand, Mr. Sommai Phasee, the Deputy Permanent Secretary of the Thai Ministry of Finance, mentioned in his interview given to JBIC Today that since its first implementation in Thailand, Japanese ODA loans have supported the country in maintaining infrastructure development such as roads, gas and electricity, which have mostly contributed to economic development. Mr. Phasee also believes that the JBIC made genuine efforts than other financial institutions in helping Thailand to overcome the currency crisis (Phasee, 2000: 2-3).

3.7 CONCLUSION

Road development in Thailand reflects the influence of the modernization paradigm as its main objective is to facilitate economic growth. Road development is a top-down policy and is carried out mainly by government sectors. For the poor, roading development is seen as bringing indirect benefits through economic development, for example cheaper traveling costs and temporary employment during construction and maintenance phases. These benefits are still short-lived and unsustainable. Although people and human resources are included in the objectives of the Eighth and Ninth

National Economic and Social Development Plans, the main objective of road projects has not yet deviated from sheer economic development.

It can be concluded that road infrastructure does not benefit all people equally (Booth et al., 2000: 4-44) and as expenditure for road projects relies on taxation, it is important that the standard of road construction is adequate. When road projects are partly financed by loan monies, it is extremely important to be mindful of the debt burden and the management of loan projects, which is different from local projects. In Thailand, the LCD is the main office that is responsible for loan projects in the DOH and has received loans from IBRD, ADB, and JBIC for many decades. When it is evident that the LCD is facing trouble with the management of loan projects (World Bank, 1995: 1-9), it is necessary to identify problematic factors that undermine the effectiveness and efficiency of the management of loan projects and to seek the ways to improve the present situation. In Chapter Four, the research design and methodology for the investigation of the LCD experiences is examined.

CHAPTER 4

RESEARCH METHODOLOGY

The literature review in Chapters Two and Three examined concepts and critiques about development, foreign aid and loans, project management, and road development in Thailand. Through the literature review, an overview of the conceptual and theoretical context, an account of relevant issues, and basic assumptions about influential factors regarding the management of loan projects were introduced and discussed; and the framework for the exploration in the thesis was provided (Blaxter et al, 1996: 109-111; Walliman and Baiche, 2001: 25).

This chapter provides the research methodology for the collection of data based on the working experiences of the officials, plus other relevant resources at the Loans Control Division, Department of Highways in Thailand. The methodology is first introduced to show the design and format of the study. The process of the research as well as the limitations of the study are presented to inform how the data was collected and what obstacles were met during the collection of data.

4.1 RESEARCH DESIGN AND METHODOLOGY

To answer the main objective of the study which is to identify and examine the factors which affect or impede the efficiency and effectiveness of the management of loan projects, as stated in Chapter One, the study employs a mixture of research approaches and strategies to formulate a systematic investigation and collection of data. The approaches are both descriptive and analytical. Apart from the interviews, the study also relies on observations and analysis of the potential factors to the management of loan projects (Walliman and Baiche, 2001: 91). Observation is used to ascertain the functions performed by the officials when accurate information cannot be elicited by questioning. The type of observation is non-participant observation. The researcher will not become involved in the activities but remains a passive observer under natural conditions. The record will be documented as a narrative.

Both qualitative and quantitative models were applied in the investigation. The qualitative elements were employed in all procedures in the study and the quantitative elements supplemented this data research in areas of numbers, statistics and analysis of

the collected data. The study aims to obtain 'depth' rather than 'breath' of information; hence the collection of data is on a small-scale basis (Blaxter et al., 1996: 60). The LCD was chosen as a case study because of its direct involvement in the management of loan projects, and the connection between this organization and the research student. As the LCD is the research student's work place, access to the field work was easily facilitated. Moreover, this type of connection enabled the research student to explore detail as much as possible within the limitations of time.

A mixture of methods to gather information is applied in the fieldwork. Observation, interviewing, and questionnaires were used to collect the primary data. The secondary data was collected from government or semi-government publications which consisted of reports, memorandums, contracts, guidelines, regulations, work files and loan agreements from the LCD; and guidelines and conditions from the loan sources (Kumar, 1996: 105-126). This was used to inform Chapter Three in particular, as well as the discussion in Chapter Six.

The semi-structured interview was intended to be a basic tool for gathering data from officials of the LCD. The research student undertook the interviews herself to ensure that the respondents perceived the same thing from the intent of the questions, and to observe them while asking the questions. In other words, the data was collected under standard conditions. As the questions were in an open-ended form, the research student could ensure that the answers were recorded with the exact verbal response; and that the unclear or incomplete answer was further elaborated (Babbie, 2001: 258-261).

Despite of pre-determining categories of answers, the research student designed open-ended questions to allow the categories to be determined by the respondents. These categories would emerge as a pattern when the answers were analysed. For example, when exploring the characteristics of the respondents in question no.5, the research student asked 'What do/did you do in the LCD?' instead of 'Are you an accountant, engineer, or etc?'. By asking this way, the answers showed not only the respondents' categories of work but also the level of responsibility in the LCD.

This principle was applied throughout the design of the questionnaire. When questions with yes or no answers could not be avoided, additional questions were asked to probe

for more information. For example, when examining the work experience of the respondents in question no. 30, the research student asked 'Were there any foreign consultants in the loan projects?' instead of 'How many consultants were there in the loan projects?'. For the first question, although the answer should be 'yes' rather than 'no' as consultants have always been employed for all loan projects, the question was asked to identify the respondents' genuine knowledge about the loan projects and the connection between their work and the consultants. If the respondents answered 'yes', they should further explain the work of the consultants and the advantage of having consultants in their work. If the answers were 'no', the respondents would be further asked to identify people who supervised the projects.

On the contrary, if the second question 'How many consultants were there in the loan projects?' was asked, it implied in the question that the respondents already knew there were consultants in loan projects. By asking this way, it would make the research student vulnerable to biases and expectations, and would make it hard for the research student to remain neutral by not giving the respondents direction to an answer (Walliman and Baiche, 2001: 91). The research student thus made an utmost effort to avoid using this type of question. However a few questions were designed with multiple choices, such as issues about gender, age, and education in question nos. 1-3, when certain answers could be expected. The reason was to make the respondents feel at ease to talk about themselves, and to express their opinions. Moreover, a break between opened-end questions would reduce the respondents' strain from organizing their thoughts, as Thai people are used to selecting answers from multiple-choice questions rather than from opened-end questions.

The questions for the interview were prepared and arranged in the form of a questionnaire so that the respondents could read them the same way the research student did while conducting an interview; and that the respondents could easily administer the questionnaire by themselves. This preparation was intended for an unpredictable circumstance during the collection of data. If the number of interviewees was too low to justify the 'credibility' and 'applicability' of the study; or if the respondents voluntarily participated but had difficulties in giving an interview or speaking up in front of the researcher, the questionnaire could be handed out to solve these problems (Sarantakos, 1998: 80). As the fieldwork was carried out for a rather short period of five weeks

between 1 February, 2003 and 8 March, 2003, it was better for the research student to prepare for such circumstances in advance. The guideline questions for the interview survey are shown in English in Appendix A, and in Thai in Appendix B.

As one factor was hypothesized to be related to the organizational structure, the focus group for the study was both the former and present staff in the LCD. The present staff consisted of 36 officials and the former staff of 10 officials, making a total survey population of 46. The former staff were included in this research because they had worked in both organizational structures of the LCD. These two structures appeared to have an influence on the management and administration of loan projects.

Although the ultimate goal was to interview all the entire survey population, it was necessary to make sure that participation was voluntary and there was no bias regarding the selection of the respondents. To conduct an unbiased selection, the respondents should have ideally been selected on a random sampling basis. However the method of sampling in this study was quite different from general methods for random sampling. As the respondents and the research student knew each other at a certain level, the method of sampling was revised to ensure confidentiality. Only some senior staff were purposefully selected for interviews as key informants. The whole population of 46 was invited to participate in the research by means of voluntarily giving an interview, or filling in the questionnaire as an alternative for the interview. In case the numbers of the responses for the interview were too small to measure the reliability and the validity of the data, a follow-up was made with the remaining officials to confirm they did not even want to fill in the questionnaire (Sarantakos, 1998: 84-84; Walliman and Baiche, 2002: 232-235;).

To gain access to the work place and participants, the research student sought permission from her superior and the director of the LCD to conduct an interview survey with present officials, and to use documents in the LCD for the research. This activity had been processed before the research student went to Thailand because the permission would let the LCD officials know about the survey in advance and assure them that they were not prohibited from giving an interview. This process also helped the research student to begin the work right away after arriving in Thailand.

Along with the process of obtaining permission, the research methodology was considered and approved according to research ethics by the Institute of Development Studies, Massey University. This methodology was strictly followed by the research student to ensure the research was conducted on a voluntary participation basis and there was no potential harm to any parties concerned. The fieldwork is discussed next to show how the respondents were approached and how the data was collected.

4.2 FIELDWORK

After arriving in Bangkok, the research student had the Thai questionnaire read and completed by three people, two from outside and one from inside the LCD, to check for correct understanding in the Thai language. The research student decided to test the questionnaire beforehand to reduce the possibility of error and ambiguousness. The questionnaires were assigned an identification number for cross-checking purposes. Each questionnaire was assigned the same identification number to that which appeared on the response form. This questionnaire was afterwards used for interviewing or for sending to the respondents who sent the response form back to the research student. By this way, the research student could cross-check with the completed questionnaire regarding the progress of data collection and the need to follow-up of the remaining respondents (Babbie, 2001: 250).

Because of the possibility of harm to participants (such as an impact on their work positions or the relationships with other colleagues), every effort was made to keep participation itself anonymous. The invitations to participate in the research were handed to all staff in the LCD so that everyone knew what the research student was going to do. When they received the same set of invitation documents, including the invitation letter, the information sheet, and the supervisor's reference letter, they would have equal insight and knowledge about the research methodology and be aware that their participation would be kept confidential. During the time of distributing the invitations, the research student also emphasized the issues of confidentiality and the response methods as stated in the invitation letter. This kind of sampling helped the research student to move around in the office inconspicuously because the officials knew that the research student would not conduct an interview nor talk to them about the research participation inside the office.

In order to get responses as soon as possible, the research student first tried to approach all officials in the office personally. However a few invitations had to be left on some officials' working desks because these officials were engaged with work outside the office. After distributing all the invitations, the research student started to contact the former officials by telephone. This activity was done at the research student's house because the telephones in the office were put in a place where anybody could hear the conversation on the phone. Six positive responses were received and appointments for an interview were made at this stage. Each respondent was interviewed at the time and place he/she felt most convenient, mostly in a coffee shop or a restaurant. The interview of the respondents in this group took place during 10 – 21 February, 2003.

For the present officials, the first lot of four responses was received one week after the invitations were distributed. When doing the follow-up, it was found that some officials had already posted the response forms to the research student's house but the forms had not reached the contact address. Although it is suggested that follow-up by mailing helps to increase the return rates in mail surveys (Babbie, 2001: 255), follow-up by phone yields the same result in the interview surveys. In all, there were eighteen respondents in this group. Six of them voluntarily gave an interview while the other twelve preferred to work on the questionnaire.

Although the interview was made with only six respondents who are present officials, it took a period of twelve days to finish this work. The reason is that all of the respondents had a lot of activities during the weekend. When the most suitable time fell on weekdays, conducting an interview during lunch time outside the office was inevitable. As the respondents usually had lunch with a certain group of colleagues, the research student tried to arrange an interview time which left one or two days gap between the last and the next interview so the respondents' absence would create less or no suspiciousness from others officials. On the interview day, the research student did not go to the office but went straight to the appointment place to avoid being noticed having lunch with the respondents. If the research student was in the office, there was a chance that the respondent would approach the research student to reconfirm the appointment or expect to walk together to the lunch place.

Along with the interview process, the research student examined the documents which provided information about the history and the work of the LCD. Statistics, suggestions and recommendations were examined from work files, monthly reports, annual reports, final reports, contracts, and loan agreements to search for useful statistics and clues to answer the main question of this thesis. Main rules and regulations of the local government were compared to those of the loan sources to investigate the discrepancy between them. The collection of data from secondary resources was not made until the last day of the fieldwork period because the documents were kept by many people in many sections. It therefore needed more time and effort to track down the required documents than expected.

Overall, the fieldwork was completed in time. Although the self-administered questionnaire had to be used to complement the interview survey, the research student could clarify any unclear answers with the respondents who returned the complete questionnaires within the field work period. Four questionnaires were received in New Zealand. In these questionnaires, there were few particular questions that the respondents declined to answer.

Although the prognosis of the problems in the fieldwork were made while designing the research methodology, there were many unexpected conditions that put the research student in an uneasy situations. These conditions are explored in the next section.

4.3 EXPERIENCES AND LIMITATIONS FROM FIELDWORK

As the research student was absent from the work place for quite a long period, the re-appearance of the research student was viewed as a semester break more than a fieldwork operation period. Many groups of colleagues queued up for a welcome-home lunch or a chat. This phenomenon was indeed very nice but it put the research student in a difficult position because a period of five weeks was quite abrupt for conducting interviews and searching through piles of documents for the required data. Although the limitation of time was acknowledged, the insistence of the invitations still continued. In this circumstance, the research student had to take the utmost care that the lunch interview was arranged in the manner that no other colleagues in the office was aware of what was going on.

One day after the distribution of the invitations, one colleague approached the research student in the office to submit the response form and to inform her that the respondent was willing to participate in the research. This action would at some stage affect the confidentiality of the respondent. However the research student tried to make a quick interruption and brought the respondent to a place where the conversation would not be heard by other officials. At this stage, the respondent was told that further contact would be made after office hours as the collection of data should have to be kept confidential according to the research methodology.

To prevent a repetition of this unexpected circumstance in the future, the research student went round the office to stress the importance of responding by mail, email or telephone; and to emphasize that a stamped, self-addressed envelope was already provided in the invitation package for mailing. At the same time the request about the final response date was also added so that the number of the respondents could be roughly predicted. In addition, the research student tried to work in the office as little as possible before the exact number of respondents was finalized. This was satisfactory because the second and third weeks of the fieldwork were booked for interviewing the former officials, mainly at shopping centers during the lunch hour. It must be noted here that most former officials were very kind to select places that were not very hard for the research student to reach. Actually, the interview did not take more than one hour to finish but it took the whole day to get one interview done. This is because traffic in Bangkok was unpredictable and exhausting.

The issue of confidentiality strongly tested the research student's discretion because many colleagues who were very close to the research student always asked if certain colleagues had already been interviewed. As this question was always asked during a general conversation and in the interview, the research student had to always be prepared not to reveal any information related to the respondents nor the content from the interview. In addition, to reduce the risk of exposing information, the research student tried not to engage in conversation and cited the ethics in research as an answer for this kind of question.

Although the access to the interviewees was quite open to the research student, the collection of data was not easy. The majority of respondents felt it was quite hard to

give reasons for their answers. Many issues were something they have faced every day but could not interpret into words at the time of the interview. For example, when asked about any problems in their work, the respondents could cite two or three problems. But when further asked about the causes and how to solve such problems, many tended to gave the answer in a way that was too general such as 'it depends on the situation' or 'ask for help'. When probing for more sufficient detail, the responses were still not far from what had already been said. Most respondents said it was quite hard to cite a specific example because most of the problems were solved in a case-by-case manner without specific recognition. Once the old problems were solved, the new one existed. As there was always something to think about, the respondents did not remember the situation in detail unless it was a very serious problem such as being under investigation. This might have been overcome by giving respondents a hypothetical problem or situation and then asking how they would respond or deal with it.

Overall, the experiences from the fieldwork provided insight and knowledge about how to probe for appropriate answers, how to solve ad hoc problems, and how to communicate clearly and properly. Although it seems that the process of data collection in the fieldwork went along quite well, there were some limitations to the study. The study was conducted on a small-scale basis, thus the findings represent only the experience of those interviewed and cannot necessarily be generalized. Nevertheless the next chapter will show that patterns did emerge that can usefully inform this study.

4.4 CONCLUSION

The study consists of two main parts, i.e. theory and practice. The first part discussed how development theories resulted in foreign aid and loans; and why the efficiency and the effectiveness of project management has to be taken into account. The second part established the context for this case-study and the methodology for the collection of data in fieldwork. The study was conducted at the LCD in Thailand because it is directly responsible for the management of loan projects and it is the research student's work place. This connection enabled the research student to finish the fieldwork within the available period.

The interview survey and the questionnaire were used as the main complementary methods for the collection of data. The questions were designed to identify and examine

factors, such as perceptions about the LCD and foreign loans, Thai regulations and foreign loan guidelines, the organizational structure, and particular expertise needed for loan projects. These factors will be seen in Chapter Five. Although there were some limitations in the study and some unexpected problems arose in the fieldwork, they are considered to be factors that assisted the research student to learn from real situations.

CHAPTER 5

THE EXPERIENCES OF THE LOANS CONTROL DIVISION

This chapter discusses factors that affect or impede the efficient and effective management of loan projects by exploring and analyzing the experiences of the staff, both former and present officials, in the LCD. The qualitative data is transformed to percentage ratios to give a clearer picture about the findings. The characteristics of the respondents are firstly described to give a broad picture of the sample in this survey. The main issues are presented in accordance with the subsidiary questions that are:

- What are the officials' perceptions of foreign loans, loan projects, and the Loans Control Division? What recommendations and criticisms exist?
- What are the effects of the foreign loans guidelines on loan project management and how are the effects managed?
- What are the influences of the organizational structure in the Loans Control Division?
- What particular expertise is needed for the management of loan projects?

5.1 THE RESPONDENTS' CHARACTERISTICS

There were 24 respondents who participated in this survey, one half of the respondents agreed to give an interview and the other half preferred to fill in the self-administered questionnaire. As all the respondents had the same questions, the responses from both groups have been combined. The response rate is 52 per cent out of the 46 letters of invitation that were distributed. According to Babbie (2001: 256), when the response rate is more than 50 per cent, the collected data is considered sufficient for further analysis and reporting.

From Table 5.1, which shows the characteristics of the respondents, it can be seen that the proportion of female respondents is three times higher than male respondents. The two biggest groups of respondents are between 31-40 and 51-60 years old. Each group contains 38 per cent of all respondents. The respondents who work at the LCD for less than 10 years make up the largest proportion at 46 per cent. Their ages range from under 30 to 40 years old. On the contrary, those who had worked more than 30 years share make up only 8 per cent of the respondents. They are between 51-60 years old and appear to be the main source of knowledge to all LCD officials. However, they will

retire shortly and the LCD will, at a certain point in time, suffer from losing a valuable resource for loan project management.

Table 5.1 The Respondents' Characteristics

Characteristics	Percentage
Gender	
Male	25
Female	75
Age	
Under 30 years old	4
31-40 years old	38
41-50 years old	12
51-60 years old	38
61 + years old	8
Education	
School Certificate	4
Bachelors Degree	75
Masters Degree	21
LCD Work Period	
Under 10 years	46
11-20 years	34
21-30 years	12
31+ years	8
Job Description	
Accountancy	42
Engineering	17
Project Secretary	17
Loans Administration	12
Planning and Evaluation	8
Clerical	4

Source : Field Survey, 2003

While 75 per cent of the respondents hold a Bachelors degree, another 21 and 4 per cent graduated with masters degree and school certificate respectively. Among those who hold a Masters degree, the percentage of males is higher than females at the proportion of 75: 25. As all male respondents with Masters degrees are engineers, it can be implied that the LCD still places significance on the recruitment of the engineers for loan projects. In accounting for the much lower proportion of females with Masters degrees, it appears that the female respondents who already have Bachelors degrees lacked the opportunity to apply for postgraduate scholarships. This is because most scholarships for DOH staffs are in engineering fields. If the female respondents wished to study for higher degrees, they had financial difficulties because normally the official salary is not enough to make ends meet. Thus only a few of them decided to study for a

masters degree because they felt they do not have enough knowledge to pursue their job. These female respondents are in the age group of 31-40 years old, while the males are in all ranges of the age group.

For the job description, the accountancy group represents the highest percentage at 42 per cent. The majority of them (60 per cent) were 31-40 years old. About 80 per cent of the respondents in this group were LCD present staff and 62 per cent of them have worked at the LCD less than 10 years. This suggests that the majority of the accountancy staff are quite inexperienced in regards to loan projects. The lowest proportion of the respondents goes to the clerical group. The staff in the clerical group explained that most of them thought their work consisted of general office administration and had nothing to do with the management of the loan projects. They therefore did not have anything to offer. The response from the engineering group is equal to those of the project secretary group and consist of the two second highest percentages of the responses according to job description. The project secretary group have LCD work experience from nearly 20 to more than 31 years. Only 25 per cent of them still worked at the LCD. The majority of the engineers were 51-60 years old with work experience at the LCD ranging from 11 to more than 31 years.

The response rate from the loan administration group was 12 per cent while that from the planning and evaluation group was 8 per cent. The respondents in the loan administration group were from 31 to more than 50 years old. Half of them have worked at the LCD less than 10 years. About 25 per cent of the respondents in this group have worked at the LCD more than 31 years and are considered to be the primary resource for the loan projects. The respondents from the planning and evaluation group were between 31-50 years old. They have work experiences at the LCD from 11 to 20 years.

Regarding overall characteristics of respondents, the majority were female; only 4 per cent did not have a university degree and most fell into the age groups of between 31-40 and 51-60 years. The younger group will become a major manpower for the LCD in the near future, while the older group will retire in a few years. It is obvious that at present the majority of the respondents have worked at the LCD for less than 10 years, while the minority have worked for more than 31 years.

5.2 PERCEPTIONS OF LOANS CONTROL DIVISION AND FOREIGN LOANS

In an attempt to answer the first subsidiary question of the thesis, 'what are the officials' perceptions of the Loans Control Division and the foreign loans?', as stipulated in Chapter One, the respondents were asked to give their opinions about the LCD and the road construction projects under the loans scheme. The perceptions of the respondents which reflected their understanding about loan projects is shown in Table 5.2.

Table 5.2 The Respondents' Perceptions of Foreign Loans

Perceptions	Percentage
Reason for lending	
Lack of government budget	100
Advantage	
Do not have to rely on the local budget	28
Fast working system	25
Transfer of technology	21
Decrease constraint on local budget	18
Do not know	8
Disadvantage	
Indebtedness	67
Unique working system	13
Easy to use irresponsibly	12
Language barrier	8
Investment value	
Worth it	75
Not worth it	21
It depends on how the money is spent	4
Beneficiaries	
Thai people	67
Thai contractors	17
Loan sources	8
Officials	8
Future loan financing	
More	17
Less	58
Equal	4
Don't know	21
Don't care	0

Source : Field Survey, 2003

Regarding general thoughts about the LCD, all respondents fully understood that all projects at the LCD are partly financed by IBRD, ADB or JBIC at different proportions. The simple reason is that the Thai words indicate different meanings between the two types of the projects. While '*krong kan nguen ku*' (the loan projects) implies that the projects have been partly financed by the loan monies, '*krong kan nguen ngub pra*

man' (the local projects) indicates that they have been fully financed by the government fiscal budget.

However the respondents were somewhat confused about the meaning of the word 'project' or '*krong kan*' in Thai. This unexpected confusion arises from the widely different uses of it. '*Krong Kan*' can be referred to in many ways such as the name of a route, a main characteristic of the highways – which consists of many routes, or the number of the loan agreement. For example, 'the construction project of route no.5 Lampang-Lamphun', 'the Four-Lane Highways Project', or 'the IBRD 3968-TH Project' are all considered to be projects, even though they contain different characteristics and explanations.

The respondents therefore mentioned the name of the projects they have worked on in three different ways. It is obvious that their perceptions about the projects correlate with their years of working at the LCD. Those who have worked at the LCD from less than 10 years to 20 years tend to see projects in a narrow scope such as 'route no. 5'. On the contrary, those who have worked at the LCD more than 21 years are inclined to name projects in a larger scope such as 'the four-lane highways' or 'the IBRD 3968-TH'.

The majority of the respondents saw that their responsibilities lay more in the loan projects than the local ones. Only 10 per cent said the opposite. These perceptions are correlated to the level of their work. The younger respondents who are normally responsible for the basic work such as filling in the statistic forms tended to view their work as routine. The older respondents who were responsible for more complex work saw that their work was more complicated and depended heavily on a more thorough consideration than that needed for a local project. They even saw their work as highly risk, business because a naive mistake could mean many undesirable outcomes from salary reduction to sacking.

The respondents from the former LCD structure felt that LCD officials looked more prestigious as they mostly work close to high ranking officials of the DOH, such as the Director General and the Deputy Director General, foreign staff from the loan sources, the consultants and the contractors. Many LCD directors in the past were later promoted to be the Deputy Director General. This implied that the LCD had some significance for

the work of the DOH. In contrast, the majority of the respondents in the present LCD structure felt indifference towards working in either loan or local projects because both projects were DOH works. They did not have much opportunity to work closely to the high ranking officials or foreign staffs as those in former structure did because only the chief of section communicated with these officials. Differences between the former and present structures of the LCD are further discussed in section 5.4.

Overall, the perception about the LCD varied according to the respondents' working period at the LCD. The respondents who had a longer working period perceived the LCD as an office where they have the opportunity to work close to high ranking officials and foreigners. At the same time, they felt that they took on more responsibilities in loan projects. On the other hand, the respondents who had a shorter working period see the LCD as another office in the DOH because the present LCD has an office organization similar to other offices in the DOH. Since restructuring, the communication with high ranking officials or foreign staff is mostly done via the chief of section. The respondents therefore did not have the same experience as those in the former structure did.

Regarding perceptions about foreign loans as shown in Table 5.2, all respondents saw that the lack of local budget was the main reason for borrowing money from external loan sources. About 75 per cent thought it was worth constructing roads using loan monies because the Thai people could have access to transportation within a shorter period of time. However 21 per cent wondered if the road would bring benefits greater more than the amount the country had to repay to the loan sources. The minority of the respondents (4 per cent) stated that it depended on how the money was used. If the IRR and the evaluation of the projects were correct, it should be cost effective. In their opinions, the loan monies could be spent more effectively if the relevant officials concerned themselves with public interests more than their own. These respondents are between 51-60 years old and have the longest working period at the LCD.

Although the respondents saw many advantages from using loan monies in loan projects, more than half of the respondents were aware of the indebtedness and the consequent burden of the repayment of capital plus interest in foreign currency. About 58 per cent therefore hoped Thailand would use less external loans in the future because

they considered that the country had enough road networks for public transportation. If Thailand still needed to construct more roads, it would be better to invest from the government budget or launch some measurement to make sure that only people who use the road are responsible for the cost of the investment.

About 67 per cent of the respondents generalized that the Thai people gained the most benefit from the loan monies. When asked to indicate a more specific group of people, the respondents said they were not quite sure about the specific group and they did not have sufficient solid evidence to support their opinions. They therefore thought that 'the Thai people' was the most suitable answer, as the roads were constructed and used by Thai people. However 17 per cent of the respondents specified that it was the Thai contractors that gained the most benefit because the progress of their economic and social evolution was highly recognized. The respondents said when they first worked at the LCD, many contractors were only ordinary companies which heavily depended on LCD officials' expertise and supervision about the projects. But nowadays these contractors were capital-intensive companies. Many children or relatives of the owners of these companies had joined political parties and had become high profile members of parliament. Some of them were appointed by the minister who was responsible for the work of the DOH. When the socio-economic status of the contractors seemed to be advanced more rapidly than those of other relevant groups, the respondents therefore assumed that these contractors had gained more benefit from the loan projects.

The respondents who saw the loan sources as reaping the most benefit said that in reality the country did not spend the full amount of the loan monies in the country. During the project implementation, Thailand had to employ foreign consultants and contractors, buy goods from member countries of the loan sources, and pay for overseas training. This resulted in the leaching of loan monies back to the loan sources. After the completion of the project, the country had to repay the full amount of the loan monies, a commitment charge, and an interest rate, as well as the capital. Eight per cent of the respondents therefore pointed their fingers to the loan sources. The last group which also contains 8 per cent of the respondents said that the officials in the loan projects gained the most benefit because loan projects created jobs in the LCD for them. It was obvious that the majority of LCD officials looked very wealthy. Some respondents therefore identified that they have been viewed by others both inside and outside the

DOH that they were more or less involved in corruption. But no solid evidence has yet been found to support this suspicion.

Overall, the majority of respondents had positive perceptions about the loan projects and foreign loans. They thought the loan monies helped the country to provide access to road transportation more rapidly. However they were still concerned about the indebtedness resulting from external borrowing. Although more respondents saw that the benefits fell mostly to the Thai people, they would prefer to have fewer external loans in the future because they felt the country already had enough necessarily road network throughout the regions. The future road projects should be fully financed by the government budget or invested under users-pay schemes.

5.3 FOREIGN LOANS GUIDELINES

According to the second subsidiary question of this thesis, ‘what are the effects of the foreign loans guidelines on loan projects management?’, this section explores and discusses the problems that LCD officials encounter in their work resulting from the foreign loans guidelines. The finding is transformed to percentages as shown in Table 5.3.

Table 5.3 Foreign Loans Guidelines

Foreign Loans Guidelines	Percentage
Users	63
None-Users	37
Problems regarding the guidelines	
Lack of knowledge	33
Discrepancy between the local regulations and foreign loans guidelines	20
Lack of documents	7
Different interpretation	7
Lack of understanding by outsiders	7
None	26

Source: Field Survey, 2003

About 63 per cent of the respondents named foreign loans guidelines as one regulation to which they had to adhere in their work, while 37 per cent named only the local regulations. It was apparent that the respondents named the regulations differently even when they worked in the same sections. Moreover the number of the regulations that were identified varied between one and three. Among the 63 per cent of the respondents

who adhered to the foreign loans guidelines, 16 per cent followed only the foreign loans guidelines while 21 and 29 per cent used one and two other regulations respectively. The older the respondents, the more regulations they adhered to. This suggests that the respondents do not have common knowledge about the regulations and guidelines they have to adhere to in their work. Further investigation explains the cause of this issue.

The majority of the respondents indicated that they lacked insight and knowledge about foreign loans guidelines. One reason was that they had never been provided with formal training and were given no explanation about the nature of the loan projects when they first worked at the LCD. They had to learn by themselves which was quite difficult because of the English language barrier, and the lack of a thorough understanding about the LCD works from the very beginning. The respondents in the Accountancy Sections and the Loans Administrations Sections faced the same problem, as they had academic knowledge in accounting and English respectively. But when they worked, they had to apply both local regulations and foreign loans guidelines in their work. Their academic knowledge was of secondary importance for processing the work effectively.

With no proper training about the use of these regulations and guidelines, the respondents found it near impossible to fully understand the nature of the loan projects management. For those who did not have problems with the foreign loans guidelines, it appeared that they rarely or never use the foreign loans regulations in their jobs. These respondents were those in the clerical section who were responsible for personnel records or typing; or those in the engineering section who mostly purely apply their engineering knowledge in their work.

The lack of knowledge about these guidelines and regulations obstructed the respondents from doing their work properly. They were not sure of what to do or what not to do. The respondents said the work was assigned without any guidance about the work process or the guidelines or the regulations that had to be taken into account. The relevant documents were rarely available for further research. Most of the work took a long time to finish because the respondents depended on trial and error method according to the knowledge they had. They suggested that it was crucial that the LCD provide in-house training about the guidelines and regulations that relate to loan project management. The loan sources had occasionally arranged seminars about loan projects,

however only a few officials had the opportunity to attend these seminars. In-house training would help to transfer this knowledge to other officials.

The respondents also said that the relevant documents that should be available for general use were hard to find or were kept by irrelevant officials at other offices. The officials who needed these documents most in their work often had to ask for extra copies from the original sources of the documents. This relates to the lack of understanding from outsiders. If they understood that the documents needed to be forwarded to relevant staff, they would not leave the documents in the wrong place. However the lack of understanding by the contractors caused the most problems to the respondents and their work. The contractors tended to believe that the respondents tricked them for under-the-table money, or were favouring other contractors. These contractors usually raise their cases to higher ranking officials, the polices, or high courts for further investigation.

As mentioned in Chapter Three, one contractor alleged that the respondents corruptly awarded the contract to the bidder who won the overall package bidding, rather than him who had in fact won only one bid in the package. Although it was clear that the respondents did their duty rightfully, they were under investigation for more than one year. During that time the respondents had to submit the relevant documents to every organization to which the contractor presented his petition. These organizations investigated the same issue independently. When one organization concluded that the respondents were not guilty, the contractor went to the others. This phenomenon was so frustrating to the respondents, as it showed that there was no system to protect the respondents from unfair treatment.

Other respondents said one contractor informed the police of a charge that they rejected to accept the bid from the contractor during the bidding period. In fact the contractor submitted the bid after the respondents announced the expiration of the bidding time. Many contractors who were in the bidding room told the respondents they knew the respondents were right. However nobody dared to be their witnesses because the contractors had to rely on each other in the construction business. The respondents had to fight for themselves and were aware that they were vulnerable to undesirable consequences from their work.

Another major problem for the respondents was the discrepancy between the local regulations and foreign loans guidelines. While the local regulations depend on the bureaucratic processes, the foreign loans guidelines put an emphasis on flexibility and immediateness. For example, the LCD should report the bid results to the loan sources for an approval of the award of the contract as soon as the bidding documents have been evaluated. The loan sources do not allow any negotiation for price reduction after the contract has been awarded. But according to the local regulations, the LCD also needs to acquire an approval for the contract price from the Bureau of the Budget and the Ministry of Transport. This creates a problem to the work because it often results in a request by these organizations for further negotiations with the lowest bidders.

As renegotiations and the process of acquiring final approval from local organizations normally take a lot of time, the LCD is sometimes almost unable to award the contracts to the lowest bidders within the bid validity period. More often the LCD receives the approval from the loan sources via facsimile two days before the expiration date of the bid guarantee. This means the respondents have to make sure that the letters of award are signed by the authorized people and received by the lowest bidders within two days - an insufficient time in a bureaucratic tradition. Otherwise the lowest bidders will have the right to reject their bids or ask for a higher price. If it happens like this, there is a chance that the government will have to pay more money for the project, and someone will have to be responsible for it. If the bidding process fails, it is inevitably for the respondents to face the consequence.

As foreign loans guidelines are written in a way that allows for different interpretations, the respondents applied them according to their own understanding. This created a problem as the respondents could not figure out how the work should be processed properly. In fact there are principles behind these guidelines to help them make the right decision. These principles can be found in the handbooks or related documents. Again these documents may not easily be found nor accessed and only a few respondents knew of the existence of these documents. When the link to knowledge is not available, the respondents had to learn from mistakes in their works.

For example, the LCD proposed to reject all bids for a road construction project because there were only three bidders and only one bid was responsive. The respondents saw

this as insufficient competition, and therefore decided to call for rebidding. However the loan source disagreed because the procurement had been advertised according to the requirement and the responsive bid proposed a reasonable price within the engineer's estimate. Another example is that the LCD again proposed to reject all bids obtained in the third round of bidding because all the prices were over 110 per cent of the engineer's estimate, and this kind of bid price can not be accepted under the local regulations. But the loan source considered that the lowest price was responsive and was a reasonable price. This shows that although the guidelines are open to rejection of all bids and rebidding, the loan sources give their approval for the rebidding in very limited situations. The principle behind this is that rebidding delays the procurement and the project execution. Moreover, the price is usually higher in the next round of bidding. If the respondents are aware of this principle, they should propose for the award of contract instead of rebidding. However the experienced respondents said they should propose rebidding because they had to make sure they had some means to protect themselves in the event of allegations of corruption or misconduct in their work. In this case, the written consideration of the loan sources were the best evidence for them.

Overall, the majority of the respondents did not have sufficient knowledge about the local regulations and foreign loans guidelines because of the lack of proper training and orientation about the loan projects; and the lack of skill in English. The discrepancy between local regulations and foreign loans guidelines obstructed the respondents from processing their work effectively. When the guidelines were open to different interpretations, the respondents often faced problems in their work resulting from the incapability to make the right decisions. This suggests that the guidelines from the loan sources have significant effects on the loan project management. For the guidelines themselves, the problems arise mostly from their nature of openness; the discrepancy between the local and loans guidelines and regulations; and the use of English language. This leads to slow and impractical processes of loan project management because the respondents were attempting to follow incompatible rules from two sources.

5.4 THE ORGANIZATIONAL STRUCTURE

The influence of the organizational structure on the management of the loan projects is the third subsidiary question in this study. This issue is taken into consideration because

after the LCD changed its organizational structure, a negative responses about its work gradually increased. From being one of the top organizations to successfully manage loan projects in Thailand, the LCD has now failed to maintain its working standard. However this notion is known only among the intermediate staff who work closely with the staff of the loan sources, and other relevant government organizations. The findings are shown in Table 5.4.

Table 5.4 The Influences of the Organizational Structure

Organizational Structure	Percentage
Characteristics of the respondents	
Work in both structures	46
Work in present structure	54
Opinions of the respondents who work in both structures	
<u>Structure that most facilitates individual work</u>	
Former structure	55
Present structure	36
Both structures	9
<u>Structure that most facilitates the management of loan projects</u>	
Former structure	18
Present structure	73
Both structures	9
Opinions of the respondents who work in the present structure	
<u>The present structure and individual work</u>	
Suit the work	54
Not suit the work	31
Do not know	15
<u>The present structure and the management of loan projects</u>	
Suit the management	46
Not suit the management	39
Do not know	15

Source: Field Survey, 2003

In this study, the number of the respondents who worked in the present structure outnumbered the respondents who had worked in both structures at the proportion of 54 to 46 per cent. The respondents who worked in both structures gave similar reasons for the changes of the LCD structure. As the work loads were far too great to manage by the existing staff, and the unique structure of the LCD made it hard for recruiting new staff and promoting current staff, the LCD therefore found it necessary to adjust its structure to the one used by all offices in the DOH. It should be noted here for further understanding that all Thai officials are subject to one main schedule of employment promotion. If the officials already receive the highest salary according to their rank, they will receive the same salary until they retire or can prove that the quality

and workload of the jobs they are doing deserve further promotion. When the workload required a certain numbers of subordinates, it was impossible for the officials in the former structure to apply for further promotion if they did not have any subordinates. The easiest and quickest way was to change the organizational structure.

The major change has been the breaking of the project secretary's work into two sections - the loan administration section and the accountancy section. The loan administration section is responsible for the procurement of work and goods, and the employment of consultants, while the accountancy section is responsible for the payment of expenditure under the signed construction contracts and consulting agreement. Other works such as clerical support or engineering were only upgraded into sections. No major alteration was applied to them. The planning and evaluation section was established a few years after the present LCD structure was formed. Specific committees for the loan projects such as the Main Board were dissolved. LCD has to use the services of DOH central committees for all considerations about the loan projects. The unique characteristics of LCD vanished at the time the present structure was introduced.

Fifty five per cent of the respondents who had worked in both structures stated that the former structure most facilitated their work because they had access to all the information about the projects under their responsibilities. This enabled them to make the right decision about their work because they could see the whole picture of the project and predict the consequences of their decisions from the information they had. When only few officials were assigned to one project, such as one project secretary, one chief engineer and one technical assistant, the communication was shortcut and resulted in close cooperation. The work was then processed more smoothly. A group of 36 per cent who preferred the present structure stated that they preferred to do the jobs according to their skill and knowledge. For example, the respondents who were accountants liked to be involved in making payments rather than writing letters in English. By dividing the whole job into sections and assigning one section to one specific party, the job could be done accurately and quickly. Only 9 per cent felt that there was no difference between the two structures. It is obvious that these respondents are the youngest officials in this group.

For the structure that most facilitates the management of the loan projects, 18 per cent of the respondents who had worked in both structures felt that the former structure was better than the present one. This is because the former structure enabled the respondents to make a quick response to all problems. The cycle of the work was shorter when there were fewer people working on the same project. Although the structure alienated the LCD from other offices, it better supported the management of loan project. The respondents who saw the opposite accounted for 73 per cent. They argued that the present structure fitted the culture of the Thai bureaucrat more than the former one. Officials from other offices preferred to communicate to the chief of section rather than the ordinary officials, or to officials at the same level rather than those at the lower levels because the chief of section or those at the same level tended to be more reliable than their subordinates. The respondents from the former structure were in lower ranks compared to the officials at the same age and responsibilities in other offices. The present structure was therefore seen to better support the management of the project. Those who saw no difference between the two structures said they felt both structures could facilitate the management of loan projects if the LCD director took his work seriously and gave significance to the quality of the works.

About 54 per cent of the respondents who worked in the present structure thought that the present structure suited their work because the work was classified according to professions. When they were responsible for only one specific job, they could do their job much faster. Moreover, when there were problems, they could consult their superiors. On the contrary, 31 per cent of the respondents in this group stated that the present structure did not suit their work. The respondents who were directly responsible for the work had to struggle to finish the work within the provided time. To produce one piece of work, they had to walk around contacting many people, asking for relevant documents, sending their work for typing or photocopying in other section, and checking whether the work was already sent to the right place at the right time. If the other parties did not do their jobs properly, the respondents could not finish their job. Often the respondents ended up doing other people's job such as carrying their most urgent letters to other offices themselves because the messenger was not available. The respondents felt that the present structure did not create a sense of mutual responsibility and did not facilitate their work. A minority of respondents in this group said they did not know whether the present structure facilitated their works or not. This was because

they felt comfortable at work and it seemed to them that everybody could finish their work easily. These respondents appeared to have work experience of less than 10 years and were responsible for uncomplicated jobs.

Regarding the issue of whether the present structure suits the management of the loan projects or not, the percentages in agreement and disagreement were very close to 46 and 39 per cent respectively. For those who agreed, they stated that when the outsiders had a clear picture about who the respondents were and what they are doing, it made communication and cooperation quite easy. For those who disagreed, they said that they had to contact many people both inside and outside the LCD to finish their jobs. Apart from using more time, they encountered many problems from those people they had to contact. For example, people were absent or did not give full cooperation. When good cooperation between sections and other offices did not occur, it affected the management of the loan projects as a whole. A minority of the respondents in this group (15 per cent) said that they did not know because the whole picture of the loan projects was still unclear to them. These respondents were the same people who did not know whether the present structure suited their work or not.

Overall, the majority of respondents who had worked in both structures believed that the former structure facilitated their work while the present structure facilitated the management of the loan projects. The main reasons were that the former structure better supported the characteristics of the loan project while the present structure lessens the sense of alienation and promotes understanding from outsiders. Although the percentage of respondents who felt the present structure suited both their work and the management of loan projects outnumbered the percentage of respondents who felt otherwise, the gap between the two numbers was not too great to be able to conclude that the present structure is definitely suited to the work of loan projects.

5.5 PARTICULAR EXPERTISE

To answer the last subsidiary question of this thesis, 'what particular expertise is needed for the management of loan projects?', this section explores the skills the respondents needed to have in their work. The findings are shown in Table 5.5.

Table 5.5 Particular Skills Needed for Loan Projects

Skill	Percentage
Computer Skills	25
English Language	20
Knowledge of Law and Regulations	17
Accounting	17
Vision about the loan projects	13
None	8

Source: Field Survey, 2003

About 25 per cent of the respondents felt the most important skill they needed was computer skills because the computer enabled them to work faster and to catch up with the outside world. When the government had a policy to reduce the size of its manpower, the staff that were considered unnecessary, such as typists, were no longer recruited for the vacant places. Computers enabled staff to perform tasks previously handled by clerical staff. Accountants and the engineers could do complex calculations using computer programmes, and foreign relations officials could produce correspondence documents using Word and Excel programmes.

The second necessary skill identified in the survey was the English language. The proportion of respondents in this group was 20 per cent. It is obvious that the respondents in Accounting, Engineering, and Loans Administration Sections have to use English language at a certain level. The respondents from the same section usually encountered the same problems because they use the same type of English documents in their work. They only solved their own problems by looking for the meaning in the dictionary (Thai-English), asking an expert in English, or attending an English course. However it seems they had not yet succeeded in improving their English skills. No long-term solution has yet been established by the LCD.

Knowledge of law and regulations, and accounting gained 17 per cent equally. Those who needed skills in law and regulations said their work was often involved with applying complex laws and regulations as required in specific projects, for example in land acquisition procedures. If they did not have this kind of knowledge to guide their activities, there was a tendency that they would make mistakes. The liabilities resulting from this kind of mismanagement were too great for them because such mistakes resulted in increased expenditure for the government, and it was the respondents'

obligation to pay back the government. For the accounting issue, the respondents said that they needed knowledge about accounting procedure for the loan projects. As there were many rules and regulations about public accounting and frequent changes to the rules and regulations, this knowledge would help them to make payments correctly. They therefore felt accounting skills was essential to their work with loan projects.

The last skill was described as vision about the loan projects. The respondents said they did the job according to the superiors' guidance. Their work was like a jigsaw puzzle that they did not know how to put together by themselves. They needed a vision to enable them to understand the background and nature of loan projects, to better manage their work, to make the right decisions about their work, and to have more insight and knowledge about loan projects.

The majority of the respondents further pointed out that it was essential to provide an orientation course for new staff or to train officials before putting them to work in the loan projects. This orientation or training should cover special issues about loan projects, the path of the work, and how to solve problems. Learning solely by working was ineffective because it took too long for the respondents to have enough experience to understand the nature of the loan projects, especially when they were assigned to do only a specific job.

For the minority of the respondents who did not identify the need for any particular skill, it appears they are responsible for basic jobs such as collecting data or providing clerical support. These respondents did not have to use the above skills or expertise in their work and felt it was not necessary to be oriented or trained in their work.

Overall, the particular expertise the respondents needed in their work were computer skills, English language, knowledge of law and regulations, accounting, and vision about loan projects. Respondents in the same section required different skills according to their experience and knowledge in their work. For example, 60 per cent of the respondents in the loan administration section needed computer skills, while 20 per cent needed knowledge of English, law or regulations. This indicates that the respondents still needed training in their work.

5.6 CONCLUSION

The findings suggest that the LCD has faced inefficient processes of project management for some time. Major factors that undermine the smooth implementation of the loan projects in the LCD are the differences between local and foreign regulations, inadequate working systems, and deficiencies in particular skills. The first factor reiterates the World Bank report (1995: 1-9) that discrepancies between two sets of regulations does not support the work of the loan projects. From the findings, work processes have been noticeably inefficient since the combining of the local regulations for loan projects with those for local projects. This merger created inconsistencies between local and foreign regulations. Thus it can be assumed that former local regulations for loan projects better support the management of loan projects. However it may be difficult to change the present regulations as the majority of stakeholders have vested interests in the status quo.

Regarding the second factor, namely inadequate working systems, the findings suggest that LCD divided the work into sections according to the characteristics of the work. The responsibilities of each section has not yet been clearly assigned. Thus the distribution of work has been carried out in an unsystematic manner. It often happened that the same type of work which was once assigned to one section has been duplicated by other sections. Moreover, it appears that each section received insufficient support from other relevant sections in order to complete the job. Project tasks have been considered the work of a section rather than that of the LCD. When cooperation between sections, based upon the awareness of one's responsibility, is lacking, the efficiency of the whole work system has also been worsened. Attention needs to be given to the improvement of the work system of the LCD and the staff need to be more aware of their duties and responsibilities in the LCD.

The last factor does reflect the fact that loan projects needs to be managed separately from local projects. The findings suggest that the deficiency of most particular skills, except computer skills, was the result of inadequate knowledge necessarily for the management of loan projects. The complexity of the local regulations for loan projects, the English language, and the lack of input about the nature of loan projects are major causes that hinder LCD officials from acquiring the required knowledge by learning from work experience alone. For computer skills, the study suggests that LCD staff

have different levels of computer knowledge and need different computer skills to process the work in each section. The training in computer skills needs to be provided according to the work requirement and the staff's knowledge about computers.

Overall, the three factors reflect the need for the LCD to provided proper training and orientation to its staff to regain the effectiveness and efficiency of the management of loan projects and prepare itself for the time in the near future when all experienced staff, who used to manage the work during the LCD's prime era and presently are key mentors to younger staff, are not attached to the LCD anymore. As it can be assumed from the current situation that LCD staff are well aware of the deficiency of their knowledge and are keen to learn, the LCD needs to provide proper training to its staff and to create a learning environment in the LCD. For the depth and the bigger picture about the implications of these findings, Chapter Six will present a further discussion in more detail before drawing a final conclusion of this study.

CHAPTER 6

LEARNING FROM EXPERIENCES

This last chapter draws out the lessons from the research and presents the discussion both in depth and in relation to the bigger picture of loan project management. Major findings from Chapter Five are discussed, and recommendations are made in the first part of this chapter. An overview of the study is given in the second part of the chapter. The conclusion in the third part of the chapter is the final episode of this thesis

6.1 FINDINGS AND RECOMMENDATIONS

The findings suggest that the LCD is presently facing three main factors that create a hostile environment for the effectiveness and efficiency of loan project management. These factors are: the differences between local regulations and foreign loans guidelines, a poor working environment, and a lack of knowledge among staff. Among the three factors, the differences between local regulations and foreign loans guidelines is the problem that is least easily solved as it relates to decisions made at national and international levels. As it appeared in the study that the merger of local regulations for loan projects with local regulations for local projects had resulted from external pressure rather than the desire for better management of loan projects, a revision of the present local regulations is not likely to happen.

Furthermore, apart from the differences between both regulations, the study suggests that the regulations themselves also pose problems to the management of loan projects. The foreign loans guidelines are open to different interpretations, being written in English, and are difficult to understand. The relevant local regulations are too numerous, too complex and can change according to the context. Even staff who are responsible for the same type of job in the same section follow different numbers and names of guidelines and regulations. It is evident that the staff have never learned about these guidelines and regulations in their academic institutions, nor were they given an orientation before starting their jobs. At the same time, on-the-job training does not provide sufficient knowledge about these guidelines and regulations. It is therefore necessary to provide training about these guidelines and regulations as well as their effects on the work of the LCD. An orientation about loan projects and the LCD should be provided to new staff as it would help them to make the right start, and be a channel

for transferring knowledge from the experienced staff to the inexperienced ones. At the same time, orientation would enable the present staff to be more alert to the occasional changes in many parts of these guidelines and regulations and could be the catalyst for discussion and finding solutions for issues arising from the current guidelines and regulations.

It is evident that inexperienced staff need to learn about particular practices for the management of loan projects before being assigned work. The Office of the Commission of Management of Road Traffic (OCMRT) in Thailand, which was recently established, conducted an orientation for its staff about the management of ADB loan projects. OCMRT (1993: 1) indicated in its letter, which invited three LCD senior staff to give lectures about work processes in loan projects, that OCMRT lacked experienced staff to manage its first loan project. OCMRT therefore needed to equip its staff with knowledge to enable them to manage the first loan project with efficiency and effectiveness. From this incident, it is obvious that although the LCD has the capability to conduct orientation programmes about loan projects, the LCD still neglects to instill the necessary knowledge regarding loan projects to inexperienced staff.

The study suggests that the present organizational structure lacks systems to assign work and responsibility, and also lacks supportive administration systems. It does not effectively support the work of LCD staff, as the division of work into incoherent sections, rather like pieces of a jigsaw puzzle, requires a considerable effort by each staff member to put the pieces back together. Moreover it has promoted an inefficient working environment by enabling uncooperative and irresponsible staff to exist and thrive within the organization. The clear assignment of responsibility to each section has not yet been formulated. A lot of work has still been assigned across sections. At the same time cooperation between sections does not reach the level that supports a smooth flow of LCD work. One piece of work may need cooperation from at least three or four staff, each from a different section. It often ends up that the staff who are directly responsible for that job have to run around doing other staff's duties, such as typing, being a messenger, or photocopying, in order to finish the work in time. It should be noted here that Thai government organizations usually provide a clerical unit to support the fast processing of the work. However it depends much on efficient administration

and personal discipline to make this system work, as the staff who need jobs to be done have no authority over uncooperative support staff.

The findings in Chapter Five imply that the lack of cooperation among staff between different sections results from the lack of unity, and the lack of immediate disciplinary action towards staff who do not do their duties. Moreover, it is evident that systems of work assignments and discipline procedures for uncooperative and irresponsible staff have not yet been employed. When discipline in the work place is missing, the office environment is unable to support the working staff and morale is lowered. It is therefore necessary to create a strong working environment and to add discipline in the work place. The managerial staff in the LCD have to pay more attention to good personnel administration as well as to creating a clear system of assignment and responsibility. The system of promotion and punishment should be exercised to benefit the right staff, not hinder them.

Regarding particular expertise, it is obvious that shortfalls in expertise, except computer skills, have a close relationship to the lack of specific knowledge about the work of the LCD. For example, the English language that the staff need to understand involves technical terms in documents related to the loan sources. These particular texts or terms are not taught in a general English course and can not be understood by looking for a word-by-word meaning in a dictionary. This explains why a general training course could not help the staff in their day-to-day work. In this circumstance a formal in-house training course is considered to be the most suitable solution because the knowledge provided suits the specific requirements of the organization, and senior staff can share their knowledge and experience with newer staff members. A manual or handbook for fundamental work procedures should be provided so that all staff understand the process of the work and are aware of his/her duties. This way, the staff will be able to acquire the right knowledge for their jobs and to apply what they have learned to their work. Valuable experience in the work place is also extended to the inexperienced staff. When a learning environment is created, the LCD will finally become a learning organization that supports the learning of its staff.

Overall, the study indicates that the LCD needs to eliminate or reduce the influence of factors which undermine the effectiveness and efficiency of the management of loan

projects. The LCD could enhance its management performance by taking the following actions :

- Compile a manual or handbook for LCD staff to follow in their work.
- Establish a loans data center for providing necessary information to both LCD staff and public.
- Manage the flow of information in a way that is accessible by all relevant staff.
- Provide an orientation about the LCD and the nature of loan projects to freshmen and junior staff.
- Conduct in-house training to assist staff to acquire necessary knowledge that relates to their work.
- Create an effective administration system that supports a good working atmosphere.
- Promote a learning environment in the LCD and transfer individual experience to organizational learning.
- Cooperate with other government agencies which also carry out loan projects to exchange management experiences and create a strong links to eliminate any negative factors which may impact on the management performance of loan projects.

6.2 AN OVERVIEW OF THE STUDY

This study set out to identify and examine factors that affect or impede the effectiveness and efficiency of the management of loan projects in the government sectors in the Third World countries by focusing on loan projects for highway construction in Thailand. The theoretical background was first introduced to show the relationships between development concepts, foreign aid and project management; and the link between them and loan projects. The road projects undertaken by the Loans Control Division, Department of Highways was selected as a hub for the collection of data and the exploration of its experiences. The overview of the main context of previous chapters is put in the form of questions and answers as follows:

How do loan projects, especially road projects, relate to Third World development?

Loan projects are considered to be an important tool for Third World development. These projects have close links to development concepts and foreign assistance

emanating from the First World. As discussed in Chapter Two, the majority of Third World countries have followed the concept of modernization theory to move from traditional to modern societies. When the gargantuan task of building infrastructure to support the acceleration of economic growth needs funds that exceed the budget of the Third World countries, these large development projects are partly financed by foreign loans. But through decades of this development pattern, instead of being able to repay the debt, many Third World countries have plunged into a cycle of borrowing new loans to service the old debt, or have even announced their inability to repay foreign debt. It is thus obvious that loan projects do not always guarantee the expected outcome, and the borrowers still have to repay the debt even when the projects fail. It is therefore the full responsibility of the borrowers to make sure that the loan projects bring success rather than failure.

Road development, as stated in Chapter One, is one main infrastructure that underpins the economic growth and social well-being of the country. In Third World countries road projects therefore have been heavily invested in to support the country's development. When road projects required a great amount of investment, it is inevitable for the Third World countries to seek loans from international institutions in order to complete the necessary road network in a short period of time. Many road projects in Third World countries are thus loan projects.

Road projects receive great interest in this study because the roads do not generally yield a return profit by themselves. Only a small number of highways are made toll roads. The cost recovery from road projects largely depends on government taxation of people and businesses which benefit from better roads. This reflects some risk as the expanding of government earnings depends mostly on the expected economic growth. Moreover, it is obvious that the majority of the road projects are not particularly designed to bring transport benefits directly to the poor. The necessary components that help to reduce poverty, such as feeder roads for linking poor agricultural areas with the main highways, are included in a very small number of road projects. Moreover, the real contribution of road projects to poverty reduction is uncertain because the systematic evaluation of the effects of road development on the poor has not yet been established. This shows that road projects may not distribute equal benefit to all people.

In addition, after the construction is completed, the roads still need expenditure for maintenance and rehabilitation as high as 124,700 *baht* or US\$2,969 per km (World Bank, 1995, p.2). When road projects are partly financed by external loan sources, these roads also need additional government budget to repay the debt. This suggests that the road projects are a never-ending funding story while the roads (except toll roads) are not made to pay for themselves, nor prove to have a significant achievement towards poverty reduction. As the success of road development should not only be a matter of physical appearance but should also achieve social benefits as well, it is necessary that road projects bring more benefits than burdens to the Thai nation.

Why is project management the main focus of this study and what aspect of project management has the study explored?

Project management is the main focus because it is a potential factor for achieving the project's objectives. However it is noted in Chapter Two that many projects in developing countries still fail due to lack of good performance of project management, and there is an increasing demand for many developing countries to strengthen their project management capacities. As much of the literature of project management is based on Western concepts that may not be applicable to the context of developing countries; and when each developing country has its own management structure and framework, the study of a specific case would provide a clear picture of practical management that is most suitable to its particular environment and is food for thought for other organizations and Third World countries as well.

In management theory, an efficient and effective performance is one of the primary elements that support the achievement of project objectives. Effectiveness concerns how well the resources are used to achieve the goal, while efficiency focuses on the use of the least amount of resources. Project performance can be enhanced if both efficiency and effectiveness increase. However in project management, there are many factors that pose problems to the efficiency and effectiveness of project management and in developing countries the project environment is different from that in the developed countries. This study therefore sought to identify factors that affect the efficiency and effectiveness of the project management.

Why is the focus on project management in the Loans Control Division, Department of Highways in Thailand?

This study sought to explore the experience of the LCD in Thailand because this organization is responsible for road projects that are loan projects and Thailand is a country that has embarked on the path of modernization. As stated in Chapter Three, road projects under past loans in Thailand have been largely satisfactory in terms of schedule and budgets. However the smooth implementation of these projects was noticeably undermined by many key factors such as an insufficient operating budget, an inadequate number of qualified staff, and the differences between local and foreign procurement regulations. It is suggested that reforms are necessary to achieve adequate performance management.

When the literature as well as the lending agency indicate that project management is a fundamental factor for the success of the project, but that performance management of the road projects is still inadequate, it was vital to learn from the LCD about its practices and problems, and for the LCD to learn from itself to improve its performance (Suzuki, 2000: 92). This learning helps to translate theory into practice, to transform individual's experiences to an organizational experience, and to identify factors that affects the efficiency and effectiveness of the loan project management.

6.3 CONCLUSION

From the study, it is evident that modernization has had a significant influence on road and highway development in Thailand. Roads are built to support economic growth, loans are borrowed to partly finance large projects, and government taxation has been used to repay foreign debt. In terms of economic development, road projects are considered effective as they provide a transportation network which brings positive effects to Thai economy as a whole. But in terms of poverty reduction, only temporary and unsustainable benefits, such as providing wage-labour employment in road projects or enhancing job opportunities in remote areas, can be expected. The real benefits have not yet been calculated due to the lack of a valid evaluation system.

In term of loan monies, although Thailand is presently able to service its debt, the issue of real benefits from foreign borrowing for country development is still in question. In this study, it is obvious that Thailand had to depend on a large number of loans to adjust

to crises in the 1970s, 1980s, and 1990s. For normal external debt, Thailand relies on a large volume of exports to pay off a loan. According to Warr's analysis (1993: 66), the level of external loan and debt is manageable as long as Thailand invests loan monies wisely, and the value of exports is not reduced. This implies that decades of economic development does very little to strengthen the government's financial reserves.

For the management of loan projects, the study indicates that loan projects need a specific system to support the effectiveness and efficiency of management performance, and that the staff need to be equipped with knowledge that enables them to perform their work smoothly. A supportive environment, clear assignment of responsibility, and the transferring of experience from senior to junior staff are essential to the management of the loan projects as well. The findings coincide with the post-evaluation experience reported by Suphaphiphat (1995: 12) that a well-designed organizational structure, staff strength, efficient operational systems and procedures, and extensive experience of the organization are the most important factors that lead to success of the ADB-financed projects in Thailand.

As the study was conducted as a small-scale research project with 24 respondents in one division of a government department, the findings may not fully define a vision for generalizing about the management of loan projects in all Third World countries. Nevertheless, the research student believes this study can usefully inform the importance of management of loan projects to other government sectors in Thailand and in many Third World countries. The reasons are: first, when all borrowers have to follow the same guidelines from the same loan sources, loan projects are generally managed with the same standards; second, when loan projects are undertaken by government sectors which are notorious for being bureaucratic, lacking qualified staff, and corrupt, it can be assumed that loan projects in many Third World countries are managed within a similar environment; and third, when loans are used in development projects, due considerations of economy, transparency, effectiveness, and efficiency have to be taken into account by all concerned parties. It is essential to be aware that loans are not gifts. Borrowers have to repay the debt whether the loan project makes profit or not. Thus it is the duty of borrowers to ensure that loan projects bring prosperity rather than hardship to the countries.

The problematic factors found in this study are examples of obstacles that may or may not be faced by other Third World countries. A factor, such as English language proficiency, may not cause trouble to the management of loan projects in a country that uses English as a first or second language. Many countries may have local regulations that are compatible with foreign loan guidelines. However these factors can not be overlooked as they are reflections of a realistic view about the management of loan projects. It can be seen in this study that a once supportive environment for loan project management can be changed to a present unsupportive one due to many influences from both inside and outside the organization.

It is recommended in this study that all concerned parties should be more mindful of the effectiveness and efficiency of the management of loan projects. High ranking officials should be careful not to adopt policies that undermine a healthy environment for the management of loan projects, and should listen to the staff in loan projects when any decisions regarding management practices have to be made. Middle and low ranking officials should be provided with resources that enable them to acquire particular skills and knowledge for working in loan projects. Attention should be drawn to the issue of creating a learning organization as it is evident that "... staff member's learning does influence the performance of the organization as a whole" (Suzuki, 2000: 92). In this way, loan projects will be managed in a more efficient and effective manner, and be better able to facilitate the development of highways and the benefits they bring to Thailand.

APPENDIX A

No. DS2003/

THE STUDY OF RELATIONSHIP BETWEEN FOREIGN LOANS AND
PROJECT MANAGEMENT**Section 1. General Information**

1. Gender

☐ Male ☐ Female

2. Age

☐ under 30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 or over

3. Current Educational degree

☐ School or Vocational Certificate ☐ Bachelor Degree☐ Master Degree ☐ Doctorate Degree

4. How long have you been working/did you work at Loans Control Division?

☐ Less than 10 years ☐ 11-20 years ☐ 21-30 years ☐ more than 31 years

5. What do/did you do in the Loans Control Division?

.....

.....

.....

6. What do/did you like most about working for the Loans Control Division?

.....

.....

.....

7. What do/did you dislike most about working for the Loans Control Division?

.....

.....

.....

For those who are working at Loans Control Division, go to Question 8.

For those who are not working at Loans Control Division, go to Question 9.

8. How many projects have you worked on in the last two years?

.....

9. Could you please name two or three projects in your work at Loans Control Division?

☐ Yes.....☐ No.

9a. Were they local projects or loan projects?

.....

10. If they are the loan projects, what are their loan sources?

.....

.....

11. Apart from the above loan sources, are there any other loan sources in your work?

☐ Yes.....

☐ No.

12. What is the level of your responsibility in the loan projects comparing to that of the local projects?

☐ much less ☐ less ☐ equal ☐ more ☐ much more

13. Do you think it is more prestigious to work on?

☐ Local projects

☐ Loans projects

☐ Both local and loan projects

Why?.....

.....

Section 2. Work Experiences

14. Have you worked on local projects before?

☐ Yes, go to Question no. 15

☐ No, go to Question no. 27

The local projects

The following questions are about local projects funded by government monies.

15. How many regulations did you have to adhere to in your work? Please name.

.....

.....

.....

.....

16. What problems did you have with those regulations?

.....

.....

.....

.....

.....

17. Were there any foreign consultants in the local projects?

☐ Yes.

What did they do?

.....

Did they help you in any way? ☐ Yes. ☐ No.

If yes, in what way

.....
 If no, why not.....

☐ No.

Who supervised the projects?.....

18. Did you have to use any foreign languages in your work?

☐ Yes

Please names.....

In what way.....

.....

Did you have any difficulties using these languages at all? ☐ Yes. ☐ No.

If yes, in what way.....

.....

How did you manage it?.....

.....

.....

☐ No.

19. Did you have to contact any local or foreign financial sources in your work?

☐ Yes.

Please names.....

In what way did you contact them?.....

.....

Did you have any difficulties working with them? ☐ Yes. ☐ No.

If yes, in what way.....

.....

.....

How did you manage it?.....

☐ No.

20. Did you need any orientation or training in your work ?

☐ Yes.

In what way.....

Were you provided with those kinds of orientation or training?

☐ Yes.

In what way.....

Did these orientation or training help you in your work?.....

☐ No, why not.....

☐ No.

Why not.....

21. Did you need to have any particular knowledge or skills in your work?

☐ Yes.

Please names.....

Why?.....

☐ No.

Why not.....

22. Did your work experiences help you to improve your work performance?

☐ Yes.

In what way.....

☐ No.

Why not.....

23. What was the most critical obstacle to your work?

.....

.....

.....

How could it be reduced or eliminated?

.....

.....

24. Please rank five outstanding obstacles to your work from most to least?

1.....

2.....

3.....

4.....

5.....

24a. How did you manage these obstacles?

.....

.....

.....

.....

.....

25. In your opinion, what is the best way to do your work effectively and efficiently?

.....

.....

.....

.....

.....

26. Do you think local projects are managed effectively and efficiently?

☐ Yes.

How?.....

.....

.....

☐ No.

Why not?.....

.....

.....

The Loans Projects

The following questions are about projects funded by international loans.

27. Are you working on loans projects right now?

- ☐ Yes.
- ☐ No, please answer the following questions by referring to your experience on the loan projects.

28. How many regulations do you have to adhere to in your work? Please name.

.....

.....

.....

29. What problems did you have with those regulations?

.....

.....

.....

30. Were there any foreign consultants in the loans projects?

- ☐ Yes.
What did they do?
.....
.....
.....

Did they help you in any way? ☐ Yes ☐ No

If yes, in what way.....
.....

If no, why not.....
.....

- ☐ No.
Who supervised the projects?.....

31. Did you have to use any foreign languages in your work?

- ☐ Yes.
Please names.....
.....

In what way.....
.....

Did you have any difficulties using these languages at all? ☐ Yes. ☐ No.

If yes, in what way.....

.....

How did you manage it?.....

.....

☐ No.

32. Did you have to contact any local or foreign financial sources in your work?

☐ Yes.

Please names.....

In what way did you contact them?

.....

Did you have any difficulties working with them? ☐ Yes. ☐ No.

If yes, in what way.....

.....

How did you manage it?.....

.....

☐ No.

33. Did you need any orientation or training in your work ?

☐ Yes.

In what way.....

.....

Were you provided with those kinds of orientation or training?

☐ Yes.

In what way.....

.....

Did these orientation or training help you in your work?.....

.....

☐ No, why not.....

.....

.....

☐ No.

Why not?.....

.....

.....

34. Did you need to have any particular knowledge or skills in your work?

☐ Yes.

Please names.....

Why?.....

.....

☐ No.

Why not.....

35. Did your work experiences help you to improve your work performance?

☐ Yes.

In what way.....

.....

☐ No.

Why not.....

36. What was the most critical obstacle of your work in the loan projects?

.....

.....

.....

How can it be reduced or eliminated?

.....

.....

.....

.....

37. Please rank five outstanding obstacles to your work from most to least?

1.....

2.....

3.....

4.....

5.....

37a. How did you manage these obstacles?

.....

.....

.....

.....

.....

38. In your opinion, what is the best way to do your work effectively and efficiently?

.....

.....

.....

.....

39. Do you think the loan projects are managed effectively and efficiently?

☐ Yes.

In what way.....

.....

☐ No.

Why not.....

.....

For those who used to work in the local projects, go to Question 40a.

For those who have never worked in the local projects, go to Question 40b.

40a. Do you prefer working with the local or loan projects?

☐ Local projects

☐ Loan projects

Why?.....

.....

40b. Do you like working in the loan projects?

☐ Yes, why.....

☐ No, why not.....

41. What are the good and bad aspects of both local and loan projects? (For those who have never worked in the local projects, please answer about the loan projects only)

Positive aspects

The local projects.....

.....

.....

.....

The loan projects.....

.....

.....

.....

Negative aspects

The local projects.....

.....

.....

The loan projects.....

.....

.....

For those who used to work in the local projects, go to Question 42.

For those who have never worked in the local projects, go to Question 43.

42. Which projects are more effective and successful?

.....

Why?.....

.....

.....

Section 3. Organizational Structure

43. When you first worked at Loans Control Division, what was it structure?

☐ Former structure, go to Question 44-47

☐ Present structure, go to Question 48-49

Question for those who worked in former structure

44. Why was the structure changed?

.....

.....

.....

.....

45. Please name five differences between the two structures?

1.....

2.....

3.....

4.....

5.....

46. What structure most facilitates your work?

☐ Present structure.

In what way.....

.....

- ☐ Former structure.

In what way.....

47. What structure most suits the efficient and effective management of the loan project?

- ☐ Present structure

In what way.....

- ☐ Former structure.

In what way.....

48. Does the present office structure facilitate your work?

- ☐ Yes.

In what way.....

- ☐ No.

In what way.....

How can it be improved?.....

49. Does the present office structure suit the efficient and effective management of the loans projects?

- ☐ Yes.

In what way.....

- ☐ No.

In what way.....

How can it be improved?.....

Section 4. Perception about foreign loans and the loans projects

50. What benefits do road projects bring to Thailand?

.....

.....

.....

51. In your opinion, why do we have to use loan monies in road development projects?

.....

.....

.....

52. What are the advantages from using the international loan monies in your work?

.....

.....

.....

53. What are the disadvantages from using the international loan monies in your work?

.....

.....

.....

54. Is the benefit to Thailand of the loan financed road projects worth the cost we have to pay back?

- ☐ Yes.
- ☐ No.

55. Who do you think gain most benefit from the loans monies?

.....

Why.....

.....

.....

56. In the future, should the Loans Control Division have more or less international loans project work?

- ☐ more ☐ less ☐ equal ☐ don't know ☐ don't care

Why.....

.....

57. Where do you see yourself in the next 3-4 years?

.....

.....

APPENDIX B

แบบสอบถามเลขที่ DS2003/

การศึกษาความสัมพันธ์ระหว่างเงินกู้และการบริหารโครงการ

ส่วนที่ 1. ข้อมูลทั่วไป

1. เพศ

☐ ชาย ☐ หญิง

2. อายุ.....ปี

☐ ต่ำกว่า 30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ 61 หรือมากกว่า

3. การศึกษา

☐ ต่ำกว่าปริญญาตรี ☐ ปริญญาตรี☐ ปริญญาโท ☐ ปริญญาเอก

4. ท่านทำงานที่กองบริหารโครงการเงินกู้กี่ปี?

☐ น้อยกว่า 10 ปี ☐ 11-20 ปี ☐ 21-30 ปี ☐ มากกว่า 31 ปี

5. กรุณาอธิบายลักษณะงานของท่านในกองบริหารโครงการเงินกู้

.....

.....

6. ท่านชอบสิ่งใดมากที่สุดในการทำงานที่กองบริหารโครงการเงินกู้

.....

.....

7. ท่านไม่ชอบสิ่งใดมากที่สุดในการทำงานที่กองบริหารโครงการเงินกู้

.....

.....

สำหรับผู้ทำงานที่กองบริหารโครงการเงินกู้ในปัจจุบัน กรุณาตอบคำถามข้อ 8

สำหรับผู้ไม่ได้ทำงานที่กองบริหารโครงการเงินกู้ในปัจจุบัน กรุณาตอบคำถามข้อ 9

8. ในรอบสองปีที่ผ่านมา ท่านรับผิดชอบงานทั้งหมดกี่โครงการ

.....

9. ท่านพอจะบอกชื่อโครงการที่ท่านรับผิดชอบสักสองหรือสามโครงการได้หรือไม่

☐ ได้☐ ไม่ได้

9a. โครงการดังกล่าวเป็นโครงการเงินกู้หรือโครงการเงินงบประมาณ

10. หากเป็นโครงการเงินกู้ งานดังกล่าวใช้เงินกู้อะไร

11. นอกจากแหล่งเงินกู้ในข้อ 10 แล้ว ท่านทำงานที่ใช้เงินกู้จากแหล่งอื่นอีกหรือไม่

☐ ใช่ กรุณาระบุ.....

☐ ไม่ใช่

12. ท่านคิดว่าระดับหน้าที่ความรับผิดชอบของท่านที่กองบริหารโครงการเงินกู้มีมากน้อยเพียงใด เมื่อเปรียบเทียบกับหน้าที่เดียวกันในกองอื่น ๆ

☐ น้อยกว่ามาก ☐ น้อยกว่า ☐ เท่าเทียมกัน ☐ มากกว่า ☐ มากกว่ามาก

13. ท่านคิดว่าข้าราชการกรมทางหลวงชอบทำงานโครงการใดมากกว่า

☐ โครงการเงินงบประมาณ

☐ โครงการเงินกู้

☐ โครงการเงินงบประมาณและโครงการเงินกู้

เพราะเหตุใด.....

ส่วนที่ 2. ประสบการณ์ในการทำงาน

14. ท่านเคยทำงานโครงการที่ใช้เงินงบประมาณหรือไม่

☐ เคย กรุณาตอบคำถามตั้งแต่ข้อ 15 เป็นต้นไป

☐ ไม่เคย กรุณาตอบคำถามตั้งแต่ข้อ 27 เป็นต้นไป

โครงการเงินงบประมาณ

15. ท่านต้องยึดถือกฎระเบียบใดบ้างในการทำงานโครงการเงินงบประมาณ

16. ท่านมีปัญหอะไรบ้างจากการทำงานภายใต้กฎระเบียบดังกล่าว

17. โครงการเงินงบประมาณมีวิศวกรที่ปรึกษาจากต่างประเทศหรือไม่

☐ มี

กรุณาระบุหน้าที่ความรับผิดชอบของวิศวกรที่ปรึกษาดังกล่าว

.....

.....

วิศวกรที่ปรึกษาดังกล่าวมีประโยชน์ต่องานของท่านหรือไม่ ☐ มี ☐ ไม่มี

ถ้ามี ในลักษณะใด.....

.....

ถ้าไม่มี เพราะเหตุใด.....

.....

☐ ไม่มี

ใครทำหน้าที่วิศวกรที่ปรึกษาประจำโครงการ.....

18. ท่านต้องใช้ภาษาต่างประเทศในงานของท่านหรือไม่

☐ ใช้

ภาษาอะไร.....

ใช้อย่างไร.....

.....

ท่านมีปัญหาในการใช้ภาษาดังกล่าวหรือไม่ ☐ มี ☐ ไม่มี

ถ้ามี ปัญหาคือ.....

.....

ท่านแก้ปัญหายังไง.....

.....

☐ ไม่ใช้

19. ในการทำงาน ท่านต้องติดต่อแหล่งเงินงบประมาณหรือแหล่งเงินกู้ต่างประเทศหรือไม่

☐ ต้องติดต่อ

กรุณาระบุชื่อ.....

ท่านติดต่อโดยวิธีใด.....

ท่านมีปัญหาในการติดต่อหรือไม่ ☐ มี ☐ ไม่มี

ถ้ามี ปัญหาคือ.....

.....

ท่านแก้ปัญหายังไง.....

☐ ไม่ต้องติดต่อ

20. ท่านคิดว่างานของท่านจำเป็นต้องมีการนิเทศหรือการฝึกอบรมก่อนหรือขณะทำงานหรือไม่

☐ จำเป็น

ในเรื่องใด.....

ท่านได้รับการนิเทศหรือการฝึกอบรมดังกล่าวหรือไม่

☐ ได้

ในลักษณะใด.....

เพียงพอหรือไม่.....

☐ ไม่ได้

เพราะเหตุใด.....

☐ ไม่จำเป็น

เพราะเหตุใด.....

21. งานของท่านจำเป็นต้องใช้ความรู้หรือทักษะพิเศษอื่นใดหรือไม่

☐ จำเป็น

กรุดการะบุ.....

เพราะเหตุใด.....

☐ ไม่จำเป็น

เพราะเหตุใด.....

22. ประสบการณ์ในการทำงานช่วยให้ท่านทำงานได้อย่างมีประสิทธิภาพมากขึ้นหรือไม่

☐ ช่วย

ในลักษณะใด.....

☐ ไม่ช่วย

เพราะเหตุใด.....

23. ปัญหาหนักที่สุดในการทำงานของท่านคืออะไร

.....

.....

.....

ท่านจัดปัญหาดังกล่าวหรือทำให้เบาบางลงได้อย่างไร

.....

.....

.....

24. กรุณาระบุปัญหาในการทำงานของท่าน 5 ลำดับ โดยเรียงจากมากไปน้อย

1.....

2.....

3.....

4.....

5.....

24a. ท่านแก้ไขปัญหาดังกล่าวอย่างไร

.....

.....

.....

.....

.....

25. ท่านคิดว่าวิธีใดดีที่สุดในการทำงานให้มีประสิทธิภาพ

.....

.....

.....

26. ท่านคิดว่าการบริหารโครงการเงินงบประมาณมีประสิทธิภาพดีแล้วหรือไม่

☐ ใช่

ในลักษณะใด.....

.....

☐ ไม่ใช่

เพราะเหตุใด.....

โครงการเงินกู้

คำถามต่อไปนี้เป็นเกี่ยวกับโครงการที่ใช้เงินกู้จากต่างประเทศสมทบกับเงินงบประมาณ

27. ขณะนี้ท่านทำงานที่กองบริหารโครงการเงินกู้ใช่หรือไม่

☐ ใช่

☐ ไม่ใช่ กรุณาตอบคำถามต่อไปนี้อาจประสบการณ์การทำงานของท่านที่กองบริหารโครงการเงินกู้

28. ท่านต้องยึดถือกฎระเบียบใดบ้างในการทำงานที่กองบริหารโครงการเงินกู้

.....

.....

.....

29. ท่านมีปัญหาอะไรบ้างจากการทำงานภายใต้กฎระเบียบดังกล่าว

.....

.....

.....

30. โครงการเงินกู้มีวิศวกรที่ปรึกษาจากต่างประเทศหรือไม่

☐ มี

กรุณาระบุหน้าที่ความรับผิดชอบของวิศวกรที่ปรึกษาดังกล่าว

.....

.....

วิศวกรที่ปรึกษาจากต่างประเทศมีประโยชน์ต่องานของท่านหรือไม่ ☐ มี ☐ ไม่มี

ถ้ามี ในลักษณะใด.....

.....

.....

ถ้าไม่มี เพราะเหตุใด.....

.....

.....

☐ ไม่มี

โปรดทำหน้าที่วิศวกรที่ปรึกษาประจำโครงการ.....

31. ท่านต้องใช้ภาษาต่างประเทศในงานของท่านหรือไม่

☐ ใช่

ภาษาอะไร.....

ใช้อย่างไร.....

.....

.....

ท่านมีปัญหาในการใช้ภาษาดังกล่าวบ้างหรือไม่ ☐ มี ☐ ไม่มี

ถ้ามี ในลักษณะใด.....
.....

ท่านแก้ปัญหาอย่างไร.....
.....

☐ ไม่ใช่

32. ในการทำงาน ท่านต้องติดต่อกับแหล่งเงินทุนต่างประเทศหรือไม่

☐ ต้องติดต่อ

กรุณาระบุชื่อ.....

ท่านติดต่อโดยวิธีใด.....
.....

ท่านมีปัญหาในการติดต่อหรือไม่

☐ มี

☐ ไม่มี

ถ้ามี ในลักษณะใด.....
.....

ท่านแก้ปัญหาอย่างไร.....
.....

☐ ไม่ต้องติดต่อ

33. ท่านคิดว่างานของท่านจำเป็นต้องมีการนิเทศหรือการฝึกอบรมก่อนหรือขณะทำงานหรือไม่

☐ จำเป็น

ในเรื่องใด.....
.....

ท่านได้รับการนิเทศหรือการฝึกอบรมดังกล่าวหรือไม่

☐ ได้

ในลักษณะใด.....
.....

เพียงพอหรือไม่.....

☐ ไม่ได้

เพราะเหตุใด.....
.....

☐ ไม่จำเป็น

เพราะเหตุใด.....
.....

34. งานของท่านจำเป็นต้องใช้ความรู้หรือทักษะพิเศษอื่นใดหรือไม่

☐ จำเป็น

กรุณาระบุ.....

เพราะเหตุใด.....

☐ ไม่จำเป็น

เพราะเหตุใด.....

35. ประสบการณ์ในการทำงานช่วยให้ท่านทำงานได้อย่างมีประสิทธิภาพเพิ่มมากขึ้นหรือไม่

☐ ใช่

ในลักษณะใด.....

☐ ไม่ใช่

เพราะเหตุใด.....

36. ปัญหาหนักที่สุดในการทำงานของท่านคืออะไร

.....

ท่านจัดปัญหาดังกล่าวหรือทำให้เบาบางลงได้อย่างไร

.....

37. กรุณาระบุปัญหาอุปสรรคในการทำงานของท่าน 5 ลำดับ โดยเรียงจากมากไปน้อย

1.....

2.....

3.....

4.....

5.....

37a. ท่านแก้ปัญหาดังกล่าวอย่างไร

.....

38. ท่านคิดว่า วิธีใดดีที่สุดในการทำงานให้มีประสิทธิภาพ

.....

.....

.....

39. ท่านคิดว่าการบริหารโครงการเงินกู้มีประสิทธิภาพดีแล้วหรือไม่

☐ ใช่

ในลักษณะใด.....

.....

☐ ไม่ใช่

เพราะเหตุใด.....

.....

สำหรับผู้ที่เคยทำงานโครงการงบประมาณ กรุณาตอบคำถามข้อ 40 a

สำหรับผู้ที่ไม่เคยทำงานโครงการงบประมาณ กรุณาตอบคำถามข้อ 40b

40a. ท่านชอบทำงานโครงการใดมากกว่ากัน

☐ โครงการเงินงบประมาณ

☐ โครงการเงินกู้จากต่างประเทศ

เพราะเหตุใด.....

.....

40b. ท่านชอบทำงานโครงการเงินกู้หรือไม่

เพราะเหตุใด.....

.....

41. โครงการเงินกู้และโครงการเงินงบประมาณมีข้อดีข้อเสียอย่างไร (สำหรับผู้ที่เคยทำงานโครงการเงินงบประมาณ กรุณา

ระบุเฉพาะข้อดีและข้อเสียของโครงการเงินกู้)

ข้อดี

โครงการเงินงบประมาณ.....

.....

.....

โครงการเงินกู้.....

.....

.....

ข้อเสีย

โครงการเงินงบประมาณ.....

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โครงการเงินกู้.....

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สำหรับผู้ที่เคยทำงานโครงการเงินงบประมาณ กรุณาตอบข้อ 42

สำหรับผู้ไม่เคยทำงานโครงการเงินงบประมาณ กรุณาข้ามไปตอบข้อ 43

42. ระหว่างโครงการเงินกู้และโครงการเงินงบประมาณ โครงการใดที่ท่านได้มีประสิทธิภาพมากกว่า

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เพราะเหตุใด.....

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ส่วนที่ 3. โครงสร้างของหน่วยงาน

43. ครั้งแรกที่ท่านเข้ามาทำงานในกองบริหารโครงการเงินกู้ หน่วยงานนี้มีโครงสร้างอย่างไร

☐ โครงสร้างต่างจากปัจจุบัน กรุณาตอบข้อ 44-47

☐ โครงสร้างปัจจุบัน กรุณาตอบข้อ 48-49

44. โครงสร้างของกองบริหารโครงการเงินกู้เปลี่ยนไปเพราะเหตุใด

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45. โครงสร้างปัจจุบันแตกต่างจากโครงสร้างเดิมอย่างไร

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46. โครงสร้างใดช่วยอำนวยความสะดวกให้กับการทำงานของท่าน

☐ โครงสร้างปัจจุบัน

เพราะเหตุใด.....

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☐ โครงสร้างเดิม

เพราะเหตุใด.....

47. โครงสร้างใดช่วยอำนวยความสะดวกให้กับการบริหารโครงการโดยรวม

☐ โครงสร้างปัจจุบัน

เพราะเหตุใด.....

☐ โครงสร้างเดิม

เพราะเหตุใด.....

48. โครงสร้างปัจจุบัน ช่วยอำนวยความสะดวกให้กับการทำงานของท่านหรือไม่

☐ ใช่

เพราะเหตุใด.....

☐ ไม่ใช่

เพราะเหตุใด.....

ท่านคิดว่าควรปรับปรุงในเรื่องใด

49. โครงสร้างปัจจุบัน ช่วยอำนวยความสะดวกให้แก่การบริหารโครงการโดยรวมหรือไม่

☐ ใช่

เพราะเหตุใด.....

☐ ไม่ใช่

เพราะเหตุใด.....

ท่านคิดว่าควรปรับปรุงในเรื่องใด

ส่วนที่ 4 ความคิดเห็นเกี่ยวกับเงินกู้และโครงการเงินกู้

50. โครงการพัฒนาถนนก่อให้เกิดประโยชน์แก่ประเทศไทยอย่างไร

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51. ท่านคิดว่าเหตุใดเราต้องพัฒนาถนนโดยใช้เงินกู้จากต่างประเทศ

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52. การใช้เงินกู้จากต่างประเทศในงานของท่านมีข้อดีอย่างไรบ้าง

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53. การใช้เงินกู้จากต่างประเทศในงานของท่านมีข้อเสียอย่างไรบ้าง

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54. ท่านคิดว่าโครงการพัฒนาถนนโดยใช้เงินกู้ เป็นการลงทุนที่คุ้มค่าหรือไม่ ในแง่ของผลตอบแทนที่ได้กับจำนวนเงินที่ต้องใช้คืน
แหล่งเงินกู้

☐ คุ้มค่า

☐ ไม่คุ้มค่า

55. ท่านคิดว่าใครได้รับผลประโยชน์มากที่สุดจากโครงการพัฒนาถนนด้วยเงินกู้จากต่างประเทศ

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เพราะเหตุใด.....

56. ท่านคิดว่าในอนาคต โครงการพัฒนาถนนควรใช้เงินกู้มากขึ้นหรือน้อยลง

☐ มากขึ้น

☐ น้อยลง

☐ เท่าเดิม

☐ ไม่ทราบ

☐ ไม่สนใจ

เพราะเหตุใด.....

57. ท่านคิดว่าในอีก 3-4 ปีข้างหน้า การงานของท่านจะเปลี่ยนแปลงไปอย่างไร

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