

CHAPTER 5

PROPOSED MODELS FOR MONITORING AND EVALUATION

5.1 MONITORING AND EVALUATION: AN OVERVIEW

The implementation of OTOP Development Policy is still at its initial and early stage when a number of preparations are still to be required for monitoring the OTOP Movement and its Program and, for evaluating the outcome of the policy implementation. The OTOP Office, the working arm of the PMO that was established specifically for looking after the implementation, is expected to perform many other key functions, including monitoring and evaluation (M&E), to ensure that not only the Policy is implemented as intended but also, its outcome meets with the objectives and expectation of all concerned. In this Chapter, appropriate models for M&E will be discussed and proposed, taking fully into consideration the various observations obtained during the present study.

5.1.1 Objective and scope of monitoring

In broad terms, monitoring of a program/project is normally done on a continuous basis to:

- Ascertain what is actually happening;
- Identify progress that has been made;
- Note problems that have arisen or are likely to arise; and
- To take or recommend corrective actions.

Monitoring covers all matters pertinent to the program/project including:

- Procurement, contracting and recruitment actions, deliveries, fund disbursements, etc.;
- Output production (activities planned and undertaken, progress in output production, the nature, timeliness and quantities of outputs produced, etc.); and
- As possible and appropriate, the utilization or prospects for the utilization of outputs.

Bases of monitoring are Program/Project Documents and the corresponding work plans for implementation. Monitoring information can be gathered by various methods, such as, discussions, meetings, telephone calls, fax and correspondence, review of documents; and project site visits. Additionally, where applicable and appropriate, on-line internet/intranet communications may be used.

5.1.2 Reporting

On periodic basis, monitoring of information, analyses, actions taken, and recommendations will need to be reported in standardized forms. Various types of reports can be prepared/designed at the beginning, aiming to meet the needs of the users, i.e., policy/decision makers on the OTOP and related matters.

5.1.3 Evaluation and Types of Evaluation

Evaluation is a process that attempts to determine as systematically and objectively as possible the relevance, efficiency, effectiveness and impact of the programs/projects in light of their respective objectives and to make recommendations based thereon. There are three main types of evaluation, namely, on-going, end-of-project and ex-post evaluations.

On-going evaluations occur during program/project implementation, often at the mid-point of a long program/project. End-of-project evaluations, often called post or terminal evaluations, are carried out at the completion of a program/project. Ex-post evaluations are undertaken after the program/project is completed. Ex-post evaluations are sometimes called "impact evaluations" because they assess the impact of the program/project on the beneficiaries or target groups the program/project intended to help.

However, it is important to distinguish between an evaluation and a project review. On the one hand, program/project evaluations are usually carried out by external experts/consultants, but they can also be initiated by other parties concerned, such as, donor(s)/sponsor(s) of the OTOP Movement/Program. On the other hand, the project reviews may be carried out internally, as and when needs arise and by the parties concerned. The latter normally focus on some specific matters/issues and does not always require an in-depth analysis.

5.1.4 Purpose of Evaluation

Program/Project evaluation is a management tool that provides facts, analyses and assessments about a program/project for policy/decision-making in regard to on-going activities and future programming and planning. Therefore, all the evaluations should provide information –facts, analyses and assessments– for the policy/decision-making. The purpose of a program/project evaluation depends also on the kinds of decisions to be made. These decisions vary with the circumstances of the program/project at the time the evaluation is undertaken.

As an example, in the case of an on-going evaluation, the purpose is to enable policy-makers to take decisions on such matters as whether or how to improve, expand, revise or terminate an on-going program/project. This type of evaluation will analyze and assess progress to date, problems in implementation and the relevance of the proposed outputs and objectives.

In the case of "end-of-project evaluation", decision-makers focus their attention on the accountability of the program/project results and determine follow-up actions to be taken, including future planning and programming. This type of evaluation will,

therefore, ascertain the extent to which the program/project achieved its objectives. This type of evaluation makes also an analysis and assess the results, determines the likely impact of the results produced and lessons learned, and recommends follow-up and future actions.

Finally, in the case of "ex-post/impact evaluation", policy-makers are interested in effects of the program/project that need to be taken into account in current programming decisions. This ex-post evaluation will attempt to determine impacts of the program/project. For instance, the evaluation will consider the sustained effects and use of the results produced by the program/project and the effect(s) it has had on the target group(s), as well as on the achievement of higher development goals.

5.1.5 Evaluation Selection

Programs/Projects may be selected for evaluation for the following reasons:

- An evaluation might be required because of the size and complexity of the program/project;
- An evaluation might be necessary because of the long duration of the program/project;
- An evaluation might be called for because the program/project has potential duplication effects in future (other pilot projects or spin-off projects could emerge from this one);
- An evaluation might be necessary when the program/project relates to an area where the responsible/implementing agency has limited experience;
- An evaluation may be recommended by the responsible agency or other parties concerned to assess the implementation problems or changes in the program/project's environment that affect the relevance of the program/project objectives.

5.1.6 Responsibility for Evaluation

Once a program/project has been selected for evaluation, the responsible agency will have to take care of the organization and administration of the evaluation. Important responsibilities in relation to the program/project evaluation can be listed below.

- a) Funding Arrangements for the Evaluation
- b) Preparations of Terms of Reference and Report Format
- c) Recruitment of Evaluators
- d) Administrative Arrangements and Liaison

When an evaluation is planned in the original Program/Project Proposal/Document, an allocation is made for this purpose in the program/project budget. Evaluators will need to be recruited then by the responsible agency. There is no flat standard costing for evaluations because the circumstances might vary considerably according to the program/project.

5.2 PROPOSED MODELS FOR MONITORING AND EVALUATION

5.2.1 The Model

Based on the general concepts of the monitoring and evaluation of a program/project discussed in 5.1, appropriate models for monitoring and evaluation of OTOP are discussed below for recommendation. Firstly, the CIPP model discussed previously in the Inception Report may be referred to again briefly as following.

C = Context Evaluation

It is the evaluation of the environment that related to the project order to verify appropriateness and compliance of project objective(s) and the government policy or, the justification of the project. Actually, the context evaluation will look at six (6) aspects, namely, economics, social, politics, management, technology and environment. The information gained from this evaluation will be used to select or adjust the project objective(s) in order to be consistent with the government policy (i.e., OTOP in this case) and the true needs of the target group or, the responsible organization who is implementing the project. This activity should be performed before the project start, i.e. pre-implementation evaluation.

I = Input Evaluation

This activity is the evaluation of the readiness and adequacy of resources to be used in the project to ensure that activities specified in the project can be carried out effectively and the project objectives achieved successfully. The information from this evaluation will be used to select or adjust the inputs/activities, quantitatively and qualitatively, so that they will help the project objectives to be achieved. Again, this activity is a pre-implementation evaluation.

P = Process Evaluation

This activity is the evaluation of action according to the policy, plan or project. The objective is to look at the action or implementation of the project to see whether it is according to the plan, whether any problem/obstacle has arisen/existed and, whether or not the activity is performed appropriately. This activity uses basically the information from monitoring to evaluate the process of the project. Monitoring is therefore part of the process evaluation that should be performed from time to time to ensure that the planned actions will be carried out as scheduled, the inputs are used and ready, etc.

Monitoring activity is to look at the process of input to output and accordingly, it is expected that problems occurred could be solved promptly/timely. With these, the output(s) should be produced efficiently and economically. The process evaluation requires this monitoring activity to keep track of the operation or implementation of project to ensure that it is according to schedule and on continuation. Monitoring activity emphasizes the process whereas evaluation emphasizes the outcome or the impact of the project.

P = Product Evaluation

This activity aims to evaluate the outcome of the project, i.e., to see whether or not it is according to project objectives and in what degree of success, quantitatively and qualitatively. Also, it is to assess whether there is any side effects from the project implementation. Thus, this activity will need information from context and input evaluations to be included in the evaluation. The lesson learnt from the product evaluation will be used for a decision to be made whether the project should be improved, expanded, terminated, or suspended. Therefore, product evaluation is a summative/post evaluation after the last activity of the project is completed.

CIPP Model fits very well with the coverage of OTOP Framework discussed in Chapter 1 and therefore, is recommended here for the M&E activities.

Context of OTOP Development Policy

It is understood by the public and government agencies involved that this Policy (or, project) is aiming to promote production of quality product that represents the image or feature of the Tambon of origin. The qualified product, in this case, has to be certified by the National OTOP Committee. Other objectives of the project include the increase in income of people in the Tambon where the products are produced and also, the increase in income and employment of the people within the Tambon and in the linkage industries. Thus, as far as the context is concerned it is a sort of self-explanation what the program/project is to be achieved.

Inputs

As far as OTOP Development Policy is concerned, it was not known clearly "exactly how much" the resources has been put in to the implementation of this project. It was evident however that many government agencies have been involving in the implementation, e.g., MOAC, MOI, MIN, etc. Many trade fairs, festivals and other events have been held by these agencies in order to promote OTOP products. The Department of Community Development (DCD, MOI), the Department of Industrial Promotion (DIP, MIN) and the OTOP Office (OPM) were among the leading agencies in the OTOP Movement in the past year. These agencies have been helping the people to form a group for production activity in the villages and for a long time. The Department of Cooperative Promotion (MOAC) was also promoting the OTOP Movement/Program through the existing mechanism of Agricultural Cooperatives. TAT and MCOT promoted OTOP products in various ways through their PR activities and other means. From these facts, it could be observed that from budgetary points of view, OTOP Movement had two major sources of input, namely, (i) fiscal budget of those departments concerned and (ii), the specific budget from OTOP Office. However, the data on these input-figures has not yet been consolidated.

The Process

With regard to the "OTOP process", it involves a number of aspects, such as, OTOP formulation and implementation, production process and marketing process which are the main issues to look at. Their strength and weakness should be assessed and the lessons learned (e.g., from the evaluation) are used as inputs for the next design of OTOP Program/projects in future years.

The Product

The product in this case could be represented by the "outputs" or "outcome" of the OTOP project generated by the OTOP Development Policy. It was still difficult at the time of this study to assess the overall impact of OTOP, due basically to the problem of limited availability of data and the lack of a well defined project document. At the

Tambon level, most of the people/producers involved still were not fully aware of doing bookkeeping/accounting or to keep records of their business. Necessary information for assessing their business performance, e.g., on the number of employees, the member of the group, the cost and revenue of their sale, the time required to produce the products, etc., were thus not readily available. In this connection, although such agency as the Department of Community Development has been trying to compile the number of products and volume of sale of the OTOP products, the information was actually too broad for any good analysis to be undertaken. The details (breakdown) of the information were not sorted out and arranged.

Future M&E activities should accordingly be concentrating on recording and assessment of these four groups of data/information for effective adjustment of the OTOP Development Policy and/or identification of improvement measures to be put in place (see Figure 5-1 below).

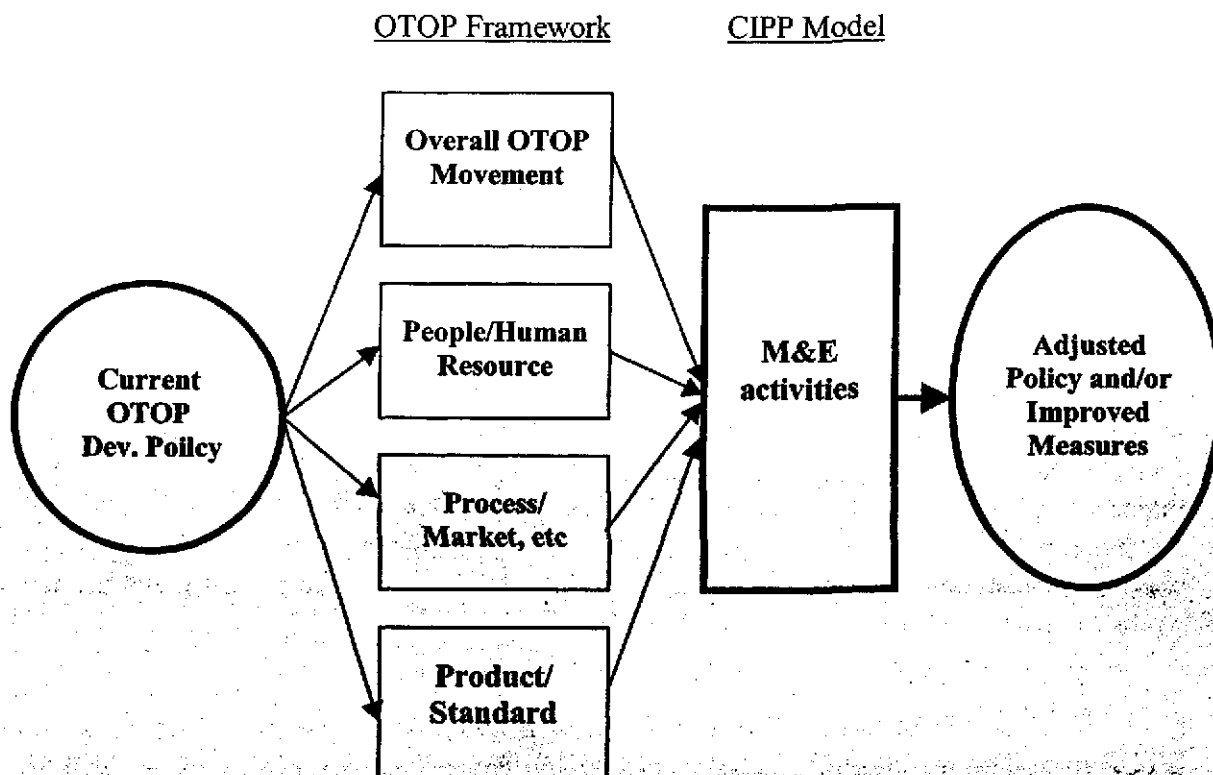


Figure 5-1 CIPP Model and Monitoring and Evaluation of the OTOP Policy

5.2.2 Criteria of Success

For the M&E purposes, various key parameters, indicators and the key performance index (KPIs) will have to be determined and established before hand, for all the relevant data/information to be collected. The Consultant learnt from the present study period that many important data/information required for monitoring and evaluation were missing/unavailable, due partly to the fact that there was still no clear cut on the

designated number of agencies working on OTOP and their respective tasks and functions. The OTOP Office, for example, has just been established with a limited budget and number of staff. Apart from the OTOP budget which still had to be streamlined (at the time of this study), the OTOP Program was not well documented and accordingly, it was not possible to secure the necessary and quantifiable target/objectives of the Policy and its Program. Furthermore, there was no any relevant database on the subject that can be referred to with confidence.

As M&E activities are required to measure the degree of success of the OTOP Development Policy being implemented, the above-mentioned predetermined parameters, indicators and KPIs of the Policy and its corresponding Program/projects will be monitored and/or assessed at intervals or, according to an established timeframe.

As an example, KPIs to be established by the OTOP Office could include the following major groups:

- 1) KPI for OTOP Product;
- 2) KPI for OTOP Community;
- 3) KPI for OTOP Market; and
- 4) KPIs for macro-impact assessment.

The proposed KPIs for M&E and their corresponding parameters/indicators are given in **Table 5-1** below.

Table 5-1: PROPOSED KPIs FOR MONITORING AND EVALUATION

KPIs	Parameter/Indicator
1) Product	<ul style="list-style-type: none"> • An increase in total product sale, both domestically and internationally; • A decrease in loss during the production process (increase in production efficiency, using more of materials from local and established network that altogether, lead to the reduction in unit cost); • An increase in new products, new packaging (measured by product types); • Higher recognition of OTOP products from clients (in conformity with national and international standards).
2) Community	<ul style="list-style-type: none"> • An increase in income and saving of the OTOP communities (measured by repayment rate of their debts, etc.); • A decrease in migration of rural labor; • An expansion of Tambon network (measured by the volume of business between communities/villages); • More cooperation among people in the community (measured by number of members of the production group, activities of the members.
3) Market	<ul style="list-style-type: none"> • Growth and growth rate in local and export sale and revenue; • Distribution coverage and market penetration; • Advertising awareness and recall of brand; • Market share achievement and growth rate; • Level of consumer acceptance on product pricing and quality, etc.
4) Others (Macro Impact)	<ul style="list-style-type: none"> • GDP • Employment • etc.

The above-mentioned parameters and indicators are subject to further quantification and/or changes as appropriate, depending on policy of the decision-makers, which should be determined/established at the outset of each fiscal year or, prior to the commencement of each project of the OTOP Program.

5.2.3 The Data

As mentioned, based on the experience of this study, the data related to OTOP were still not yet well defined and always available. A key agency that could provide the necessary data/information on OTOP was not in place. Therefore, efforts

had to be made to compile data/information from the various government agencies at the central level and related provincial offices (for secondary data) and from the field surveys (the 20 case studies). As the outcome, the following data/information were partially obtained:

- Number of OTOP products certified.
- Volume of sale of OTOP production.
- Price of product (case studies).
- Number of trade fairs.
- Number of production groups, including SMCEs.
- Number of member of the production groups.
- Budget allocated to OTOP Movement by the Government (for 2002/2003).
- Number of people involved in the production process.
- Cost of production for each product.
- Price of production for the same.
- Mark up of the price from production cost to wholesale and retail prices, etc.

Considering the KPIs discussed in 5.2.2, these represent only a part of the data/information that are relevant to the need for future M&E activities. A more comprehensive set of data will be required regularly for M&E of the OTOP Program and related projects in the future, through the M&E activities under discussion that should be put in place. Although the detailed requirements are to be elaborated afterward, below is an example of the list of data/information that must be collected additionally:

- Budget of the OTOP classified by categories.
- Number of certified products and a total number of products being registered. It should be added that the number of products exist in the Tambon is different from the products being registered or defined by OTOP project. Otherwise, as already discussed in the I-O analysis section, the different number of OTOP products would generate different impact on income, employment and GDP of the country.
- Number of trade fairs being held by different agencies.
- Number and volume of sale for OTOP products especially classified by categories of Product Groups, by regions and by provinces, etc.

It is very important for the future M&E activities to be performed effectively and more reliably, following the pre-determined parameters, indicators and KPIs. On the basis of the well defined OTOP Program/projects, the schedule of M&E activities which aim basically at collecting regularly raw as well as processed data/information, will need to be established as well at the beginning of each fiscal year.

5.2.4 Monitoring of OTOP

Monitoring can be carried out comprehensively, in terms of geographic and data-item coverage. The following is proposed for consideration.

5.2.4.1 At the central level

On the basis of the latest information made available to the Consultant, it was already confirmed that from 2003 onwards, the OTOP Office would be fully operational, with budget allocation from the Government for this initial year of Baht 800 million. The plan and outlined activities of the OTOP Program and projects should therefore be formulated and monitored subsequently. Data/information to be generated and/or collected at the central level include, but are not limited to, the following:

- Number of projects/activities to be carried out by OTOP Office and related agencies (e.g., various training programs, trade fairs, etc.);
- Budget allocated for the OTOP Program and individual projects/activities;
- Objectives and corresponding quantifiable outputs of all the Program/projects;
- Important procurement and disbursement plans of the projects/activities;
- Milestones of major outputs of the projects/activities;
- Number of SMCEs and SMEs;
- Number of SMCE/SME members (in terms of labors, employees, etc.);
- Number of trainees under OTOP HRD Program;
- Number of OTOP products;
- Sale volume of OTOP products by Product Groups;
- Export figures of OTOP products;
- Etc.

5.2.4.2 At the provincial and lower levels

In addition to the above, the following data/information should be recorded and reported by designated Offices at the provincial, district and Tambon levels where OTOP products have duly been recognized.

- Number of community member, possibly on a monthly basis;
- Number of skilled and unskilled labors employed in the group, breakdown by part time, full-time or the seasonal basis;
- Monthly production output of the group, breakdown by product by type, by size, by pattern or by design.
- Corresponding figures on the production costs (indicating unit-costs, etc.)
- Monthly income or earning of the group leader, member and/or labor.
- Monthly sale revenue of the group breakdown by product in terms of piece/dozen and amount in Bath.
- Profit, could be annually, with breakdown by product of the group and the dividends given to the member.
- Number of store or outlets by area, local, province, nation-wide or export markets.

Additionally, a descriptive type of report should be prepared and submitted, covering such important aspects as acceptance or satisfaction of the consumers on products after usage, the rate of repurchase, the reason, likes and dislikes, etc. The methods to be used for the monitoring should adopt a simple but common format/questionnaires (see **Table 5-2**) that can be used by the Offices/parties concerned, for both quantitative and qualitative recording.

Although the monitoring schedule will be established at the beginning of each fiscal year, it is suggested that the monitoring is done on "quarterly basis" so that it will be conformed with the assessment of economic growth of the country by other government agencies, especially NESDB.

Table 5-2 A Suggested Monitoring Mode and Frequency

Coverage	Topics	Frequency	Method	Remarks	
				Quantitative	Qualitative
Member	Number and mobility	Monthly	Book record	X	-
Labor	Turn-over	Monthly	Book record	X	-
Production	Out-put(piece/weight)	Monthly	Book record	X	-
Income	Average baht (member)	Monthly	Book record and Interview	X	-
	Average baht (group)	Monthly		-	
Product	Sale revenue (piece/amount)	Monthly	Book record	X	-
Distribution	Number of store	Quarterly	Book record/Personal interview	X	X
Consumer	Awareness	Quarterly	Personal interview/ Focus group	X	X
	Brand recall	Quarterly			
Profitability	Average (Baht)	Annually	Book record	X	-
Investment	Source/Activity (Baht)	Yearly	Book record	X	
Raw materials	Quantity	Quarterly	Book record	X	

5.2.5 Evaluation of OTOP

5.2.5.1 Approach

As explained, evaluation is a process that attempts to determine as systematically and objectively as possible the relevance, efficiency, effectiveness and impact of the programs/projects in light of their respective objectives and to make recommendations based thereon. The evaluation shall therefore be highly effective if the Program/projects are well documented and the relevant data/information secured.

For the present study, Input-Output (I-O) Analysis (presented in Chapter 4) was applied for the macro impact assessment and evaluation of this OTOP project. By nature of the I-O model, the data required for this kind of analysis is very large and a lesson learnt was that the existing/available data for the evaluation exercise was limited in general. Nevertheless, as a tool, the I-O analysis should still be very useful to the policy makers and all concerned.

Future evaluation of OTOP, however, should be carried out in different means and method too. As this project has already been implemented for more than a year, the post evaluation could be carried out. CIPP evaluation model proposed in this study is one of the instrument. In addition, SWOT (Stands for Strength, Weakness, Opportunity and Threat) analysis should be used for the assessment of SMCE in each product. For effective evaluation, the following are also recommended:

- (1) Evaluation of OTOP by region;
- (2) Grouping of OTOP products into five (5) Product groups as defined by the OTOP Committee and used in this study;
- (3) In the context of this project which is at policy level, evaluation should be carried out regularly (on-going evaluation) at least twice a year, i.e., mid-year and at the end of fiscal year.

On the basis of the predetermined set of KPIs which reflect the government policy duly discussed, external evaluators should then be engaged to carry out the evaluation accordingly, under appropriate guidance and supervision of a competent and responsible agency to be designated.

5.2.5.2 Impact Assessment

As mentioned, assessment of the OTOP impacts is an important element of the evaluation to be carried out. Outcome of this assessment shall be very important not only to the policy makers but also to the public in general. The decision-makers on this OTOP Development Policy should need a number of facts and figures that would enable them to understand the actual and potential impacts of the policy implementation, periodically and annually. These facts and figures should be of macro-scale of regional and national levels. Data/reports at provincial and lower levels will be required additionally, as and when needs arise.

Data/information types that illustrate/indicate macro-impacts of the OTOP Development Policy and/or its Program include the following:

- i. **Gross Regional and/or Domestic Product (GRP/GDP)**, in terms of share of these village products in GDP/GRP, impact of the OTOP Program on this share, potential impact of the OTOP Program on this share, effects of the OTOP program on GDP/GRP growth, etc.
- ii. **Income, equity and profits**, in terms of quantitative increase in income of group members and or others in rural communities, profits (dividends) to group members, wage income to group members, wage income to other employees, copy cat effects that benefit other members of the village, impact of OTOP on equity within the village, impact of OTOP on equity between villages and urban areas, etc.
- iii. **Spillover effects** that affect income in other communities, in terms of increased demand for inputs from other regions, trade-fairs, Imitation or products, imitation of processes, etc.

- iv. **Employment and productivity**, in terms of impact of OTOP on the increase in employment (seasonal and year-round bases), increase in labor productivity, etc.
- v. **Other intangible benefits.**

The Input-Output (I-O) Analysis discussed earlier in Chapter 4 was as a matter of fact a good starting point for this macro impact assessment and evaluation. Its outcome confirmed such important impacts of the OTOP Development Policy on GDP, employment, import/export, etc. However, due to time constraints and unavailability of the many required data and information, only the preliminary conclusion and recommendations could be made for this future evaluation exercise to cover.

Besides the evaluation or impact assessment at the macro-level, it is necessary to evaluate the impact at the micro-level too, for specific purposes. A selected group of highly successful OTOP products, e.g., 100 products in 100 Tambons a year, may be selected for such the evaluation to learn from them relevant experiences for the other candidate products/villages to follow.

5.3 OTHER CONSIDERATIONS

5.3.1 Organizational and related arrangements

In implementing the OTOP Development Policy, the RTG has established temporarily the OTOP Office attached to the Prime Minister Office for the purpose. The Consultant was made to understand during the time of the present Study that the establishment was being formalized and accordingly, the OTOP Office would become a permanent working arm of the Government, with a clear set of mandate and functions to be performed. Most importantly, its budget would be institutionalized into the regular national budget system and streamlined.

For a successful execution and implementation of the OTOP Development Policy, the OTOP Office should become the key organization handling all matters related to the OTOP matters. At least, it should become the **Center of Information** on the OTOP Development Policy, OTOP Movement and its Program. In addition, among others, it should be responsible for the M&E activities under this discussion, with a systematic M&E approach, implementation plan and reporting to be made.

The Sub-committee on Monitoring and Evaluation, if continued to be operational, should serve as a policy making body that provides policy guidelines to be followed by OTOP Office.

It is proposed that the Head (Director) of OTOP Office has a primary responsibility for these tasks of M&E. One of the main responsibilities of the Director is to ensure if necessary by his/her own initiative that execution and implementation plans for M&E exist and are up-to-date. As OTOP Program is covering a large number of programs and projects nation-wide, monitoring activities should need to be confined to a certain group of subject matters and items that related to the policy implementation. In practice, two small Units, namely Database and Operations Units, should be established to perform the required functions on M&E as shown in **Figure 5-2**.

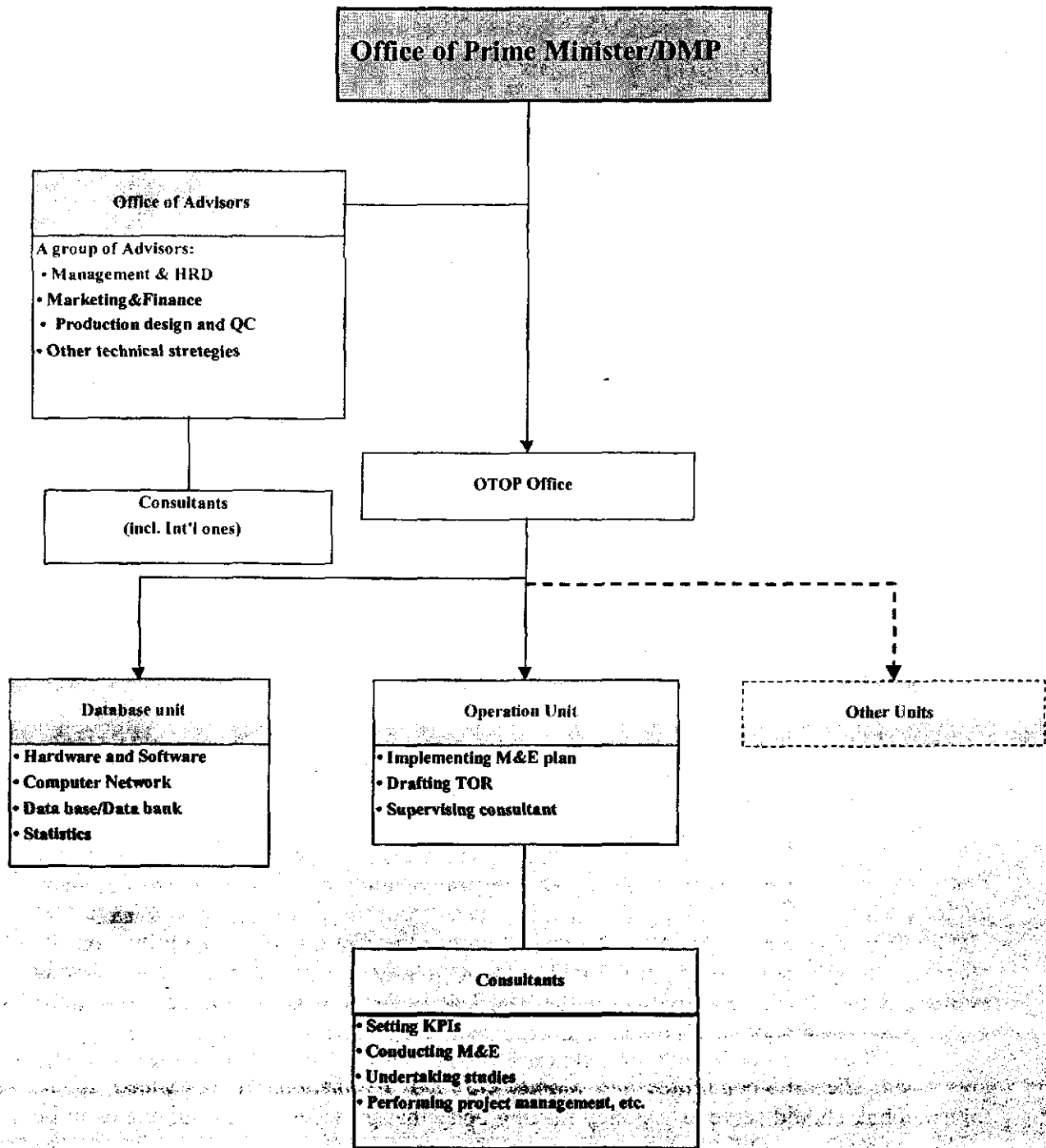


Figure 5-2: Proposed Organization Chart and Functions of the OTOP Office in relation to M&E Activities

The Director of OTOP Office will be responsible for setting up the scope of M&E, the annual schedule and the above-mentioned KPIs, possibly with the involvement of external consultants. He should also be responsible for reviewing the outcome/results of the M&E and reporting/making appropriate recommendations to the National OTOP Committee.

As shown in the Figure 5-2, the Database Unit will be responsible for setting up both the hard- and software facilities that required for effective M&E activities. Most desirably, this Unit should be able to serve the work of all the other Units of OTOP Office in terms of information system and data therein. Its work may be assisted by officials or resources from competent provincial and/or district offices that should be designated specifically for OTOP related activities. Initially, on-line communication system should be established to link information flow between the OTOP Office in Bangkok to those responsible offices/agencies at the provincial and district levels where IT facilities are already in place. Relevant provincial/district offices could include, for example, Provincial Office of Community Development, Provincial Office of Agriculture and Agricultural Cooperatives, Branch Offices of the Tourism Authority of Thailand, etc.

In the longer term, a network of OTOP Provincial/District Offices should be strengthened to cover as well network at Tambon level, with the help of a modernized management information system (MIS). Due consideration should therefore be made on budget arrangement for the provision of both hardware (computers, etc.) and related software to the related offices in the network. A training program for related personnel (HRD Plan, being discussed in Chapter 6) should also be required in this respect.

The Operations Unit, on the other hand, is primarily responsible for the implementation of the M&E plan, with the involvement of the external consultants. Its responsibilities included drafting the TORs for external consultants to perform the required evaluation and, on behalf of the OTOP Office, supervise them in the implementation. During the processes, this Unit should arrange briefing and debriefing sessions for them, organize administrative support for report writing and production, liaise the travel, make appointments and other related arrangements (as to be agreed upon on case by case basis). These considerations are to be included in the TOR prepared prior to the commencement of each evaluation.

It may be added that an evaluation might be necessary when the project/issue to be studied relate to an area where the OTOP Office has limited experience. An evaluation plan may therefore be recommended by the OTOP Director or other parties concerned to assess the implementation problems or changes in the program/project's environment that affect the relevance of the Objectives.

5.3.2 Other recommendation

The proposed Database and Operations Units, once established, will be fully responsible for the regular monitoring and evaluation. For the assessment of impacts of the OTOP Development Policy in the long-term perspective, however, OTOP Office should focus primarily on the End-of-Project Evaluations and Post/Impact Evaluations.

It may be important to reiterate here the difference between an evaluation and a program/project review. During the early years of policy implementation, there could be many aspects that need to be monitored and evaluated closely from the beginning to the end of the implementation of a program/project (as discussed in Section 5.2.1) to ensure that everything is moving in the right direction. In the case that something was going wrong, corrective measures could then be identified and implemented timely. These actions can be initiated and carried out by many parties concerned, including external agencies: supporters of the OTOP Program/Movement. In this case, the so-called program/project review could be carried out as frequently as needs arise. The program/project review is a different type of managerial tool than "evaluation" and is performed within the context of the program or project.

To perform the End-of-Project Evaluations and Post/Impact Evaluations, external consultants should always be used. They should not be those who have been involved in implementing the OTOP program/project. The OTOP Office should determine the number of the "evaluators", the required experience and credentials. Typically, a team of the evaluators should consist of a few people with a combination of technical, general development and evaluation experience or background. Their past experiences in the areas concerned (geographically) should also be important.

CHAPTER 6

CONCLUSION AND RECOMMENDATION

6.1 CONCLUSION

6.1.1 Outputs delivered

Within the context of the present study and in line with the scope and objectives of the Study, the following have been delivered:

- 1) The Inception Report (December 2002), -describing the methodologies, activities and the corresponding work plan for delivering the various outputs; and
- 2) This Final Report, containing the following:-
 - outcome of the baseline surveys
 - result of the impact assessment study together with an initial outcome of the simulation analysis by Input-Output Table
 - Recommendation on the Monitoring and Evaluation Model.
 - Recommendation on other related matters for effective implementation of the OTOP Development Policy in the future.

6.1.2 Outcome of the Baseline Surveys

As elaborated in Chapter 3, the 20 products and the corresponding 20 Tambons of case studies were selected from the 461 OTOP products duly certified by the National OTOP Committee. Consequently, they were quality products and probably better than the potential 2,700 products being under the evaluation/consideration (as OTOP products) process and of course, the general 24,581 goods being produced by villages in the country. Conclusions from this baseline survey, therefore, need to be considered with care, i.e., they should not be over-emphasized/estimated.

Findings from the case studies reflected both opportunities and constraints of the on-going OTOP Movement, such as the following:

- 1) All the products/villages had an accumulated history of their production experiences, ranging from a few years to over 50 years. Most of them were already at their advance stage of SMCEs, including a few that had been upgraded to SMEs. Availability of the local materials/inputs from within own villages became a problem after their production scales have been upgraded/expanded.

- 2) These production groups enjoyed the privilege of their products being certified as "OTOP Product". However, despite the fact that the terms OTOPT/ OTOPT Logo became widely recognized by the public, there was a clear message that many people involved still did not have a full understanding of the OTOPT concept, objectives and in particular, the mechanism involved. They had different ways of understanding of the government policy, depending on the resources/government agencies they were contacting.
- 3) They knew that many financial resources were being arranged by the Government to promote the OTOPT Movement but, did not know exactly (i) the procedures involved (problem of accessibility), (ii) the amount that could be used and (iii), how to make the best use of resources.
- 4) Assistance from the Government in the promoting OTOPT products, e.g., in organizing exhibitions, festivals and trade fairs (domestically and internationally) and provision of various training, was considered significant. It was a free-ride service being enjoyed by all concerned. Due probably to this, marketing expenses did not appear in cost accounting system of any production group under study.
- 5) It was difficult to determine the goal of production/production capacity of any individual product/enterprise, due to the fact that the demand for individual products was/is generally not known. At this stage of development, all the production groups already started learning how to keep records of their production costs, sales and related statistics but, more than a half was neither systematic nor consistent. Accordingly, their records could hardly be made available for in-depth study;
- 6) Regarding new product development, it was noted that R&D activities were weak at all levels. Developments were based basically on the market demand (often from foreign markets), initiatives of local leaders and the existing accumulated skills of the producers themselves. Production plan and quality control were not in practice generally, with an exception of a few SMEs;
- 7) Leadership of many group-leaders was significant in bringing a success to their respective groups, in both the production and marketing aspects. However, academic qualifications, experiences and mentality of each group leader vary considerably. The leaders with business-mind commercially were in most cases, always behind the success of the groups;
- 8) Motivated member producers were another factor of success. Most of them, however, still earned their living basically by doing farming. They were engaged in producing and selling OTOPT products only on a part-time or seasonal basis, i.e., when they are free from farming. Many, mostly housewives of farmers, have reported that they became already full-time

members of their production groups. There were also new members who just joined the existing production groups as an outcome of the various campaigns and motivation. OTOP Movement thus contributed substantially to the solving of disguised unemployment problem in the rural area;

- 9) On the information technology, about one third of the production groups/villages under study reported that they already had some sorts of basic facilities (e.g., computers and accessories, the necessary soft-wares, accessibility to internet, etc.) in place. The finding did not reflect a significant progress but, did show a high potential for development in this respect;
- 10) Over a half (60%) of the production groups were SMCEs in their early stage of establishment. Their organizational structures were simple comprising basically of a few personnel of the top management (president/chairman), a secretary, a treasury/accountant and perhaps, one or two more other staff. Most of them were still weak in almost every aspect of administrative and managerial matters, especially bookkeeping and accounting;
- 11) Although it may not reflect a true picture of all the existing production groups due to the very limited number of samplings, 20% of the case studies were already at their SME stage, operated by an individual/family or a group of professionals, i.e., in the form of a company with shareholders;
- 12) From the case studies, it could be concluded that basic conditions for the primary production groups towards SMCEs and Companies (SMEs) could comprise the following:-
 - The presence of significant local knowledge and know-how,
 - Strong leader/leadership within group,
 - Motivated members with the technical skills,
 - Capability of the individuals/group in producing jointly their products with an established and consistent quality,
 - Basic knowledge in bookkeeping and accounting,
 - Substantial demand from market, particularly domestic ones, and
 - Labor intensive type of enterprise.
- 13) Study on the already established SMEs further reflected the following factors of success:-
 - Motivated/commercialized leader/leadership,
 - Established office and organizational chart,
 - Adequate investment funds and accessibility to resources,

- High administrative and managerial skills (particularly in the bookkeeping and accounting),
- Division of labor and production plan,
- Production quality control and trademark system,
- Marketing plan and promotion activities (local, regional and in some cases, international markets),
- Making best use of resources made available by OTOP Movement,
- Customer services oriented,
- More use of professional staff, when necessary and affordable.

The above findings confirmed very well “relevancy” of the basic aims/principles of OTOP Movement:

- Utilization of local resources, human resources, local culture and historical endowments in producing OTOP products;
- Self-help efforts by the local peoples;
- Development of market-oriented and value added product;
- Development of commercially viable product;
- Step-by-step approach from local and regional markets in the beginning to the export and international markets in the final stage.

6.1.3 Macro-impact Assessment Study

Input-Output Analysis

Outcome of the macro-impact study represented the second major output of this study and as presented in Chapter 4, it was an attempt to apply an Input-Output (I/O) Technique to assess the impacts of this OTOP Development Policy. The analysis followed basically the existing 180x180 sectors national I/O transaction table, modified them to a smaller model that the data from the 20 products (of the 5 Product Groups) could be fed-in for the analysis purpose. On the basis of the data provided by the Department of Community Development (MOI) on the sale value of the Tambon products in 2002, which was about Baht 24,000 million, it was found that this magnitude of the demand subsequently generated the increase in the following:

- Intermediate demand worth of about Baht 12,700 million;
- Wage and salaries worth of Baht 14,800 million;
- GDP worth of about Baht 7,000 million; and
- Import worth of about Baht 13,800 million.

In other words, the Baht 24,000 million of final demand for the products has created directly and indirectly the total effects with an equivalent value of approximately Baht 58,000 million to the national economy and society. These aggregated impacts of the

OTOP Development Policy were therefore significant in view of the fact that the Policy has just been implemented for only a short period of time.

One particular significant impact to be mentioned is on the rural employment. To reiterate it, each unit of the final demand could create as much as 0.7 unit of the wage and salaries. Assuming an average wage/salaries of Baht 150/day and for about 180 days/year of employment (underemployed rural labor), the above-mentioned Baht 14,800 million of the generated wages and salaries was equivalent to the wages and salaries of about 400,000 labors a year. Taking into consideration the average size of 90 persons per SMCE, this number of employment meant the involvement of as many as 4,400 SMCEs in all over the country.

This impact of the OTOP Development Policy on the rural employment and income was supported also well by the common view of the many leaders of OTOP production groups. In summary, it could be confirmed that the Policy has enhanced significantly the intermediate demand, job opportunities and the increase in income of the people in rural areas of the country.

Others

Regarding the intangible benefits, mention should be made on the case of "copy cats" which was a spilled-over effect. It was found that some villagers who actually did not have the original/local wisdom or skills to produce product of their own but live nearby OTOP villages, would try to imitate/learn from their fellow villagers/villages to produce a similar product for selling in the market. As a result, these villagers could also enjoy their additional income from the product sale as well, in the absent of "patent" system.

Although not knowing how to measure or evaluate contributions of OTOP Program to their success, most of the OTOP production groups under study appreciated the Government's Program that have brought about the increase in their sale and revenue. They have been granted with awards and/or certificates under the OTOP Movement and supported by the many government agencies. However, the following comments/questions of the group leaders should be noted:

- It is not always easy to know/understand "how" the OTOP is being operated, how OTOP funds are being allocated among the different government agencies and "how" to have an access to those funds?
- It's hard to understand the ways to make the best use of the funds provided.
- Selection criteria to become OTOP Product should be made known to all concerned (nevertheless, they were asked just to fill up the forms).

6.1.4 Proposed Monitoring and Evaluation Models

General

As the third set of output, the M&E models pertaining to the needs and requirement particularly of the OTOP Office and the OTOP Movement were proposed. The M&E activities were suggested to focus primarily on four groups of data/information

as outlined by the CIPP model, namely, the Context, the Input; the Process and the Product. The aim is to gather these primary and processed data/information for possible adjustment of the OTOP Development Policy and/or improvement measures to be put in place in future years. Justifications in this respect were elaborated in Chapter 5.

For the M&E purposes, it was emphasized that various key parameters, indicators and KPIs need to be determined and established before hand by the responsible agency to reflect in concrete terms the objectives and/or targets of the Policy and its corresponding Program. As a starting point, KPIs to be established by the OTOP Office were suggested to include a few major groups, namely, (i) KPI for OTOP Product; (ii) KPI for OTOP Community, (iii) KPI for OTOP Market and (iv), others. A sample set of parameters and indicators were also suggested as following:

- An increase in total product sale;
- A decrease in loss during the production process;
- An increase in new products/new packaging;
- An increase in income and saving of the OTOP communities;
- A decrease in migration of rural labor;
- An expansion of Tambon network;
- Growth and growth rate in local and export sale and revenue;
- Market share achievement and growth rate;
- Level of consumer acceptance on product pricing and quality, etc.

The progress, success, failure and lessons learnt from the implementation of the OTOP Development Policy should be monitored and evaluated against these predetermined/established KPIs, parameters and indicators.

Monitoring Model

The lack of appropriate and relevant data for analyses was as the matter of fact, the major problem found by the Consultant during the present study and with the above-mentioned KPIs in place, the following data or databases were suggested to be established specifically for the monitoring purpose:

- Number of OTOP product certified.
- Volume of sale of OTOP production by Product Groups, by regions and by provinces.
- Price of products.
- Number of trade fairs being organized by different agencies.
- Number of member of the production groups.
- Budget allocated to OTOP Movement by the Government.
- Cost of production.
- Budget of the OTOP classified by categories, etc.

Monitoring activities were proposed at both the central/national and lower levels to ensure that the required data could be collected comprehensively and adequately for the purposes. In this connection, several other data items were suggested to be collected/monitored and kept in the databases, such as following:

- Number of projects/activities to be carried out by OTOP Office and related agencies (e.g., various training programs, trade fairs, etc.);
- Budget allocated for the OTOP Program and individual projects/activities;
- Milestones of major outputs of the projects/activities;
- Number of SMCEs and SMEs;
- Number of trainees under OTOP HRD Program;
- Export figures of OTOP products, etc.

Monitoring at provincial and lower levels could be of a micro-level that could be used for supporting information at the national level, including for instance the following:

- Number of community member involving with OTOP;
- Number of skilled and unskilled labors employed;
- Production output per group, breakdown by product by type, by size, by pattern or by design.
- Corresponding figures on the production costs (indicating unit-costs, etc.)
- Sale revenue of the group;
- Number of store or outlets by area, etc.

A simple and common format or set of questionnaires should be used for the monitoring proposed to be carried out quarterly and/or in accordance with the set schedule.

Evaluation Model

For the evaluation, in addition to the use of Input-Output (I/O) Model which was still in need of many improvements to be effective, it was proposed that it is carried out by different means and methods too. Following the CIPP evaluation model, SWOT (stands for Strength, Weakness, Opportunity and Threat) analysis should be used for the assessment of SMCE in each product. For effective evaluation, the following were also recommended:

- (1) Evaluation of OTOP by region;
- (2) Grouping of OTOP products into five (5) Product Groups as defined by the OTOP Committee and used in this study (for I/O analysis);
- (3) Evaluation is carried out regularly (on-going evaluation) at least twice a year, i.e., mid-year and at the end of fiscal year.

Assessment of the OTOP impacts is an important element of the evaluation and in this connection it was proposed that the impacts at both macro- and micro-levels should be carried out as resources permitted.

Macro-impacts of the OTOP Development Policy and/or its Program should focus, for example, on the following:

- Gross Regional and/or Domestic Product (GRP/GDP);
- Income, equity and profits of group members and or others in rural communities;
- Spilled-over effects that affect income in other communities;
- Employment and productivity; and
- Other intangible benefits.

For impact assessment at the micro-level, it was suggested that a selected group of highly successful OTOP products, e.g., 100 products/100 Tambons per year, be selected for the evaluation purpose, to learn from them relevant experiences for the other candidate products/villages to follow.

For the assessment of impacts of the OTOP Development Policy in the long-term perspective, however, OTOP Office should focus primarily on the End-of-Project Evaluations and Post/Impact Evaluations. External consultants should always be used for this purpose but, they should not be those who have been involved in implementing the OTOP program/project. The OTOP Office should determine the number of the "evaluators", the required experience and credentials.

To implement the M&E activities according to the proposed models, it was proposed that small M&E Unit should be established within the OTOP Office to handle the practical work. The Head (Director) of the Office has a primary responsibility for the overall guidance and implementation of these tasks. The organizational chart of this Unit, its functions and tasks were explained in details in Chapter 5, Figure 5-2.

6.1.5 Overall assessment

6.1.5.1 OTOP Development Policy

Outcome of the Study could confirm the positive outcome of OTOP Development Policy and the corresponding Program initiated by the RTG. OTOP Movement has been basically on the right direction. It has an aim to improve the overall well-being of the villagers and the economy of the villages in the rural area. According to the many group leaders whom had been interviewed during the process of this study, they all confirmed improvements in various degrees. As a case in point, they indicated the general increasing trend of their production groups (SMCEs), that eventually generated more income to the members. However, to be successful and in a sustainable manner, several important ground work still have to be put in place, aiming at securing a strategic approach on the side of key implementers, especially the OTOP Office. In addition to

coordination, an efficient monitoring and evaluation system for measuring progress of the OTOP Movement/Program made by the villagers and all the other parties involved, assessing the impacts thereof and, reconfirming an effective use of the limited resources being made available by the Government, should be required.

In line with the objectives of the OTOP Movement, results of the present study confirmed positively the following tendencies:

- Reactivation of economic activities in the OTOP villages (i.e., the villages whose products were recognized as OTOP products);
- Enhancement of job opportunities of the local people therein;
- Increase in revenue of the OTOP production groups and income of the people involved; and
- Promotion of public participation in stimulating economic activities of the rural poor.

Regarding impacts of the Policy on migration, however, future assessment studies should need to be undertaken.

Several key government agencies have been playing their roles actively in extending supports to the OTOP Movement. To achieve the ultimate aim of the OTOP Development Policy, it is also likely that they will have to continue their respective functions for many years. For immediate future, the OTOP Office, under the overall leadership of H.E. Dr Somkit Jatusripitak, the designated responsible Deputy Prime Minister for this matter, has already been established in its permanent status, with the allocated first year (2002/2003) regular budget of Baht800 million to perform its various functions. Many campaign activities, e.g., the Product Champion Project to be organized by the different provinces throughout the country, were already in place. For the same fiscal year, the Ministry of Commerce has allocated Baht30 million for promoting OTOP markets at all levels. The Ministry of Industry would continue to promote the development of OTOP products and establishment of OTOP related SMEs. Similarly, the Tourism Authority of Thailand, the Mass Communication Organization of Thailand, etc., would participate in promoting the OTOP Movement activities in their respective functions. The work of these agencies should only need to be co-ordinated for the sake of efficiency and effectiveness.

In connection with the above and as elaborated also hereunder, it is recommended that roles and functions of the OTOP Office should be expanded and strengthened.

6.1.5.2 Others

The implementation of this study could be concluded well, thanks to the excellent cooperation of all the parties concerned. Apart from the various findings and proposals duly explained, a few other remarks should be mentioned here for future references:

- As far as OTOP Movement is concerned, there was a common problem of limited record/weak documentation at all levels. This could be a reason of limited understanding on the Movement and its related mechanism particularly at the grassroots level;
- Scope of the OTOP Movement was not made known clearly to the public and most of its objectives were not readily quantified;
- A large number of (diversified) players has been involving in the OTOP Movement. This situation is likely to continue for many years to come. Roles and tasks of the OTOP Office, as the key working arm of the Government on this subject would need to be strengthened in many respects. However, it had a very limited manpower and budget compared to the tasks envisaged;.
- Actual government inputs to the Movement was still to be quantified. In financial terms, for example, a large amount of national budget seemed to have been made available for the OTOP Movement through the various agencies but the exact amount was not known. On the other hand, a problem on inadequate funds for further investments of OTOP producers was identified;
- The present Study confirmed the various and useful impacts of the OTOP Development Policy despite the fact that the assessment could not be made effectively due basically to the limited resources, the non-quantified objectives and, the short-span of time of the implementation;
- The success of the present study was also attributable considerably by the involvement of the external advisers from Japan, in addition to the field surveys and visits to the selected 20 Tambons of the study area;
- Considering the OTOP products under study, subject to their special nature and market, not every product had a potential to become an SME. The majority, however, was at their SMCE stage and with a proper additional investment and efforts to be made, these SMCEs should be able to become the SMEs in the near future.

6.2 RECOMMENDATION

6.2.1 Organization

Now that the permanent OTOP Office is being firmly established under OPM headed by a designated Deputy Prime Minister (DPM), it is expected that the Office will have a clear set of mandate, role and functions to be performed for a successful implementation of the OTOP Development Policy, its Movement and the Program. In this connection and following the discussion in Chapter 5, an organizational structure of the OTOP Office is recommended in Figure 6-1.

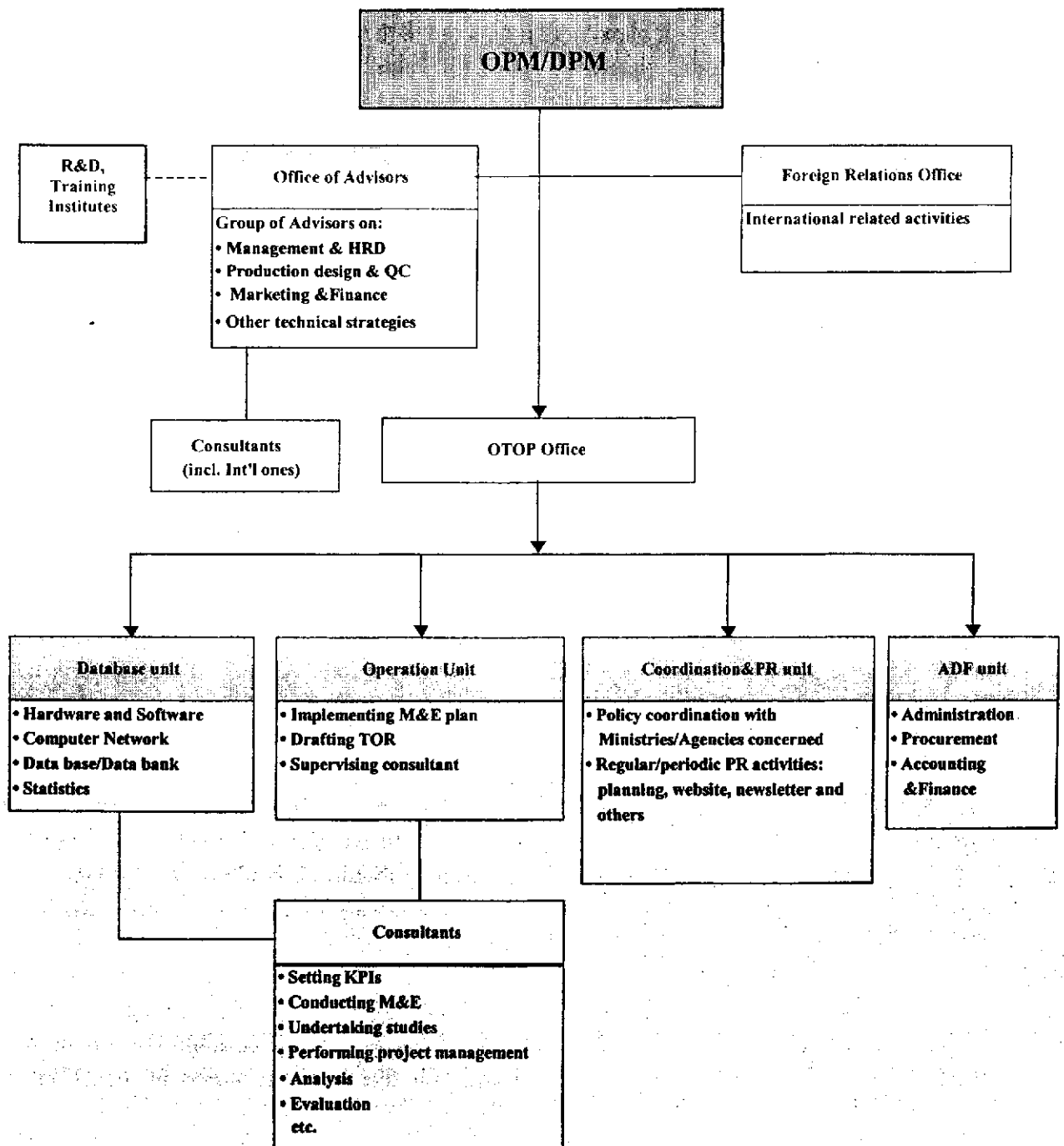


Figure 6-1 Proposed Organization Chart and Functions of the OTOP Office

Under the same OPM, there should be two other Offices, namely, the Office of Advisors and the Foreign Relations Office. The former will house a group of foreign and local advisors of different expertise. Their main duty is to provide the OPM/DPM in-charge with advice on technical and other related matters on OTOP, especially the formulation of policy guidelines. The Office should be led by a Coordinator to be designated by the DMP. In practice, the Advisors should be able to contact outside agencies (e.g., R&D, training and educational institutions) for the necessary information and cooperation. As and when required, they should be able to involve/engage "external consultants" to support their work too. On the other hand, the Foreign Relations Office should be headed also by a designated high ranking official. It is to serve as a focal/contact point for all the international related activities of OTOP, focussing primarily on the promotion of local-to-local contacts and exchanges between OTOP people in Thailand and countries.

For the OTOP Office, it should be small but highly efficient in its work and functions. Basically, there should be four small Units, namely, Administration and Finance (ADF), Coordination & PR, Database and Operations Units (see their respective functions in the same Figure 6-1). An adequate number of the staff should be put in place to perform the functions. Its regular budget should be streamlined and institutionalized into the national budget system. In principle, external consultants should be engaged to perform the selected tasks, e.g., studies, project planning and management, project evaluations, etc., for the efficiency and effectiveness.

The OTOP Office will work in close collaborations with the above-mentioned two Offices. Additionally, an **OTOP Information Network** (see Figure 6-2) should be established for strengthening its functions and tasks, especially on **policy coordination** and **public relations**. To the extent possible, the Office should serve as the "information center" on all the matters related to OTOP. On-line system should be established for the required information flow, using internet/intranet networks, telephones and other means. In the longer term, the network should cover as well the information link at Tambon level. Accordingly, due consideration should be made on the budget for both hardware (computers, accessories) and related software to be arranged/provided for the various offices in the network.

Lastly but not the least, as the key working arm of the Government on this subject, this Office should put in place and implement as soon as possible the proposed M&E Models to ensure a smooth, efficient and effective implementation of the OTOP Development Policy.

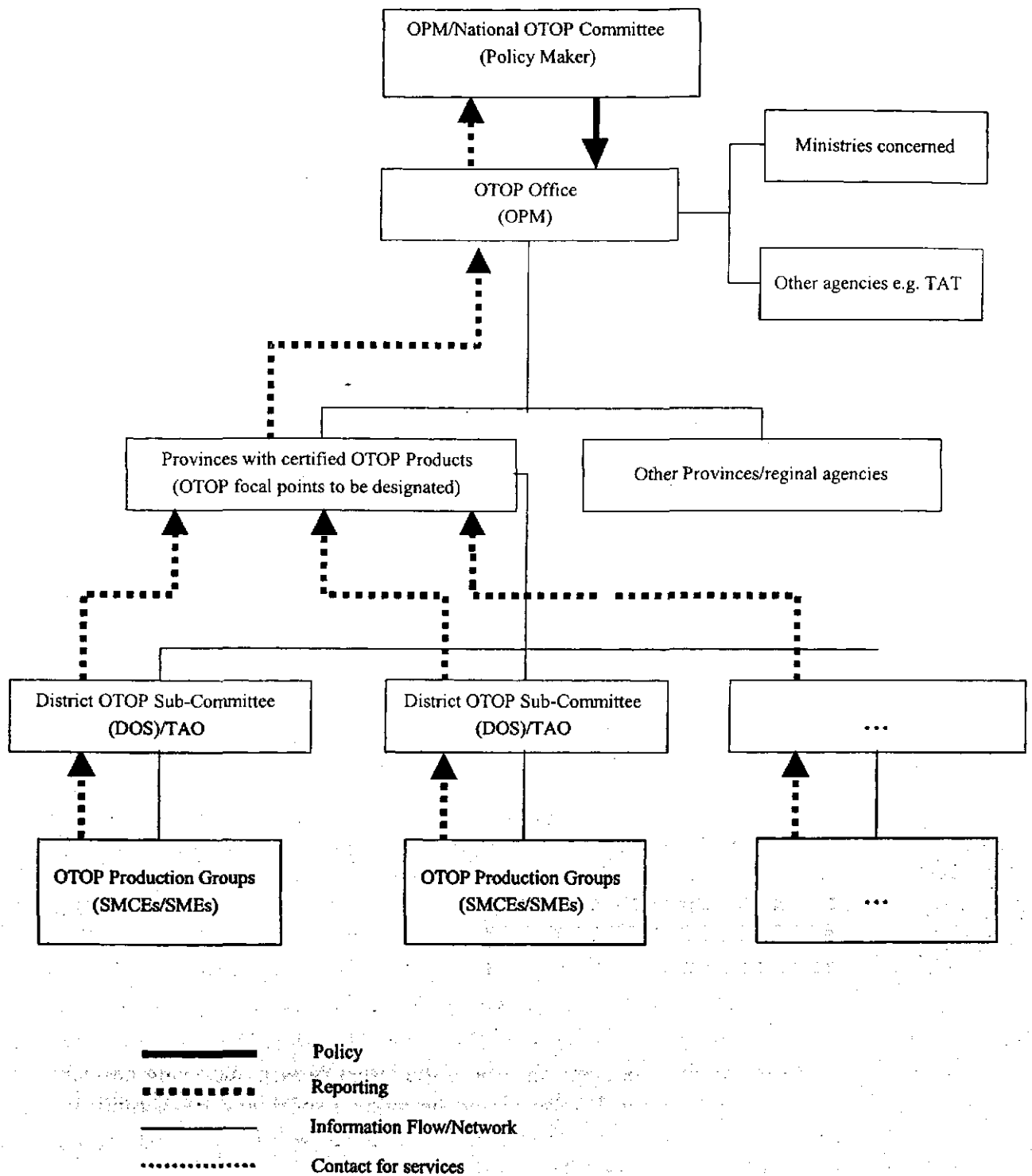


Figure 6-2: Proposed OTOP Information Network

6.2.2 Human Resources Development

To promote an upgrading and establishment of SMCEs/SMEs, it was evident from the present study that OTOP Movement should require a huge HRD Program for the various groups and a large number of people involved. **Annex 10-1** shows the methodology used for determining the training needs/courses that required by the eight (8) SMCEs and SMEs under study. Six (6) important subjects/topics of the training could be identified as OTOP Training Framework, i.e., Management, Accounting, Production, Marketing, Technology and English. This is likely to be applicable for all other SMCEs or the existing SMEs, if they are to become a strong and efficient SMEs in the future. In this connection, an OTOP Training Framework/HRD Program to support the identified SMCEs and SMEs, as an output of the present study, is proposed in **Figure 6-3**.

In addition, in view of the importance of this particular subject, it is recommended that successful HRD Program used in such other country like Japan should be considered as a reference. With continued support from the Japanese Government, as an example, another study to formulate a **strategic entrepreneurship education program** for the management group of OTOP SMCEs/SMEs in Thailand should be undertaken. A suggested set of TOR for the purpose is also given in **Annex 10-2**.

6.2.3 Financial Resources and Arrangement

For a high success of OTOP Movement and its Program aiming eventually at upgrading of the existing SMCEs to be SMEs, development funds and related assistance will need to be allocated and provided timely to the enterprises/products in need.

Financial support from the Government particularly for OTOP Movement should be streamlined and/or increased. New financial institutions/resources, such as the newly established KTB Islamic Bank, should be introduced to all the potential OTOP producers/entrepreneurs.

As an effective measure to help solve the problem of inadequate funds for the emerging and high potential SMCEs/SMEs of OTOP, the Government should establish **OTOP Funds** specifically for the purpose. The principal idea is to inject new funds (possibly from the government budget) directly to the target groups but, using basically the existing financial mechanism. Efforts should be made also on the PR activities to ensure that related procedures and regulations are known widely to those eligible producers/entrepreneurs (see **Annex 11**).

**OTOP Training Framework
(by subject and topics)**

**From 20 Tambon/Products of
the case studies**

Target

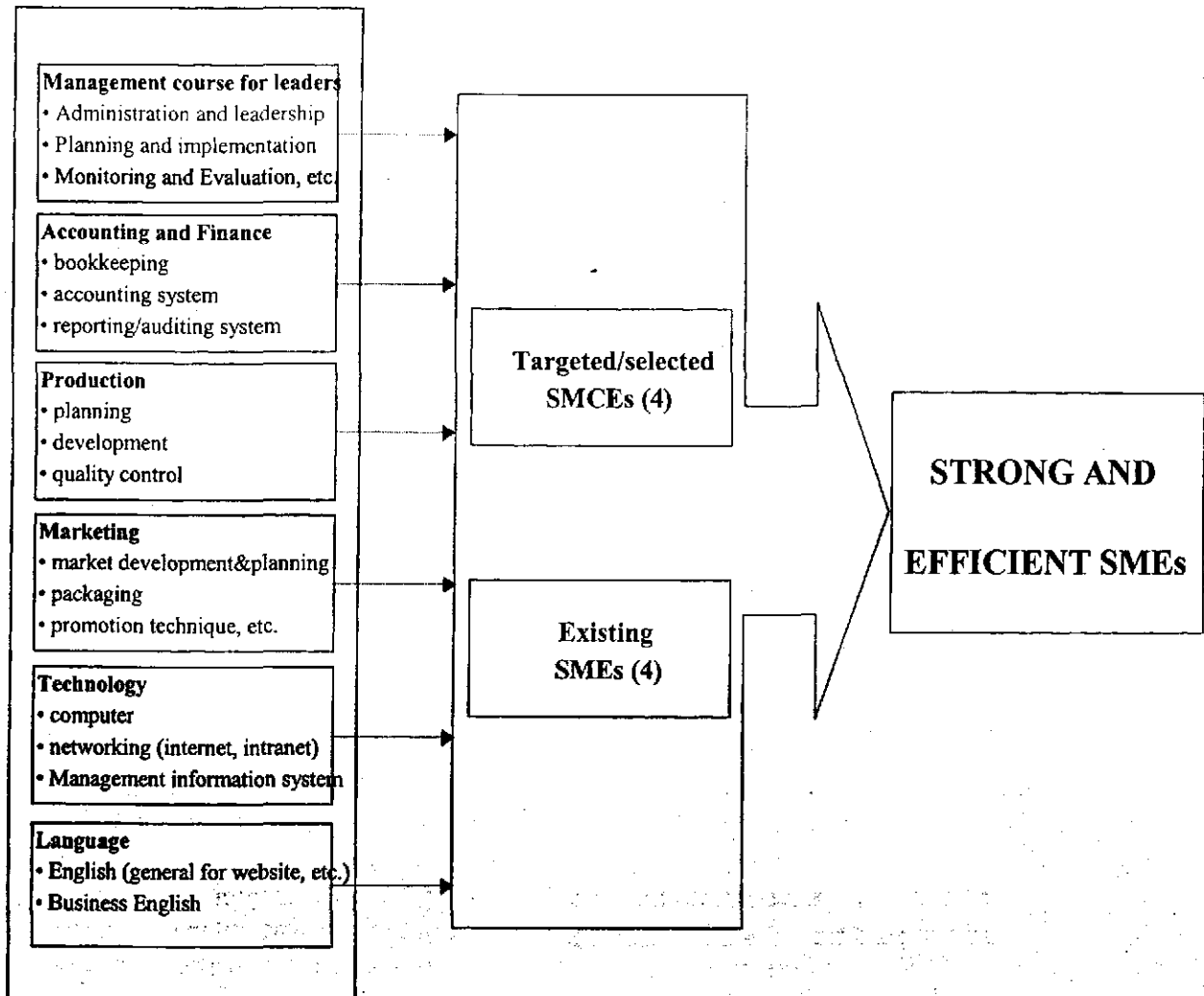


Figure 6-3: Proposed OTO Training Framework/HRD Program to support SMCEs and SMEs
-Drawing from the experience of the 20 cases under study-

6.2.4 Production Development and Quality Control

To meet effectively with the anticipated expansion of market demand and the dynamic change of consumers' desire for OTOP products in the future, both the SMCEs/SMEs and the responsible government agencies (e.g., the OTOP Office, DIP, etc.) will need to pay a lot more attention to the "product development and quality control". Self-initiative/motivation of the OTOP producer/entrepreneur will be a basic principle to start with. However, due generally to their individual limited capacity, the government agencies could play a great role in promoting these aspects by, for example, engaging R&D Institutions and/or establishing **Product Design Center(s)** aiming particularly at creating new product designs on the basis local knowledge, achieving international standards and securing export markets for the OTOP products. These should be carried out systematically and continuously into future, involving both internal and external processes as shown in **Annex 12**.

6.2.5 Marketing Development and Promotion

At this early stage of OTOP movement and development, the Government's support on the development and promotion of marketing for OTOP products will continue to be important and a great help to all the local producers (individuals, SMCEs and/or SMEs), as they are still weak in many respects. Once the quality aspect of OTOP products (discussed above) could be maintained/put under control, marketing will play a decisive role on sustainability of the productions and communities involved. For immediate future, on-going activities and measures for the development and promotion of domestic market (still has a high potential) should continue. At the same time and for the long-term perspective, it is recommended that efforts are made also on for the development and promotion of overseas markets for the OTOP products, emphasizing basically "**indirect export**". The role and functions of government agencies concerned in this respect are suggested in **Annex 13**.

In addition to the above, the on-going efforts of the government agencies in establishing "**permanent display centers**" for OTOP products, particularly overseas ones, should continue and be expanded. As an example, a part of the offices of Thai embassies, commercial attache, TAT, etc., in foreign countries should be arranged for the purpose.

6.2.6 Others

The OTOP Movement involves a large number of products, producers/entrepreneurs and communities in all over the country, aiming ultimately at exporting the products to international market to revitalize the rural economy. Information from the ThaiTambon.com indicates that currently, there are as many as 24,581 items of goods and 8,610 tourist spots being involved. To be effective, potential SMCEs will need to be upgraded timely to SMEs. For the high success of the OTOP Development Policy and in line with the existing umbrella strategies of the Government, all the Ministries/agencies concerned will have to continue to perform the following:

- (i) Provision of supportive role in arranging free and competitive environment, facilitating market expansion and upgrading local business manufacture; and
- (ii) Formulation of detailed implementation plans, setting up the necessary mechanism (as also recommended partly by this Study), provision guidance and monitoring of the OTOP development and operation as closely as possible.

For the required formulation of detailed implementation plans, however, outcome of the present Study had an obvious limitation due to the fact that it has covered only 20 products/villages of case study. It is therefore recommended that the Government (perhaps, through the OPM/OTOP Office) allocates a sum of budget for further study, covering a larger number of samplings, say **500 SMCEs/Tambons** that have high potential to be upgraded to SMEs. Objectives of the study, among other things, may cover the following:

- (i) To gain a deeper insight of the OTOP SMCEs, in addition to confirming the various findings from the present Study. The various problems and in particular, constraints found and presented in this chapter should be used as a basis for an elaborated TOR to be prepared additionally for the proposed study;
- (ii) To establish a more solid database for planning;
- (iii) To formulate important KPIs for future M&E activities of the OTOP Office;
- (iv) To implement specific assistance programs for the selected/pilot SMCEs that are to be upgraded, to generate demonstration effects. Areas of the assistance could include training in business development, administration and management of enterprise, bookkeeping and accounting, information system, etc. A group of businessmen from the private sector should also be identified and mobilized to assist in organizing these training; and
- (v) To formulate policy guidelines and/or advice that could be of relevance to the OTOP Development Policy and the interest of the OPM/OTOP Office in general.

Annex 1

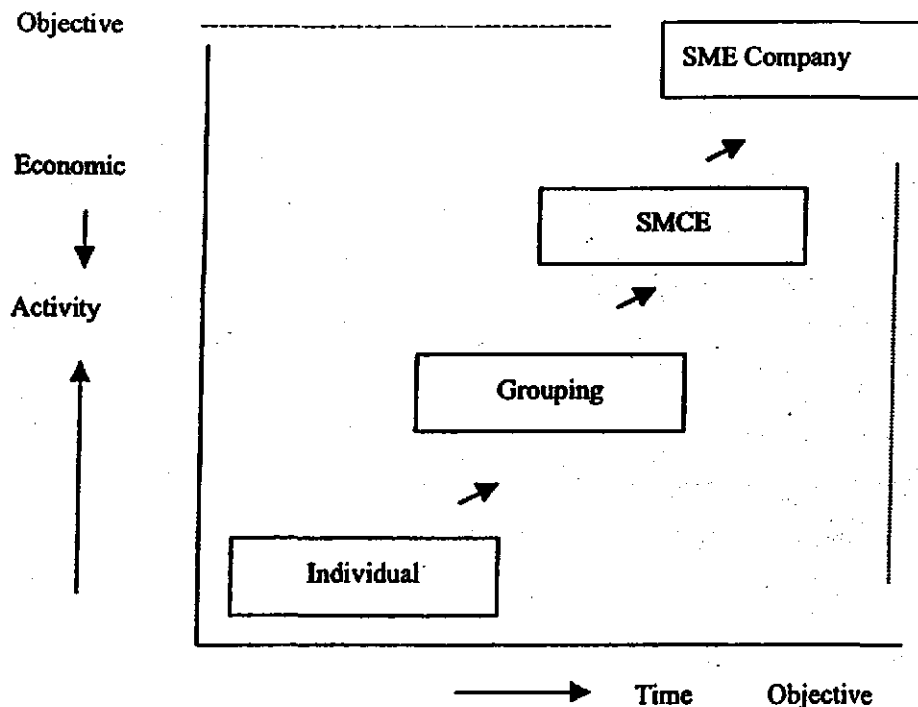
TOR

Terms of Reference
For
The Study of Monitoring & Evaluation Model
On
The One Tambon, One Product Development Policy

November 2002

1. Background of the Study

The One Tambon, One Product Development Policy (hereinafter referred to as OTOP) is being implemented by the Thai government. The objectives of the OTOP is to revitalize the rural economy, and to diversify it towards strengthening society in the process of restructuring and adjusting the country's economy. Under the OTOP small & medium-scale community enterprises (hereinafter referred to as SMCE) are established as new economic unit under the SMCE Act. The SMCE is expected to create various economic activities under the OTOP, which will result in the impact to macro economy in the country. Final target of the OTOP will be to let the SMCE upgrade the company as SMEs under the Company Act. The attachment shows OTOP Framework, which is designed by various aspects.



2. Objectives of the Study

It is almost one year since the government announced the OTOP, and various products are produced in Tambons under the guidance of the government. It is anticipated that such Tambons would face various problems at the initial stage of the implementation, and detailed baseline study will be necessary to identify such problems and adjust the policy guidance in line with the needs at the micro level. The baseline study will focus on the economic activities of the SMCE under OTOP, and outcome of the study will reflect to the OTOP as recommendations for monitoring and evaluation model of the OTOP. At the same time the outcome of the study will be based on the macro-impact analysis to the country's economy which will be a part of the evaluation model of the OTOP.

3. Terms of Reference

(1) Baseline Study

20 Tambons together with 20 products in North, Northeast, Central and South will be selected at random by the OTOP committee, and the detailed study is conducted on the following points.

- ① **Tambon** : natural condition, resources available, group including leader, members, organization & history of the group, relationship with other Tambons, understanding on OTOP & government guidance & support, problems faced and measures for improvement etc.
- ② **Product** : contents of the product including materials procured, history of the product, production cost & its breakdown, production facilities & investment cost, evaluation under the OTOP evaluation criteria, production volume & Pricing, problems faced & measures for solution etc.
- ③ **Market & Financial Access** : current market, market development efforts, potential market, possibility of export, financial access, resource of the fund, government support & private linkage, problems faced and measures for solution etc.
- ④ **Human Resources** : quality & motivation of members, cooperation within the group, leadership, entrepreneurship, basic knowledge(book keeping, accounting, tax etc), necessary programs for HRD etc.
- ⑤ **Conditions towards SMCE and Company** : time framework for SMCE, obstacles & problems, necessary measures for SMCE etc.

(2) Macro-impact Analysis

- ① Average Production Scale of SMCE
- ② Labour, Goods & Services of the group into Pricing
- ③ Input Composition of SMCE
- ④ Output composition of SMCE
- ⑤ Simulation Analysis by Output-Input Table
- ⑥ Employment Creation & Other Production-related Effects

(3) Recommendations on

- ① Monitoring Model
- ② Evaluation Model

4. Inputs

This Study will require, at minimum but not limited, the engineers/experts in the fields as shown in the Fig 1 to execute the works stipulated in the Scope of the Study in this Terms of Reference. Consultants can additionally offer expert(s) in other fields, whenever it is considered to be preferable. Initially estimated numbers of the engineers/experts for the Study should be totaling twelve (12) man-months.

Japanese Advisory Group consisted of three (3) professors in Tokyo, Japan will come to Bangkok to have discussions and consultations for the study for a week. The consultant is requested to arrange the round air-ticket from Japan, accommodations in Bangkok and payment of per diem to the advisory members following the directions by Thailand Office.

The OPM will assist the consultant in coordinating to the other agencies related to the Study and in providing the information and advice to be necessary to the Study execution.

5. Scheduling

This Study shall be carried out within four (4) months, as shown in Fig. 1 and below.

(Schedule)

October 2002 : Issuance of Invitation Letter

November 2002 : Evaluation of Proposals and Contract

December 2002 : Beginning of the Study and Submission of Inception Report

January 2003 : Output-Input Table Analysis

February 2003 : Consultation with Japanese Advisory Group

March 2003 : Submission of Final Report

6. Reporting and Meetings

During the Study several meetings will be conducted with the OPM and other agencies advised by the OPM, and handouts will be distributed in Thai in the meetings. The handouts, at least their concepts, will be translated in English. The Inception Report shall be prepared as shown in the followings, which will be in English with report summaries of each report in Thai. The Final Report shall be in English. They will be submitted at the stated points:

(1) Inception Report

An inception meeting will be organized within three (3) weeks after the commencement of this Study. The meeting will share the clear understanding on the Study, and handouts shall be distributed to guide an idea for the meeting discussion. The handout in the meeting should be based on a drafted inception report. The result of the meeting will be summarized in an Inception Report to identify the work to be carried out in this study. Twenty (20) copies of the Inception Report covering items to execute this study work and will be submitted after the meeting.

(2) Final Report

Twenty (20) copies of the Final Report and its CD-ROM shall be submitted upon completion of this Study. This Report will mainly contain the achievement in the Study.

7. Others

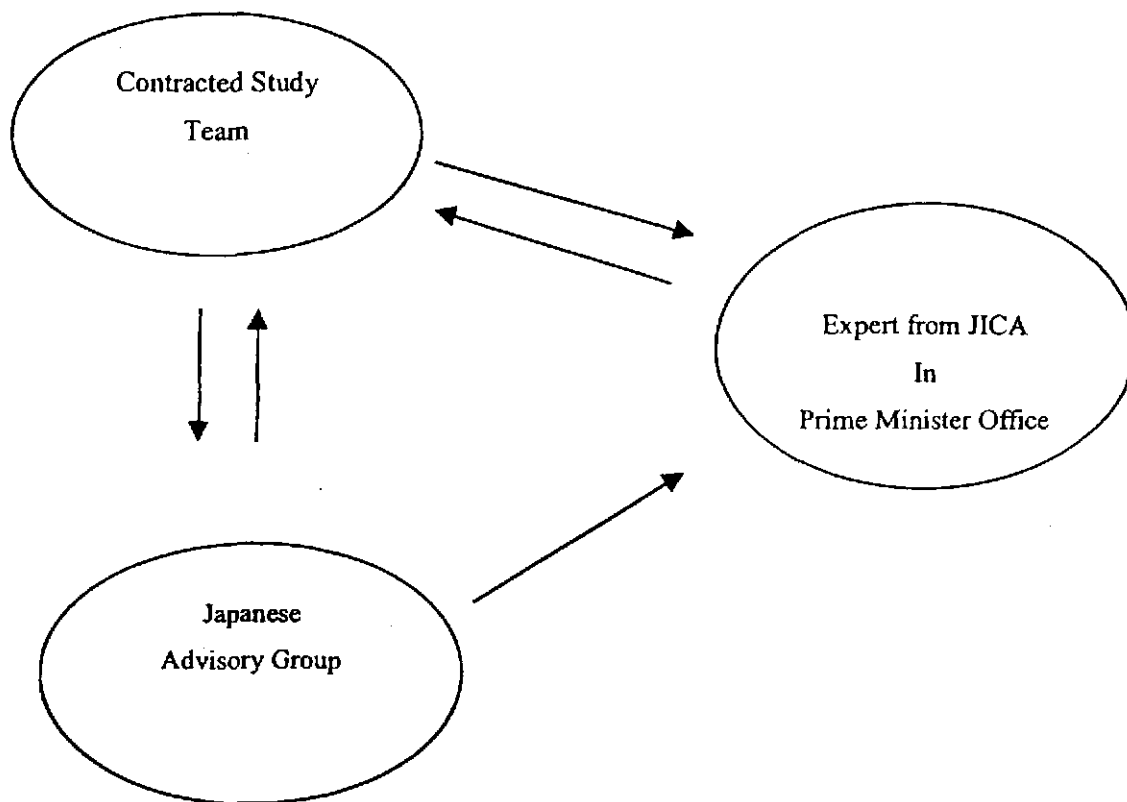
The OPM will guide the consultant work in its coordinating manner, and it shall arrange meeting(s) to discuss study implementation and contents, when the OPM considers necessary.

The consultant should cooperate with the JICA experts.

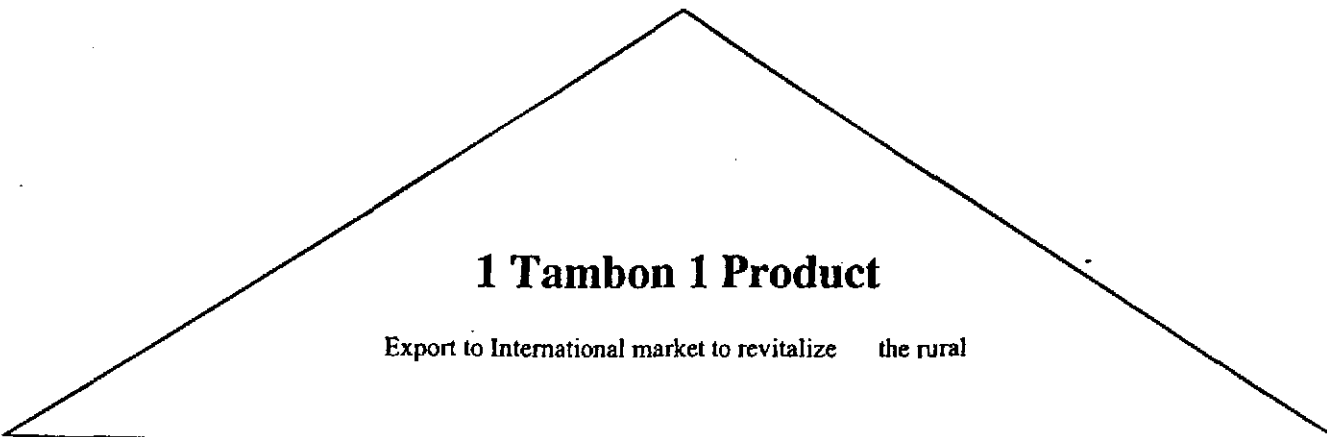
Fig 1. Experts and Work Schedule

Experts (Man/Month)	Dec.	Jan.	Feb.	Mar.
Project Manager /Economist(3 m/m)		-----	-----	-----
Product Development Expert(3 m/m)	-----	-----	-----	
Market Development expert(3 m/m)	-----	-----	-----	
Output-Input Table Expert (3 m/m)		-----	-----	-----
Japanese Advisory Group(1 week)			---	

(Implementation Scheme)



1 Tambon 1 Product Framework Picture



Standard

- Customer Needs & Expectation
- Product

Process

- Order fulfillment
- Marketing

People

- Training & Mentoring
- Planning

Infrastructure

Information Technology

Project Management

Law & Legal

Annex 2

**Composition of
the National OTOP Committee**

Annex 2: Composition of the National OTOP Committee

1)	Prime Minister/Deputy Prime Minister	Chairman
2)	Minister of Interior	Deputy Chairman
3)	Minister of Prime Minister Office	Committee
4)	Minister of Finance	Committee
5)	Minister of Commerce	Committee
6)	Minister of Agriculture and Cooperatives	Committee
7)	Minister of Industry	Committee
8)	Minister of University Affairs	Committee
9)	Permanent Secretary of Commerce	Committee
10)	Permanent Secretary of Agriculture and Cooperatives	Committee
11)	Permanent Secretary of Industry	Committee
12)	Permanent Secretary of Public Health	Committee
13)	Permanent Secretary of Information and Communications Technology	Committee
14)	Permanent Secretary of Labour	Committee
15)	Permanent Secretary of University Affairs	Committee
16)	Permanent Secretary of Budget Bureau	Committee
17)	Secretariat of Office of National Economics and Social Development	Committee
18)	Scholar/Academician designated by PM, not more than 10 persons	Committee
19)	Permanent Secretary of Interior	Committee and Secretary
20)	Director General of Community Development Department	Committee and Assistant secretary
21)	Representative of Office of Secretariat of the Prime Minister	Committee and Assistant secretary

Annex 3

Evaluation Criteria of One Tambon, One Product

Annex 3: Evaluation Criteria of One Tambon, One Product

Items	Point
A. Product	
1) Raw material	
1.1 Used of material Ratio in local area	
more than 80%	5
50-79%	4
30-49%	3
less than 30%	2
no material in local area	1
1.2 Local knoweldgement	
local knowledgement	5
futher and local knowledgement	3
futher knowledgement	1
2) Production	
2.1 Develòpment of Product	
always	5
some	3
conservative	1
2.2 Quanlity of Product	
1) Standard certification	
already	5
processing	3
none	1
2) General product	
confirmation by others government agency	5
processing	3
none	1
2.3 Environment impact of Production	
non externality	5
some externality but protected	3
externality	1
3 Marketing	
3.1 Market	
domestic and export market	5
main local market and some export market	4
local province and others	3
local province	2
local market	1
3.2 Many of distribution in community	
more than 3 shops	5
2-3 shops	3
production area only	1

Annex 3: Evaluation Criteria of One Tambon, One Product (continue)

Items	Point
3.3 Increasing on sale (quantity)	
more than 50%	5
30-49%	4
20-29%	3
10-19%	2
less than 10%	1
3.4 Certainty and contineum of market and order	
more than 10 months	5
8-9 months	4
6-7 months	3
4-5 months	2
less than 4 months	1
3.5 Packaging	
good	5
fair	3
none	1
B. Community	
1) Members	
1.1 household/person	
more than 20 household/more than 60 persons	5
14-19 household/40-59 persons	4
10-13 household/30-39 persons	3
5-9 household/20-29 persons	2
less than 5 household/less than 20 persons	1
1.2 Age of community	
more than 5 years	5
4-5 years	4
3-4 years	3
1-2 years	2
less than 1 year	1
2) Production period	
2.1 Continuity of production	
2.1.1 in case of not agriculture	
more than 10 months	5
8-9 months	4
6-7 months	3
4-5 months	2
less than 4 months	1
2.1.2 crop area (in case of agriculture)	
crop area more than 80% of overall	5
50-79% of overall	4
30-49% of overall	3
less than 30% of overall	2
none of own crop area	1

Annex 3: Evaluation Criteria of One Tambon, One Product (continue)

Items	Point
2.2 Production Process	
system/control/examine	5
system/non examine	3
non system	1
3) Marketing	
3.1 capability to find the market on sale	
more than 80%	5
50-79%	4
30-49%	3
less than 30%	2
can not find market by themselves	1
4) Accounting and Finance	
4.1 share out	
more than 50,000 baht	5
40,000-49,999 baht	4
30,000-39,999 baht	3
20,000-29,999 baht	2
less than 20,000 baht	1
4.2 record accounting	
accounting system	5
simple recording	3
none	1
4.3 investment in equipment of group	
more than 90%	5
80-89%	4
50-79%	3
30-49%	2
less than 30%	1
5) others	
5.1 management	
system	5
chief assign the work	3
individual production	1
5.2 communication of raw material exchange	
more than 5 groups	5
less than 5 groups	3
none connection	1

Annex 4
OTOP Logo

Annex 4: OTOP Logo



Annex 5
Questionnaire

Questionnaire about “One Tambon/One Product”

- Weaving/textile group
- Wickerwork group
- Food & beverage group
- Handicraft group
- General ware/appliance group

First Name/Family Name of

Interview:.....Position:.....Age:.....

Education:.....Address:.....Moo:.....Village.....

Sub-district.....District.....Province.....Tel:.....

First Name/Family Name of Group

Leader:.....Age:.....

Education:.....Address:.....Moo:.....Village.....

Sub-district.....District.....Province.....Tel:.....

Instruction: Put ✓ in () or fill in the blank with the most accurate information

Part 1: General Information of Product/Group

1.1 Name of Product..... Name of Group.....

1.2 Business categories

() 1. Personal

() 2. Partnership.....

() 3. Group

() 4. Others.....

1.3 Period of Group Activities

() 1. Less than one year

() 2. 1 – 2 years

() 3. 2 – 3 years

() 4. Over 3 years

1.4 Support for Groups

() 1. Non-available

() 2. Available; name it.....

1.5 Total Numbers of members.....persons Male:..... Female.....

1.6 Educational Completion/Graduation

1. Primary education:.....persons

2. Junior High School:..... persons

3. Senior High School/Vocational School:.....persons

4. Diploma/Por Wor Sor:..... persons

5. Bachelor's Degree.....persons

6. Others:..... persons

1.7 Main Occupations of Members

1. Working on group production:.....persons

2. Farmers:.....persons

3. Government/state enterprise officials:.....persons

4. Employees:.....persons

5. Doing personal business:.....persons

6. Others:.....persons

1.8 Instruction/shareholders of Group/Organization

1. Number of shares:.....shares

2. Investment of members:.....baht/shares

3. Receiving support from:.....Amount.....baht

4. Materials provided by:.....of.....baht

5. Financial assistance from.....of.....baht

Part 2: Information about Products

2.1 Details

Type of Products	Production Volume			Month of Production	Production Capacity		Contents	Content capacity	Price per unit
	Per production	/month	Monthly /year						
1									
2									
3									
4									
5									

2.2 How production knowledge, skills, and capability were obtained:
 1. Local wisdom 2. Learned from.....when.....
 3. Others.....

2.3 Production Advisers/Trainers.....

2.4 Production Development
 1. Self-developed 2. Government agency (Name it).....
 3. Learned from other community (Name it).....
 4. Others (Identify).....

2.5 Design of Packaging
 1. Design by the group 2. Government agency (Name it).....
 3. No packaging 4. Others (Identify).....

2.6 Quality control of Products/Problem/Solution
 1. Method.....Problem.....Solution.....
 2. Method.....Problem.....Solution.....
 3. Method.....Problem.....Solution.....
 4. Method.....Problem.....Solution.....

2.7 Methods and problems of food products, requiring food & drug standard signs:
 Method.....Problem.....Solution.....

2.8 Outstanding quality of product

2.9 Strong point/weak point of products
 Strong point 1.....2.....3.....
 Weak point 1.....2.....3.....

Part 3: Information about Production Procedures

3.1 Presenting production procedures:

3.2 Production problems:

1.....2.....3.....

Part 4: Information about Raw Materials

4.1 Production Raw Materials

Raw Materials	Proportion	Sources	Quantity of Use (Units)	Price Per/unit	Raw Material Acquisition		Problems
					Available	Scarcely Available	
1							
2							
3							
4							
5							
6							

Part 5: Information about Production Equipment's and Supplies

5.1 Equipments

Equipments	Number	Price	Value (bath)	Service Duration	Depreciation Value	Repair Cost	Proportion of use	Problems
1								
2								
3								
4								
5								
6								

Part 6: Information about Production Cost

6.1 Production Cost

Production Factors	Quantity	Price Per unit	Value (baht)	Problems	Remarks
1 Main Raw Materials					
1.1					
1.2					
1.3					
Sub Total 1					
2 Supplemetary Raw Materials					
2.1					
2.2					
2.3					
Sub Total 2					
Total 1 & 2					
3 Laborers					
3.1 Male					
3.2 Female					
Sub Total 3					
4 Energy					
4.1 Electricity					
4.2 Gas					
4.3 Oil					
4.4 Gasoline					
Sub Total 4					
5 Water					
6 Packaging					
6.1 Boxes					
6.2					
Sub Total 6					
7 Others					
7.1					
7.2					
7.3					
Sub Total 7					
Grand Total					

Part 7: Information about Product

7.1 Product Distribution

Products	Purchases	Sales Premises	Sales Price (bath/unit)			Selling cost	Selling Procedures	Problems
			Retail	Whole sale	others			
1								
2								
3								
4								
5								
6								

- 7.2 Sales Promotion
 Non-available
 Available/Identify

Part 8: Information about Organization of Group

8.1 Present Organization Structures

8.2 Problems: 1.....2.....3.....

Part 9: Others

- 9.1 Profit Distribution
 1. Profit have not been distributed
 2. Profits distributed by shares
 3. Profits distributed by workhours
 4. Others

9.2 Required trainings1.....2.....3.....

- 9.3 If production expansion is required, problems occur regarding
- 1. Capital funds..... Solution.....
 - 2. Laborers..... Solution.....
 - 3. Machinery/Equipments..... Solution.....
 - 4. Raw materials..... Solution.....
 - 5. Others: specify..... Solution.....

Part 10: Suggestions

Part 11: Photos of Products