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Local Development Institute/Foundation (Thailand)

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Glossary of Acronyms

CIDA	Canadian International Development Agency
CULT	Credit Union League of Thailand
DTEC	Department of Technical and Economic Cooperation
GO	Governmental organization
JPMC	Joint Planning and Management Committee
LDAP	Local Development Assistance Program
LDF	Local Development Foundation
LDI	Local Development Institute
NEC	National Education Commission
NESDB	National Economic and Social Development Board
NGO	Nongovernmental organization
NGO-COD	NGO Coordinating Committee on Development
NRGCD	Northern Revenue Generation Committee for Development
PO	People's organization
PRC	Project review committee
PSC	Project Steering Committee
RCP	Rural Capital Partners Fund
RM	Regional mechanism

Note on Currencies

Prior to July 1997 US\$1 = approximately 25 Thai baht

After July 1997 US\$1 = approximately 45 Thai baht

Executive Summary

Social bridging or social interweaving is the only way to solve social crisis...LDI has been playing the role of a bridge both in strategizing and putting the strategies into practice...It attempts to bring about a civil society or society with peace and righteousness as its basis.¹

Dr. Prawase Wasi, president of the
Local Development Foundation

During the 1970s and 1980s, a flow of overseas assistance came to Thailand to support development in a number of areas such as infrastructure, education, agriculture, and health. The Department of Technical and Economic Cooperation (DTEC), based in Bangkok, is the Thai government agency responsible for overseeing and monitoring bilateral funds coming to Thailand. Most bilateral funds were allocated to government offices and academic institutions while very little went to nongovernmental organizations (NGOs).

In 1981 the Canadian International Development Agency (CIDA) established a long-term program of development assistance to Thailand. CIDA placed an emphasis on distributing funds to the local level for community development and poverty alleviation. After consultations with prominent government and NGO leaders in Thailand, CIDA established the Local Development Assistance Program (LDAP) in 1984 as a mechanism to channel resources to the grassroots level. LDAP's purpose was to strengthen Thai development organizations by funding local projects, providing training in project management and implementation, and building national and regional networks of NGOs.

Over LDAP's lifespan (1984–1989), the project extended 100 million baht (US \$4 million) to

support 55 grassroots projects. Support was provided in three forms: grants, revolving funds, and collateral for commercial banks making loans to poor people. LDAP also funded NGO networking activities, which ultimately resulted in the establishment of the NGO Coordinating Committee on Development (NGO-COD) and its four regional chapters: Northeast, North, Lower North & Central, and South. LDAP further played a key role in institutional capacity building for Thai NGOs in the 1980s. NGO staff enhanced skills in many areas including project planning and management. LDAP's success in grassroots project support, NGO networking, and organizational capacity building encouraged CIDA to initiate similar models in other Asian countries.

LDAP represented a new model of bilateral funding in Thailand. Prior to LDAP, the Department of Technical and Economic Cooperation and the donor agency were the sole bodies to assess and approve grant applications. Funding was typically channeled to government organizations or large registered NGOs, or academic institutions. By contrast, LDAP included a wider range of actors in the grant application and approval process. A Project review committee that included members of the Thai NGO and academic communities reviewed proposals. This innovative strategy ensured that people with extensive knowledge and experience in development assessed all proposals and that all proposals had equal access to funding support. This system opened opportunities for small grassroots organizations at the local level to receive funding.

This system nonetheless had several limitations. Under the LDAP framework, Project review committees forwarded recommendations to the Canadian Ambassador for final approval.

¹ LDI. *Seven Years Local Development Institute*, January 1999.

Projects were required to be compatible with Thai government development priorities. CIDA and the Thai government could intervene in LDAP's work at any time. Furthermore, LDAP could not provide support to grantees for more than four years because the LDAP project period was for five years. Most projects that LDAP funded would not have been financially self-sustaining after LDAP ended support.

As a result of these constraints, LDAP's founding members and other key development stakeholders initiated a planning process with CIDA for a new project that would institutionalize LDAP's work with a higher degree of autonomy. As a result of these consultations, CIDA agreed in 1991 to sponsor the establishment of the Local Development Foundation (LDF), an autonomous organization with a wider mandate than LDAP. Operating under Thai law, LDF's work has been undertaken through its operational arm, the Local Development Institute (LDI). The LDF/LDI project became central to CIDA's rural development program during the period when CIDA's bilateral assistance to Thailand was gradually phasing out. It also fit with CIDA's strategy to shift the donor-recipient relationship with Thailand to one based on partnership.

LDI's work has covered three phases. During Phase I (1991–1994) and Phase II (1994–1998), LDI channeled approximately 151 million baht (\$6 million) of CIDA funding to support 117 development projects. During these phases, LDI also worked in collaboration with credit institutions to provide 50 development-oriented loans throughout the country. Direct financial support from CIDA ended in 1998, as LDI entered Phase III (1999–present). Repaid interest and principal from loans made during Phases I and II were transformed into a 30 million baht (\$660,000) endowment that LDI uses to support ongoing operational expenses. During Phase III,

LDI has also been able to attract over 100 million baht (\$3 million) from international and local donors.

LDF/LDI has been able to consolidate the linkages and mechanisms established by LDAP while providing leadership and support for the Thai NGO community and grassroots networks. LDI has also expanded the scope of LDAP's work to include policy-oriented research, national-level networking, and linkages with commercial enterprises to provide loans for community-based businesses. In addition, LDI has supported Thai development by initiating dialogue with politicians and government officials on issues affecting rural and urban communities, including the use and allocation of natural resources, environmental degradation, women and development, AIDS, and civil society. These efforts have prompted the Thai government to acknowledge the importance of cooperating with NGOs and community-based organizations.

In the course of Phases I and III, LDI's scope has steadily broadened from the community level to provincial and national levels. LDI's campaigns have resulted in a strengthening of community resources, expansion of grassroots civil society networks and increased importance to national policy formation. Beginning in 2001, LDI began exploring ways to bring its work to the next level by initiating multilateral programs with neighboring countries, including Cambodia, Laos, Vietnam, and Myanmar.

The Local Development Foundation/Institute is a unique organization. It is rare to find a Thai development institution that can bridge government, civil society, and grassroots organizations. As a result of this ability to bring multiple stakeholders together, LDI has played a key role as a catalyst for development and reform. This openness to partnership and collaboration is part of

LDI's basic character as an institution. In large measure, this character was shaped by the Canadian International Development Agency's emphasis on trusting relationships, participation, and partnership.

Canadian ODA for Thailand

Canada's international cooperation program is implemented largely by the Canadian International Development Agency (CIDA). Beginning in 1981, CIDA established a long-term program of development assistance to Thailand. It built upon links with the non-governmental organization (NGO) community that had been forged by agencies like the Canadian University Service Overseas (CUSO) from 1976 to 1981. In the early 1980s, CIDA's support focused on community development and poverty alleviation.

In 1985 CIDA's strategy shifted to support Thailand's transition from an agricultural to an industrial economy. By the mid- to late-1980s, CIDA's support was increasingly focused on capacity-building and institution-strengthening. By 1991, when an economic transition was clearly taking place in Thailand, CIDA had largely shifted away from a donor-recipient relationship to a broader partnership of economic and political cooperation based on mutual interests.

Given Thailand's remarkable economic progress prior to the 1997 financial turbulence, donors such as CIDA felt that high levels of financing were no longer required. Therefore, in 1996, CIDA reinforced a strategy to support the building of Thailand's capacity, primarily through human resource development and institution-building, private sector development, and environmental management.

During the 1990s new priorities caused foreign donors, including CIDA, to shift their emphasis from capital assistance for physical infrastructure to technical assistance for social infrastructure and the environment. Thus, CIDA's key program delivery strategy has been to facilitate

linkages between Canadian and Thai institutions, businesses, NGOs, etc. through bilateral and partnership channels.

Local Development Assistance Program (1984–1989)

Political Context

Two principal government agencies involved with Thai development are the National Economic and Social Development Board (NESDB) and the Department of Technical and Economic Cooperation (DTEC). NESDB is in charge of formulating national development plans. All bilateral funding coming to Thailand is overseen and monitored by DTEC.

In 1961, NESDB launched the first national development plan that was oriented to support economic growth and income generation. Each national development plan is in effect for five years. During the 1960s and 1970s the plans focused on increasing the productivity and commercial value of the agricultural sector. The government policy favored large farmers by providing them cheap credit. Marginal farmers did not have access to that kind of support. The government promoted cash crops such as kenaf and cassava for export by encouraging investment and expansion into uncultivated land. This policy neglected the needs of small and marginal farmers.

During the 1960s, when Thailand was under military rule, the government discouraged people from becoming involved in political activities. NGOs were allowed to provide humanitarian assistance and preserve cultural heritage only. However, civil society organizations and individuals became more politically active following a student uprising on October 14, 1973. Many small NGOs were established that demanded radical reforms to enable the transfer of resources to the poor. In 1974, pro-democratic activities spread throughout the country. The political left wing became very active.

Meanwhile, the right wing organized counterbalancing groups that resulted in the overthrow of the democratically elected government in 1976. Many young people fled into the jungle to join the Communist Party of Thailand.

Activities of students and grassroots organizations were suppressed from the end of the 1970s to the early 1980s as they were suspected of being communist sympathizers and/or agents. However, an inactive bureaucracy in the face of increasing environmental, social, and economic problems led to rapid demands for NGO services. NGOs were considered an alternative means to address development problems since government agencies were not always effective.

During the 1970s and 1980s significant overseas assistance flowed to DTEC, but NGOs had little access to these funds. The late 1970s and the early 1980s was a period of great tension between government organizations (GOs) and NGOs. With a looming threat of communism and growing demands for NGO services, government officials tended to view NGOs as competitors and antagonists. To avoid government control, NGOs needed independent financing, but local fundraising was unlikely. Meanwhile, CIDA sought an opportunity to channel its bilateral funds to grassroots organizations.

LDAP Genesis and Origins

In 1983 CIDA held a seminar on rural development strategies in Thailand. Participants came from various GOs, NGOs, and academic institutions such as DTEC, NESDB, the Department of Community Development under the Ministry of Interior, Mahidol University, Thammasart University, Appropriate Technology Association, Thai-Cambodian Border Development in the Northeast Thailand Project (NET), and CUSO.

Anek Nakabutr, a coordinator of the NET Project, recalled,

We convinced CIDA that NGOs and local leaders already had experience in managing funds. With more resources, they could enhance their capacity and expand their work. However, it was hard for them to get grants from the government and foreign donors. Thus, CIDA should develop an aid delivery mechanism to make its funds reachable at the local level. A Project review committee composed of representatives from GOs, NGOs, and academic institutions must be set up to decentralize decision power of CIDA and the Thai government on bilateral funds. The main strategy is to link the development between the macro and micro levels while the government must increase cooperation with NGOs and grass-roots organizations.

CIDA was very interested in this proposal. Jim Carruthers, a development counselor of CIDA Thailand, visited the NET Project to see how local people managed community revolving funds. CIDA further developed several ideas proposed in the seminar and finally developed a trial model named the "Management Assistance Program." Anek Nakabutr provided additional more inputs to ensure that local people would have access to the fund. He proposed that this model be renamed the "Local Development Assistance Program (LDAP)."

Main features of the proposal were:

- Local people would be responsible for initiatives to ensure that the proposed projects addressed real problems and served real needs.
- CIDA and DTEC were no longer the sole bodies to approve project proposals as was usually the case with other bilateral funds.

Instead, a project review committee composed of representatives from CIDA, DTEC, academic institutions, and NGOs would initially review grant applications before sending recommendations to the Canadian ambassador for final approval. This mechanism ensured that all proposals were read by people with extensive knowledge and experience in the development of Thailand and that all candidates had equal access to funding support.

- LDAP would hire regional monitoring and evaluation teams to assess the projects at different project periods so that grantees would gain ongoing and valuable inputs to strengthen their projects before termination.

CIDA approved the project proposal in July 1983 and signed a bilateral agreement with DTEC in July 1984. Anek Nakabutr became the LDAP Coordinator and served throughout the project period (October 1984–December 1989).

Goal and Objectives

The overall program goal was to increase the impact of CIDA's assistance program in furtherance of the Thai Government's development priorities. LDAP's specific objectives were to support the capacity-building of Thai organizations and institutions in local development, to enhance the coordination between the government and NGOs, and to strengthen mutual understanding and cooperation between Thailand and Canada.

Structure

LDAP's governing body was the Project review committee. A Project Secretariat managed day-to-day project operations.

The Project review committee (PRC)

The PRC had ten members. One permanent member was from DTEC while the other came

from CIDA. Eight alternating members were chosen from academia (3), government (2), and rural and urban NGOs (3). The LDAP Coordinator attended PRC meeting and served as secretary. The PRC provided general direction and guidance to the project, reviewed and made recommendations concerning project proposals, and oversaw the monitoring and evaluation process.

Project Secretariat

Day-to-day operations were the responsibility of the LDAP Coordinator, two assistants, and two support staff. The assistant in charge of the administration section took care of office business, finance and accounting, and public relations. The assistant in charge of the development support section assisted the coordinator in managing grant applications, following up on project operations in the field, organizing seminars and training, and coordinating with the monitoring and evaluation teams.

Program Operation

LDAP extended CIDA's 100 million baht (\$4 million) to target groups in three different ways as follows:

- Grants, especially for the training of personnel, management and village activities
- Revolving Funds for project implementation, particularly income-generating activities
- Collateral for commercial bank loans to poor people.

Approval Process

LDAP opened for applications every three months. The LDAP Coordinator initially reviewed proposals in consultation with technical experts. He then presented his comments for all applications at meetings of the entire PRC. PRC members further reviewed the proposals and

reached decisions by consensus. The quorum of the committee was five. Opinions of absent members were sought as needed. The PRC forwarded recommendations to the Canadian ambassador in Bangkok for final approval.

Priority was given to proposals that:

- Supported the development process at the community level among poor groups
- Advanced local participation among target groups in solving their own problems and in increasing self-reliance in the long run
- Drew on local wisdom and democracy-based learning processes
- Dovetailed with government development policies.

Monitoring and Evaluation Process

LDAP contracted 15 monitoring and evaluation teams from 12 academic institutions and NGOs working in Bangkok and provincial areas. The teams were responsible for helping grantees improve project implementation and for promoting learning among all stakeholders. Each team submitted to LDAP a semi-annual report and an end-of-project report. Once projects terminated, the teams held an annual national forum for grantees, the PRC, and LDAP staff to review lessons learned. Throughout this learning process, networking among LDAP, academic institutions, and local organizations was gradually reinforced.

Financing

CIDA was the only funding source for LDAP throughout its project period. Out of total project funding, 87.5 percent was disbursed to 55 rural and urban development projects throughout the country. Another 3.8 percent was used for monitoring funded projects. About 6.7 percent

was spent on administration while another 2 percent was used for LDAP's evaluation.

LDAP's budgetary cycle followed CIDA's fiscal year (April 1 to March 31). A budget plan was presented to the project review committee for annual approval. Once implementation of the funded projects began, LDAP disbursed money to grantees on a quarterly basis. Each grantee was required to submit a quarterly financial report in order to receive the second and subsequent payments.

Program Impact

Major LDAP's impacts on the development of Thailand included:

Problem Solving at the Community Level

Initial grants and collateral for bank loans opened opportunities for the poor to start projects. Revolving funds ensured long-term

operations. Over a five-year period, LDAP granted 85.3 million baht (\$3.4 million) to 55 rural and urban development projects. Five projects in Bangkok involved solving problems in slum communities, assisting female labor migrants, and providing telephone-counseling services. Thirty-five projects operated in rural areas throughout the country, mostly in the Northeast. Fifteen projects operated in more than one area. They provided support and coordination in training, seminars, media, and information dissemination to other organizations and the public.

LDAP supported a variety of activities that provided basic minimum needs for the poor and promoted alternative occupations to increase incomes. Examples of such activities included services in primary health care, formal and non-formal education, rice banks, integrated farming, paddy trading, cattle raising, provision of water

Table 1: Examples of LDAP's Funded Projects

Farmer Association Development

The Farmer Association in Surin Province (the Northeast of Thailand) was granted 1 million baht (\$40,000) for 3 years. The grant was used as collateral for commercial bank loans for members of the association.

Hill Area Community Education and Development

LDAP provided a 4-year grant of 4.3 million baht (\$172,000) for the Hill Area Community Education and Development Foundation to organize various non-formal education activities for hill tribe people in Chiang Rai Province.

Women Training Media

The Women's Information Center received 225,000 baht (\$9,000) for one year to produce a variety of media to be used in training activities of the center.

Three-Year Plan of the NGO Coordinating Committee

LDAP provided a 3-year grant of 175,000 baht (\$7,000) to support the establishment and operation of NGO-COD at the national and regional levels.

Buffalo for Village Self-Reliance

The Friends Cooperation for Rural Development Association received 4.6 million baht (\$184,000) for 4 years to set up revolving funds in communities. Loans were provided for members to buy buffaloes to be used in the farms.

resources for farming and household consumption, promotion of appropriate technology, etc.

Strengthening Capacities of NGOs and POs and Network Building

Without LDAP, more than 30 small groups and organizations would not have had the opportunity to carry out development activities at the community level. Monitoring teams reported that over the years, project holder capacity in project management and implementation grew significantly. In addition, when local leaders attended training courses, workshops, seminars, and site visits on various topics, their knowledge and skills in problem identifying, assessing, and solving developed considerably.

LDAP strengthened the cohesiveness and impact of NGOs by funding a three-year project to establish NGO coordinating committees at the regional and national levels. John Ungpakorn, a project review committee member, played a key role in coordinating efforts with NESDB. Dr. Sa-noh U-nakul, NESDB Secretary General, recognized the growing importance of NGOs in Thai development. He fully supported this project and provided additional funding. As a result, the NGO Coordinating Committee on Rural Development (NGO-CORD) and its four regional chapters (Northeast, North, Lower North & Central, and South) were established in December 1985. Its purpose and mandate rapidly expanded beyond rural issues, so the term "rural" was dropped from its name. NGO-COD has become the principal umbrella organization for over 200 Thai NGOs.

LDAP continued supporting NGO-COD to initiate dialogue with politicians and government officials on issues affecting rural and urban communities. Gradually, the government has realized the need to cooperate with NGOs and POs. The sixth national development plan (in

effect 1985–1991) formally recognized the role of NGOs in development. The Joint Coordination Committee for Development between GOs and NGOs was established. Regional subcommittees have also been designated and are now very active in advocating issues related to the environment.

Alternative Approach to Program Funding and Channel of Delivery

LDAP was the first grant-making agency in Thailand to use a multi-stakeholder project review process for grant approval of bilateral funds. CIDA considered LDAP a successful trial model on "delegation of powers" from Canada to recipients. The PRC's work in grant approval was so successful that other foreign donors such as the Japanese government, the Australian government, USAID, and Catholic Relief Service were inspired to initiate a similar channel in delivering their funding resources.

Not only was LDAP able to effectively channel CIDA's resources to grassroots organizations, it also furthered CIDA's objectives with respect to capacity-building and institution-strengthening. Its success prompted CIDA's evaluation team conclude that "LDAP is a rich and subtle program which is worthy of emulation by CIDA." Anek Nakabutr further confirmed that,

CIDA then initiated similar models in other Asian countries such as the PDAP² in the Philippines. However, the direct funding mechanism in the so-called "DAP" model meant that less CIDA support would go through Canadian NGOs working overseas. These NGOs criticized the fact that the new delivery mechanism excluded them from the program that they had previously been involved in, so they began to put pressure on CIDA. CIDA then explored ways to make Canadian NGOs understand the "DAP"

² Philippines Development Assistance Program.

model better and see how they could cooperate with local NGOs in other countries instead of being competitors for funding.

As the most successful "DAP" model at that time, CIDA chose LDAP for this mission. In 1987, CIDA organized a one-month trip to Canada for some LDAP's PRC members³ to give a talk on LDAP for staff of CIDA in Ottawa and of many Canadian NGOs located in all parts of Canada. As a result of the mission and strong support from Rob Wiles, a development counselor of CIDA Thailand (after Jim Carruthers), CIDA agreed to extend its long-term support for LDAP.

³ Anek Nakabutr, John Ungpakorn, Professor Dr. Prawase Wasi M.D., Professor Saneh Chamarik, Bumrong Boonpunya.

Local Development Foundation/ Local Development Institute (1991–Present)

Origin and Genesis

The aid delivery model under LDAP proved successful at providing bilateral donor funding to grassroots organizations. However, the framework had several limitations. Chief among these was that CIDA and the Thai Government could intervene at any time. CIDA could exercise ultimate control over project funding since the Canadian Ambassador's final endorsement was required for grant approval. Similarly, the Thai Government made it clear that only project proposals compatible with its development priorities would be eligible for final approval – in some cases government priorities and proposals submitted to LDAP were sharply at odds.

Another important constraint was that LDAP-supported projects could receive a maximum of four years' funding, since LDAP itself had planned to operate for just five years. Many LDAP grantees were not financially or organizationally sustainable by the end of the LDAP project period in 1989. A large percentage of LDAP's grantees were young, unregistered groups that were starting out and implementing projects at the same time. Some grantees had expanded their work too fast to cope effectively with complicated operations and financial management. Most totally relied on LDAP's funds because unregistered organizations could not receive government support.⁴ Terminating LDAP at the end of the project period would have led to dissolution of many of these grantees.

These issues prompted the LDAP project review committee to engage CIDA in a planning

process to discuss a carry-on project that would institutionalize LDAP's work and provide ongoing support to grassroots group within a framework of greater independence and autonomy.

The political context in the late 1980s supported this process. After the collapse of the Communist Party of Thailand, the Thai government became more open to collaboration with non-governmental organizations. As mentioned earlier, the National Education and Social Development Board had in fact provided financial support to establish the NGO Coordinating Committee on Development and the Joint Coordination Committee for Development between GOs and NGOs. LDAP's Project review committee saw this as a sign that NGOs could move their work up to the next level by influencing policy through advocacy and research rather than antagonism and protest.

CIDA provided consultants to work with the project review committee to develop a project proposal. Dr. Dale Posgate, a CIDA Consultant who finalized the proposal, recalled that,

The idea was to establish an autonomous organization with a wider mandate, operating under Thai law. Not only would it continue LDAP's role in passing CIDA's funds to community level, it needed to have the capacity to carry out research, analyze, and synthesize lessons learned from grassroots experience. Then research results can be used to guide policy making at the national level.

Main features of the proposal included:

- The Local Development Foundation (LDF) would be established as a registered Thai foundation under the patronage of HRH Princess Sirindhorn. The Princess's support would strengthen the credibility of LDF. The

⁴ The National Cultural Commission of the Ministry of Education is responsible for examining the objectives and for monitoring activities of registered foundations and associations. The actual registration is the responsible of the Police Department and the Department of Local Administration under the Ministry of Interior. It can take years to complete the registration process, especially during the period of communism threat.

Local Development Institute (LDI) would be organized to serve as the operational arm of LDF because the government does not allow foundations to become involved with political activities. LDI would manage projects and development activities while LDF would act as the legal “home” for LDI. Any official agreements between LDI and related agencies, including contractual agreements with donors, grantees, and financial institutions would be signed by LDF.⁵

- The working relationship between LDF/LDI and CIDA would be of coordination and collaboration, not of control. LDF/LDI could function as an NGO with a high degree of autonomy. The same mutual trust and understanding would be applied to working relationships among LDF/LDI, DTEC and the National Education Commission (NEC).⁶ DTEC would be responsible for overseeing and monitoring CIDA's funding while NEC would act as the Thai government sponsoring agency.
- A project review committee would be responsible for initial grant appraisal, as it was with LDAP, but the Canadian ambassador would no longer be in charge of final grant approval. The project steering committee composed of representatives from CIDA, DTEC, NEC, NESDB⁷, and LDF/LDI would be set up to approve grants upon the PRC's recommendations.
- To increase local participation, LDI would establish regional project review committees to appraise proposals from four regions: the Lower North & Central, the North, the Northeast, and the South of Thailand.
- LDI would expand its scope and roles beyond grant-making to include policy-

oriented research, national networks, and financial links with commercial enterprises.

- LDI would accommodate CIDA's emphasis on creating sustainable Thai institutions with linkages to Canadian organizations for mutual benefits, and on increasing Thai institutions' capacity for project development and policy formulation.⁸

In early 1989 LDAP's Project review committee and CIDA consultants prepared the LDF/LDI proposal, which then received preliminary approvals and budget commitments from CIDA by autumn 1989. However, it took some time to incorporate many innovative elements into a detailed Management Plan. At the same time, the CIDA budget was coming under pressure from Canadian authorities in Ottawa, so the launch of LDF/LDI project (hereafter referred to as LDI) was delayed until an official start in May 1991. Its scheduled termination (March 31, 1998) was postponed to December 1998 to accommodate delays in CIDA's disbursements during the 1997–1998 fiscal year.

LDI's work has covered three phases. Phase I (1991–1994) and Phase II (1994–1998), were under CIDA's sponsorship of 151 million baht (\$6 million). Direct financial support from CIDA ended in 1998, as LDI entered Phase III (1999–present). In Phase III, LDI has operated with a 30 million baht (\$660,000) endowment fund and has also been able to attract over 100 million baht from international and local donors.

Mission and Vision

LDI's mission and vision have been revised in each phase of operations to fit changing times in Thailand. However, LDI has clung to a core belief that “the strength of local communities is the basis for sustainable development. Community empowerment and civil society are factors leading to economic, political, and moral

⁵ LDF conducts very little business beyond meeting the requirements of its registration with the government. Donors have no transactions with LDF beyond the legal formalities. By so doing, LDI can work autonomously and any interventions from donors and the government can be minimized.

⁶ LDF did not sign a contract with CIDA because this project was under bilateral funding. DTEC and NEC represented the Thai Government and sat in the Project Steering Committee.

⁷ NESDB is responsible for formulating national development plans so it was necessary to have its representative on the committee.

⁸ The Thai-Canadian NGO Linkage component was dropped from the plan in 1995 as the result of cuts in CIDA's budget that were announced by the Canadian government in February 1995.

well-being of Thai society." LDI's overarching mission is to strengthen the capacity for self-determination among poor communities by enhancing the effectiveness of Thai NGOs and community development programs for the poor.

Structure

LDI's governing bodies are the board of trustees and the executive committee. The secretariat manages day-to-day operations.

The Board of Trustees

Thirty-two board members are prominent figures in Thai development work. Most were involved with LDAP and the planning and design of LDI. Members appointed under the original charter serve without time limit, while those selected by the board serve for three years. The presidents of LDF and LDI are members of the board ex officio. The board meets semi-annually, or more when required to develop and enact LDI's policies, plans, and budgets. The board has sole power (unless it otherwise delegates this authority) to appoint and dismiss the president of LDI.

The Executive Committee

The board is responsible for establishing an executive committee that is chaired by the LDI President. The LDI director serves as secretary. Its membership has been reconstituted in each phase to fit the changes in LDI's operations.

In Phase I (1991–1994), 20 executive committee members were drawn from CIDA, DTEC, NEC, NESDB, NGO-COD and LDF, plus prominent members selected by the Board. The elected members serve for three years and are eligible for re-election. In Phase II, CIDA's monitoring team recommended that LDI reconstitute its executive committee as a smaller body. From February 1995 to July 1997, the executive committee had five advisors and seven committee members. It grew slightly from

August 1997 with six advisors and 10 committee members. In February 2000, the board selected the current eight advisors and seven members from the government, NGOs, and the business sectors. Most of them have been involved with LDI since its first phase while some also serve on the Board. LDI's president and director are members ex officio.

The executive committee meets monthly or more as required. It ensures that LDI conducts itself in line with the budget and policies approved by the Board. It is responsible for approving annual work plans and all financial transactions of LDI, including the appointment or removal of LDI staff, upon the recommendation of the president. The executive committee also approves LDI's annual report, which is released to the public.

President of the Institute

The LDI President is appointed and removed by the board by a two-thirds vote of those present and voting. The president serves for a three-year term and is eligible for re-election. He or she acts as the chief executive officer of the Institute and chair of the executive committee. The president is responsible for conducting LDI's affairs within the policies and budget established by the Board and the Executive Committee.

Project Secretariat

Day-to-day operations are the responsibility of the secretariat under supervision of the executive committee. Over the years, compositions and roles of the secretariat have changed as LDI's mission and strategies have evolved. From 1991–1994, the secretariat consisted of a president, three advisors, the executive secretary, and three directors in charge of three divisions plus assistants and support staff. There were 13 LDI staff members at this time. In 1995 CIDA recommended that LDI restructure the secretariat. A new position, secretary general, was

created to replace two positions: advisors and executive secretary. Three directors were reduced to only one to oversee five restructured divisions. In 2001, the total number of LDI staff is 22.

The Project Steering Committee (PSC)

The PSC was formed to be an ad hoc body to provide overall guidance on policy and implementation of CIDA's funded projects only. The PSC dissolved when CIDA's funding terminated in 1998. Total number of PSC members was six. The PSC was composed of one representative from each of five parties involved (CIDA, DTEC, NEC, NESDB, LDF), while the LDI president was a member ex officio. The PSC was under joint chairmanship of CIDA and LDF. The PSC met at least semi-annually to review project progress and approve project work plans, budgets, grant and loan applications for CIDA's funding.

Program Evolution and Operation

Dr. Prawase Wasi, president of LDF, views LDI as a bridging organization. To maintain its bridging role for over a decade, LDI has adjusted its programs gradually to fit changing needs in Thailand. LDI's major programs are:

- Project Assistance Funds (Phases I and II)
- Policy Research and Information (Phases I to III)
- Promotion of Civil Society (Phase III).

Project Assistance Funds

During Phases I and II (1991–1998), LDI provided assistance funds in the form of grants and loans. Each fund had distinct grantee targets and operational guidelines.

Grants

From 1991 to 1998, a grant fund of 76.7 million baht (\$3 million) supported 117 community projects in all regions of Thailand. Once CIDA's

support ended in 1998, LDI no longer provided grant support.

Centralization of Grant Approval in Phase I (1991–1994)

LDI established a central project review committee (PRC) in Bangkok and four regional project review committees to screen and appraise grant applications. The central PRC was composed of representatives from CIDA, DTEC, NEC, NESDB, NGO-COD, and academic institutions. The composition of regional PRC varied, but consisted mainly of representatives from the four regional NGO-CODs, academia, government agencies, local communities, and the business sector. LDI's regional coordinator served as a non-voting secretary in regional PRCs. The number of PRC members varied by region, but ranged between nine to thirteen members.

Priority was given to proposals that:

- Targeted low-income groups
- Involved the participation of women as managers and/or beneficiaries in the project
- Protected the environment
- Focused on institution-building and local participation.

Initiatives were carried out by local NGOs and people's organizations. LDI provided back-up support to grantees through relevant research and information to ensure that their initiatives were well coordinated with LDI work plans. Four part-time LDI regional coordinators were recruited to harmonize work between the central and regional project review committees, between the regional NGO-CODs and PRCs, and with research institutions and local resource persons regarding training, monitoring, and evaluation.

There were four steps in the grant approval process:

1. LDI regional coordinators conducted an initial screening to ensure that the proposal met the eligibility criteria outlined above.
2. The regional project review committees in four regions further reviewed the grant proposal and provided technical assistance to the applicant to improve the proposal as needed.
3. Based on the regional project review committee's judgment and decisions, the central PRC in Bangkok reviewed applications and recommended its approval or rejection to the executive committee.
4. The chair of the executive committee reported the central PRC's recommendations to the project steering committee for its approval. Then a grantee entered into a contractual agreement with LDI. Once the proposed project was implemented, LDI then worked with academic institutions to conduct project monitoring and evaluation.

During Phase I (1991–1994), LDI disbursed approximately 16 million baht (\$640,000) to 31 projects, each being two to three years in duration.

Decentralization of Grant Approval in Phase II (1994–1998)

The Phase I grant approval process proved too slow to meet the high and urgent demands from all over the country. The CIDA's *Mid-Term Review Report* noted that LDI underspent significantly on this component, since only 25 percent of grant projections had been approved in the first four years of LDI's operation.

In addition, the NGO community felt that LDI did not have a close association with NGO-COD in the delivery of field programs. According to

Kowit Kulsuwan, a former project review committee member from the Northeast, "The approval was certainly slow. The central PRC sometimes lacked information and understanding regarding NGO fieldwork and regional development strategies. Therefore, some applications were misjudged while others were treated with double standards in favor of the central PRC's preference."

In March 1995 CIDA, LDI, NGO-COD, and regional project review committee members met to settle some of their conflicts. All parties agreed to decentralize field program delivery and to allocate remaining financial resources directly to each of the regions. The first step was that all four regions would develop regional management plans. LDI also revised its roles and work plan. A workshop was held in May 1995 for all related parties to review plans. Finally, the central project review committee dissolved. In its place, the regional mechanisms and a joint planning and management committee came into effect. The regional mechanisms referred to four semi-autonomous regional organizations that entered into contractual agreements with LDI regarding the implementation of regional management plans. In the North, the Northern Revenue Generation Committee for Development (NRGCD) was the regional mechanism. In the other three regions, the regional NGO coordinating committees on development served as the regional mechanism.⁹

The joint planning and management committee (JPMC) was established to act as an ad hoc bridging body between LDI and NGO-COD. Once CIDA's funding terminated, the JPMC dissolved. The JPMC has seven members: two representatives from LDI, one from the national NGO-COD, and one from each of the four regional mechanisms. The JPMC met every quarter or more as required to monitor progress,

⁹ The regional mechanisms (RMs) also refer to mechanisms that played roles in the delivery of regional programs, especially grant disbursement and monitoring. The regional PRCs, regional monitoring teams, and regional NGO-CODs were all included in the RMs. Currently (in 2001), the RMs in the Northeast and the North have permanent offices. However, the situation in the other two regions did not justify creating regional institutions.

solve problems, or address concerns about implementing work plans.

Each regional mechanism had its own project review committee, which were similar in composition and function as the PRCs from Phase I. In the North, the function of the regional PRC was integrated into the structure of the Northern Revenue Generation Committee for Development. However, an LDI regional coordinator did not participate in the regional PRCs because LDI was no longer involved directly with the delivery of program activities. The regional mechanisms had full authority to approve grant applications. The regional project review committees met as often as required to process grant applications and reported to the regional NGO-CODs (in the North, to the board of the NRGCD).

The regional mechanisms ensured that resources and procedures for regional program implementation were managed effectively and in accordance with regional management plans. The regional mechanisms provided LDI and the Joint Planning and Management Committee with reports as required by the regional management plans. They also consulted with LDI on terms of reference and resources for project monitoring and evaluation.

CIDA's *End-of-Project Report* noted: "This mechanism was a good model for distributing and managing project grants." Kowit Kulsuwan added: "Without the regional mechanisms, many small NGOs and POs would not have had access to any funding. Other donors, such as the Canada Fund, UNICEF, and DANCED [Danish Co-operation for Environment and Development], also recognize this fact and channel their funds through the regional mechanisms."

In July 1995, LDI handed the responsibility for allocation and management of remaining grant

funds to the regional mechanisms. Funds were divided among each region as shown in Table 3.

Although the regional management plan was required to function in conjunction with general program and activity components defined in the CIDA/LDI management plan, LDI and CIDA acknowledged that each region was unique so the regional program and structure to manage the program would be unique to each region. For example, projects in the North have addressed the issues of hill tribes, community rights, forest, and watershed management. The Northeastern projects stressed community forest management, alternative agriculture, and local wisdom. The South promoted networks of local fishermen in both the Gulf of Thailand and the Andaman Sea. Small community enterprises, revolving funds, and natural farming were strengthened in the Lower North & Central region.

Although the composition of project review committees in each region varied, their approval processes were very much alike. An intensive project review procedure was used to assess applications and suggest improvements to each proposal. Only proposals compatible with regional strategies were eligible for further consideration. Regional PRC members sought to determine the feasibility of each proposal through various perspectives based on their different fields of expertise. Potential problems and constraints related to project implementation were discussed extensively before final decisions emerged.

In Phase II, LDI no longer dealt directly with small project holders, the regional project review committees, or monitoring teams. Therefore, LDI's revised role aimed to support and strengthen the Regional mechanisms and to monitor their work to ensure that their obligations as set out in the regional management plans were fulfilled.

LDI provided technical support by offering training courses through its collaboration with academic and professional institutions. For example, LDI helped to arrange training courses on management, financing, reporting, and accounting to help NGOs solve operational problems. In addition to strengthening the capacity of local organizations trained, the skills of academic and professional institutions in delivering technical support to grassroots organizations also improved. Networks among NGOs, POs, academic and professional institutions, and other agents engaged in rural development have also become stronger.

As of 2001, there were 13 active networks working at the regional and national levels in the following areas: alternative agriculture, children, labor, hill tribes and minorities, development coordination and support, women, religion and development, slum, health, community develop-

ment, natural resources and environment, human rights, and mass media. These networks received financial support from LDI and the Regional mechanisms, including a variety of assistance in moving their issues to the national policy level. Many networks have remained active long after CIDA's support came to an end.

Monitoring and Evaluation

The purpose and process of grant monitoring and evaluation in Phases I and II were much alike. LDI was responsible for hiring monitoring teams in Phase I while the regional mechanisms had their own monitoring teams carry out the mission in Phase II.

The monitoring teams were usually headed by a respected professor or researcher from an academic institution in the region. Team members came from academic institutions, NGOs, and people's organizations. They either

Table 2: Phase I (1991–1994) Projects

Region	Number of Projects	Examples of Activities
North	5	Promotion of alternative agriculture Preservation of plant varieties Strengthening of farmers' association Environmental conservation
Lower North & Central	9	Capacity-building for local leaders and networks Agricultural training for youth Community revolving funds
Northeast	12	Conservation of community forests Occupation training for members of farmers' association Promotion of traditional weaving Livestock development Strengthening of POs
South	5	Development of small rubber plantation Promotion of integrated farming Capacity-building for POs

had experience with development or could bring specific technical expertise to the task.

Field interviews with community/beneficiary members, reviews of records and documents, and meetings with project staff were common tools used. Each grantee was required to submit quarterly progress and financial reports as well as an end-of-project report. The monitoring teams did not just determine the project's achievements but also identified areas for further development and sustainability. The process was carried out throughout the project period with continuing involvement of grantees. The teams could then introduce changes that were deemed necessary at the appropriate time.

The monitoring teams submitted semi-annual reports to LDI in Phase I and to the regional mechanisms in Phase II. The teams also organized regional workshops to discuss lessons learned among project holders, the regional mechanisms, and regional PRCs every six months.

LDI monitored the regional mechanisms by visiting the fields regularly, participating in the semi-annual regional workshops, attending a quarterly meeting of the joint planning and management committee, and reviewing the regional mechanisms' semi-annual progress reports.

Loan Fund

The overall purpose of the Loan Fund was to supplement LDI's work at the local level. Priority was given to activities enhancing income generation and employment and to recipients with little or no access to institutional credit. A secondary purpose was to provide LDI with capital to support institutional financial sustainability. Before the termination of CIDA's support for LDI, both parties agreed to use repaid

interest and principal from loans made during Phases I and II as an endowment for LDI.

The original management plan had provided for two loan funds, the Village Loan Fund and the Enterprise Loan Fund. The former (20 million baht [\$800,000]) was planned to go to village-level enterprises while the latter (15 million baht [\$600,000]) was to support schemes linking local enterprises to commercial organizations. The idea was that commercial banks would act as a co-lender, providing 50 percent of the principal to share risk with LDI. Banks would offer retailing, loan appraisal, accounting, and supervision services.

The loan idea was experimental because it involved commercial enterprises in the loan procedures. Unfortunately, commercial banks had no interest in attending to the loan program because the cost of administering small loans in remote communities was too high for commercial institutions. As a non-profit organization, LDI felt it was not appropriate to operate as a credit agency. Thus, LDI pursued discussions with other formal lending institutions which had rural clients. These included the Rural Capital Partners Fund Co. Ltd. (RCP) and the Credit Union League of Thailand, Ltd. (CULT). LDI reached an agreement with RCP in March 1993 and with CULT in January 1995.

Since there appeared to be little basis for maintaining two distinctive loan funds, the Village Loan Fund and the Enterprise Loan Fund were combined into a single loan fund, referred to simply as the "Loan Fund." Both lending agencies provided loans to village groups as well as to community-based enterprises using a common set of guidelines. However, their loan appraisal processes were different.

RCP is a small company that was established by NGOs to provide loans to rural people and groups that had little or no access to institu-

Table 3: LDI Fund Allocation by Region (1995)

Region	Amount (million baht)	Number of Projects
North	11.0 (\$440,000)	16
Lower North & Central	8.4 (\$340,000)	20
Northeast	13.7 (\$550,000)	31
South	8.9 (\$360,000)	19

tional credit. For the LDI/RCP loan program, two LDI representatives joined the RCP Appraisal Committee to ensure that LDI's criteria were met and that potential recipients were LDI's target groups. The RCP members considered whether the proposals were financially sound and viable business propositions.

CULT is a membership organization that groups together a large number of credit unions from all over Thailand. Only its members were eligible for the LDI/CULT loan program. CULT has its own loan appraisal process and criteria. It required that all proposals were initially screened through its own process to ensure that the proposals were financially sound and met its own criteria and requirements. Then CULT forwarded recommendations to the project steering committee for final approval. Some proposals that did not meet LDI's goals were rejected.

LDI and RCP or CULT each shared half of the principal and risk on each loan. RCP and CULT were responsible for monitoring and evaluation, including reporting to the LDF. As compensation for their services, RCP and CULT received a flat management fee of 2 percent and 2.5 percent respectively of the amount of each loan per year. This fee was deducted from the interest paid on the loan, and the remaining revenue was divided equally between LDI and a co-lender (RCP or CULT).

It took some years before LDI was able to make the loan fund operate. At the end of Phase I, CIDA's *Mid-Term Review Report* noted with concern that only 13 loans of a projected 100 had been transacted as of June 1994.

During Phase II, 4.5 million baht (\$180,000) in loan funds were given to 17 projects via RCP. Thirty-three projects received 25.8 million baht (\$1.032 million) via CULT. During 1996-97 the government set up a soft loan fund for rural people to invest in community businesses. Since interest rates of CULT and RCP (13 percent to 15 percent) were higher than that of the government, both agencies lost many customers who were qualified to get the soft loan. Their lending activities were seriously interrupted, so they decided to suspend this program in 1998. CULT was able to repay all loans to LDI while RCP and LDI shared about 400,000 baht (\$16,000) in debt loss. Currently (in 2001), repaid loan funds in the amount of 30 million baht (\$660,000) is deposited in a commercial bank and serves as LDI's endowment.

In total, the loan fund helped about 500 families to work on small-scale enterprises such as taxi driving, mushroom cultivation, fish raising, and integrated farming. The fund also supported saving groups and community rice mills. CIDA's *End-of-Project Report* noted that "although a portion of the loans to individual members had

limited impact on production and employment, there were many which supported the operations and expansion of sizeable household and group enterprise, and thus fulfilled the developmental – not just the financial – criteria of the fund.”

Policy Research and Information Dissemination

LDI has carried out research and supported academic institutions to enhance research-related skills. Research results have been used to disseminate lessons learned from the field in support of regional and national policy-making.

CIDA's *Mid-Term Review Report* noted LDI's remarkable achievements on its innovative

research and policy dialogues on community forestry and the decentralization of natural resource management. The success of this component is mainly attributed to Professor Saneh Chamarik, the first president of LDI, and Dr. Prawase Wasi, president of LDF. Their speaking and writing have given LDI a public profile on issues regarding local participation and wisdom, management of community natural resources, links between democracy and development, and civil society. Det Pumkacha, Chair of NGO-COD, observed that policy research and information dissemination are definitely LDI's key strengths and its work in

Table 4: Examples of LDI's Research

Community Forest Management

LDI, NGO-COD, and academic institutions in all four regions joined together to conduct action research with funding from the Ford Foundation. This research attempted to identify negative impacts of the national forestry policy and other forestry laws on the destruction of national resources and conflicts in communities. It proposed that local communities should be given rights to manage their own resources. This led to the drafting of the Community Forest Bill to transfer controlling power from the Department of Forestry to local people.

Women and Environment

LDI conducted a pilot research project to explore women's participation in natural resources conservation in northern Thailand. Five hundred households of hill tribe people responded to the study.

Bio-diversity

The Wanapruk Foundation sponsored a participatory action research on bio-diversity and natural resource management based on traditional practice. The target group was 1,000 households in Nan Province, in northern Thailand.

Rung Arun Project

LDI, the National Energy Authority of Thailand, the Ministry of Education, and the Thailand Environmental Institute collaborated on a participatory research project. Its purpose was to integrate environmental and energy conservation concepts in elementary school curricula to be used nationwide.

Community Enterprise

LDI and the Thailand Research Fund jointly carried out research related to micro-credit and community enterprises in Thailand. It aimed to explore alternative dimensions of community development for the future.

these areas has always been helpful to the development of Thailand.

The information and dissemination division has regularly produced publications on development issues both for free distribution and for sale. Since 1991, LDI has produced 65 publications covering issues related to community forestry, democracy and development, community learning processes, bio-diversity, and the environment. In 1998, LDI published 14 booklets on civil society.

LDI holds forums and seminars on various issues every month for the public and disseminates the results of discussions in its newsletter titled *Tid Tang Thai* (Thai Direction). Moreover, LDI's library is full of practical information and research findings to serve its own programs and the public.

Promotion of Civil Society

The Thai government's development policies have sometimes contributed to losses to some communities, especially in terms of the exploitation of natural resources in the name of development and conservation. Given this situation, from 1991–1994 (Phase I) LDI emphasized some crucial rural policy issues, mobilized affected communities, and articulated policy concerns through its grantees and research, and in public forums.

LDI wanted to propose an alternative to demonstrations and angry demands as a way to articulate concerns to the government. Dr. Poldej Pinprateep, Secretary General of LDI, explained that,

We did not initiate any protests nor aggressively demand that the government make changes within a certain period of time. Or else! Instead, we organized seminars, work-

Table 5: Examples of LDI's Publications

Title	Author/Translator/Editor
<i>A Guide to Educational Development in Thailand</i>	Professor Saneh Chamarik
<i>Democracy and Development: A Cultural Perspective</i>	Professor Saneh Chamarik
<i>Community Forestry in Thailand: A Guide to Development</i>	Professor Saneh Chamarik and Dr. Yos Santasombat
<i>Bio-diversity and Sustainable Development</i>	Wiwat Katidhammanit
<i>Concepts, Evolution, and Thoughts on Thai Civil Society</i>	Chuchai Suppawong
<i>Wisdom in Multilateral Approaches to Resource Management</i>	Anek Nakabutr
<i>Thai NGOs: The Continuing Struggle for Democracy</i>	Jaturon Boonyarattanasoontorn and Gawin Chutima
<i>Development as if People Mattered: 1991 People's Forum</i>	Vitoon Panyakul

shops, and public forums to draw people together as a civil society at all levels to share knowledge and ideas. Dr. Prawase [President of LDF], emphasizes that LDI's job is to support the development of a so-called "knowledge-based society" where people have enough information to thoroughly understand what's going on around them and what alternatives there are to manage their own difficulties and social problems. Then people determine their own fate and move the society accordingly.

LDI's campaigns for changes at the policy level in Phase I encouraged the expansion of grassroots networks and augmented the roles of community concerns at the national level. In early 1995, LDI, NGO-COD, and NESDB organized a series of seminars to draw people's inputs into the drafting of the 8th National Economic and Social Development Plan. As a result, the 8th Plan placed greater emphasis on community rights to resource management, alternative and sustainable agriculture, and biodiversity, among other issues. The principles regarding community rights were integrated into the new constitution promulgated in 1997. The 8th Plan (1997–2001) has encouraged local communities to become more aware of their duty in solving their own problems and the need for community empowerment through collaboration with different networks.

In 1996, LDI and the Thai Environmental Institute organized an annual environmental conference for NGOs, academic institutions, and the public to discuss environmental concerns and how to build up "Healthy Cities." LDI also helped NGOs to establish the Thailand Environment and Development Network (TEDNET).

The growth of civil movements has become more noticeable since the 1997 economic

crisis. The crisis adversely affected people from all walks of life. NGOs and POs have tried very hard to strengthen communities in dealing with the sudden collapse. Civil society-related activities have spread very quickly nationwide because the government could not cope with problems in a more complicated society.

In 1998, LDI sponsored the work of 15 provincial civic bodies. These groups later joined together to establish the Network on Research and Development of Civil Society (CIVICNET). Since then, LDI has received more funding from various donors to implement projects aimed at strengthening provincial and sub-district civic and community organizations as shown in Table 6.

Financial Management

LDI's budgetary cycle follows CIDA's fiscal year (April 1 to March 31). Every year each unit prepares a budget, and then the executive committee reviews plans and presents the budgets to the board for approval. The executive committee is responsible for all transactions of LDI.

From 1991–1998, CIDA provided funds for salaries, office rent, equipment, and operating costs. LDI set up a bookkeeping system conforming to international accounting practices. LDI's account and project sub-accounts were set up at commercial banks. CIDA had access at any time to all relevant bank records. The executive committee designated at least two LDI senior staff to countersign all checks from the above-mentioned accounts.

During Phase I, LDI disbursed grant budgets to grantees on a quarterly basis. Each grantee was required to submit a quarterly financial report in order to receive the second and subsequent payments. However, when the regional mechanisms (RMs) managed the grant

Table 6: Recent Project Funding to LDI

Donor	Million baht	Duration	Project Activities
NESDB	2.0	1/98–12/98	A pilot project to develop civic and community organizations at the district level in two provinces
CAGIN ¹⁰ , Ford Foundation and Krung Thai Bank	3.3	1/98–6/99	Participatory action research on civil society movement at a sub-district level in four regions of Thailand
Thai Development Foundation	3.9	3/99–2/00	Capacity-building and networking for change agents in eight fields: community development, public health, agriculture, education, army, religion, mass media, and academia
Thai Development Foundation	3.5	1/99–2/00	Development of civic and community organizations at the provincial level in 14 provinces
NESDB	5.6	10/99–7/00	Promotion of local participation in drafting of the 9th National Development Plan
Ministry of Health	2.3	5/00–4/01	Action research on joint learning processes between people working in mass media for better health and health-related NGOs
Ministry of Health	1.5	7/00–12/00	Support community radio for health system reformation
Ministry of Health	1.1	7/00–12/00	Research on desirable decentralization of the Ministry of Health
Thai Development Foundation	0.5	7/00–12/00	Development of provincial civic communities in four provinces of the South
The Asia Foundation	1.0	10/00–03/01	Organization of public forums on civil society-related issue
EU	3.6	3/00–12/01	Strengthening health-related community organizations
TV11, Office of National Research and others	7.9	1/00–12/00	Production of a weekly program for television broadcast to educate the public and disseminate ideas of people from all walks of life on social development

¹⁰ Canada-Asian Governance Initiatives Network.

funds in Phase II, LDI disbursed the budget to each RM annually. Under the memorandum of understanding, the regional mechanisms were required to submit a quarterly financial report to LDI.

For the loan fund, RCP and CULT were responsible for loan monitoring and submitted financial reports to LDI every two months.

All financial and other related documents were subjected to an audit by CIDA at any time. LDI has submitted quarterly and annually financial reports to CIDA. CIDA's *End-of-Project Review Report* noted that LDI complied with CIDA financial reporting requirements and received a satisfactory report from the Canadian external auditor contracted by CIDA.

After CIDA's support terminated, LDI hired a certified auditing company, recommended by CIDA, to annually examine LDI's assets, liabilities and fund balances, related statements of income, expenditures and changes in fund balances in accordance with generally accepted accounting rules and standards.

Funding Sources and Financial Sustainability

LDI was initially financed by CIDA in the amount of 151 million baht (\$6 million). This amount was allocated as shown in Table 7.

Besides CIDA, LDI has been able to attract grants from other donors both internationally and locally. LDI has received approximately 35 million baht (\$1.4 million) from international sources and 72 million baht (\$1.6 million) from local sources.¹¹ These non-CIDA funds were used to support projects related to health care systems, women and the environment, biodiversity, community waste management, community enterprises, community forestry, dairy farming, community-based production and marketing of chemical-free rice, and local level of civil society.

International funding has come from the Ford Foundation, Canada-Asian Governance Initiatives Network, Canada Fund, World Bank, Asia Foundation, European Union, and the Japan Foundation.

Local funding has originated from the Narcotics Control Commission, the National Education and Social Development Board, the Thai Development Foundation, Environment Fund, Creative Media Foundation, Health System Research Office under the Ministry of Public Health, Krung Thai Bank, Thai Research Fund, Wanaphreuk Foundation, and Thai Help Thai Fund. In addition, Bang-Chak Petroleum provided a grant to produce LDI's publications.

Table 7: Allocation of Initial LDI Financing from CIDA

Amount baht / (\$)	Use
76.7 million (\$3 million)	Channeled to NGOs and POs via the Regional mechanisms and networks
30.4 million (\$1.2 million)	Allocated as small loans for community business
23.8 million (\$952,000)	Administrative costs
16.9 million (\$670,000)	Research
3.4 million (\$136,000)	Campaigns and information dissemination

¹¹ Pre-1997 exchange rate used for international funding. Post-1997 exchange rate used for local funding.

Financial sustainability remains a key challenge for LDI. The LDI project was established during the phasing out of CIDA's bilateral assistance to Thailand. Both parties agreed from the beginning that LDI would be responsible for raising its own funds once CIDA's support terminated. CIDA hoped to provide for LDI's ongoing needs by establishing LDI's 30 million baht (\$660,000) endowment in 1998.

The plan was that endowment investments and fee-for-service contracts would cover LDI's program and operational costs. LDI and CIDA planned an endowment investment strategy that would place 20 million baht (\$440,000) in an interest-bearing savings account. The remaining 10 million baht (\$220,000) would be invested in a number of loan and equity investment schemes. Planners predicted that revenue from endowment investments and contract income from 1999 to 2003 would be approximately 4.4 million baht (\$98,000) a year while expenditures in the same period would be between 3.5 million baht and 5.2 million baht (\$78,000 to \$116,000) per year. LDI planned to cover the possible shortfall by income from other donors.

However, the ongoing economic crisis in Thailand has altered these predictions. LDI's revenue has decreased drastically to approximately 2 million baht (\$44,000) per year. The annual interest rate on its endowment decreased gradually from 12 percent in 1998 to 3.25 percent in 2000, and 2.75 percent in 2001. The economic environment has not been strong enough for LDI to move forward with plans to invest a portion of the endowment in loan and equity investments.

LDI has dealt with the financial crisis in a number of ways.

- In March 2000, LDF Board approved the withdrawal of 10 million baht (\$220,000)

from the endowment to purchase government bonds at 6.5 percent interest.

- LDI purchased two four-story buildings during the CIDA funded period. LDI leases these buildings and receives 10,000 baht/month (\$220). LDI has been able to secure office space at no cost from the Department of Medical Sciences within the Ministry of Public Health.
- LDI sells publications produced by its information and dissemination division.
- LDI has been able to act as secretariat for projects implemented by other agencies. As a project secretariat, LDI can sometimes charge from 7 percent to 15 percent in administration fees. In total, LDI was able to generate about 7 million baht (\$160,000) from administering 24 non-CIDA funded projects during 1998–2000.

In addition to these strategies, LDI has been in the process of negotiating grants with several international donors to strengthen civic bodies in managing community natural resources. For example, LDI received preliminary approval for a 100 million baht (\$2.2 million) project funded by DANCED which focuses on civil society approaches to managing the urban environment in 20 provinces of four regions. LDI submitted a 9.5 million baht (\$212,000) proposal to the ASEAN University Network and the Sasakawa Peace Foundation to support the work of sub-district administrative organizations in three provinces of the Northeast. The World Bank approved a 500,000 baht (\$11,000) project to study the mechanisms and administration of civil society development funds supported by the government. The Bank of Agriculture and Agricultural Cooperatives in collaboration with the European Union is considering providing LDI 100 million baht (\$2.2 million) for a project that

will strengthen the ability of community organizations to recover from the economic crisis and improve the quality of life.

Furthermore, LDI's good working relationships with the government may open greater access to government funding. Dr. Sa-nguan Nitayarumphong, LDI President, commented that,

LDI can be sustained financially if we work less with fewer staff, but that's not our solution. If any opportunities arise for us to fulfill our mandate, we cannot turn them down. We are establishing coordination with various independent departments founded under the new constitution, such as the Election Commission and the Counter Corruption Commission to mobilize their budgets for grassroots organizations. As long as we're not a grant-giver but a fund facilitator to our allies, we should be able to become sustainable in the long run. So far we have gained such high recognition from governmental organizations that they have started to allocate their budgets for us but we need to make it flow regularly.

Program Impact

The LDI project was central to CIDA's rural development sector program during the phasing out of CIDA's bilateral assistance to Thailand. CIDA's *End-of-Project Report* noted that the establishment of LDF/LDI was compatible with CIDA's strategy to shift its donor-recipient relationship with Thailand to one based on an equal partnership. LDF/LDI, as a permanent institution, was able to consolidate the linkages and mechanisms established by LDAP. It has provided leadership and support for the Thai NGO community and grassroots networks while maintaining the legacy of Canada's involvement in Thailand's rural development.

CIDA assessed LDI's achievements at three different levels and most of them have continued following the end of CIDA support.

Micro- or Community Level Outcomes

Grants and loan funds were LDI's principal tools to make changes at the micro level. From 1991–1998, LDI supported 117 community development projects. The targets and activities varied widely, ranging from the promotion and support of community rights, forest and watershed management, alternative agriculture and marketing, alternative occupations, fisheries, community business and revolving funds, etc.

The monitoring and evaluation teams reported both success and failure. Grantees received funds and technical assistance through training, workshops, study tours, etc. to strengthen their operations. Local people had more confidence to deal with the government and demanded their right to manage community resources. They realized that more external support was accessible once they worked through groups and networks. People had more alternatives for generating income, such as raising cattle and fish, growing chemical-free rice and vegetables, weaving silk, cotton, and bamboo products. Public awareness on the conservation of environment and natural resources increased appreciably in areas where local people participated in community resource management.

Failure of projects occurred for a number of reasons. For example, uncontrollable factors such as drought, flood, and disease damaged agricultural projects. Some projects had under-qualified or irresponsible staff. They failed to identify potential target groups or initiated inappropriate activities in the target areas. Some communities had internal conflicts, which meant that local participation was unlikely and project benefits were distributed unevenly. Some

leaders or members did not repay loans so the community revolving funds fell apart.

Meso- or Institutional Level Outcomes

For over a decade, LDI's leaders have contributed to the public agenda through speaking and writing. LDI as an institution has been recognized nationwide by its contribution to the knowledge and understanding of various key rural development issues. CIDA's *End-of-Project Report* also noted: "LDI will likely sustain this leading role, given the prominence of its Executive and Board members in the policy arena."

Besides building its own institution, LDI has played roles in institution building of NGOs and POs through a variety of supports mentioned earlier. CIDA's *End-of-Project Report* noted that LDI has done this job well even though it had to reconcile its own mandate. For example, the decentralization of grant approval to regional mechanisms in Phase II was the biggest change of LDI's original management plan. Furthermore, LDI's leaders have given local and regional NGOs a place on the national stage, thus reinforcing their credibility at the local level. As some NGOs received more recognition they found it easier to engage government and international donor agencies.

Macro- or National Level Outcomes

Through its research and funded projects, LDI has continuously brought local concerns to national attention, ultimately leading to policy changes. In 1995, for example, LDI supported NGOs and people's organizations in playing vital roles in the drafting of the 8th National Development Plan. In 1998, the government established a National Social Policy Committee to ensure that the 8th National Development Plan was being implemented. This advisory body, chaired by the Prime Minister, is composed of representatives from GOs, NGOs

and POs. The National Education and Social Development Board is the Committee secretariat and LDI is part of the team.

Participatory development has become the center of planning at all levels. Thus NESDB and the Ministry of Health sponsored LDI as it organized nationwide public forums to draw people's inputs into the draft of the 9th National Development Plan (to be implemented during 2002-2006). Through LDI's support, local inputs have also been included in some significant laws being drafted, including the Community Forest Act, the Bio-Diversity Act, the Protection of the Intellectual Property Act, and the Plant Protection Act.

LDI has had a strong impact on the movement for democracy and civil society that emerged after the fall of the military regime in 1992. In June 1994, the president of parliament created the Democracy Development Committee, chaired by Dr. Prawase Wasi, the president of LDF. The committee's report recommended a process to draft a new constitution that would include public consultation and other forms of involvement. LDI, together with various networks, organized campaigns and movements to draw out public opinion and encouraged people to act as watchdogs in monitoring the political systems.

To promote the latest national election before it took place on January 6, 2001, the Election Commission asked LDI to organize public forums in 400 constituencies throughout the country. Through dialogues with candidates and staff of political parties, people realized the power of their votes in shaping the future of the country.

Future Directions

LDI's work is moving from the community level to the provincial and national levels for civil

society and social reform. Pattama Vongratanavichit, program officer (development) of CIDA-Thailand noted, "LDI is one of the pioneers in civil society-related movements of Thailand and the Institute should use all its capacities to maintain this leading role." To empower communities and strengthen a civil society, LDI laid out a 10-year strategy during Phase III (1999–present) as follows:

- Assisting networks of civil society groups and grassroots organizations in developing community funds for economic crisis recovery.
- Supporting the development of civil society bodies, monitoring tools, and civil society mapping in each province.
- Encouraging civil society groups and grassroots organizations to play active roles in participatory democracy to promote legal, macroeconomic, bureaucratic, and social reforms.
- Improving learning models and resource centers to promote economic self-sufficiency and civil society.
- Supporting the development and networking of community radio, local media, and urban consumers.
- Coordinating with related agencies under the principal ministries in charge of social development to push for social policy reform.

Chittimas Kongpolprom, chief of North America Sub-division, DTEC, viewed that, "LDI has the capacity to move its work up to the next level to do a multilateral program. Our neighboring countries can benefit from a vast array of LDI's experiences in development work." The Asia Foundation has given initial approval for a \$4.4 million training project of community business

development in Cambodia, Laos, Vietnam, Myanmar, and Thailand. LDI is approaching the ASEAN Development Foundation for support (\$0.15 million) for a feasibility study of exporting rice mill technology to Cambodia.

In the years to come, LDI will retain its major role in linking various institutions and groups with different types of resources and expertise internationally and locally. It is rare to find a Thai development institution that has extensive networks with government agencies, civil groups, and grassroots organizations nationwide while maintaining good relationship with high-level policy makers. Dr. Poldej Pinprateep confirms that linking and bridging is LDI's strength. According to Dr. Poldej, "That's why we can organize social movements nationwide. Not to mention that we have had our own programs broadcasting on television and radio since last year. Thus, we can reach people at all levels regularly. We can work with any government, any political party, or any groups because we do not take sides. If their jobs fit our mandate, we will cooperate."

Conclusion

For almost two decades, LDI (and its precursor LDAP) has contributed to the development of Thailand at all levels. As one of the largest grant-makers and fund facilitators, LDI created opportunities for NGOs and POs to implement almost two hundred development projects in rural and urban Thailand. As a sponsor of action-oriented research and dialogue, LDI added constructive inputs to policy formation while helping to channel grassroots voices and concerns to the national level. As a sponsor of programs to build the capacity of NGOs and people's organizations through learning exercises and training, LDI has strengthened Thailand's civil society infrastructure.

This could not have happened without long-term support from CIDA and without CIDA's special relationship with LDAP/LDI. Throughout a 14-year period (1984–1998), the relationship between CIDA and LDAP/LDI gradually evolved to adapt to the changing needs of both parties. CIDA stepped in at the right moment when Thai NGOs needed substantial financial support. Over the years, CIDA was flexible with respect to accepting new proposals from LDAP/LDI. The decentralization of CIDA's decision power on grant approvals clearly showed that CIDA had strong trust and faith in LDAP/LDI. Their relationship gradually shifted from a donor-recipient model to one based on equal partnership.

The same mutual trust further applied to the relationship between LDI and its grantees. When LDI handed authority in grant approval to the regional mechanisms in 1994, donors and the Thai Government were no longer the sole bodies to pass judgment on Thai development. The regional management plan further showed that each region had unique problems and which required locally developed solutions. The decentralized system of decision-making under

the regional mechanisms has been a successful model that has come to the attention of other donors and the government in developing their own regional programs.

The circles of trust that have developed among CIDA, LDI, regional mechanisms, and project implementers have enabled non-governmental organizations and grassroots groups in Thailand to feel more confident in interacting with donors and the government as equal partners rather than as passive fund recipients.

Despite changes in structure, operation, and programmatic emphasis over the years, one constant theme in LDI/LDAP's work has been its ability to collaborate with multiple stakeholders to achieve common goals. At each stage in its lifespan, LDAP/LDI has engaged government, civil society actors, academia, international donors, business people, non-governmental organizations, and people's organizations to constructively assess and implement strategies to promote positive change in Thailand.

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The Synergos Institute is a nonprofit organization based in New York that works with local partners around the world to fight poverty.

Together, we build the local human, financial and social capital needed to create sustainable solutions to poverty.

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- Prepare leaders from all sectors to bring diverse groups together to address complex problems using a new approach called “bridging leadership”
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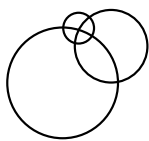
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