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PROJECT PAPER  
Amendment

THAILAND — POPULATION PLANNING

UNCLASSIFIED

UNITED STATES GOVERNMENT

# Memorandum

TO : Distribution

DATE: July 31, 1978

FROM : ASIA/PD, *Alexander R. Love*

SUBJECT: THAILAND: Population Planning Project (493-0283)  
APAC Meeting to Consider Project Paper Amendment

1. A meeting of the Asia Project Advisory Committee (APAC) to review the amendment to the Project Paper (PP) for the subject project is scheduled from 2:30 -- 4:00 p.m. on Friday, August 4, 1978, in Room 6210 N.S.
2. Copies of the PP amendment are being distributed with this notice. While there was no formal Project Committee review of the PP amendment, the PC was circulated as a draft and pertinent comments have been incorporated into the amendment.
3. Your attendance at the APAC meeting is invited.

Enclosures: a/s

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT PAPER FACESHEET**

1. TRANSACTION CODE  
**C** A = ADD  
C = CHANGE  
D = DELETE

2. DOCUMENT CODE  
**PP**  
**3**

3. COUNTRY/ENTITY  
**THAILAND**

4. DOCUMENT REVISION NUMBER  
**1**

5. PROJECT NUMBER (7 digits)  
**493-0283**

6. BUREAU/OFFICE  
A. SYMBOL **ASIA** B. CODE **04**

7. PROJECT TITLE (Maximum 40 characters)  
**Population Planning**

8. ESTIMATED FY OF PROJECT COMPLETION  
FY **82**

9. ESTIMATED DATE OF OBLIGATION  
A. INITIAL FY **76** B. QUARTER **3**  
C. FINAL FY **81** (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 - )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	3,850	377	4,227	16,607	-	16,607
GRANT:	3,850	377	4,227	16,607	-	16,607
LOAN:						
OTHER 1.						
U.S. 2.						
HOST COUNTRY	250	1,250	1,500	-	21,047	21,047
OTHER DONOR(S)	200	1,960	2,160	-	12,002	12,002
TOTALS	4,300	3,857	7,887	16,607	33,049	49,656

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <b>76+TQ</b>		H. 2ND FY <b>77</b>		K. 3RD FY <b>78</b>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) PH	440B	400		4,580		2,365		1,710	
(2) PH	444B	430		-		14*		900*	
(3)									
(4)									
TOTALS				4,580		2,379		2,610	

A. APPROPRIATION	N. 4TH FY <b>79</b>		Q. 5TH FY <b>80</b>		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED  MM   YY <b>09   79</b>
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) PH	2,700		2,280		15,693		
(2) PH	-		-		914*		
(3)							
(4)							
TOTALS	2,700		2,280		16,607		

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

**NA** 1 = NO  
2 = YES

\*Centrally-funded (DS Bureau) oral contraceptives.

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE  
**Alexander R. Love**

TITLE  
**Director  
Office of Project Development  
Asia Bureau**

DATE SIGNED  
MM | DD | YY  
**07 | 21 | 78**

15. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
MM | DD | YY

## TABLE OF CONTENTS

<b>Facesheet</b>	<b>i</b>
<b>A Purpose</b>	<b>1</b>
<b>B Recommendations</b>	<b>1</b>
<b>C Project Description and Analysis</b>	<b>1</b>
1. History	1
2. Previous A.I.D. Project	3
3. Current A.I.D. Project	3
<b>D Procurement Source Waiver Request</b>	<b>6</b>
<b>E Evaluations and Audits</b>	<b>6</b>
<b>F Future Trends</b>	<b>7</b>

### TABLES

Table 1	Active Family Planning Users, 1975 and 1977	2
Table 2	NFPF: AID Financing — Initial Amounts, Revisions and LOP Totals	8
Table 3	NFPF: Obligations by Fiscal Year — AID Project by Line Item and All Sources of Financing	9
Table 4	Voluntary Male-Female Sterilizations — FY's 72 through 78	10

### ANNEXES

Annex A	Original Project Paper
Annex B	Original Authorization (Action Memorandum to Administrator dated 12/23/75)
Annex C	Authorization Revision (Action Memorandum to Deputy Administrator dated 26 April 76)
Annex D	Draft PAF for Revision of Authorization
Annex E	Procurement Source Waiver (No. ASIA/78/22 Grant 493-0283 dated 5/19/78)

A. PURPOSE:

This paper amends the Project Paper (PP) for the Population Planning Project in Thailand (Project No. 493-0283) which was approved by the Deputy A.I.D. Administrator on December 24, 1975. (A copy of the PP is attached as Annex A.) This amendment discusses only those aspects of the project involved in justifying the current recommendations; other aspects remain essentially the same as presented in the original PP.

B. RECOMMENDATIONS

The original PP covered a life-of-project funding level for A.I.D. funds of \$8.34 million over the six-year period FY '76 through FY '81. The major recommendation of this amendment is that the approved A.I.D. life-of-project funding be increased, over the same period, to \$16.607 million.

Virtually all of the proposed increase of \$8.267 million stems from a 1976 decision by A.I.D. to provide financial support to the voluntary sterilization activity of the Thai National Family Planning Program (NFPP). A.I.D.'s action was taken at the same time that the United Nations Fund for Population Activities (UNFPA) reordered its priorities and discontinued its support for the burgeoning Thai sterilization program. Approval is also recommended for a procurement waiver on some urgently needed vehicles for the mobile service teams and some changes among project budget items from those approved in the original PP.

C. OVERALL PROJECT DESCRIPTION AND PERFORMANCE

C1. HISTORY

The Thai National Family Planning Program (NFPP), established in 1970, is considered to be one of the most effective in the less developed world. A recent World Bank report said that "the results achieved in Thailand have been among the most successful to be found anywhere in the world." The program's success can be attributed to a number of factors. There are no apparent cultural barriers to the acceptance of family planning in either the rural or urban areas. Secondly, women in Thailand play an active and independent role in all aspects of life and are partners with men in decisions about the family. Also of importance is the fact that the family planning program has been effectively run by both its private and governmental managers. Some of the recent program achievements are illustrated by the data on family planning users--contained in Table 1.

TABLE 1 - ACTIVE FAMILY PLANNING USERS, 1975 AND 1977  
(NUMBERS AND AS % OF MARRIED COUPLES OF  
REPRODUCTIVE AGE, 15-44)

Active Users By Method	CY 1975		CY 1977	
	Number	%MCRA	Number	% MCRA
Orals	476,400	8.7	685,200	12.5
Condoms	41,600	0.8	75,000	1.4
IUDs	349,800	6.4	272,400	5.0
Surgical Contraception				
Male	25,300	0.5	63,600	1.1
Female	346,300	6.3	543,400	9.9
Others (Primarily Injectables)	38,700	0.7	165,200	3.0
Total Active Users	1,278,000	23.3	1,804,300	32.9
Married Women of Reproductive Age	5,329,000		5,485,700	
Total Population	42,099,00		44,500,000	

As indicated in Table 1, active contraceptive users increased from 23% of eligible couples in 1975 to 33% in 1977. Among contraceptive methods, the most impressive increases were with "others" (primarily injectables) (329%) and surgical contraception-- (129% for males and 57% for females); condoms increased by 75% and oral contraceptives by 43%. On the other hand, IUD users dropped by 27%, as the relative popularity of this method declined in Thailand and other countries.

The latest A.I.D. evaluation, conducted in July 1977, and discussed in more detail below in Section E, confirms the effectiveness of the NFPP in general and the A.I.D.-supported activities in particular.

C2. PREVIOUS A.I.D. PROJECT

Shortly after the establishment of the Royal Thai Government's (RTG's) NFPP in 1970, A.I.D. began its first Population Planning Project (493-0266). This was a five-year project which ended in 1975. Its primary purpose was to support development of the basic services delivery system. These joint efforts helped to reduce the population growth rate from over 3.0 per cent in 1970 to 2.5 per cent by the end of 1976. This project was also successful in introducing innovations such as authorizing para-medical personnel to dispense oral contraceptives, training nurses to insert IUD's, and utilizing traditional healers to motivate and provide services. By 1975, there were 5,928 family planning clinics in operation under the Ministry of Public Health, 149 under other Ministries and 16 under private auspices for an overall total of 6093 clinics. Thailand exceeded its 1975 target for acceptors by 50% and by the end of that year, 23.3% of the married women of reproductive age were active users of family planning.

This first A.I.D.-financed five-year family planning project involved the expenditure of \$8.292 million in the following categories:

Oral Contraceptives	\$5.265 million
Participant Training	1.865
U.S. Technicians	.595
Contracts	.367
Medical Kits	.204
Other Contraceptives	<u>.046</u>
Total	\$8.292 million

C3. CURRENT A.I.D. PROJECT

Progress made by the NFPP during the first five years of A.I.D.'s involvement led to the A.I.D. decision that support to the NFPP was warranted at least through the end of Thailand's Fourth Five-Year Plan (FFYP) in 1981. Accordingly, the PP for A.I.D.'s second and current Population Planning Project (493-0283) was prepared in 1975. The PP justified further A.I.D. support to the revised goals of the NFPP as outlined in the RTG FFYP. The objective of the NFPP revision was to extend the availability of family planning services to virtually all areas of rural Thailand by:

1. expanding the family planning activities of the rural primary health delivery system, including the training and retraining of health personnel in family planning;

2. expanding services (including sterilization) in remote areas through the use of mobile family planning units;
3. utilizing and/or creating additional channels for distribution of population information and services (including the expanded use of traditional healers);
4. increasing the available choices of family planning methods by introducing new contraceptive technologies (including injectables and minilaparotomy) and by increasing the availability of methods in existing facilities.

The 1975 PP called for a life-of-project funding level over six years of \$8.34 million. However, in 1975, A.I.D. decided to gradually decrease support to Thailand in general and grant funding in particular. Accordingly, one of the conditions of the Deputy Administrator's approval of the PP was that there be no grant funding of activities under the project after FY 1978. The USAID's earlier informal planning with the RTG called for all A.I.D. support under the project to be grant funded. Consequently, the Deputy Administrator's decision meant that planned grant expenditures of \$2.27 million for FY 1979-81 would not be possible. In April 1976, the Asia Bureau requested and obtained the Deputy Administrator's approval of a plan to "forward fund" some of the last three years' activities by increasing funding levels for the earlier years. Thus, funds totaling \$1.0 million were moved to FY '76 and \$1.27 million to FY '78.

During the summer of 1976, a further alteration of the project budget resulted from an RTG request to A.I.D. for assistance in financing its rapidly expanding program of voluntary sterilization. The RTG's financial situation was made somewhat critical at this time because of a decision by the United Nations Fund for Population Activities (UNFPA) to decrease its funding for Thailand, due to reportedly higher priority demands in other countries. A.I.D. thus felt that there was a critical need to help maintain and expand on the earlier successes of the voluntary sterilization effort, and A.I.D. allocated \$3.3 million for support of this activity. However, the PP was not amended to show this new development. In an Audit Report of October 1976, the A.I.D. Area Auditor General recommended that AID/W act to correct the documentation. Efforts to revise the PP to reflect this and other proposed changes were delayed by internal reviews related to overall assistance trends in Thailand and proposals by some elements to phase out the Thai Population Planning Project as a successfully concluded effort. Some observers

felt that the RTG's estimate of the population growth rate for 1976 should have been substantially lower than 2.5% and that decreased levels of support were called for. While these extended discussions in Washington were taking place, the Thai family planning program continued to move ahead. A.I.D. support for the sterilization effort continued to expand. An Advice of Program Change to the Congress covering these and related revisions was submitted on August 9, 1977, and the proposed changes were reflected in the FY 1978 Congressional Presentation which reflected a new total budget of \$12,215 (p. 173).

A 1977 evaluation of the A.I.D. project and the continued success of the sterilization program contributed to a decision by A.I.D. to continue its support for an expanded effort. The situational review showed that:

1. Voluntary sterilization continued to show strong acceptance by both Thai men and women. The number of cases had grown from 32,668 in 1972 to 103,600 in 1976 for a cumulative total of 355,625 cases for 1972-76.
2. Even better results were expected with the continued expansion of training for medical and para-medical personnel, provision of medical kits to the personnel trained, and procurement and delivery of special vehicles so that each of the 72 provinces would have a mobile unit by 1980.
3. Information, Education and Motivation (IEM) activities and personnel were strengthened so that these could precede visits of the mobile service units.
4. Planning was underway for a new expanded multi-donor effort which would upgrade health and family planning services in the 20 most underserved provinces. This new IBRD/RTG/AID project would build on the established successful practices of the RTG/AID Population Planning Project and further enhance the RTG's prospects for achieving or exceeding its target of a population growth rate of 2.1% by the end of 1981.

The various changes described above produced a new LOP figure of \$16.607 million. The various budget alterations leading to this recommended final figure are shown in Table 2, "NFPP Initial Amounts, Revisions and LOP Totals". Table 3, "NFPP Expenditures by Line Items," breaks the A.I.D. figures down by fiscal year for the six years of the project (FY 1976-FY 1981). Table 3 also summarizes the assistance provided to the Thai NFPP by the RTG, UNFPA, and intermediary agencies. Support provided by these other entities is expected to total about \$33 million for FY 1976-FY 1981. Adding this amount to A.I.D.'s contribution of \$16 million will mean that a total of \$49 million will have been invested in the Thai NFPP through FY 1981. (The new total of \$16.607 million for the A.I.D. project is shown in the Congressional Presentation for FY '79, page 565.

D. USAID/BANGKOK REQUEST FOR PROCUREMENT SOURCE WAIVER FOR VEHICLES

In order to expand services to the more remote rural areas, USAID and the GOP agreed to procure mobile service units on a 50-50 matching basis. Consequently, USAID/Bangkok recently requested and was granted by AA/ASIA a procurement source waiver from geographic code 000 (U.S. only) to geographic code 899 (free world; Mission as procurement agency) to enable the Mission to purchase in Thailand ten (10) Japanese-made vehicles for use as mobile family planning units (total value: \$60,000). (See Annex F). In addition, USAID/Bangkok will in the future need to procure six additional similar units to complete its shared obligation with the RTG to furnish each of the 72 provinces with mobile family planning units as 20 U.S.-financed units have already been furnished under the original Project Paper approved on December 24, 1975. This amendment thus recommends approval of a waiver for procuring six additional Japanese-made vehicles.

E. PROJECT EVALUATIONS AND AUDITS

The Thai NFPP has been subject to two major outside evaluations, one in 1975 and another in 1977.

The 1977 evaluation, conducted by a 13-person Thai/U.S. team found that the demographic goal of a 2.5% rate of population growth by the end of 1976 had been achieved. Other achievements noted included the following: (a) family planning services had been extended to over 2 million Thai women through more than 5000 service units; (b) innovative mechanisms and channels had been developed for service delivery; and (c) high-level leaders were showing an increased concern for rapid population growth and it was given high priority in the government's program.

The project was also audited by A.I.D.'s Auditor General in 1976. There were four major recommendations of this audit: (1) A.I.D. should formally amend the Project Paper to incorporate the essential elements related to the A.I.D.-assisted sterilization subsidy program; (2) Better statistics should be developed to evaluate need for condoms; (3) Improvements should be made in the commodity control system; (4) Provincial Chief Medical Officers in the RTG should designate individuals on a permanent basis to maintain commodity records. Recommendations No. 2 and 3 were cleared on April 29, 1977. The Mission has requested that Recommendation No. 4 be cleared because the RTG had taken appropriate action as of October 19, 1977. The present PP amendment, when approved, will clear Recommendation No. 1.

Finally, the project was reviewed by the Office of the Inspector General of Foreign Assistance (IGA) and a report, "A.I.D. Population and Family Planning Programs in Thailand," was published on May 10, 1977.

The IGA Inspection Report covered five major aspects and recommendations pertaining to: (1) sterilization policy; (2) voluntary surgical contraception; (3) procurement and storage of oral contraceptives; (4) the Community Based Family Planning Services sub-project; and (5) centrally-funded project activities being implemented in Thailand. As a result of action taken on the recommendations, the Inspector General advised A.I.D. on October 5, 1977 that the files were being closed on the inspection.

The generally very favorable findings of the various evaluations of the NFPP indicate that the level of A.I.D. funding recommended by this PP amendment has been and will continue to be effectively used. Table 4 shows, for example, the progress made in sterilization, the most demographically-effective method of contraception.

#### F. FUTURE TRENDS

It is anticipated that the project will achieve its demographic and other objectives if the present successful operational trends continue. Current informal estimates indicate that the present contraceptive prevalence rate in Thailand is about 35-40% and that the population growth rate is 2.4% or less. As mentioned earlier, a new IBRD/RTG/AID project has been initiated in 1978 to further improve the delivery of health and family planning services. A.I.D. is contributing \$5.5 to an overall budget of \$68. The operational success of the A.I.D. Population Planning Project has thus been one of the key elements leading to a major effort to improve the health and well-being of the Thai people.

Table No. 2

## Thailand National Family Planning Program

Breakdown of Components Financed by AID  
From Initial Proposal through Current PP Recommendation  
(\$ 000's)

	<u>Original PP Proposal</u>	<u>(Changes)</u>	<u>Project Approval 12/24/75</u>	<u>(Changes)</u>	<u>Interim Proposal 1/1/77</u>	<u>(Changes)</u>	<u>Current PP Proposal</u>
VSC Services <u>1/</u>	-	-	-	4,520	4,520	4,013	8,533
Commodities							
Oral Contraceptives	6,345	(1,620)*	4,725	78	4,803	677	5,480
Family Planning Kits	370	( 50)	320	529	849	(283)	566
Mobile Units	63	-	63	89	152	13	165
Local Training	735	( 300)	435	311	746	266	1,012
Research & Evaluation	450	( 150)	300	-	300	26	326
IE&C Improvement <u>2/</u>	250	( 150)	100	30	130	193	323
Participants	127	-	127	-	127	24	151
Other	-	-	-	10	10	41	51
<b>TOTALS</b>	<b>8,340</b>	<b>(2,270)</b>	<b>6,070</b>	<b>5,567</b>	<b>11,637</b>	<b>4,970</b>	<b>16,607</b>

\*(1,620) = Reduction of \$1,620

1/ "VSC" = Voluntary Surgical Contraception

2/ "IE&C" = Information, Education and Communication

Table No. 3

## Thailand National Family Planning Program

Components Financed by AID  
and  
Contributions by RTG, UNFPA and Intermediary AgenciesFY's 1976 through 1981  
(\$ 000's)

	<u>FY 76</u>	<u>TQ</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>Totals</u>
<u>AID-Financed Components</u>								
VSC Services <u>1/</u>	729	-	1,604	1,500	1,800	1,500	1,400	8,533
Commodities								
*Oral Contraceptives	2,745	241	14	900	522	540	518	5,480
Family Planning Kits	238	71	157	50	-	50	-	566
Mobile Units	40	-	125	-	-	-	-	165
Local Training	154	-	300	160	148	150	100	1,012
Research & Evaluation	118	-	28	-	100	40	40	326
IE&C Improvement <u>2/</u>	143	-	50	-	130	-	-	323
Participants	51	41	59	-	-	-	-	151
Other	9	-	42	-	-	-	-	51
AID Sub Totals	<u>4,227</u>	<u>353</u>	<u>2,379</u>	<u>2,610</u>	<u>2,700</u>	<u>2,280</u>	<u>2,058</u>	<u>16,607</u>
<u>All Financing by Source</u>								
**Royal Thai Government	1,500	-	2,587	3,800	4,300	4,200	4,660	21,047
UNFPA	1,359	-	2,500	1,200	2,500	unk	unk	7,559
Intermediary Agencies	801	-	1,066	1,226	1,350	unk	unk	4,443
AID	<u>4,227</u>	<u>353</u>	<u>2,379</u>	<u>2,610</u>	<u>2,700</u>	<u>2,280</u>	<u>2,058</u>	<u>16,607</u>
GRAND TOTALS	<u>7,887</u>	<u>353</u>	<u>8,532</u>	<u>8,836</u>	<u>10,850</u>	<u>6,480</u>	<u>6,718</u>	<u>49,656</u>

\*AID oral contraceptives centrally-funded (DS Bureau) in FY's 77 and 78.  
 \*\*Does not include in-kind contribution estimated at \$7,000,000 annually.

1/ "VSC" = Voluntary Surgical Contraception

2/ "IE&C" = Information, Education and Communication

Table No. 4

VOLUNTARY MALE-FEMALE STERILIZATIONS  
THAILAND NATIONAL FAMILY PLANNING PROGRAM

(FY72-77 with FY78 estimates)

Fiscal Year	Male	Per Cent Increase	Female	Per Cent Increase	Total	Per Cent Increase
1972	1,282		31,386		32,668	
1973	2,802	118.6	46,804	49.1	49,606	51.8
1974	6,708	141.9	73,702	57.5	80,410	62.2
1975	7,453	9.9	81,888	11.1	89,341	11.0
1976	10,000	34.2	93,600	14.3	103,600	15.9
1977	19,100	91.0	106,800	14.1	125,900	21.5
1978(est)	48,000	151.3	112,000	4.8	160,000	27.1

Original Project Paper

(Copies of the original Project Paper are available upon request from ASIA/PD.)

## ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: EXSEC

DEC 23 1975

FROM: AA/PPC, Philip Birnbaum

Problem: To obtain approval of the population planning Project Paper (PP), Thailand. Issues involved in the proposed project include:

- (1) Determination of the source (AID/W or bilateral) of project funding for FY 1978-81.
- (2) A USOM/Thailand Request for a Procurement Source Waiver for Vehicles.
- (3) Life of Project (six years).
- (4) Local cost funding.

These issues are discussed below,

Discussion:

A. Background. During the period FY 1968 - FY 1970 AID provided training, technical, and primarily commodity assistance to support a Royal Thai Government (RTG) pilot "family health program". This was primarily a trial family planning project wherein F.P. services were offered through about 330 municipal and rural health clinics of the Ministries of Health (MOPH) and Interior (MOI). In March, 1970 the RTG announced voluntary family planning as a national policy, and authorized the Ministry of Public Health to make F.P. services available through all of the Health Ministry's 4500 rural clinics. Similarly, the Interior Ministry -- which administers health clinics in Thailand's urban areas -- was authorized to provide services at all of their clinics. The policy announcement also:

- (1) created the National Family Planning Program (NEPP) -- a new organizational unit within the MOPH -- to coordinate the national FP program; and
- (2) sanctioned family planning as a development effort for inclusion in the RTG Third Five-Year Plan (1972-1976). This latter decision further enabled the MOPH to request RTG budget support specifically

11/11/75  
11/11/75

for the family planning program. (Up to this point, the cost of providing F.P. services had been assumed within overall MOPH health services budgets); and established as a 1976 demographic target an annual population growth rate of 2.5%. (The 1970 rate was estimated to be approximately 3.0%).

AID and other donors (primarily UNFPA and Population Council) provided substantial assistance to the MOPH/NFPP through FY 1975. AID support for this period totalled approximately \$10.8 million, about 44% of which was for contraceptives. Other donors provided about \$6 million. RTG direct support for the program totalled approximately \$2.6 million, or 13.4% of program costs. In addition, the MOPH provided indirect financial support (salaries, facilities, medical supplies, etc.) having a value of \$8-9 million.

By the end of fiscal year 1975 over two million clients had accepted some form of family planning through the national program; and about 25% of eligible couples were practicing family planning (approximately 60% of whom were using oral contraceptives). According to estimates of the RTG and the AID Mission in Thailand, the 1976 target population growth rate of 2.5% would probably be met.

B. Current Situation. In the perspective of the program to date, then, the family planning project has been relatively successful. More recently, however, the program has begun to exhibit some signs of "peaking": numbers of couples dropping out are increasing as the number of monthly new acceptors stabilizes. The primary reason for this development\*, according to the USOM Mission and a recent IBRD population sector team report (Annex A of the PP), is that the RTG family planning program is "supply-constrained" in its efforts to reach and hold new F.P. users. This means that the 5,000 clinics of the MOPH, MOI and various affiliated RTG agencies have already reached most potential acceptors in these clinics' radii of operations, and that an additional "outreach" effort will be required if the NFPP is to reach current non-practicers. This finding is not unexpected in view of the World Bank's observation that the existing MOPH/MOI health services system regularly reaches only 35%-40% of Thailand's rural population.

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\* An exception is sterilizations, the number of which has been increasing dramatically over the past two years. At present, over 15% of all new acceptors choose tubal-ligations or vasectomies. (In 1974, there were 494,479 new acceptors of whom 80,482 chose sterilizations.)

10.8  
8.3  
19.1

C. PP Rationale. The project described in the PP represents the RTG's response to this supply-constraint problem. Briefly, the RTG's intention is to supplement the existing, clinic-based F.P. services distribution network with additional personnel and facilities which would carry F.P. services farther out and down to rural Thai villages. These add-on elements include:

- (1) 12,100 part-time F.P. agents including
  - (a) 4,100 tambon (township) doctors
  - (b) 1,000 Border Patrol Police; and
  - (c) 7,000 village midwives

who will receive family planning training from the NFPP, and act as supply-agents for non-clinical contraceptive methods (pills and condoms) in rural areas. In addition, they would act as referral-agents for sterilizations, IUD-insertions, and injectable contraceptives.

- (2) Forty (40) mobile family planning units, to deliver clinical F.P. services (IUD-insertions, sterilizations, injectables) to rural populations not served by health clinics; and

- (3) IUD-insertion training for 2,400 nurses and auxiliary nurse-midwives, thereby increasing availability of this method from a current 400 clinics (staffed by physicians) to over 2,000 clinics staffed by nurses and auxiliary nurse-midwives.

As further encouragement to rural populations to utilize these expanded F.P. services the RTG will also conduct training and materials development programs to introduce population concepts and family planning information into, respectively, the formal school curriculum and the adult literacy training program of the Ministry of Education. A continuing series of operations-related programmatic research is also being planned to permit testing and rapid introduction of F.P. program innovations. Short-term technical consultants will be utilized in such specialized fields as new contraceptive methodologies, data processing, commercial marketing of contraceptives, and program management.

AID's contribution to this effort is outlined on page 35 of the PP. Assistance includes

- oral contraceptives and F.P. kits (IUD-insertion and sterilization kits) to supply the clinic-based distribution system as well as the new elements (12,000 F.P. agents and mobile F.P. units of the distribution network)
- grants to partially cover the training costs of the new agents and population training of teachers
- twenty mobile F.P. units
- U.S. training in specialized F.P./population fields for a small number of Thai participants
- research/evaluation grants and
- a one-year (FY 1976) extension of contract assistance--through World Education, Inc.-- for a MOE family planning/adult literacy project.

A contingency item -- "other methodologies" has been included to permit U.S. assistance in the introduction of new or innovative contraceptive methods (such as the intra-uterine membrane, injectable contraceptives), should they become practical in the future. Most assistance items are matched by RTG contributions. The RTG will provide, over the life of the project, 65% of the program's oral contraceptive requirement; 50% of the purchase cost for forty mobile F.P. units; 58% of local training costs; and 50% of research costs. The RTG share of program costs for the FY 1975-81 period will be 69% of total costs. Respective funding burdens of the RTG, AID and other donors are detailed on page 39 of the Project Paper.

The RTG has estimated that, as a result of the expanded population coverage attained under this supplemented distribution network, approximately 45% of Thailand's eligible couples will be practicing some form of family planning by the end of 1981. The RTG has further estimated that this degree of contraceptive prevalence will result in a 1981 population growth rate of 2.1%. This figure has been established as the RTG's Fourth Five-Year Plan (1977-81) target for the national family planning program. The AID Mission to Thailand and the reviewing offices in AID Washington concur that this is a reasonable target, and is attainable in the context of the six-year project outlined in the Project Paper.

Issues:

A. Source of Project Funding FY 1978-81. The AID Mission to Thailand has noted the Agency's decision to bring an end to fresh starts in Thailand, both loan and grant funded, after FY 1977. Exceptions to this decision are limited to (1) support for family planning and narcotics suppression activities (the latter funded from sources other than development assistance); and (2) AID grants to U.S. and Thai PVO's. This posture is set forth in the approved Thailand DAP (pp 21-25). The Mission therefore believes that as a matter of general policy any funding to flow to Thailand after FY 1977 should be incorporated in AID/W functional budgets and Congressional Presentations. As a matter of practice this would mean, for AID, provision for funding principally for contraceptive requirements, grants to PVO's and related expenses, and possible recourse to Section 661 financing for development of reimbursable technical assistance or for cost sharing thereof. The Mission also notes the possibility of using the Housing Investment Guarantee (HIG) authority. The Mission suggests that the rationale for this position can and should be fully explained to the Committees of the Congress during the course of the FY 1977 presentation and could be an object of exploration by AA/Asia and others on an informal basis prior to that time.

N8'

The PHA and Asia Bureaus have studied the Mission's position on this issue and do not agree. Our joint belief is that the Congressional and public misunderstanding or misperceptions potentially consequent to this action are not worth the small gain. The net plus is mostly cosmetic -- the absence of a specific page in the Congressional Presentation for Thailand after FY 1977, because Thailand program costs would be subsumed in other AID/W functional presentations. We do not believe this tactical maneuver is worth the conceivable charges that AID is attempting to hide or bury a country program of considerable size from close congressional scrutiny.

50

Your approval of the PP as now drafted would constitute agreement with PHA and Asia Bureau positions that the Thailand program for FY 1978 and beyond should continue to be reflected in separate Thailand CP's. \*

76

B. USOM/Thailand Request for Procurement Source Waiver for Vehicles: USOM/Thailand has requested a procurement source waiver from geographic code 000 (U.S. only) to geographic code 899 (free world; Mission as procurement agent) to enable the Mission to purchase, in Thailand ten (10)

\* A third alternative is to shift U.S. program assistance for the final three years of the project (FY 1979 -81) to loan financing. This option will be explored with the RTG in the future as RTG fiscal planning and development funding availabilities for the post FY-1978 period become more clear.

Japanese-made vehicles for use as mobile F.P. units - (Value: \$40,000). The procurement waiver request is presented on pp 30-31 of the PP. PHA and the Asia Bureaus concur in the request. Your approval of the PP will constitute your approval of the waiver.\*

C. Life of Project: The duration of the project described in the PP is six years. These six years include (1) the final year of the current RTG Third Five-Year Plan (1972-76), and (2) the entire period period of the upcoming Fourth Five-Year Plan (1977-81).

The rationale for a six-year assistance program is that:

- (1) The project is Thai-designed. Project requirements and targets (and respective achievement schedules) have been established by the Thais in the context of their two Five-Year plans.
- (2) Specific USG project contributions are the result of RTG-USOM/Thailand joint identification of those project components most likely to result in an incremental RTG contribution to the F.P. program. Therefore most USG assistance (contraceptives, vehicles, research and training grants) will be provided on a cost-sharing -- and thus coterminous -- basis with RTG project contributions through the Fourth Plan period.

Additionally, it should be noted that RTG project evaluations over the next several years will be conducted with a view toward measuring project accomplishments against development targets specified in the Third and Fourth Plans. Whereas U.S. and RTG participation in the project is so closely linked, it would not be particularly useful to overlay a different U.S. timeframe for project (contributions or) evaluations. The RTG has demonstrated competence (see Annex B of the PP) to conduct project evaluations responsive to the Agency's requirements in this area.

*but AID must follow!*

Staff participants to the PP review agree with the rationale for a six-year project. Project design and implementation are host country initiatives, to be supported in a collaborative fashion by incremental USG contributions.

Approval of the PP will constitute your approval of a six-year project.

\* SER/COM has raised several points in connection with this issue. See Tabs 1 and 2 attached.

*to 64  
PP*

D. Local Cost Funding: Approximately \$1.3 million (16%) of the \$8.3 million USG project contribution will be for local (baht) costs. Local cost items include training (\$735,000); mobile F.P. units (\$40,000-80,000); and re-search/evaluation (\$450,000).

Participants to the PP review recommend your approval-- indicated by approval of the PP -- of these local cost contributions.

Funding Data: Below is a comparison of project (dollar) totals for FY 1976, IQ and FY 1977 outlined in the PP, the Thailand Congressional Presentation (p. 75 of the CP), and AID's October 1975 submission to OMB:

	<u>CP</u>	<u>OMB</u>	<u>PP</u>
FY 1976	4,229,000	3,185,000	3,143,000
IQ	1,058,000	510,000	562,000
FY 1977		2,000,000	1,230,000

← 5,287 73,7957 369.

With one exception, the PP totals are less than both the CP and the OMB. The exception is the difference between the OMB IQ of \$510,000 and the PP IQ of \$562,000. The \$52,000 increase is the result of a rescheduling by USOM/Thailand of anticipated obligations in the IQ for participant training extensions.

Recommendation: That you approve the attached Thailand Population Planning Project Paper.

APPROVED: *[Signature]* \*

DISAPPROVED: \_\_\_\_\_

DATE: 12/24/75

PHA/POP/EA GBowers:hhk:12/8/75

Clearance:

AA/PHA:HCrowley *[Signature]* Date: 12/11/75

ASIA/EA : AGardiner *[Signature]* Date: 12/15/75

GC:CGladson *[Signature]* Date: *[Signature]*

\* Subject to conditions as follows:  
1. No grant assistance beyond FY '78  
2. AID must participate in biannual evaluations *[Signature]*

Apr 26 4 03 PM '76

Annex C

DEPARTMENT OF STATE  
BUREAU OF ECONOMIC AFFAIRS  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

26 APR 1976

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

FROM: AA/ASIA, Arthur J. Gardiner, Jr.

SUBJECT: Grant vs. Loan Funding - Thailand Population Planning Project

Problem: On December 24, 1975 you approved the Thailand population and Family planning Project Paper for FY's 1976-1981. Your approval of the PP was subject to two conditions: (1) the U.S. would be a participant in any evaluations conducted on the project; and (2) FY's 79-80-81 would be loan-funded rather than grant-funded. The Mission has requested that AID/W reconsider this decision and has proposed a method for utilizing grant funds which would negate the utilization of DL funds while at the same time allowing for the reassessment of U.S. assistance in 1978.

Discussion: At the request of the Royal Thai Government's Ministry of Public Health, the United States began providing assistance to a Population/Family Planning effort in 1968. In 1970 the RTG as part of their Five-Year Development Plan promulgated a National Population Policy and thus began a full scale program to reduce fertility levels. The U.S. has continued to provide assistance to this program. Through FY 1975 the U.S. has obligated a total of \$10,854,000 for support of the Thailand Population Program.

The Project Paper covers the period FY's 1976-81, in order to bring our assistance effort into line with the next Thailand Five-Year Development Plan. The planned total program costs for this six-year period amount to \$32,766,000, broken down as follows:

(\$000's)

<u>FY 76 CP</u>	<u>I.Q. (CP)</u>	<u>FY 77 CP</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>
U.S.G. Inputs						
3,187 <sup>1/</sup>	562	1,230	1,135	910	770	590
Total U.S.G. Inputs \$8,384						
<hr/>						
Other Inputs (UNFPA, Pop Council)						
750		850	750	750	--	--
Total Other Inputs \$3,300						
<hr/>						
RTG Inputs <sup>2/</sup>						
1,750		2,587	3,315	3,640	4,630	5,160
Total RTG Inputs \$21,082						

1/ The original FY 76 CP figure of \$4,229,000 was revised downward to \$3,187,000 per Mission request in FP.

2/ RTG total does not include approximately \$6 million RTG indirect F.P. program support to be provided through the regular budget of the MOPH, e.g., salaries for health workers and supervisors, clinic construction and maintenance, POL, etc. The \$6 million figure is derived from an NESDB estimate, made in 1970, of the proportion of MOPH resources expended for F.P. activities.

The steady decrease in U.S. funding of this project is coupled to a steady increase of RTG funding from their own resources. This pattern represents a collaborative effort undertaken by the USC with the cooperation of the RTG, which, in fact, epitomizes the new bilateral relations we plan with the Thai through FY 1981, as outlined in the DAP submission.

- 3 -

This collaborative style which the DAP conveys can be best described as a "formal meeting of the minds" in terms of our new relationship. While it can be argued that this approach does not signify an "agreement" designed to bind both parties, it does represent an arrangement or plan entered into in good faith. Thus for either party to renege or deviate in a material way from the proposed course of action would obviously raise questions as to the feasibility of the undertaking. I wish to emphasize that the Project Paper (PP) for this activity was prepared in close consultation with the Thai Ministry of Public Health and the general arrangement reflected was worked out to govern all our aid with the Head of the Thai National Planning Board: to wit, a shift from grants to loans with the principle exception in the field of population, and sequential absorption of all project costs by the Thai with commensurate reductions in U.S. AID inputs. I consider these understandings to reflect an important degree of success by USOM/Thailand in converting our aid relationships to the new style and as markers on the road to non-concessional aid.

We believe there is a realistic option which would permit us to terminate grant funding in FY 1978 without departing from our understanding with the Thai that our contributions to the population program would be exclusively on a grant basis. The option is to provide our contributions in the first three years of the project, leaving later year funding to the Thai. Specifically, we could obligate the \$2.3 million planned for FY's 79-81 as follows: an additional \$1.0 million in FY 76, with the balance of \$1.3 million to be obligated in FY 78. The FY 76 Title X program would thus total \$4,187,000 which is below the \$4,229,000 requested in the FY 76 CP, and therefore requires no prior notification.

This raises the question of the safeguards we would have to assure continued Thai project contributions after funds are obligated. As pointed out by Roger Ernst during our discussion with you on this subject, the best assurance we have that the Thai will contribute as required is the momentum behind the program itself. But we also believe that we should propose to the Thai an evaluation schedule wherein we will jointly scrutinize their proposed budgetary allocations with the critical year being FY 1979. As you know, the Thai fiscal year extends from October 1 through September 30 thus coinciding with our fiscal year. An evaluation in FY 78 would be appropriate in that the RTG could provide us with an estimate of budgetary resources planned for FY 79. Should we determine that slippage was likely on the Thai part, we could exercise control by withholding the "call forward" date for planned delivery of FY 79-80 cycles of oral contraceptives or perhaps hold back other inputs. The FY 79-80 shipments are financed by FY 78 funds.

We noted on page two a total USG input of \$8,384,000 for the life of the project. The Thai input for FY 76-78 alone totals \$7,652,000 which more than satisfies Section 110(a) legislative requirement that a country provide at least 25 percent of the costs for the entire project. Thus withholding disbursements on shipments in FY 78 would still leave the Thai in the position of having met our legislative requirement.

Recommendation: That you agree to the proposed schedule of obligations of grant funds set forth above which would result in our completing our funding commitment to this project at the end of FY 1978.

Approved *[Signature]*

Disapproved \_\_\_\_\_

Date 5/2/76

Attachments

- A - Ravenholt to Gardiner memo dated 3/24/76
- B - BANGKOK 4772 dated 3/3/76
- C - BANGKOK 5695 dated 3/12/76

ASIA/EAA/T:ERhatigan:PHA/POP/EA:JCummiskey

MEMORANDUM FOR AA/EA, Mr. Arthur Z. Gardiner, Jr.

24 MAR 1978

FROM: PHA/POP, R. T. Ravenholt *slr*

SUBJECT: Acceleration of AID Inputs into Thailand's Population Project

Mission Director Ernst recently suggested a revised strategy for AID assistance to Thailand's population program. The substance of his proposal is contained in a cable (Bangkok 04772) and further defined in Bangkok 05695. Additionally, he discussed this proposal with Charles Terry during Terry's recent trip to Bangkok. Terry has reported the substance of this conversation to me and to Ms. Sara Jane Littlefield of your staff.

I strongly endorse this proposal and urge your favorable consideration for a number of reasons:

1. Barring some type of economic or political catastrophe, the Thai's absorbent capacity will be sufficient to make Director Ernst's proposal feasible;
2. AID's primary input into the program has been development of the contraceptive distribution networks. While this has required heavy inputs of contraceptives, the GOT's plans to take over this cost in their national budget will be far advanced by the end of FY 1978;
3. By accelerating our planned inputs into training and equipping service units now we should complete coverage as much as two years ahead of the plan outlined in the recently approved project paper and substantially increase the program's impact on birth rates;
4. AID will have played a key role in bringing about a de facto comprehensive Thai national fertility control program eliminating the need for any further bilateral program funding after FY 1978.

I believe there are some substantial advantages in scheduling Thailand to become the third "graduate" of AID population program assistance. As is the case with Korea, it would not necessarily mean an immediate termination of all inputs from external donors.

- 2 -

Organizations such as UNFPA, IPPF and others would probably continue to make inputs for some years. But our direct inputs would have helped advance the program to a point where it is no longer supply constrained and should have reduced the growth rate to less than 2.0% per annum. We are confident Thailand would continue the implementation of the program.

What the GOT's reaction to this revised strategy will be is not certain, but we understand Ernst is convinced that the GOT will support it enthusiastically. Charles Terry reports that Ernst plans to defer discussing it with them until after the forthcoming election. However, should they react favorably, we should be prepared to move swiftly in support of the revised strategy. We would have to review the funding situation as soon as we get the final numbers from the Hill, but I would hope that of the \$2.3 million total increase proposed, we could obligate \$1 million in FY 1976 and the balance in FY 1977. This would permit expanded program activities to get underway early in FY 1977.

PHA/POP:ERBacklund/jcs

cc: POP/EA, Terry  
PHA/PRS, McMakin

<b>AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS PART I</b>		1. TRANSACTION CODE <input checked="" type="checkbox"/> C    A - ADD C - CHANGE D - DELETE		PAP
3. COUNTRY/ENTITY <p style="text-align: center;">THAILAND</p>		2. DOCUMENT CODE <p style="text-align: center;">5</p>		
5. PROJECT NUMBER (7 digits) <p style="text-align: center;">[ 493-0283 ]</p>		6. BUREAU/OFFICE A. SYMBOL    B. CODE <p style="text-align: center;">ASIA    [ 04 ]</p>		4. DOCUMENT REVISION NUMBER <p style="text-align: center;">[ 1 ]</p>
8. PROJECT APPROVAL DECISION <p style="text-align: center;"><input checked="" type="checkbox"/> A    A - APPROVED   O - DISAPPROVED   DE - DEAUTHORIZED</p>		7. PROJECT TITLE (Maximum 40 characters) <p style="text-align: center;">[ Population Planning ]</p>		
ACTION TAKEN		9. EST. PERIOD OF IMPLEMENTATION <p style="text-align: center;">YRS. [ 0 ] [ 7 ]    QTRS. [ 3 ]</p>		

10. APPROVED BUDGET AID APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>76+TQ</u>		H. 2ND FY <u>77</u>		K. 3RD FY <u>78</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) PH	440B	400		4,415		2,365		1,710	
(2) PH	444B	430		-		14*		900*	
(3)									
(4)									
TOTALS				4,415		2,379		2,610	

A. APPROPRIATION	N. 4TH FY <u>79</u>		Q. 5TH FY <u>80</u>		LIFE OF PROJECT		11. PROJECT FUNDING AUTHORIZED (ENTER APPROPRIATE CODE(S)) 1 = LIFE OF PROJECT 2 = INCREMENTAL LIFE OF PROJECT	A. GRANT	B. LOAN
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN			
(1) PH	2,700		2,280		15,693				
(2) PH	-		-		914*			2	
(3)									
(4)									
TOTALS		2,700		2,280		16,607			FY PROJECT FUNDING AUTHORIZED THRU [ 8 ] [ 1 ]

12. INITIAL PROJECT FUNDING ALLOTMENT REQUESTED (\$000)				13. FUNDS RESERVED FOR ALLOTMENT			
A. APPROPRIATION	B. ALLOTMENT REQUEST NO. _____			TYPED NAME (Chief, SER/FM/FSD)			
	C. GRANT	D. LOAN					
(1)				SIGNATURE			
(2)							
(3)				DATE			
(4)							
TOTALS							

14. SOURCE/ORIGIN OF GOODS AND SERVICES     000     941     LOCAL     OTHER \_\_\_\_\_

15. FOR AMENDMENTS, NATURE OF CHANGE PROPOSED  
 Increase in life-of-project funding from \$8,340,000 to \$16,607,000. Virtually all of increase will be used to provide additional funding for voluntary surgical contraceptive (VSC) services.

\*Centrally-funded (DS Bureau) oral contraceptives.

FOR PPC/PIAS USE ONLY	16. AUTHORIZING OFFICE SYMBOL	17. ACTION DATE	18. ACTION REFERENCE (Optional)	ACTION REFERENCE DATE
		MM DD YY		MM DD YY

DRAFT

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

AMENDMENT

THAILAND

Population Planning Project  
Project No. 493-0283

Pursuant to Part I, Chapter 1, Section 104(a) of the Foreign Assistance Act of 1961, as amended, I hereby authorize an amendment to the existing Grant to the Royal Thai Government (the "Cooperating Country" or "RTG") under A.I.D. Project No. 493-0283 for an increase in funds of not to exceed Eight Million, Two Hundred and Sixty-Seven Thousand United States Dollars (\$8,267,000), (the "Authorized Amount"), to help in financing foreign exchange and local costs of goods and services required for the project as described in the following paragraph.

The project (hereinafter referred to as the "Project"), consists of providing assistance for development and evaluation of new family planning activities; for the expansion of current family planning activities including voluntary sterilization services; and for intensification of training in population and family planning services.

The Project was initially approved on December 24, 1975, but was revised May 6, 1976 before initial obligation took place. That revised approval was for a total project of \$8,340,000 in the period FY 1976 through FY 1981. Of that amount, \$6,780,000 has been obligated in FY 1976-77.

I approve an increase in the total level of A.I.D. appropriated funding planned for this Project so that the new total level planned is not to exceed \$16,607,000, (including the \$8,267,000 authorized above and the \$6,780,000 previously obligated), which will be entirely grant-funded, during the period FY 1976 through FY 1981. I approve further increments during that period of grant funding up to the total level of \$16,607,000, subject to the availability of funds and in accordance with A.I.D. allotment procedures.

DRAFT

Except as hereby amended, the above specified Grant Authorization remains in effect.

Clearances:	Date	Initial
Markham Ball, GC	_____	_____
John H. Sullivan, AA/ASIA	_____	_____
Sander M. Levin, AA/DS	_____	_____
Norman Cohen, PPC/PDPR	_____	_____
Alexander R. Love, ASIA/PD	_____	_____

Signature: \_\_\_\_\_  
 John J. Gilligan  
 Administrator

\_\_\_\_\_ Date

GC/ASIA:AdeGraffenried:jlo:7/20/78

PROCUREMENT SOURCE WAIVER  
 DRAFTED: ASIA/TR:ESCMAU  
 INITIALED: SB  
 WAIVER CONTROL NO. ASIA/  
78/22/GRANT 493-0283

ACTION MEMORANDUM FOR THE AA/ASIA

FROM: ASIA/PD, Alexander R. Love

SUBJECT: Procurement Source Waiver

Problem: Request for procurement source waiver from geographic code 000 (U.S. only) to geographic code 899 (free world).

- (a) Cooperating Country: Thailand
- (b) Authorizing Document: Project No. 493-11-580-283
- (c) Project: Population Planning
- (d) Nature of Funding: Family Planning Grant
- (e) Description of goods: Ten (10) each Japanese mini-bus, 12-passenger, right-hand-drive (RHD), 4- or 6-cylinder, approximately 1600 cc.
- (f) Approximate Value: \$60,000
- (g) Probable source: Japan
- (h) Source Waivers granted for commodity procurement:

	<u>COUNTRY</u>	<u>BUREAU</u>
(1) FY to date	-0-	882,300*
(2) Amount of this waiver	<u>60,000</u>	<u>60,000</u>
(3) FY to date	60,000	942,300*

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\*Totals do not include amounts for two waivers, one for Pakistan for undetermined amount and one for Indonesia for "less than \$25,000". Dollar amounts for these two waivers cannot be determined until the involved procurement is completed.

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Discussion: In the current project paper for Thailand (approved by the Deputy Administrator on December 24, 1975) there is a provision for the USG and the RTG each to provide 50% of the funds needed to purchase 40 mobile family planning units. These busses are being used to provide clinical services such as IUD insertions and voluntary surgical contraception to populations in remote areas. The RHD mini-buses required for this service are not manufactured in the U.S.

- 2 -

Therefore, a source waiver was granted for the first twenty vehicles which were provided by A.I.D. in FY 76.

As a follow-on to this, the Joint Thai/USAID Evaluation Team in its December, 1977, report recommended that each of Thailand's 72 provinces be furnished a mobile unit. Since 40 units have been previously furnished, 32 more are required. In keeping with the formula of the USG and Royal Thai government (RTG), each financing 50% as its share of vehicle costs, there remains a maximum of 16 mobile units to be furnished by the USG. Provision for the 16 vehicles is included in the Project Paper Revision now being processed.

Apparently following PHA/POP procedures in effect at that time, an FY 77 allotment was made to the Thailand program on the basis of the Congressional Presentation but in the absence of a planned rev. PP. PROAG Revision No. 4 was signed in August, 1977, committing AID to finance 10 more of these vehicles. These are part of the required 16 stated above in order to have one in each province.

Justifications:

- (1) Vehicles should be right-hand drive, conforming to the custom and laws of Thailand.
- (2) Spare parts and services are more readily available in Thailand for Japanese vehicles.
- (3) Fleet maintenance will be more practical and economical if all of these vehicles are alike.
- (4) There are no right-hand-drive 12 passenger vehicles produced in the U.S.A.

Recommendation: That you approve the source waiver for procurement of Japanese vehicles for the Thai family planning program by signing the certification that follows.

Certification: I conclude that special circumstances exist which warrant the procurement of the non-U.S. manufactured motor vehicles indicated above and exclusion of procurement from the source requested in the waiver would seriously impede attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program.

APPROVED *[Signature]*

DISAPPROVED \_\_\_\_\_

DATE 5/19/78

(5/19/78)