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UNITED STATES GOVERNMENT

# Memorandum

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DATE: February 26, 1979

4p

FROM : ASIA/PD/EA;M.Sinding

SUBJECT: Rural Off-Farm Employment Assessment (493-0306)  
Thailand-Advice of Program Change (sent to Hill 2/26/79)

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

FEB 2 1974

ACTION MEMORANDUM FOR AA/ASIA

FROM: ASIA/PD, Dennis J. Brennan 

SUBJECT: THAILAND - Rural Off-Farm Employment Assessment  
(493-0306)

Problem: Your approval is required for an Advice of Program Change to Congress for the subject project.

Discussion: The opportunity for AID support of a project to provide data and analytical background needed to identify and develop appropriate projects and policies to assist in the expansion of non-farm employment and income opportunities in rural areas and market towns of Thailand recently arose. Rapid start up of this activity is possible. The data, analyses and recommendations to derive from this project are urgently needed to inform policies and programs to expand employment opportunities through the promotion of rural-based industry and to stimulate agricultural production, especially in the rainfed areas of Northeast Thailand. These farm families presently have few opportunities beyond subsistence farming and studies suggest significant underemployment, especially during the dry season.

Recommendation: That you approve the attached Advice of Program Change.

Attachment:  
Activity Data Sheet

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADVICE OF PROGRAM CHANGE

COUNTRY: Thailand  
PROJECT TITLE: Rural Off-Farm Employment Assessment  
PROJECT NUMBER: 493-0306  
FY 79 CP REFERENCE: None  
APPROPRIATIONS CATEGORY: Agriculture, Rural Development & Nutrition  
INTENDED OBLIGATION : \$500,000 Grant Funds

This is to advise that A.I.D. intends to obligate \$500,000 in FY 1979 for the above-referenced project. We are advising of AID's intention to obligate funds in FY 79 for subject project, which was not included in the FY 79 Congressional Presentation. Rapid start-up of this activity is possible even though the opportunity for AID support only recently arose. Moreover, the data, analysis, and recommendations to be developed as a result of this project are urgently needed for the planning of future rural development programs. The policies and programs developed as a result of this project will benefit low income farm households, especially in the rainfed areas of Northeast Thailand. These farm families presently have few income-earning opportunities beyond subsistence farming, and various studies suggest significant levels of under-employment particularly in the dry season. We expect that this project will lead to effective promotion of rural-based industry which will provide additional employment opportunities and stimulate agricultural production.

ANNEX: Activity Data Sheet

PROGRAM:

ACTIVITY DATA SHEET

CP 79-05

TITLE: Rural Off-Farm Employment Assessment		FUNDS: Agriculture, Rural Development and Nutrition		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
				FY 79	500	500	
NUMBER: 493-0306	NEW <input checked="" type="checkbox"/>	CONTINUING <input type="checkbox"/>	PRIOR REFERENCE: None	INITIAL OBLIGATION FY 79	ESTIMATED FINAL OBLIGATION FY 79	ESTIMATED COMPLETION DATE OF PROJECT FY 81	

**Purpose:** This project is to provide data and analytical background needed to identify and develop appropriate projects and policies to assist in the expansion of non-farm employment and income opportunities in the rural areas and market towns of Thailand.

**Background:** Increasing employment opportunities for rural households in non-farm activities is recognized as a critical element in rural development strategies. For the landless, the prospects for improvements in economic well-being in the farm sector are dim as tenancy is not conducive to either increasing land productivity or increased tenant income. Available evidence suggests that small rural households that own their own land are still highly dependent on off-farm activities for employment and income. A recent IBRD publication indicates that non-farm activities in rural areas are a source of primary employment for 25 percent of the rural labor force. If part-time farmers who engage in non-farm activities as a secondary occupation are included, the figure raises to 40 to 50 percent. The development of non-farm enterprises in rural areas and market towns appears to be one of the more promising approaches for stimulating rural employment. Design of appropriate programs and projects for stimulating this sector depends on a detailed understanding of the nature, extent and composition of the sector, the relationships with the farm sector, the potential pattern of demand for the products, economic viability, and the nature of the factors which constrain indigenous expansion. Studies of these issues are extremely scarce. This project will undertake studies to provide answers to these issues.

**Host Country and Other Donors:** The RTG will contribute \$170,000 equivalent, including salaries, supplies and materials, transportation, communications, and office space, utilities and equipment. Kasetsart University staff will assume major responsibilities for managing and implementing project surveys; Kohn Kaen and Chiang Mai Universities' personnel will carry out similar studies. An RTG-Project Advisory Committee will oversee the project and

provide data and information concerned with developing rural on-farm activities.

**Beneficiaries:** It is intended that the policies and programs that develop as a result of the study will benefit entrepreneurs of small rural enterprise, who are often poorer members of the rural population, and low income rural households who will have increased opportunities for off-farm employment and income.

**FY 79 Program:** Data collection and analysis for information on current nature, extent and composition of the rural non-farm sector, how that sector interacts with the farm sector and factors which constrain expansion of activity leading to the identification of appropriate projects and programs to stimulate the rural non-farm enterprise sector.

**Major Outputs:** -- Completed studies and analyses to enable RTG, USAID and other donors to design, implement, and evaluate effective policies and projects to promote development of rural small-scale industries.

- Strengthened RTG ability to carry out research and analyze data on rural non-farm enterprises.
- Conferences and workshops to discuss general approaches to rural employment project design and promote increased coordination among RTG agencies and donors.
- Proposals for AID supported rural industry projects.

<b>A.I.D. Financed Inputs - FY 79</b>	(\$ THOUSANDS)
Local Personnel Costs	210
Travel and Per Diem	65
Supplies Computer Costs	55
U.S. Consultants	144
Other Costs	26
<b>TOTAL</b>	<b>500</b>

U.S. FINANCING (in thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1977	-	-	-	
Estimated Fiscal Year 1978	-	-	-	
Estimated through September 30, 1978	-	-	-	
Proposed Fiscal Year 1979	500	-	500	
		Future Year Obligations	Estimated Total Cost	

To be selected.