

PD-AAF-883  
 17400 4930327  
 4930327004701

CLASSIFICATION:	
1. PAAD NO. 16-67)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT
2. COUNTRY	ASIA/ESF 80-1
3. CATEGORY	Thailand
4. DATE	Cash Transfer
5. TO:	A/AA/ASIA:FWSchleck
6. OYB CHANGE	8/6/80
7. FROM:	ASIA/PD:DJBrannan
8. OYB INCREASE	ASIA/ESF 80-1
9. APPROVAL REQUESTED FOR COMMITMENT OF:	\$ 2 million
10. APPROPRIATION - ALLOTMENT	72-1101037 037-50-493-00-85-01
11. TYPE FUNDING	LOCAL CURRENCY ARRANGEMENT
12. ESTIMATED DELIVERY PERIOD	14. TRANSACTION ELIGIBILITY DATE
<input type="checkbox"/> LOAN <input type="checkbox"/> GRANT <input checked="" type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input type="checkbox"/> NONE	N/A
15. COMMODITIES FINANCED	N/A

N/A - This is a cash transfer grant.

16. PERMITTED SOURCE	17. ESTIMATED SOURCE
U.S. only: N/A	U.S.: N/A
Limited F.W.:	Industrialized Countries:
Free World:	Local:
Cash:	Other:

18. SUMMARY DESCRIPTION

Authorization is requested for a \$2 million program grant to Thailand from FY 80 Economic Support Funds, using the cash transfer mechanism, to help the Royal Thai Government (RTG) meet the resource gap caused by the need for relief and rehabilitation for Thais affected by the influx of Khmer and other refugees and the recent Vietnam border incursions. The local resources which the cash transfer will enable the RTG to mobilize will provide budget support for RTG programs among others in public health, water supply, education, agriculture, roads, studies and surveys and other community development projects.

19. CLEARANCES	DATE	20. ACTION
<del>REC-DR</del> <del>ASIA/PT:KTaylor</del>		<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED
REC-CC ASIA/PT:KTaylor	8-6-80	<i>Frederick W. Schleck</i> AUTHORIZED SIGNATURE
AA-PIC ASIA/DP:RHalligan	8/6/80	
ACCU1 GC/ASIA:Morris	8/6/80	
<del>AA-PIC</del>		
AA-PIC		DATE
		Aug. 6, 1980
		Acting Assistant Administrator
		TITLE

Background: Recently there have been large numbers of refugees and a series of military incursions along Thailand's borders. Since January 1979, a large number of Cambodian civilians, and soldiers from both sides in Cambodia escaping from fighting, starvation, and uncared for disease, fled into Thailand in the seven border provinces. This caused many Thai villagers along the border to desert their houses for other areas, disrupting social, economic and living conditions. The Cambodian refugee movement and the related armed incursions have caused significant damage to the soil, to crops in the field, to food in storage and to the homes of those who lived along the border. Additionally, the affected Thai villagers have to share an insufficient supply of water with the refugees. The trucks bringing water and other supplies to the border areas have had the unfortunate side effect of breaking down the secondary road network. Simple laterite roads without proper drainage were not designed to handle, especially in rainy season, convoys of up to 100 trucks daily bringing food, water and other necessary supplies to people in the impacted areas.

The various international donors and voluntary agencies have made sizeable grants for assistance to the various refugees but there has been relatively little assistance to Thailand for Thais affected by the border events. There is a serious gap in the domestic resources available to the RTG to assist its own people and the RTG has urgently requested local cost support for relief, resettlement and rehabilitation. The United States has encouraged international organizations and voluntary agencies to provide assistance to the Thai people living in the border areas. Since September 1979, the world food program has contributed approximately \$3 million in rice for distribution to affected Thai villagers. UNICEF has agreed to expend \$1 million against a possible total commitment of \$3.5 million. Also, 12 voluntary agencies have reached agreement with the RTG to provide supplemental medical care to Thais in conjunction with the Ministry of Health's programs. At the ASEAN Foreign Ministers' Conference in late June, Secretary Muskie indicated the USG's willingness to also support this relief and rehabilitation effort for Thai villagers, and Ambassador Loy announced on July 20th that Congress had been consulted on a \$2 million grant for this purpose.

## The Resource Constraint

It is difficult at this point to estimate completely the size of the resource gap which faces the RTG. To date the government has reprogrammed from the regular RTG budget the equivalent of \$8 million for assistance to affected Thais. They anticipate an additional need in FY 81 for \$5-6 million from the RTG budget for the most pressing needs. This assumes that the numbers of affected Thais remain approximately at current levels. In addition, funds are needed, but have not been earmarked, for malaria control, road rehabilitation and increased water supply. More precise estimates of the total resource gap will not be available until further studies and surveys are undertaken.

## Illustrative Programs Supported

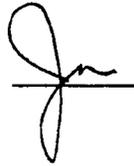
The following is an illustrative list of items eligible for support under this grant. No funds from the grant will be used to finance military, paramilitary or police activities.

1. Public Health
  - Disease Prevention
  - Health Promotion
  - Medical Care
  - Emergency Public Health Services
  - Malaria Control
2. Water
  - Wells
  - Ponds
  - Reservoirs
  - Dykes
3. Sanitation
4. Education and Training
  - Primary Schools
  - Student/Teacher Supplies
  - Basic Literary Training
  - Income Producing Skills Training
5. Agricultural Development Projects
  - Fertilizer
  - Seeds
  - Insecticide
  - Land Preparation
6. Roads
7. Energy Needs
  - Power Lines (hook-up from existing transmission lines to new villages)
8. Community Halls
9. Village Surveys

Recommendation: That you authorize a \$2 million cash grant from FY 80 funds appropriated under the Economic Support Fund of the FAA to support the relief and rehabilitation efforts of the RTG for Thai citizens affected by the refugee situation and border incidents in Thailand.

Clearance:

ASIA/PD/EA:JNussbaum



Date

6 Aug 80



ASIA/PD:HSharbach:fv:8/6/80:X58450

hold for RH

~~CJ~~

Paul

PD-AAF 883

3

January 13, 1981

473-0527

MEMORANDUM FOR: NE/DP, Mr. B. Langmaid  
LAC/DP, Mr. D. Lazar  
ASIA/DP, Mr. R. Halligan -  
AFR/DP, Mr. R. Stacy

FROM: PPC/PB, Larry Smucker *LS*

SUBJECT: ESF Apportionment Procedures

I have learned that OMB would welcome apportionment requests for entire country programs now that we have an OYB. However, a few countries cannot be apportioned in their entirety at this time, due to the need for Congressional consultation or to special questions which T might raise.

At some point we'll reach the 72% CR limitation, though OMB is quite willing to process apportionments above that level. Treasury and GAO are expected to go along with warrants over and above the 72% as necessary and if a reasonable case has been made.

Based on this information, you are urged to begin processing apportionment documentation for entire country programs.

cc: PM/SAS, B. Bruce  
PPC/PB, L. Rogers  
PPC/PB, T. Friedkin

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

August 6, 1980

ACTION MEMORANDUM FOR THE A/AA/ASIA

FROM: ASIA/PD, Dennis J. Brennan *DB*

SUBJECT: ESF Grant to Thailand of \$2 Million

493-03290

4111  
PD-AHE-883  
(4)

Problem: Your approval is required for a program grant of \$2 million to the Royal Thai Government (RTG) from the economic support fund appropriation.

Background: There has been a continuing influx of refugees into Thailand from Cambodia and Laos and recent military incursions as well. Thai residents, particularly in the border provinces, have suffered considerably from the refugee influx and the military action. Many have been displaced from their homes with resulting disruption of social, economic, health and general living conditions. There has also been significant damage to the soil, crops in the field, food in storage and homes. There are inadequate water supplies for both Thais and refugees and the increased road use by trucks bringing water and other supplies has had the unfortunate side effect of breaking down parts of the secondary road network.

Various international donors and voluntary agencies have made sizeable grants of humanitarian assistance to assist the refugees. However, there has been only minimal assistance to Thailand for Thais affected by the border situation. There is a serious gap in the domestic resources available to the RTG for this purpose and the RTG has urgently requested local cost support for its relief, resettlement and rehabilitation efforts for Thais.

At the Foreign Ministers' Conference held in Kuala Lumpur in late June, Secretary Muskie indicated the USG's willingness to support this effort. On July 20th, Ambassador Loy in Bangkok stated that the USG had consulted with the Congress and has been able to finalize a grant of \$2 million to help the Thai people that are affected by the refugee situation.

Recommendation: That you sign the attached PAAD and authorize a \$2 million program grant to the RTG, using the cash transfer mechanism, to assist the RTG in mobilizing resources for its ongoing efforts of relief and rehabilitation for Thais affected by the border situation.

Attachments:  
Tab A - PAAD

6

CLASSIFICATION:

AID 1120-1 (6-67)  PAAD	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT  PROGRAM ASSISTANCE APPROVAL DOCUMENT	1. PAAD NO. ASIA/ESF 80-1 2. COUNTRY Thailand 3. CATEGORY Cash Transfer 4. DATE 8/6/80
5. TO: A/AA/ASIA:FWSchieck	6. OYB CHANGE NO. ASIA/ESF 80-1	
7. FROM: ASIA/PD:DJBrennan	8. OYB INCREASE \$2,000,000 TO BE TAKEN FROM: Syria	
9. APPROVAL REQUESTED FOR COMMITMENT OF: \$ 2 million		10. APPROPRIATION - ALLOTMENT 72-1101037 037-50-493-00-85-01
11. TYPE FUNDING <input type="checkbox"/> LOAN <input checked="" type="checkbox"/> GRANT	12. LOCAL CURRENCY ARRANGEMENT <input checked="" type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input type="checkbox"/> NONE	13. ESTIMATED DELIVERY PERIOD N/A
15. COMMODITIES FINANCED		14. TRANSACTION ELIGIBILITY DATE N/A

N/A - This is a cash transfer grant.

16. PERMITTED SOURCE U.S. only: N/A Limited F.W.: Free World: Cash:	17. ESTIMATED SOURCE U.S.: N/A Industrialized Countries: Local: Other:
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19. CLEARANCES XXXX DP XXXX ASIA/PT:RTaylor <i>RS</i> 8/6/80 XXXX ASIA/DP:RHalligan <i>RR</i> 8/6/80 XXXX GC/ASIA:HMorris <i>AM</i> 8/6/80 XXXX XXXX	20. ACTION <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED <i>Frederick W. Schieck</i> Aug. 6, 1980 AUTHORIZED SIGNATURE DATE Acting Assistant Administrator Bureau for Asia TITLE
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Background: Recently there have been large numbers of refugees and a series of military incursions along Thailand's borders. Since January 1979, a large number of Cambodian civilians, and soldiers from both sides in Cambodia escaping from fighting, starvation, and uncared for disease, fled into Thailand in the seven border provinces. This caused many Thai villagers along the border to desert their houses for other areas, disrupting social, economic and living conditions. The Cambodian refugee movement and the related armed incursions have caused significant damage to the soil, to crops in the field, to food in storage and to the homes of those who lived along the border. Additionally, the affected Thai villagers have to share an insufficient supply of water with the refugees. The trucks bringing water and other supplies to the border areas have had the unfortunate side effect of breaking down the secondary road network. Simple laterite roads without proper drainage were not designed to handle, especially in rainy season, convoys of up to 100 trucks daily bringing food, water and other necessary supplies to people in the impacted areas.

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### Illustrative Programs Supported

The following is an illustrative list of items eligible for support under this grant. No funds from the grant will be used to finance military, paramilitary or police activities.

1. Public Health
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  - Insecticide
  - Land Preparation
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7. Energy Needs
  - Power Lines (hook-up from existing transmission lines to new villages)
8. Community Halls
9. Village Surveys

Recommendation: That you authorize a \$2 million cash grant from FY 80 funds appropriated under the Economic Support Fund of the FAA to support the relief and rehabilitation efforts of the RTG for Thai citizens affected by the refugee situation and border incidents in Thailand.

PD-AAF-883  
(5)

January 22, 1981

**ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR, ASIA**

**FROM:** ASIA/PTB, John L. Wilkinson

**SUBJECT:** Thailand - Relief and Reconstruction Project (493-0327) Advice of Program Change - \$2,000,000

Problem: Your approval is needed on the attached Advice of Program Change to Congress.

Discussion: The State Department has made available \$2,000,000 in FY 1981 Economic Support Fund grant monies for Thailand. These funds are intended to support Royal Thai Government (RTG) efforts to assist Thai residents of border areas affected by the influx of Indochinese refugees. To the extent that the RTG receives additional funds to assist the affected Thais, it will decrease the need to divert resources from its current development budget.

Recommendation: That you sign the attached Advice of Program Change, which notifies Congress of AID's intention to obligate a \$2,000,000 grant in FY 81 from the ESF account.

Attachment: Advice of Program Change

ASIA/PTB/T:JLWilkinson:jvg:1/22/81

Clearances:

ASIA/PTB:DChandler  
ASIA/DP:RHalligan  
ASIA/PD:RVanRaalte  
AA/ASIA:FFischer

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADVICE OF PROGRAM CHANGE

COUNTRY:	Thailand
PROJECT TITLE:	Relief and Reconstruction
PROJECT NUMBER:	493-0327
FY 81 CP REFERENCE:	None
APPROPRIATIONS CATEGORY:	Economic Support Funds
INTENDED OBLIGATION:	\$2,000,000

This is to advise of the planned addition of \$2,000,000 in Economic Support Fund (ESF) assistance to Thailand in FY 1981. \$2,000,000 in ESF was previously provided in FY 1980 to help meet a gap in resources available to the Royal Thai Government (RTG) to assist Thais affected by disruptions along the Khmer and Lao borders. This resource gap, estimated to be some \$12.5 million in FY 1980, has likely increased due to continued instability along the border resulting in further displacement and disruption of Thais resident in these areas.

The addition of \$2,000,000 in FY 1981 will provide additional support to ongoing RTG programs in public health, water and sanitation, education and training, agricultural development, rural infrastructure and community development.

Annex: Activity Data Sheet

Clearances:

A-AA/ASIA, Frederick W. Schieck

*FWS*

GC/LPIA, Michael Williams

*MW*

ASIA/PTB, Dennis M. Chandler

*TC*

PROGRAM: THAILAND

ACTIVITY DATA SHEET

CP 81-06 (8-79)

TITLE Relief and Reconstruction		FUNDS Economic Support Funds	PROPOSED OBLIGATION (In thousands of dollars)		
NUMBER 493-0327		PRIOR REFERENCE Advice of Program Change dated June 27, 1980	FY 81	2,000	LIFE OF PROJECT 14,000
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input type="checkbox"/> CONTINUING <input checked="" type="checkbox"/>		INITIAL OBLIGATION FY 80	ESTIMATED FINAL OBLIGATION FY 82	ESTIMATED COMPLETION DATE OF PROJECT FY 83

**Purpose:** To assist in socio-economic relief and development programs on behalf of Thai nationals adversely affected by the influx of displaced persons from Cambodia, Laos and Vietnam.

**Background and Progress to Date:** The invasion of Cambodia by Vietnamese forces in 1978 sharply increased the burden Thailand has borne in providing asylum for hundreds of thousands of Indo-chinese refugees. Many of the Thais residing in border areas have been forced to move to more secure areas; inadequate water reserves are being shared between refugee communities and the adjacent Thais; transportation of relief supplies has caused major damage to rural roads; and, cutbreaks of disease, particularly malaria, have spread beyond the refugee camps in almost epidemic proportions. In response, the Royal Thai Government (RTG) has been forced to divert resources from its development budget to begin meeting the most pressing needs of this group of Thais. Although the international community has contributed generously to assist the refugees, relatively little support has been provided to the Thais affected by the refugee influx.

\$2,000,000 in Economic Support Fund (ESF) monies was provided to the RTG in FY 1980 to help fund the Government's efforts to provide basic economic and social services to the affected Thai. These efforts include the development of new rural communities, the repair of damaged roads and emergency malaria control projects.

**Host Country and Other Donors:** The RTG's current plan for affected Thai people calls for an expenditure of \$42 million. UNICEF has an approved \$3.5 million budget to assist with projects related to water supply, health and nutrition. Japan and the Federal Republic of Germany have expressed their willingness to commit approximately \$10 million each for this program. Voluntary agencies, both local and international, have contributed over \$500,000 in funds and personnel, particularly medical, to the relief effort.

**Beneficiaries:** Approximately 100,000 Thais, principally rural poor in eastern and northeastern Thailand, have been affected by the fighting and influx of refugees. These Thai civilians are the beneficiaries of the Thai assistance programs which this grant will help support.

**FY 81 Program:** \$2,000,000 is requested to provide a grant to the Royal Thai Government to contribute to the support of its relief, reconstruction and resettlement efforts for affected Thais.

Major Outputs (and A.I.D. unit costs):	(\$ thousands)	
	Unit	All Years Cost
Support for Thai program of relief, reconstruction and resettlement. Reconstruction of infrastructure, for example, may include schools, hospitals, community centers, irrigation facilities and roads in the Thai border areas.	X	14,000

A.I.D.-Financed Inputs:	FY 81
Grant to the Thai Government to help meet the costs of services, equipment and supplies	2,000

	U.S. FINANCING (In thousands of dollars)			PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1979	--	--	--	
Estimated Fiscal Year 1980	2,000	2,000		
Estimated through September 30, 1980	2,000	2,000	--	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1981	2,000	10,000	14,000	



STATE - A.I.D. - USIA ROUTING SLIP				DATE 8/7/80		
TO:	Name or Title	Orgn. Symbol	Room No.	Bldg.	Initials	Date
1.	ASIA/DP:RRoan					
2.	GC/ASIA:HMorris					
3.	ASIA/PT:RTaylor					
4.	USAID/Bangkok (2)					
5.						
Approval		For Your Information		Note and Return		
As Requested		Initial for Clearance		Per Conversation		
Comment		Investigate		Prepare Reply		
File		Justify		See Me		
For Correction		Necessary Action		Signature		
REMARKS OR ADDITIONAL ROUTING						
<p>SUBJECT: ESF Grant to Thailand of \$2 Million</p> <p>Attached for your information/files is copy of approved ESF grant to Thailand.</p>						
FROM: (Name and Org. Symbol)			ROOM NO. & BLDG.		PHONE NO.	
ASIA/PD/SA:FVanech					5-8450	

12

February 6, 1981

ACTION MEMORANDUM FOR THE ACTION ASSISTANT ADMINISTRATOR, BUREAU FOR AISA

FROM: ASIA/PD, G. R. van Raalte

SUBJECT: ESF Grant to Thailand of \$2 Million

Problem: Your approval is required for a program grant of \$2 million  
I  
to the Royal Thai Government (RTG) from the economic support fund  
appropriation.

Background: As a result of the influx of refugees into Thailand from Cambodia and Laos and military incursions, the Thai residents, particularly in the border provinces, have suffered considerably from the refugee influx and the military action. Many have been displaced from their homes with resulting disruption of social, economic, health and general living conditions. There has also been significant damage to the soil, crops in the field, food in storage and homes. There are inadequate water supplies for both Thais and refugees and the increased road use by trucks bringing water and other supplies has had the unfortunate side effect of breaking down parts of the secondary road network.

Various international donors and voluntary agencies have made sizeable grants of humanitarian assistance to assist the refugees. However, there has been only minimal assistance to Thailand for Thais affected by the border situation. There is a serious gap in the domestic resources available to the RTG for this purpose and the RTG has requested continued local cost support for its relief, resettlement and rehabilitation efforts for Thais.

A program grant of \$2 million was approved on August 6, 1980 to the Royal Thai Government from the economic support fund appropriation.

Recommendation: That you sign the attached PAAD and authorize an additional \$2 million program grant to the RTG, using the case transfer mechanism, to assist the RTG in mobilizing resources for its continued efforts of relief and rehabilitation for Thais affected by the border situation.

Attachments:

Tab A - PAAD

Hold for Mr. Halligan - 493-0327  
DP  
9 DEC 1980

INFORMATION MEMORANDUM FOR THE ADMINISTRATOR

THRU: ES  
FROM: AA/PPC, Alexander Shakow  
SUBJECT: Apportionment of FY 1981 ESF Funds

As indicated in Brad Langmaid's memorandum of November 26 (see attached), OMB's new process for apportioning ESF funds is off to a rocky beginning. There has been a significant increase in paperwork necessary to make ESF funds available to AID's managers, and this has delayed program implementation.

I have talked to Phil DuSault about the problem and have sent copies of Brad's memo to Phil and to Bob Bruce of State/PM (see attached cover note to Bob). As a result, some improvements have been made in the process--a single official in PM, Ed Kelly, has been assigned responsibility for managing the process and action officers in other agencies are now aware of our need to move quickly. We have received apportionments for Israel and Turkey and several others are well along in the process.

The lack of an OYB for ESF and the resulting need to proceed cautiously have no doubt contributed to delays. Once we have a clear picture of the FY 1981 legislation governing ESF, PM will be able to establish an OYB. This should substantially reduce questions about the "opportunity costs" of proceeding with programs like Liberia, which were not included in the C.P. So an OYB should speed the approval of apportionment requests.

But even with these procedural improvements, I'm not sure the added work is justified. I've told Phil I don't think the use of apportionment requests adds to the program review and approval process--we've always given OMB an opportunity to review budget proposals and, to the best of my knowledge, have never obligated funds for a program they opposed. But OMB feels the system improves control over the ESF program and wants to give the new system a better test. If, after an OYB is established, we continue to experience long delays in getting funds apportioned, we will press OMB for substantial revision of the new process or for a return to the old system. In the meantime, our only option is to make the best of what everyone in AID agrees is a bad situation.

PPC/PB:LRogers:rms:12/9/80:X23918

cc: DA/AID, Mr. Wheeler            AA/NE, Mr. White (acting)  
AA/AFR, Mrs. Butcher            State/PM, Mr. Bruce  
AA/LAC, Mr. Coy (acting)        OMB, Mr. DuSault  
AA/ASIA, Mr. Sullivan

November 28, 1980

MEMORANDUM FOR: Mr. Robert Bruce  
PM/SAS  
State Department

Bob:

The attached memo from Al White is very disturbing. Some progress may have occurred by now, but I suggest you get a staff group together to assure that a system is established that works, or that we go back to OMB and tell them that we must stop this nonsense.



Alex Shakow  
Assistant Administrator  
for Program and Policy

Attachment:

Memo to Mr. Shakow from Al White, 11/26/80  
re: Apportionment Process for FY 1980 ESF Funds

cc: AA/NE, Al White  
PPC/PB, L. Smucker/L. Rogers

UNITED STATES GOVERNMENT

# Memorandum

TO : AA/PPC, Mr. Alexander Shakow

DATE: November 26, 1980

FROM : A-AA/NE, Alfred D. White *Bl fur*

SUBJECT: The Apportionment Process for FY 1980 ESF Funds

The system for apportioning ESF funds which was instituted by OMB with the start of FY 81 is not working. The continued malfunctioning of this system is seriously hampering the capacity of this Bureau to manage its program. The time that could have been used to get ahead of our programming and obligations responsibilities has already been lost. We are now moving into an even busier season where our continued inability to make timely allotments and obligation of funds risks causing serious political as well as administrative problems. The system needs to be either radically changed or abandoned in its entirety; action on this is needed urgently.

By memo (copy attached) OMB installed for FMS and ESF programs a system of individual apportionments which required that before any funds were obligated a memorandum setting out the justification for and details of that obligation would be forwarded from Under Secretary Nimetz to OMB. The system envisioned both total program approvals as well as project-by-project approvals. The Bureau foresaw all the ingredients of a major administrative snafu but has endeavored to try to make the system work.

Unfortunately our worst fears have become reality. Not a single apportionment of ESF funds has yet been made to the Agency for Bureau programs. The Bureau submitted its recommendation for a partial ESF OYB on September 26, 1980. It concurred in the PPC resubmission of that OYB recommendation to PM on October 27, 1980. No action on these has yet been taken and we do not have even a partial ESF OYB. As a result, as major obligations have become ready we have had to seek an apportionment on an activity-by-activity basis. Five activities have been fed into this new process, the first two installments of the Israel program, the entire Turkey program, Portugal Base Rights funding, funding for continuation of an already authorized water project in Jordan, and funding for continuation of already authorized Regional Cooperation in the Middle East project involving marine sciences. Not one of these has yet been approved by OMB for apportionment. In fact it is not even clear that any of these have yet been submitted by Under Secretary Nimetz to OMB. Some of these budget proposals have "only" been in process for several weeks, while others such as Israel and Turkey have been in process for over a month. None of them is in any way controversial.

It is not totally clear where the problem lies. OMB staff is likely to argue that as no apportionment request has yet reached it, the fault does not lie with their system. They have said they are prepared to turn around any apportionment request within 24 hours. This is misleading, however, inasmuch as the system which PM uses involves giving OMB and Treasury a pre-clearance on the draft memorandum from Nimetz to OMB. As a result OMB has two cracks at any issue and an infinite intentional or unintentional capacity to delay decision making.

As we understand the system that is being employed, PM receives requests from action bureaus (through PPC for AID business) for ESF, FMS, and IMET programs. They review those requests and decide whether or not to endorse them and whether to package them in a single Nimetz to OMB memorandum. Their tendency has been to "package" the requests. Once agreement has been reached within PM on the package, it is circulated in draft for clearance.

If an issue arises on any component of the overall memorandum the whole action is delayed. This has already happened on the Israel and Turkey programs which have been delayed because of disputes over questions on FMS terms. Our repeated urgings both through PPC and directly to PM to split off the ESF from the FMS have had little effect.

We understand that clearance involves all the members of the Security Assistance Program Review Committee. That means some six different agencies are being asked to clear and pass legal, technical, and legislative judgment on AID programs. The opportunities for delay are immense. The process of educating people who have no responsibility for or knowledge of AID's method of doing business or of the foreign assistance legislation as it pertains to AID's business is incredibly time consuming. We have already had examples where because one of the clearing Agencies didn't understand AID's obligation process they delayed clearance of the apportionment request. This is bad enough in itself but there is no feedback mechanism so when an issue arises it sits unresolved. There is no machinery by which the issue or question is fed back to the people who have the information on the program and can settle it. We are forced to spend time tracking clearances from in-basket to in-basket. There seems to be no one in charge of making the process work and those who are being asked to clear have no vested interest in quick action.

We feel that this is a management issue of sufficient seriousness to be discussed with the transition team but we need PPC leadership in finding a practical solution to this problem now. We do not believe that the foreign policy interest supported by the ESF program are well served by the lowest common denominator consensus decision making process which we now have. We know that the capacity of the Bureau to discharge its responsibilities is already seriously effected.

Attachment: a/s

cc:PPC/PB:LSmucker  
State/NEA:JTwinan