

PDA-919

NR-56568

AUDIT OF
ASEAN PARTICIPANT TRAINING PROGRAM
Project Number 398-0287

Audit Report No. 2-498-88-07
May 25, 1988

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT
MANILA

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DATE: May 25, 1988
RIG/EA-88-

MEMORANDUM

TO: Bruce Blackman
ASEAN Regional Development Office

FROM: *William C. Montoney*
William C. Montoney
RIG/A/M

SUBJECT: Audit of the ASEAN Participant Training Program,
Audit Report No. 2-498-88-07

This report presents the results of audit of the ASEAN Participant Training Program conducted in Malaysia, Thailand and the Philippines. The draft report was submitted to you for comment and your comments are attached to the report. The report contains one recommendation which is unresolved and will require your action. Please advise this office within 30 days of the actions taken or planned to implement this recommendation. We appreciate the cooperation and courtesy extended our staff during the audit.

Background

The Agricultural Development Planning Center (ADPC), the Scholarship Program for Applied Tropical Medicine and Public Health (TROPMED), the Asian Institute of Technology (AIT), all located in Thailand and the Plant Quarantine Center and Training Institute (PLANTI) in Malaysia provide scholarship training for ASEAN participants. The training, designed to increase the human and institutional resource capacities of the ASEAN region, focuses on agricultural economics and planning, primary health, agricultural engineering, rural development and other priority development areas. Training first commenced in 1980 at AIT. In 1987 all four projects were combined into the ASEAN Human Resources Development Project (398-0287) for funding purposes. Through March 1987, A.I.D. had spent \$8.2 million for training expenses while 412 students had completed graduate training at these institutions.

Audit Objectives and Scope

The Office of the Regional Inspector General for Audit/Manila made a program results audit of the ASEAN participant training program. In the past, the Office of Inspector General has reported on various aspects of A.I.D.'s participant training program, however the ASEAN training program has not been specifically included. The objective of the audit was to determine how many students could be located after completion of training and the extent of A.I.D.'s involvement with ASEAN participants following training.

The audit included a review of project files and financial records maintained at each of the participating training facilities and at the ASEAN Regional Development Office (RDO) located in Manila, Philippines. Numerous discussions were conducted with project and training officials and students who had completed the training program. We attempted to locate only those students from the Philippines, Thailand and Malaysia who received a Masters Degree as these students represented the most sizeable A.I.D. investment. The audit was performed during the period September through November 1987, and was made in accordance with generally accepted government auditing standards.

Results of Audit

The audit determined that A.I.D. has virtually no basis for evaluating the effectiveness of the ASEAN participant training program. More than half of the 276 graduates from the Philippines, Thailand and Malaysia could not be located by the audit team and a participant training follow-up program had never been established by A.I.D.

Internal controls as prescribed in Handbook 10 are in need of improvement. A.I.D. does not have a system in place to monitor ASEAN participants who have completed training. This responsibility, if assumed at all, is left to nominating agencies and committees within the ASEAN countries.

To help improve the effectiveness of the ASEAN participant training program, we recommend the ASEAN RDO request ASEAN countries to submit an annual tracking report showing the current location of each participant and how his learned skill is being utilized.

Millions in Training Costs Have Been Spent for ASEAN Students with No Assurance that Students Have Returned Home or Have Effectively Utilized Their Training - Through March 1987, A.I.D. had spent \$8.2 million to train ASEAN graduate students at PLANTI, ADPC, TROPMED and AIT. Currently, the location of over half of the Philippine, Thailand and Malaysian participants who have graduated is unknown. Further, the majority of students located were unaware that A.I.D. had financed their training.

A.I.D.'s policy requires that all reasonable steps should be taken to ensure that participants return to their home countries and work in positions where their training is utilized effectively. This policy has only been partially followed as evidenced by the number of students who could not be found. A major reason students could not be located was that the ASEAN RDO had not implemented a system for monitoring participants who had completed their training requirements as recommended in A.I.D. Handbook 10.

Discussion - Through March 1987, A.I.D. had spent \$ 8.2 million to train ASEAN students in specialized developmental skills at PLANTI, ADPC, TROPMED and AIT and has agreed to provide a total of over \$27.9 million for this purpose.

The program had trained 412 ASEAN participants in a graduate program. With the exception of Brunei, all of the ASEAN countries have participated in the training (see Exhibit 1 for a listing of graduates by project and participating country).

We attempted to locate 276 graduates from the countries of Malaysia, Thailand and the Philippines who had completed the Masters Degree program during the 1980 - 1986 time period. We were only able to locate 106 or less than 40 percent of the participants. The location rate for Thailand and Malaysia averaged around 40 percent, but was less than 29 percent for the Philippines.

The fact that over 60 percent of the students could not be located shows that the problem of non-returning participants could be significant. There is evidence showing that some participants have already left the country and others are not employed in a skill related to the academic training received. For example:

-- Relatives and friends identified three Filipino graduates currently living and working in the United States. A.I.D. had spent approximately \$24,100 to train these individuals in a health-related discipline at TROPMED.

-- Two other Filipino graduates, one who had obtained a Masters Degree in Public Health at TROPMED and another who graduated with a Masters Degree in Agricultural and Food Engineering at AIT, at a cost of approximately \$8,000 and \$22,000 respectively, were identified as now working in Saudi Arabia.

-- An AIT graduate from Thailand was identified as currently working in Japan. A.I.D. had spent approximately \$22,000 for him to obtain a degree in Geotechnical and Transportation Engineering.

--- Two Malaysian Army Officers received Masters Degrees in Public Health at TROPMED at an A.I.D. cost of about \$16,000. Both officers were on active duty at the time of selection and returned to an active duty status on completion of training. In our opinion, A.I.D. support of military education is not consistent with the ASEAN goal of promoting regional economic productivity through rural development.

Numerous instances exist in all three countries of participants who have resigned from their jobs after graduation and left no forwarding address. Because of the lack of follow-up information available, we were unable to determine how many of these participants had signed work commitments as a prerequisite for being selected into the program and how many participants had resigned before completing the commitment.

Locating recent graduates was even more difficult than finding graduates from the 1981-1983 classes.

NUMBER OF PARTICIPANTS NOT LOCATED

<u>Year</u>	<u>Number Graduated</u>	<u>Number Not Located</u>	<u>Percentage Not Located</u>
1981	13	5	38
1982	68	38	56
1983	63	40	63
1984	44	25	57
1985	45	31	69
1986	<u>43</u>	<u>31</u>	<u>72</u>
TOTAL	276	170	61.6

Although work commitments for continued employment were utilized by all the countries, they were not mandatory. Without enforceable work commitments, it is possible that some graduates did not return to their home country to apply their skills to development-related activities. For example:

-- Only nine of the twenty Filipino TROPMED and AIT graduates located were required to sign an employment commitment in return for the educational assistance provided. The commitment when signed usually specified an employment period of two years or three years for every year of study.

-- Twenty-two of thirty-five AIT students located had signed an employment commitment. All who did not sign an agreement were from the private sector.

A.I.D. does not monitor the ASEAN participant training program. Not one of the 106 graduates located said they had ever been contacted by A.I.D. before or after completion of their training. The ASEAN RDO believed the responsibility for follow-up practices and procedures should be with the nominating agencies and committees within the ASEAN countries.

One obvious disadvantage of not having interaction between sponsor and student is the apparent unawareness of who actually financed the scholarship. Fifty-four or over half of the graduates contacted were not aware that A.I.D. had financed their scholarships. The majority of the participants had attended TROPMED and were under the impression that scholarships were provided by the Southeast Asian Ministers of Education Organization (SEAMEO) - an organization responsible for promoting educational opportunities in Asian member States.

It is A.I.D. policy that all feasible steps should be taken to ensure that A.I.D. sponsored trainees return to work in their home countries and in positions where their training is utilized effectively. Handbook 10, Chapter 29 specifically addresses the necessity for follow-up activities and the need to assist participants in reinforcing the technical and managerial knowledge acquired during their training. These procedures were not always followed as demonstrated by the large number of graduates not located and the lack of a follow-up program.

Some of the institutions maintain student directories in an effort to evaluate the quality of education provided and to maintain continuous contact with the participant. For example, the AIT directory contains the name of the student, year of graduation, an office and home address and telephone

number. In February 1984, AIT attempted to locate graduated ASEAN students. They were only able to locate 36 percent of 93 graduates, a percentage comparable to what we found. TROPMED performed a follow-up study on ASEAN participants and concluded that 90 percent of the participants remained within the ASEAN region after graduation. They provided some questionnaires to support this position, but the statistical information summarizing the conclusion was not available and appeared not to exist. Information from these studies was used by A.I.D. to justify continuing support to projects under the ASEAN Human Resources Development Project. These surveys formed the basis for the assumption that ASEAN students usually returned to their native countries and continued their professional careers. The surveys were also used to convince Congress that A.I.D.'s developmental objectives were being attained. In our opinion, the surveys were too incomplete for evaluation purposes, especially when less than half of the graduated students sought could be located by the institutions.

A.I.D. should require more data to determine whether project developmental objectives are being attained through the ASEAN participant training program. Not knowing the location of over 60 percent of the graduated students and having virtually no contact with the participant before, during and after training illustrate the need for such action.

Recommendation No. 1

We recommend that the ASEAN RDD request that participating ASEAN countries submit an annual report depicting, as a minimum, the present location of each participant, how his learned skill was utilized and how the it contributed to the overall objective of the project. Handbook 10 should be used to identify those participant training attributes most useful to management.

Management Comments

The ASEAN RDD did not specifically comment on the fact that more than half of the 276 ASEAN graduates sought in the Philippines, Thailand and Malaysia could not be located. The RDD acknowledged that A.I.D. does not have a system for evaluating the effectiveness of the ASEAN participant training program, but there is a system in place which essentially entails follow-up practices and procedures implemented by the training institutions and the nominating agencies and committees within the ASEAN countries. Further, the RDD expressed the belief that Handbook 10 was not intended to apply to the ASEAN regional training program because a significant part of the project entails in-country

training. The RDO commented that while many of the participant follow-up activities envisioned in Handbook 10 appear desirable and meritorious, it would be quite costly and staff-intensive for A.I.D. or the training institution to pursue them.

Office of the Inspector General Comments

Our audit has clearly demonstrated that the current location of over half the ASEAN participants sought is unknown and there are no procedures in place to track and monitor these individuals. One of the key requirements of any A.I.D. participant training program is that participants are obligated to return to their home countries upon completion of the planned training programs to apply their skills in development related activities for which the training was authorized. This element cannot be evaluated because of the large number of participants not located.

A.I.D. participants are defined in Handbook 10 as foreign nationals sponsored by A.I.D. to receive training outside their home countries. Over three-fourths of the ASEAN participants receive training outside their home countries.

We believe the ASEAN training programs were intended to be covered by A.I.D. Handbook 10 and, because they have not been, the program cannot be effectively assessed.

Other Matters

Students from the developed countries of Brunei, Singapore and Malaysia, which do not qualify for bilateral A.I.D. programs, are included in the ASEAN participant training program because A.I.D. participant funding has been equally allocated on a regional basis. To date, Malaysia has had 38 graduates while Singapore 11. We estimate that A.I.D. has paid about \$550,000 to finance training for these participants. We believe financing of developed country participant training should be reconsidered in view of the developed countries' ability to pay the cost of the training.

EXHIBIT I

Audit of the ASEAN Development Program
Number of Masters Degree Graduates by Country
1980 thru 1986

Number of Graduates Per Country

<u>Institution</u>	<u>Brunei Darussalam</u>	<u>Indonesia</u>	<u>Malaysia</u>	<u>Philippines</u>	<u>Thailand</u>	<u>Singapore</u>	<u>TOTAL</u>
AIT	0	32	5	39	60	6	143
TROPMED	0	77	30	45	65	5	222
ADPC	0	11	0	13	18	0	42
PLANTI	0	0	1	1	3	0	5
WATERSHED	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL/COUNTRY	<u>0</u>	<u>120</u>	<u>37</u>	<u>98</u>	<u>146</u>	<u>11</u>	<u>412</u>

AUDIT OF
ASEAN PARTICIPANT TRAINING PROGRAM

EXHIBITS AND APPENDICES

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The four regional training institutions covered by this audit are:

- (i) Agricultural Development Planning Center (ADPC), Kasetsart University, Bangkok, Thailand;
- (ii) Asian Institute of Technology (AIT), Bangkok, Thailand;
- (iii) Plant Quarantine Centre and Training Institute (PLANTI), Serdang, Selangor, Malaysia; and
- (iv) University Network for Applied Tropical Medicine and Public Health (TROPMED), headquarters at Mahidol University, Bangkok, Thailand.

AID support for training at these centers is provided through the ASEAN Human Resources Development (HRD) project. As can be seen by the existence of multiple implementing agencies in the project, this six-country HRD effort operates at decentralized, institutional levels. The purpose of this HRD assistance is "To expand HRD and training opportunities in priority sectors; and to strengthen institutional capacity in the ASEAN region for HRD activities."

AUDIT FINDINGS

Page 4 of the draft report states:

"The audit determined that AID has no system for evaluating the effectiveness of the ASEAN participant training program."

This statement is inaccurate and should be corrected. We do have a system for evaluating the effectiveness of the ASEAN participant training program. The system entails periodic general evaluations of progress at implementing institutions. These evaluations are done by outside US and ASEAN consultants. The latest evaluations of participating agencies under this project were done in 1985 with follow-up reviews in late 1986-early 1987. A summary of recommendations from these evaluations is included in the ASEAN HRD Project Paper (PP) dated March 1987. Please see the "Lessons Learned" section on pp. 7-8 as well as PP Annex 3 which details in five pages how the project is designed in accord with evaluation recommendations.

The statement on page 4 of the draft which states: "More than 60 percent of the participants could not be located after graduation...", would be more accurate if it read... "More than 60 percent of the participants selected for review could not be located by the audit team during the period of audit...". For the sake of clarity, the draft should describe in more detail the steps taken by the auditors to locate the graduates. For example, no mention is made whether discussions were held with the Country Scholarship Coordinators or the results of such interviews if they were held. (Without knowing more about audit methodology, we are unable to corroborate various assertions in the draft report.)

The statement on page 4 of the draft--that "... a participant training follow-up program had never been established..."--is not correct. There are selection and follow-up practices and procedures in place and operating at the training institutions and nominating agencies and committees within the six ASEAN countries. The extent of follow-up varies from country to country and among the nominating agencies within a given ASEAN country.

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This variance in follow-up arises from differing country policies governing the responsibilities of students returning from scholarship training. Within ASEAN, for instance, the Government of Thailand is one of the strictest enforcers of the obligation that returning participants work in the sending agency for a specific period of time. Other ASEAN countries, such as Indonesia and the Philippines, are not generally inclined to seek legal remedies, often preferring informal processes with respect to issues of returning student responsibility. These variances in policy and practice are not particularly surprising. One would expect differences in a six country regional program.

On page 4, the draft report also states:

"Evidence exists that some participants now live abroad, others are not employed in a skill related to the academic training received, and frequently, participants resigned from their work after graduation and left no forwarding address. There is no system in place to monitor participants who have completed training."

While there is some "brain drain" in any training effort, we believe it is minimal in this regional program.* One reason is that the training is focused in priority sectors having shortages of trained personnel. Another is that ASEAN represents one of the world's most dynamic and fastest growing areas, creating demand for large numbers of trained personnel each year. Here we note that follow-up work by implementing institutions (e.g. AIT and TROPMED) shows that alumni commonly move into higher and more responsible positions. Also, tracer studies of AIT graduates from 1961-84 indicate minimal "brain drain" from the region (estimated less than 3.5%). Again, please see the "Lessons Learned" section in the HRD PP, (p.8) and previous evaluations.

We do not believe there is a problem associated with past participants now working in areas other than that of their specific academic training. Because HRD program training is broad-based within the priority sectors, few participants have jobs that do not require the skills acquired through training. Also--since most participants are staying in the region--those working in areas not directly related to their training are still benefitting home countries through their productive employment.

These observations are consistent with, and supported by, the following statement from page 17 of the RAF dated December 9, 1987:

"Almost all of the students contacted by the Inspector General indicated that the graduate training received was useful to their current job requirements. Responses also indicated that probably a large percentage of ASEAN students trained are still in the ASEAN region. This fact however could not be fully substantiated because of the large number of students who could not be located."

*Not enough information is provided to permit corroboration of the six examples of non-returning participants shown on page 7 of the draft report. Even if true, however, six participants would be a small percentage of the more than 270 participants reviewed by the audit.

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We do not doubt that some participants have changed jobs and left no forwarding address. However, it is inaccurate to say (p. 4 of the draft) that "There is no system in place to monitor participants who have completed training." Decentralized monitoring systems are in place at the four training centers and at the level of nominating institutions and committees in participating ASEAN countries. This fact was acknowledged in a summary statement contained on page 17 of the RAF as follows:

"In summary, even though information is being maintained on past students by the participating institutions, it is not complete enough for evaluation purposes. Most of the information is in the form of student directories which may or may not contain the most current information available. In cases where followup surveys have been conducted, the results were similar to those of the Inspector General - more than half of the participants could not be located."

The statement that "There is no system in place to monitor participants who have completed training" is inconsistent with the cited statements in the RAF. Student directories are an important part of the in-place system. The draft report should be corrected accordingly. In connection with the final sentence of the above RAF statement, we understand that participating institutions in fact do better than 50% in contacting alumni, the main determinant of success being time elapsed since graduation.

We agree that it is difficult keeping track of returned participants-- particularly in six countries. Still, there is no evidence of "brain drain" on a significant scale or that program training in priority sectors is not being used effectively. For these reasons, we don't believe the difficulty in keeping track of participants is necessarily a problem. The relevant question is whether the tracking difficulty could be feasibly reduced at affordable cost within this six country regional training program.

Here we note the AID/ASEAN Regional Office is small (one USDR, three FSNs) and not staffed up for day-to-day training operations and follow-up activity in the six ASEAN countries. Rather, we depend on the regional training centers for the detailed and decentralized administration of ASEAN training and we monitor their activity. In this connection, AID is not the only donor supporting training activity at the four regional training centers. Numerous other donors are involved and relying on these same institutional mechanisms.

The centers are a strong asset in this program. Because we can rely on proven in-place systems, the ASEAN HRD project may be a unique, particularly cost-effective part of the Agency's participant training program. (See Economic Analysis Section of the HRD PP.)

At the same time, we want to be responsive to the spirit of the draft report. Where feasible to increase the assurance of program success in terms of participant utility, then we will do so. As discussed on page 1 above, periodic special reports from implementing institutions might provide useful feedback about returning students. Such reports could focus on progress (and problems if any) being experienced in the six participating countries. In

this context, we believe that individual country monitoring has a natural time limit correlating with expectations about the employment responsibilities of returning students. This time period is typically on the order of 2-3 years. Attempts to force country monitoring beyond a timeframe considered appropriate in the local setting would be inappropriate and unproductive.

RECOMMENDATION 1

Recommendation 1 (p. 12 of draft report) is:

"We recommend that the ASEAN RDO develop procedures consistent with AID Handbook 10 to ensure that ASEAN participant training graduates return to their native country and are working in a training related skill. Such action could include:

- a. An agreement with ASEAN countries to monitor returning students;
- b. Require that letters of commitment be signed for all participant trainees prior to receiving actual training;
- c. The issuance of Bills of Collection to ASEAN governments or individual participants for the cost of training in the event individuals do not return to their agreed assignments or resign prematurely before fulfilling development commitments."

It is our opinion that AID Handbook 10 does not apply to regional training programs such as this one. For instance, Handbook 10 does not cover in-country training (see Ch. 3, B2). A significant part of this ASEAN project entails in-country training, e.g. Thais training at AIT or at the other two institutions in Thailand, Malaysians training in Malaysia at PLANTI, etc. All training is in-region at the four training institutions. While many of the participant follow-up activities envisioned in Handbook 10 appear desirable and meritorious, in a six country setting it would be quite costly and staff-intensive for AID or the training institutions to pursue them.

We believe it is unlikely, in these times of tight budgets, that resources could be available to fund the type of Handbook 10 activities mentioned in the RAF (pp 8-9). These include: "arrangement of conferences, workshops, and seminars; publication of newsletters; creation and support of alumni associations; organization of technical literature services; encouragement of membership in American societies; organization of English language refresher courses; and supplementary training through correspondence course." Nevertheless, our intention is to be responsive to the policy concerns of the Handbooks and other Agency guidance--within the context of resource availability.

With respect to Recommendation 1, we note that any new procedures relative to ASEAN graduates must be agreed to and accepted by the training institutions and the participating countries. Our experience is that these entities are responsive to reasonable recommendations that are consistent with the program purpose and with commonly held development objectives (including growth in

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productivity, cost effective use of resources and so forth). A recent (1987) example of this responsiveness was the acceptance--by ASEAN and the Asian Institute of Technology--of a reduction in scholarship allowances and costs under the Phase II HRD Agreement with AIT.

New procedures relative to ASEAN graduates would need be justified on the basis of problem resolution and/or improvement in the program. As noted above, we do not believe it has been shown that there is a problem in the training program with either "brain drain" or graduates working in jobs that don't use their training skills. What's more, the training institutions and participating countries do not perceive these areas to be problems.

Taken together, these considerations mean the recommendation as stated is not workable. This is because the recommendation aims to solve a problem not perceived to be real. There is no "felt need" for proposed actions a, b or c. In particular:

- a. ASEAN Monitoring Agreement. ASEAN countries are already monitoring returning students, albeit with varied policies and practices. To be acceptable and meaningful, an overall agreement would need to express inter-country variance. But this would serve no apparent purpose. Project agreements with the training institutions are already in place.
- b. Letters of Commitment. Page 8 of the draft report states that "commitments for continued employment were utilized by all the countries." It also notes the commitments "did not appear to be mandatory." From the information presented, this area does not appear to be a problem within ASEAN. Private sector participants and sponsors are often opposed to such commitments. This was acknowledged on page 8 of the draft audit report which states: "Normally, those who did not sign a (commitment) agreement were from the private sector." Since we have been encouraging the nomination and training of private participants in this program, we are reluctant to force measures that could discriminate against them in favor of public sector participants.
- c. Bills of Collection. We believe the decision as to whether bills of collection should be issued to participants who do not comply with their commitments is properly a matter for ASEAN governments to decide at national and local levels. If AIG or any other donor endeavored to force a billing procedure upon ASEAN, it would in turn be forced to openly recognize and accept the fact of diverse national practices and thereby lose the ground of consistent, sound policy (and be open to charges of arbitrariness in enforcement). Ours is not appropriately a collection agency role, particularly with a training program that was recently evaluated as working cost effectively and well. Should participant non-compliance or some other dysfunction become a generalized problem, the ASEAN countries' reactions would probably not be to issue bills of collection. Countries would more likely stop participating in the program.

Finally--with reference to parts a, b and c of Recommendation--other donors have not taken such actions and, to the best of our knowledge, are not planning to do so. This does not mean we cannot take the lead among donors where appropriate. But in the absence of a problem--or without consensus agreement about a problem--we proceed with care as a member of good standing in the donor community.

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RECOMMENDATION 2

Recommendation 2 reads:

"We recommend that the developed countries of Malaysia and Singapore pay the cost of their student's training so that more AID ASEAN funding is available for less developed countries within ASEAN."

This recommendation is not feasible for several reasons. First, ASEAN policy is that all member countries have equal opportunity to participate in projects agreed to and undertaken by the Association. This policy of equal access applies to assistance not only from the US but from all donor countries-- Australia, Canada, EEC, Japan, New Zealand, UNDP and others.

Second, the ASEAN HRD project was initiated in 1987 and will not be completed until 1992. Our training assistance, like that provided by other donors, provides for equal opportunity to all member countries--in keeping with Association policy. We do not believe that ASEAN or an ASEAN-backed institution would sign an agreement requiring allocation and delivery of disproportionate shares of benefits to member countries--nor an agreement denying participation to one or more ASEAN members.

We note that equal opportunity does not translate into equal participation in this training program. This is attested by Appendix A to the draft report which shows Malaysia and Singapore as having relatively small numbers of program graduates between 1980 and 1987 (i.e. 38 Malaysian and 11 Singaporean graduates out of the 413 total for ASEAN). The ASEAN training program tends to benefit Indonesia, Philippines and Thailand more than other member countries because of training priorities (especially agriculture) and voluntary country participation (or lack of it) in the priority areas. (For further details on the relatively large numbers of program graduates from Indonesia, Philippines and Thailand, please see Annexes D-1-a, E-2 and F-1-c in the HRD PP.)

In conclusion, we believe the method of implementation currently being followed - whereby training priorities tend to favor participation by the poorest among ASEAN countries - is clearly preferable to trying to exclude some member countries against the policy of ASEAN. The United States' assistance program with ASEAN is modest (less than \$4.0 million in FY 1988). If, within that program, we sought to implement the exclusion expressed in Recommendation 2 - it would appear that regional cooperation was not important to us.

APPENDIX 2

Report Distribution

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