

UNCLASSIFIED

**Annual Budget
Submission**

FY 1991

ASEAN

BEST AVAILABLE

JULY 1989



**Agency for International Development
Washington, D.C. 20523**

UNCLASSIFIED

FY 1991 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT
(\$000)

399 ASEAN

	FY 1988	FY 1989	--FY 1990--	FY 1991	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP ESTIMATE	AAPL*	1992	1993	1994	1995
AGRICULTURE, RURAL DEV. AND NUTRITION								
TOTALS	1700	1150	660	660	1980	1880	2500	2500
GRANTS	1700	1150	660	660	1980	1880	2500	2500
LOANS	---	---	---	---	---	---	---	---
HEALTH								
TOTALS	900	650	1000	1000	---	---	---	---
GRANTS	900	650	1000	1000	---	---	---	---
LOANS	---	---	---	---	---	---	---	---
EDUCATION								
TOTALS	---	---	---	---	1984	1984	2000	2000
GRANTS	---	---	---	---	1984	1984	2000	2000
LOANS	---	---	---	---	---	---	---	---
PRIVATE SECTOR, ENERGY AND ENVIRONMENTAL								
TOTALS	1000	1350	1600	1600	4336	3000	3000	3500
GRANTS	1000	1350	1600	1600	4336	3000	3000	3500
LOANS	---	---	---	---	---	---	---	---
TOTAL DA ACCOUNT								
TOTALS	3600	3150	3260	3260	8300	6864	7500	8000
GRANTS	3600	3150	3260	3260	8300	6864	7500	8000
LOANS	---	---	---	---	---	---	---	---
WORKFORCE **								
OE/TF								
US	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
FN	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

* INCLUDES "GOOD PERFORMER" \$5 MILLION AMOUNT

** SEE USAID THAILAND ABS FOR O.E. BUDGET DETAILS

FY 1991 ANNUAL BUDGET SUBMISSION

TABLE IV - PROJECT BUDGET DATA

399 ASEAN

PROJECT NUMBER AND TITLE-----		ESTIMATED U.S. DOLLAR COST (\$000)-----									
FDSOURCE	OBLIG DATE INIT FIN	----TOTAL COST-----		OBLIG THRU FY 88	---FY 1989-----		---FY 1990-----		FY 1991		
		AUTH	PLAN		OBLIG- ATIONS	EXPEND- ITURES	OBLIG- ATIONS	EXPEND- ITURES	AAPL		
399-0286 COASTAL RESOURCE MGT.											
FN G	85 92	5000	5800	5000	440	2050	260	260	260	100	
	PROJECT TOTAL	5000	5800	5000	440	2050	260	260	260	100	
399-0287 ASEAN HUMAN RESOURCES DEVELOPMENT											
FN G	87 92	6000	6000	3130	710	750	400	640	640	1880	
HE G	87 92	4000	4000	1500	650	600	1000	600	600	---	
HRD G	87 92	3600	2575	607	---	---	---	183	183	1984	
	PROJECT TOTAL	14000	12300	5237	1360	1441	1400	1423	1423	3864	
399-0358 ASEAN PVT INVESTMENT AND TRADE											
PSEE G	89 93	---	11950	---	1350	300	1600	1300	1300	4336	
	PROJECT TOTAL	---	11950	---	1350	300	1600	1300	1300	4336	
COUNTRY TOTAL		19000	30050	10237	3150	3791	3260	2983	2983	8300	
GRANTS:		19000	30050	10237	3150	3791	3260	2983	2983	8300	
LOANS:		---	---	---	---	---	---	---	---	---	

APPROPRIATION SUMMARY

AGR., RURAL DEV. & NUTRITION	11000	11800	8130	1150	2800	660	900	1980
HEALTH	4000	4000	1500	650	600	1000	600	---
EDUCATION & HUMAN RESOURCES	3600	2575	607	---	---	---	183	1984
PRIVATE SECTOR, ENERGY & ENVR	---	11950	---	1350	300	1600	1300	4336

A.I.D. PROGRAM IN FY 1991
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DECISION UNIT: 399 - ASEAN

RANK	PROJECT	TITLE	NEW/ ONGOING	DPRP	PROGRAM FUNDING (\$000)		WORKFORCE (OE/TF)		(PROGRAM)	
					APPROP	INCR	US	FN	US	FN
MCC LEVEL										
0358	ASEAN PVT INVESTMENT AND TRADE		0		PSEE	1270				
0287	ASEAN HUMAN RESOURCES		0		HRD	1400				
0286	COASTAL RESOURCE MGT		0		ARN	100				
	SUBTOTAL MCC						2770			
AAPL LEVEL										
0358	ASEAN PVT INVESTMENT AND TRADE		0		PSEE	1336				
0287	ASEAN HUMAN RESOURCES		0		HRD	1864				
0286	COASTAL RESOURCE MGT		0		ARN	100				
	AAPL						3300			
0358	ASEAN PVT INVESTMENT AND TRADE		0		PSEE	3000				
0287	ASEAN HUMAN RESOURCES		0		HRD	1000				
0286	COASTAL RESOURCE MGT		0		ARN	1000				
	TOTAL						8300	2.0	3.0	

* SEE USAID THAILAND ABS FOR OE BUDGET DETAILS.

ASEAN ABS SUPPLEMENT
DPRP NARRATIVE

The sum of \$5 million is requested from Development Policy Reform Program (DPRP) funds for the ASEAN regional program in 1991. The region has demonstrated vibrant economic performance in recent years, based on sound policy decisions and a thriving private sector. Singapore (with 11% GDP growth) is grouped with Hong Kong, Korea, and Taiwan as one of the "Four Tigers"; Malaysia's economic policies have been exceedingly hospitable to rapid growth (8.2%). Thailand's performance, including appropriate macroeconomic policies, reliance on market forces and trade, and application of technological innovations, has resulted in growth rate of 10.6%.

The Philippine economy, at a 6.6% growth rate, is beginning to reawaken from its dormancy, in response to reforms undertaken in connection with the IMF, World Bank, and the Multi-lateral Assistance Initiative (MAI). These reforms include encouragement of private sector-led growth, privatization efforts, trade liberalization, and a competitive exchange rate. Indonesia's prospects for rapid export-led growth (now at 4.1%) have been greatly improved by economic liberalization moves, including deregulation of the banking sector and reduction of non-tariff barriers. Further detail of policy performance in bilaterally assisted countries can be found in their program documents.

The DPRP resources requested will be used to increase the program's capacity to promote private trade and investment opportunities in the region. Initial steps in this regard focused upon improving the management capabilities of small and medium ASEAN businesses through the Small and Medium Business Improvement (SMBI) Project approved in FY1984. In FY1990, the Private Investment and Trade Opportunities (PITO) Project was approved. It will: (a) enhance the regional business climate and the appeal of the ASEAN market to U.S. business; (b) promote increased intra-ASEAN and ASEAN-U.S. trade and investment; (c) establish an ASEAN equity capital fund; and (d) facilitate the transfer and commercialization of U.S. technology. The proposed DPRP project will bolster PITO interventions by enhancing the ability of small and medium U.S. businesses to enter into trade and joint venture relationships with small and medium ASEAN businesses. To the greatest extent possible, existing industrial, economic, and/or export promotion agencies of state governments in the U.S. will be used to interface with U.S. and ASEAN small and medium businesses.

By promoting a greater exchange of trade, capital and technology between the private sectors of the U.S. and ASEAN member countries, and supporting regional policy problem solving efforts, the A.I.D.-ASEAN program is intended to further the process of private sector-led growth in ASEAN countries. By encouraging the U.S. private sector to become more involved in ASEAN, the A.I.D. program will help ASEAN countries address some of the obstacles to continued rapid development as well as help the U.S. improve its competitive position in this increasingly economically important region.

NEW PROJECT DESCRIPTION

Project Number: 399-0359
Title: ASEAN Cooperative Trade Development
Funding: \$5,000,000
Appropriation Account: Development Program Grant

Purpose: To promote a greater exchange of trade, capital, and technology between the private sectors of the U.S. and ASEAN member countries.

Project Description: The ASEAN Region [Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand] has demonstrated vibrant economic performance in recent years, based on sound policy decisions and a thriving private sector. Singapore, with 11% GDP growth in 1987, is now grouped with Hong Kong, Korea, and Taiwan as one of the "four tigers"; Malaysia's economic policies have been exceedingly hospitable to rapid growth [8.2%]; Thailand's performance, reflecting appropriate macroeconomic policies, reliance on market forces and trade, has resulted in a growth rate of 10.6% in 1988.

However, except for Singapore, the sustainability of ASEAN growth has not been proven. The Philippine economy, at a 6.6% growth rate, is beginning to respond to reforms undertaken in connection with the IMF and IBRD, with further stimulus expected through the Multilateral Assistance Initiative [MAI]. Indonesia's prospects for rapid, export-led growth, now at 4.1%, have been greatly improved by economic liberalization moves such as the deregulation of the banking sector and reduction of non-tariff barriers.

The DPRP resources requested will be used to increase the ASEAN Regional Program's capacity to promote sustainable private trade and investment opportunities in the region to U.S. business in a catalytic and innovative manner. DPRP resources will be used to leverage the resources of existing state government industrial, economic, and export promotion agencies to interface with U.S. and ASEAN small and medium businesses.

DPRP resources will also be utilized on an experimental basis with U.S. trade association programs enabling them to explore trading company concepts and to share costs of building association networks with ASEAN associations.

Sustainability: All project funding will be used to initiate and build linkages between the private sectors of the region and U.S. networks which are now functioning in a sustainable manner, i.e., state development agencies and trade associations.

Relationship of Project to A.I.D. Regional Strategy: The proposed project is responsive to the goals of the ASEAN Heads' of State priorities and with the A.I.D. strategy of closer economic ties with ASEAN countries. Initial steps in this regard began with the FY 1983 Small and Medium Business Improvement Project which focussed on improving the management capabilities of small and medium ASEAN businesses. This activity is being followed by the FY 1990 Private Investment and Trade Opportunities [PITO] Project designed to [a] enhance the regional business climate and the appeal of the ASEAN market to U.S. business; [b] promote increased trade and investment within the region and with the U.S.; [c] establish an ASEAN equity capital fund with OPIC for U.S. companies seeking to invest in the region; and [d] facilitate the transfer and commercialization of U.S. technology. The proposed DPRP activities will bolster PITO interventions.

Host Country and Other Donors: The activities funded through DPRP will be on a cost-sharing basis with U.S. state governments, trade associations, and the U.S. private sector. It is expected that the host countries and their associations will also provide support to these activities, either through cash or in-kind support. It is further expected that these efforts will be augmented and coordinated with TDP, which has begun to explore linkages to state governments and with the International Trade Administration Offices of the Department of Commerce.

Beneficiaries: The direct beneficiaries of DPRP funding will be the small and medium businesses in the ASEAN region and the U.S. which find new markets through this program. Indirect beneficiaries are those persons who find new employment, or maintain employment, through the results of this program. Additional beneficiaries include those who will benefit under state government programs through the information provided or through income redistribution generated by increased tax revenues in-state.

Major Outputs: [1] Increased and sustainable economic ties between ASEAN and the U.S. through enhanced relationships between U.S. state government agencies and ASEAN economic development groups, e.g., ties between the State of Maryland and Thailand, the State of Indiana and Singapore, the State of Washington and Indonesia, etc. [2] Direct linkage of U.S. trade associations to the markets of the ASEAN countries.

<u>A.I.D. Financial Inputs</u>	<u>Life of Project [\$000]</u>
State economic development partnership	\$3,500
Trade association partnership	\$1,000
Other	\$ 500
Total	<u>\$5,000</u>

HAG1

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
NRWR	50				
SI INS	100		SI		
SI CLZ	100		SI		
SI RAT	30		SI		
SI TTH	40		SI		
SI TRO	20		SI		
SI FSD	10		SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
AGRE	30				
SI INS	100		SI		
SI CLZ	100		SI		
SI TTH	20		SI		
SI TRO	10		SI		
SI			SI		
SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
NRMP	10				
SI INS	100		SI		
SI CLZ	100		SI		
SI TTH	20		SI		
SI			SI		
SI			SI		
SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
AGED	10				
SI INS	100		SI		
SI CLZ	100		SI		
SI TTH	70		SI		
SI TRO	20		SI		
SI			SI		
SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
SI			SI		
SI			SI		
SI			SI		
SI			SI		
SI			SI		
SI			SI		

** Only Africa Bureau Missions should fill out this Column. See Reverse Side

Activity Code	Percent	Amount**
AGPR	20	
SI INS	100	
SI MPR	50	
SI TTH	70	
SI		
SI		
SI		

Activity Code	Percent	Amount**
HEVC	20	
SI CHS	60	
SI RBM	70	
SI INS	100	
SI TTH	70	
SI		
SI		
SI		

Activity Code	Percent	Amount**
AGRE	10	
SI INS	100	
SI TTH	90	
SI		

Activity Code	Percent	Amount**
SI		

Activity Code	Percent	Amount**
AGED	10	
SI INS	100	
SI TAC	20	
SI TTH	80	
SI		

Activity Code	Percent	Amount**
SI		

Activity Code	Percent	Amount**
AGPM	20	
SI INS	100	
SI AGB	100	
SI RDV	20	
SI TTH	60	
SI		
SI		
SI		

Activity Code	Percent	Amount**
SI		

Activity Code	Percent	Amount**
EYMP	10	
SI EEF	50	
SI INS	100	
SI TTH	90	
SI		

Activity Code	Percent	Amount**
SI		

** Only Africa Bureau Missions should fill out this Column. See Reverse Side

Project Number 399-0358 Date 5/19/89

Fiscal Year 1991 OYB Africa Only

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
PEBD	50				
SI AGB	40		SI		
SI PVT	90		SI		
SI COP	10		SI		
SI PNP	20		SI		
SI INS	50		SI		
SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
PETI	50				
SI PVT	90		SI		
SI PNP	20		SI		
SI INS	50		SI		
SI			SI		
SI			SI		
SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
SI			SI		
SI			SI		
SI			SI		
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Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
SI			SI		
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SI			SI		

Activity Code	Percent	Amount**	Activity Code	Percent	Amount**
SI			SI		
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SI			SI		
SI			SI		
SI			SI		

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