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

CAPITAL ASSISTANCE PAPER

Proposal and Recommendations
For the Review of the
Development Loan Committee

THAILAND: PROJECT DEVELOPMENT LOAN

AID-DLC/P-1054

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

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AID-DLC/P-1054

January 16, 1973

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Thailand: Project Development Loan

Attached for your review are the recommendations for authorization of a loan in an amount not to exceed $2,000,000 to the Government of Thailand to assist in financing the foreign exchange costs of services, equipment, and materials necessary for the performance of economic and technical pre-feasibility and feasibility studies, sectoral studies, market studies and other capital-project-related activities in Thailand.

Please advise us as early as possible but in no event later than close of business on Wednesday, January 24, 1973 if you have a basic policy issue arising out of this proposal.

Rachel R. Agee
Secretary
Development Loan Committee

Attachments:
Summary and Recommendations
Project Analysis
ANNEXES I-IV

AID-DLC/P-1054

January 16, 1973

THAILAND: PROJECT DEVELOPMENT LOAN

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AID-DLC/P-1054
January 16, 1973

THAILAND - PROJECT DEVELOPMENT LOAN

Summary and Recommendation

A. BORROWER:

Borrower is the Royal Thai Government (RTG) and the loan will be implemented by the RTG National Economic and Social Development Board (NESDB) acting on behalf of the Borrower.

B. LOAN:

1. Amount: Up to $2.0 million.

2. Terms: To be repaid in 40 years after first disbursement, including a 10-year grace period. Interest on outstanding principal will be 2 percent per annum during grace period and 3 percent per annum thereafter.

C. TOTAL COST OF THE PROJECT:

$2.0 million in US dollars, the total foreign exchange cost of the activity, will be provided by the loan. The total baht amount for local currency costs is estimated to be the equivalent of $0.6 million, which will be made available from the RTG budget, except for certain activities sponsored by revenue-producing entities.

D. DESCRIPTION OF THE PROJECT:

Loan proceeds will be utilized to finance the foreign exchange costs of economic and technical feasibility and other capital project-related studies for revenue- and non revenue-producing public sector projects and such private sector projects as the RTG may wish to identify and present to international donors/lenders/investors.

E. PURPOSE OF LOAN:

To provide financing for services and related commodities in connection with the performance of feasibility and other capital projects-related studies. These activities will provide a basis for ascertaining feasibility of projects to be financed by Free World sources, including international agencies, US Government or Thailand. Also eligible for financing will be the employment of firms to undertake review and up-dating of existing feasibility studies.

F. BACKGROUND OF ACTIVITY:

Since 1961 AID has grant-financed in Thailand 29 studies of the type proposed for financing under this proposed loan. In view of Thailand's desire to expedite studies for priority projects under the third Five-Year

Plan and the limited availability of AID grant funds, the RTG has requested an AID loan of $2.0 million to finance the activities proposed herein.

G. ALTERNATE FINANCING:

The EX-IM Bank is not interested in financing this project in Thailand. Other members of the Consultative Group for Thailand have expressed interest in financing individual feasibility studies on a bilateral basis; to date, no commitments have been made.

H. ISSUES:

None.

I. STATUTORY CRITERIA:

All statutory criteria have been satisfied. (See Annex I.)

J. MISSION AND EMBASSY VIEW:

USOM and the Country Team recommend approval of this loan.

K. RECOMMENDATIONS:

Authorizations of a loan of up to $2.0 million to the Royal Thai Government in accordance with the terms and conditions set forth in the proposed authorization in Annex II. An outline of conditions precedent and covenants is set forth in Section VIII.

USOM CAPITAL ASSISTANCE COMMITTEE MEMBERS:

Chairman and Loan Officer	William F. McDonald
Economist	Forrest E. Cookson
Engineer	Albert L. Best
Counsel	Edna A. Boorady
Finance	Charles N. Martin
Program	Terrance F. Liercke

AID/W CAPITAL ASSISTANCE COMMITTEE MEMBERS:

Chairman and Loan Officer	Richard Ehrlich
Engineer	Quentin J. Wildman
Counsel	I. R. Ludacer
Desk	Dale B. Pfeiffer

I. HISTORY AND BACKGROUND.

A. Place of the Project in the Program.

The basic aim of the US assistance program to Thailand is to support the efforts of the Royal Thai Government (RTG) to maintain internal security and an adequate rate of economic growth. The US seeks to accomplish these objectives both through bilateral assistance and through participation in multilateral agencies and the framework of the Consultative Group for Thailand. The Consultative Group for Thailand comprises twelve other member countries, the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), the Asian Development Bank (ADB) and the UN Development Program (UNDP).

Wherever possible the US has attempted to encourage the participation of other members of the Consultative Group for Thailand on the basis that provision of assistance through multilateral framework maximizes aid from other donor sources, leaves a high degree of initiative to the RTG and minimizes the political problems which might arise from any government, including the USG, unilaterally applying the pressure that may be necessary to convince Thailand to take those necessary steps to achieve maximum benefits from foreign assistance.

A formidable difficulty has arisen in the process of interesting other potential donors/lenders/investors in participation in development projects in Thailand. Lacking an institutional resource for systematically evaluating development requirements and identifying specific development projects, Thailand is caught between the need for greatly increased foreign assistance and the lack of an adequate number of well-designed development projects ready for presentation to potential donors of foreign assistance.

Recognizing the need for an institutional vehicle for identifying development projects and coordinating an overall development program, the RTG created the National Economic and Social Development Board (NESDB) chaired by the Economic Advisor to the King, and including the Ministers concerned with development, the Governor of the Bank of Thailand and the Director of the Bureau of the Budget. The NESDB was formally established in 1962 as a result of the IBRD recommendations. Technical assistance has been provided to the NESDB by the IBRD, the UNDP, and AID. With the assistance of these advisors, the NESDB reviews progress of the current Five-Year Plan, and develops a list of projects and technical assistance proposals for the subsequent Five-Year Plan for review by the members of the Consultative Group for Thailand. The feasibility of these projects is generally to be determined by the potential donor.

This has meant that some donors have made funds available on a grant basis to carry out studies to determine the feasibility of selected projects as they are reviewed and identified. This has been done on a case-by-case basis limited to the specific interest of the donor. In the past ten years, the US has grant/funded in Thailand a total of 29 such studies (see Annex III) almost all of which have led to the successful implementation of needed development projects. The loan proposed in this paper will assure the RTG of availability of funds to carry out necessary technical and economic services to provide the basis for project financing by international agencies, the US, or other Free World resources including Thailand. The amount of the proposed AID loan is considered to be conservative in light of the anticipated rate of AID and other donor-financed project activity of $250 million per year over the next three years of the third Five-Year Plan and the anticipated project activity of $350 million per year during the subsequent fourth Five-Year Plan. This volume of project activity, which is justified in terms of Thailand's absorption capacity and which is consistent with the US Government's commitments both bilaterally and as a member of the Consultative Group for Thailand, will require substantial preliminary work.

B. Prior AID Assistance.

The proposed loan would be the first AID loan of this kind to Thailand although AID has made many such loans to other developing countries.

Provision of DL funds for financing such services is in line with the overall US policy of shifting assistance from grant to loan whenever appropriate and consistent with the aim of emphasizing independent initiative on the part of the developing countries. It will provide the RTG with firm knowledge regarding the availability of funds for use in financing essential studies. In addition, the implementation of this loan with AID advice and assistance will give NESDB and other RTG agencies additional experience in project identification and formulation, contractor selection, and study implementation. The debt service involved will not place any undue burden on the RTG balance of payments. See Section VI.

C. Development Planning in Thailand.

Thailand is beginning the second year of its third Five-Year Plan (1972-1976). The nine principal economic and social objectives of the third Five-Year Plan are as follows:

- Annual economic growth at 7 percent per year while maintaining financial stability and restructuring the economy to correct the balance of payments;

- Expansion of consumption and the Government budget to raise the welfare of the population;

- Sector growth targets of 5.1 percent per year in agriculture and 8 percent per year in industry; (emphasis on expansion of agriculture reflects the importance attached to improvement of rural incomes and expansion of exports.);

- Maintenance of relatively stable price indices;

- Maintenance of foreign exchange reserves at a minimum of $400 million or three months imports through intensive export promotion and import substitution programs;

- Creation of employment opportunities and use of more labor intensive methods of agricultural production;

- More equitable income distribution through better selection of development projects;

- Expansion of social services for lower income groups, particularly in rural areas;

- Reduction of the population growth rate to 2.5 percent per year.

The increased production called for by the Third Plan will largely be financed by domestic and private foreign investments. However, a resource deficit of $1,150 million is anticipated. The Plan thus calls for $900 million official loan commitments and $250 million in grant aid. The amount of official capital aid required is a substantial increase over previous levels because Thailand is not able to finance this level of development investment solely from its own resources or from private external sources.

D. Amount, Nature, and Purpose of Loan.

AID anticipates that the proceeds of the proposed loan will be adequate to finance approximately two-three years of intensive study activity. This time frame is consistent with the intent to expedite implementation of the third Thai Five-Year Plan and to plan adequately for the implementation of the fourth Thai Five-Year Plan.

Loan proceeds will be used to finance services and related commodities in connection with the performance of feasibility studies, other project development activities and procurement of special equipment necessary for each of the foregoing.

Activities may be in the general fields of industry; energy resources; geothermal exploration, drilling and testing; communications; transportation, including roads, railways, ports and civil airfields; water and land resource development; water and sewerage facilities; fishing; agriculture; housing; urban development; education; health; tourism and such other areas as may be agreed upon by RTG and AID.

Activities may be in the public and private sectors of the Thai economy, and public sector projects may be both revenue-and non-revenue-producing. In the case of revenue-producing public projects, and private projects, provision will be made for repayment to the RTG in baht of the cost of the study in the event the study is productive of a project.

Examples of activities which may be undertaken under the Loan:

POTENTIAL PROJECT DEVELOPMENT ACTIVITIES

Title	Cost	Purpose
National Fertilizer Study	$100,000	To examine all aspects of fertilizer requirements, consumption, production and prices and to formulate a program for future development.
Pedigree Seed Multiplication and Storage Project	85,000	To study the feasibility of a seed multiplication and seed storage program which will make available to farmers quality seeds of major crops, including maize, soybeans, sorghum, rice, groundnuts, mungbeans, sesame, cotton, kenaf (and other fibers).
Beef Catle Development	100,000	To determine the economics and technical feasibility of expanding Thailand's beef production by means of mass upgrading of the existing cattle with improved Brahman bulls and to prepare an investment program if that is required.
Sericulture Development in Selected Areas	60,000	To identify and prepare a project to improve the quality of silk production.
Grain Storage, Processing and Marketing	100,000	To identify the problems of storage, grading, handling, processing and marketing of grains and pulses arising from their increase in output expected during the Third Development Plan; and if appropriate, to identify and prepare a project to encompass these problems.

Title	Cost	Purpose
Establishment of Plantations of Pinus Kesiya and P. Merkusii	$ 32,000	To identify and prepare a project for the establishment of plantations of Pinus Kesiya and P. Merkusii for pulp and paper production.
Forestry and Forest Industries Survey in Southern Thailand	70,000	To identify and prepare an integrated forest industries project in Southern Thailand.
Educational Radio and Television Development	50,000	To determine feasibility of nationwide use of radio and television programs as integral parts of education and training, and to prepare a plan for such expansion, if feasible.
Non-formal Education and Training	200,000	To prepare a national program for non-formal education and training including the organizational and financial requirements necessary to administer the program.
Industrial Estates	150,000	To prepare a detailed plan of industrial estate development for the 1972-1976 period based on three locations -- Klong Dang, Lamphun and Prapadang -- which have been selected as of highest priority and feasibility in previous studies.
Center for Industrial Mining (CIM)	75,000	To determine and feasibility of reorganizing and expanding the existing CIM into an effective operating organization offering the national mining sector expert services in mineral exploration, ore dressing, milling, smelting, refining and marketing.
Beneficiation and Marketing Organization of Fluorite and Manganese Ore	100,000	To determine the feasibility of establishing custom milling and joint marketing facilities for the small producers of fluorite and manganese; to examine

Title	Cost	Purpose
		alternative ownership structure including stock companies, cooperatives and mixed public/ private equity.
Incentives to Expand Exports	$100,000	By a systematic review of existing programs and policies in other East Asian countries (Korea, Taiwan, Malaysia), identify the principal incentives that have been helpful in expanding exports. Suggest measures to be taken to develop similar incentives in Thailand.
Groundwater Exploration and Development in Alluvial Formations	50,000	To improve the current procedures in groundwater exploration and secure the best utilization of equipment and funds in the development of groundwater.
Southern Ports	290,000	(a) To recommend a development strategy for the ports in the Southern peninsula. (b) To set up an operational system which can be used for developing port programs in future.
Bangkok International Airport	435,000	To determine the future international civil aviation requirements of greater Bangkok and the best means of meeting these requirements.
Domestic Civil Aviation Development Program	160,000	To collaborate with the Department of Civil Aviation in preparing a national program for the development of domestic civil aviation.
Water Allocation in CHAO PHYA BASIN	100,000	To recommend and assist in establishing an operational unit responsible for achieving optimum use of water in Chao Phya Basin on a continuing basis.

In addition to the items contained in the preceding list of illustrative project activities, there is a possibility that additional studies will be included at a later date for financing under the proposed loan.

Loan proceeds will finance the services of US or AID Code 941 countries private consulting firms who will be selected in accordance with procedures approved by AID.

Financing under this loan will not commit the US to finance any project evolving therefrom. However, USOM expects that through close US involvement with the RTG, and particularly with NESDB, in the selection of activities under this loan, projects resulting therefrom will be available to the US and other donors as potential projects for financing.

II. CAPACITY OF APPLICANT TO IMPLEMENT LOAN.

The NESDB is a legally constituted entity with a qualified and experienced professional staff, many of whom studies at the graduate level in the US. It is staffed with technicians trained and experienced in planning in the fields with which it is concerned, e.g., economics, finance, law, agriculture and engineering. The NESDB works closely with the UNDP Resident Mission, the IMF and IBRD resident group, and the USOM advisory team. This places the NESDB in a position where it can rely not only on the overall cooperation of these groups, but also on their immediate assistance in day-to-day questions, project selection and implementation.

It is proposed that this project development loan generally follow the implementation pattern of previously grant-financed project development activities:

a. The NESDB will be the RTG entity for deciding the terms of reference for services to be performed under the loan.

b. The NESDB will designate the RTG Department or Agency or private sector entity as the implementing agency.

c. The implementing agency will select contractors, enter into contracts acceptable to AID, and monitor all contract activity through completion.

Each step in the process will be subject to AID prior concurrence and will be conducted in accordance with the procedures acceptable to AID.

RTG will provide the baht financing necessary to carry out the activities financed under this loan and will ensure logistic support by the responsible RTG department or agency.

Arrangements will be made through NESDB to provide baht funds promptly to begin and to carry out activities under the loan. Present plans envision an arrangement under which the RTG and USOM will develop a mutually acceptable procedure for making local currencies available prior to the commencement of each study proposed for financing under the loan.

III. TECHNICAL PROCEDURES.

NESDB applications for financing of individual activities will be submitted to USOM and will contain relevant information as AID may require, including, in general, the following:

a. Activity description and cost in foreign exchange and baht;

b. Description of relevant previous activities and their applicability and availability;

c. Scope of work;

d. General economic justification for the project, including priority and relation to the Thai Third or Fourth Five-Year Plan;

e. Amount of assistance requested.

As appropriate, USOM will assist in developing scopes of work which will be prepared to ensure that studies meet the requirements of AID procedures. Similarly, AID procedures will govern the selection of consulting services to be financed under the loan. In addition to the economic, technical and financial aspects of specific activities, environmental considerations will be taken into account in the course of developing and implementing activities to be financed with the loan proceeds.

IV. ECONOMIC CONTEXT.

Activities approved for financing under the loan will assist in and expedite Thai economic development and US economic objectives in Thailand by providing data needed for development, analysis and implementation of sound priority projects suitable for financing by Thai or foreign sources. Since NESDB, the RTG agency responsible for development planning, will take primary coordinating responsibility for development planning in the proposed loan, and since all activities are to be subject to AID approval, the activities will be consistent with RTG and US economic development objectives. Studies of projects ineligible for AID financing will not be precluded if there is reasonable likelihood of financing such projects from other sources.

V. FINANCIAL SUMMARY.

Loan funds not to exceed $2.0 million will be utilized to finance the foreign exchange costs of contracts with US and Lower Income Country firms or organizations to perform services in Thailand. Baht requirements will be met by RTG from its budgeted resources or from resources of non budget-supported entities as appropriate. Precise US dollar and baht needs for individual studies cannot be estimated in advance of preparation of a detailed scope of work for each activity and contract negotiation.

The loan agreement will provide that a plan satisfactory to AID be developed by the RTG for reimbursement in baht to the RTG of the baht and dollar costs of activities resulting in ultimate financing of private projects or revenue-producing projects of non budget-supported public entities. The RTG will absorb the baht cost of studies undertaken for non revenue-producing public projects. In activities for revenue-producing projects, RTG may share with the project sponsor, in the case of a non budget-supported public entity or private firm, the costs of studies of projects which are not undertaken beyond the feasibility study phase. In view of the probable wide variation in activity costs, repayment terms to sponsors will be established on a case-by-case basis.

VI. THAILAND'S ECONOMIC PERFORMANCE AND DEBT SERVICE CAPACITY.

A. Current Economic Developments

Thailand has a favorable potential for economic growth. Its main economic assets include abundant natural resources, capable entrepreneurs, and well-motivated workers. Thai society is open to innovation and modernization. The political system has remained stable for more than a decade. The present government is firmly committed to economic growth through reliance on the dynamic and flexible private sector.

Thailand in December 1972 reinstated the constitution which had been suspended a year earlier. A reorganization of the various ministries to improve their effectiveness is nearing completion. In conjunction with this, establishment of a high-level economic policy board is being considered.

During the 1960's Thailand experienced rapid economic growth, balance of payments surpluses, and price stability. The main growth stimulants were rapidly rising investment (from 14 percent of GDP in 1960 to 24 percent of GDP in 1969), increasing external demand for Thai exports, and, since 1965, a high level of United States military expenditures in the country.

GDP growth averaged 8 percent a year. While agriculture grew at a rate of 5.4 percent a year, other sectors expanded faster. Manufacturing, for example, experienced value added increases of 11 percent annually.

These high rates of growth in production and investment were made possible by a sharp rise in imports, particularly of equipment, fuels, and raw materials. Import growth averaged 14 percent per year in constant prices.

Export growth was slower, especially in the second half of the 1960's. The trade deficit widened considerably, although a balance of payments surplus continued until 1968 due to growth of receipts from US military activity, transfers and private capital inflows. Reserves thus reached $1,040 million in early 1969.

In 1969, a period of adjustment began in response to a decline in US military spending and reductions in rice and rubber prices. Private investment levelled off in 1970 and 1971. As a result of all these factors, GDP growth slowed to about 6 percent a year. There was an increase in urban unemployment.

Imports increased little in 1970 and declined about 2 percent in 1971 due to slower investment and production growth, and higher import taxes. Although merchandise exports increased 15 percent in 1971, the balance of payments remained in deficit for 1969, 1970 and 1971. Reserves fell to $877 million at the end of 1971, equivalent to about seven months imports. The level of reserves began an upward climb in January 1972 that continued through February, March and April. On April 1, 1972 Thailand's foreign exchange reserves amounted to $977.6 million; on June 30, reserves reached $1,066.6 million. This upturn is attributed primarily to increased earnings on rice, sugar, and kenaf exports, although SDR's added in January and December currency readjustments also contributed to it.

B. Price and Monetary Developments.

Conservative monetary and fiscal policies, balance-of-payments surpluses, and a high rate of savings contributed to the maintenance of monetary and price stability during most of the 1960s. In the early phases of the second Plan (1967-1971) expenditures of the Central Government increased rapidly, but they were later restrained, because some monetary pressures began to accummulate in 1968, primarily because of the reduction in net service exports to the US military.

Prices have remained remarkably stable primarily through increasing imports and declining rice prices. While there has been a recent effort to substantially increase government taxes through reforms of the Revenue Code, the increase in government revenue was not commensurate with rising expenditures. The Government, therefore, had to borrow increasingly from the banking system.

Pressure on the cost of living is being largely contained through increased production by providing sufficient employment opportunities to both the urban labor forces and the under-employed rural labor force and

through a high level of imports. This strategy is vulnerable in three areas being dealt with under the third Plan:

1. Urban employment has become increasingly concentrated in construction services and manufacturing; the requirement for the former is decreasing and favorable tax and customers' incentives have made the latter capital -- rather than labor -- intensive. Thus, the prospects for the 1970s are for increased urban unemployment unless significant opportunities for expanded urban employment are generated.

2. The expansion of rural employment has been through exploitation of often marginal new lands with the result that farm production productivity per hectare has shown an overall decrease.

3. While government reserves are substantial enough to maintain a high level of imports and the continued expansion of total agricultural output maintain stable prices in the market place, the long term prospects for an accelerating rate of inflation are substantial. The project identification and development process necessary for expanding urban employment production and agricultural productivity during the 1970s has become essential if inflation is to be contained.

C. Fiscal Policy.

The Central Government followed a policy of financing its expenditures entirely by non-inflationary means during the early 1960s. With the launching of the Second Plan in FY 1967 a less conservative fiscal policy was adopted. Expenditures increased rapidly from 14 percent of GDP in FY 1966 to 20 percent in FY 1971. But during this period tax and non-tax revenues remained at 14 percent of GDP, receipts from external grants and loans fluctuated around 1 percent of GDP and net borrowings from the public declined steeply. To meet the remaining financing requirements, the government borrowed increasingly from the banking system.

It is estimated that in FY 1971 the Central Government required baht 5.8 billion of net credit expansion from the banking system, mainly in the form of borrowings from the Central Bank. This amount equals 21 percent of total estimated cash spending by the Central Government and about 4 percent of GDP. About 72 percent of Central Government expenditures during the Second Plan were on current accounts, 28 percent were on capital accounts and the rest on transfers to local governments and state enterprises. Both current and capital expenditures increased at about 14 percent a year whereas transfers increased at 11 percent. In the first year of the Second Plan total expenditures increased at an annual rate of 27 percent, but slowed down to about 10 percent a year in the last four years, reflecting the conscious efforts of the government to restrain expenditures since FY 1969.

The Third Plan expects the current account deficit to increase to $1,730 million in the Five-Year period, 1972-1976, compared to estimated $890 million in 1967-1971. This deficit is expected to be financed by

increasing inflows of private and public capital, as well as by a drawdown on reserves of $320 million to a level of around $400 million by 1976.

While increases in domestic revenues to date have been modest the recent revision of the Thai Revenue Code and other continuing efforts to generate additional revenues indicate the seriousness with which the Thai are attacking this problem.

D. Balance of Payments.

The major constraint on GDP growth in the Third Plan period is likely to be the balance of payments as well recognized in the Plan. Unless exports grow much faster than in the past, and net capital inflow increases considerably, Thailand is likely to face a shortage of foreign exchange to finance imports needed to sustain growth at an acceptable rate. The balance of payments prospects appear, therefore, to be an important factor in the Third Plan.

The aggregate of major export commodities is expected in the Plan to increase to $695 million in 1976, at an annual rate of 5.2 percent a year. The Plan projects an annual increase in other exports of 10.5 percent, from $248 million in 1971 to $408 million in 1976.

The Plan projects merchandise imports to increase at an average rate of 5.4 percent a year in current prices, a lower rate than the average of 7.1 percent a year during the Second Plan, 1967-1971. Slower growth of production and investment, declining US military expenditures and an increase in rates of duties and other indirect taxes in July 1970 have already led to a reduced growth of merchandise imports of 3.9 percent in 1970 and a decline estimated at 2.7 percent in 1971. It is expected that economic growth will continue to be below the average of the 1967-1971 period during the first two years of the Third Plan and accelerate thereafter when the economy benefits from appropriate policy adjustments recommended in the Plan. Investment growth is expected to follow a similar and even more pronounced trend because some of the excess capacity, which has appeared in construction, services and manufacturing in the recent past, will permit production growth in the initial years of the Third Plan without much new investment. Since investment is the main factor contributing to import growth in the Thai economy, these developments are expected to lead to slow import growth in 1972 and 1973. Further, declining service receipts from the US military, which have a high import content, might also tend to slow import growth.

It is clear that unless Thailand proceeds immediately with the systematic identification of investment opportunities that will increase exports or will permit an adequate level of import substitution by the mid-1970s, Thailand's balance-of-payments shortfall will become increasingly critical.

E. Debt Service Capacity.

External borrowing projections indicate that Thailand's external public and private debt will increase to $1.8 billion in 1976, from $0.9 billion in 1971. Service payments on the total debt will rise from 16.4 percent of exports of goods and non-factor services in 1970 (3.8 percent public, 12.6 percent private) to approximately 24 percent in 1976. At this level the debt service ratio would be high but tolerable, considering Thailand's excellent repayment record and the availability of $400 million reserves, equivalent to three months of estimated imports in 1976.

A major element in the increase of debt service payments from 10 percent of exports in 1965 to 18 percent of exports in 1971 were short-term suppliers credits. Increasing the capacity of domestic financial institutions to serve as appropriate channels for private borrowings on longer maturity and more favorable terms will result in a substantial reduction in debt service payments by the end of the 1970s. However, debt service obligations would still be quite high, and unless deliberate steps are taken during the Third Plan to promote export receipts, a growing and perhaps critical gap between export receipts and debt service obligations will appear before the end of the decade.

VII. IMPACT ON US BALANCE OF PAYMENTS.

Goods and services financed by this loan will be obtained from AID Geographic Code 941 (US and Lower Income Countries), and it is expected the US will be a major source for the firms carrying out these activities. There should be also substantial additional procurement because the projects resulting from favorable studies may be US-oriented for financing and procurement. There should also be follow-on procurement of spare parts, replacement equipment and services from the United States.

VIII. CONDITIONS AND COVENANTS.

In addition to the usual conditions precedent to financing, the loan agreement will contain covenants discussed above in Section III providing for AID approval of: (a) projects to be studied; (b) scopes of work; (c) firms selected to undertake the studies; and (d) contracts negotiated for making the studies. Also, the loan agreement will require AID approval of the plan for NESDB to implement the loan (Section II) and for the RTG to be reimbursed in baht for certain activities (Section V above).

IX. IMPLEMENTATION PLAN.

See Sections II and III. NESDB will also be required to provide AID with a detailed description of its internal processes for utilizing the loan, and with a periodic progress report in a format satisfactory to AID.

STATUTORY CHECKLIST

I. COUNTRY PERFORMANCE

A. Progress Towards Country Goals

1. FAA Sections 201(b)(5), 201(b)(7), 201(b)(8), 208. Discuss the extent to which the country is:

(a) Making appropriate efforts to increase food production and improve means for food storage and distribution.	In its Third Development Plan, Thailand has given priority attention to increasing food production, particularly in crops for which there is an export market.
(b) Creating a favorable climate for foreign and domestic private enterprise and investment.	The investment incentives available to foreign and domestic investors are generally comparable to those available from other countries. Since November 1971, the RTG has evidenced increased interest and significantly stepped up its efforts to overcome impediments to investment and provide for improved support to private enterprise growth. Major actions include facilitating export promotion, exporters' tax rebates on imported raw materials, and assisting establishment of industrial estates; affirmation of RTG intent to create a free trade zone; revision of the Investment Promotion Act (now in final review) to provide greater incentives to export oriented industry; and initiation of establishment of a national housing authority.

(c) Increasing the people's role in the developmental process.	The country is presently governed by a National Executive Council, which abrogated the constitutional form of government and dissolved Parliament. However, the Council has publicly announced that it proposes to promulgate an interim constitution shortly which will be patterned after the previous constitution and it is expected to include participation in the government of persons elected in a popular election.
(d) Allocating expenditures to development rather than to unnecessary military purposes or intervention in other free countries' affairs.	Development expenditures have increased from 25% of the RTG budget in 1964 to 43% in 1972, while defense and police increased from 24% to 25%.
(e) Willing to contribute funds to the project or program.	The undetermined local currency costs will be funded jointly. The RTG has agreed to make local currency available as required from its normal budget, and AID has agreed to convert a small amount (up to a maximum of $250,000) of the loan proceeds in a matching amount to that provided by the RTG.
(f) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangement; and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.	Committee was formed in 1971 within the Ministry of Finance to review tax collection methodology and recommend procedures for closing of tax loopholes and for improvement of collection ability.

(g) Responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.	Thailand is a rural-based society with 85% of the population outside of the city. The RTG will attempt to improve the income and educational needs of its population during the coming Third Five Year Plan, 1972-1976, by devoting 14% of all development expenditures to agriculture, 33% to education, 6% to health, and an additional 17% to other social needs. The income and standard of living of the farming population will improve if there is a strong demand for their products. The RTG has commenced a strong export promotion program through the use of tax rebates to exporters, trade missions to numerous countries, and an increased availability of export financing.

B. Relations with the United States

1. FAA Section 620(c). Is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, including arbitration, or (b) the debt is not denied or contested by the government, or (c) the indebtedness arises under such government's, or a predecessor's unconditional guarantee?	No such situation is known to exist.
2. FAA Section 620(d). If the loan is intended for construction or operation of any productive enterprise that will compete with U.S. enterprise, has the country agreed that it will establish appropriate procedures to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of loan?	The loan is not intended for such purposes.

3. FAA Section 620(e)(1). Has the country's government, or any agency or subdivision thereof, (a) nationalized or expropriated property owned by U.S. citizens or by any business entity not less than 50% beneficially owned by U.S. citizens, (b) taken steps to repudiate or nullify existing contracts or agreements with such citizens or entity, or (c) imposes or enforced discriminatory taxes or other exactions, or restrictive maintenance or operation conditions? If so, and more than six months has elapsed since such occurrence, identify the document indicating that the government, or appropriate agency or subdivision thereof, has taken appropriate steps to discharge its obligations under international law toward such citizen or entity? If less than six months has elapsed, what steps if any has it taken to discharge its obligations?	No such actions are known.
4. FAA Section 620(j). Has the country permitted, or failed to take adequate measures to prevent the damage or destruction by mob action of U.S. property, and failed to take appropriate measures to prevent a recurrence and to provide adequate compensation for such damage or destruction?	No such situation is known to exist.
5. FAA Section 620(l). Has the government instituted an investment guaranty program under FAA Section 221(b)(1) for the specific risks of inconvertibility and expropriation or confiscation?	Yes.

6. FAA Section 620(o): Fisherman's Protective Act of 1954, as amended, Section 5. Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel on account of its fishing activities in international waters? If, as a result of a seizure, the U.S.G. has made reimbursement under the provisions of the Fisherman's Protective Act and such amount has not been paid in full by the seizing country, identify the documentation which describes how the withholding of assistance under the FAA has been or will be accomplished.	No.
7. FAA Section 620(q). Has the country been in default, during a period in excess of six months, in payment to the U.S. on any FAA loan?	No.
8. FAA Section 620(t). Have diplomatic relations between the country and the U.S. been severed? If so, have they been renewed?	No. Diplomatic relations between Thailand and the United States have not been severed.
C. Relations with Other Nations and the U.N.	
1. FAA Section 620(i). Has the country been officially represented at any international conference when that representation included planning activities involving insurrection or subversion directed against the U.S. or countries receiving U.S. assistance?	We have no information as to any such representational activity.

2. FAA Sections 620(a), 620(n). Has the country sold, furnished, or permitted ships or aircraft under its registry to carry to Cuba or North Vietnam items of economic, military, or other assistance?

We have no information as to any such activity by Thailand.

3. FAA Section 620(u); App. Section 108. What is the status of the country's U.N. dues, assessments, or other obligations? Does the loan agreement bar any use of funds to pay U.N. assessments, due, or arrearages?

Thailand is not delinquent with respect to U.N. obligations. The loan agreement permits use of the loan proceeds solely for financing costs of economic feasibility and other capital project studies and such private sector development projects as the RTG will support.

D. Military Situation

1. FAA Section 620(i). Has the country engaged in or prepared for aggressive military efforts directed against the U.S. or countries receiving U.S. assistance?

No.

2. FAA Section 620(s). What is (a) the percentage of the country's budget devoted to military purposes, and (b) the amount of the country's foreign exchange resources used to acquire military equipment? (c) the amount spent by the country for the purchase of sophisticated weapons systems? Is the country diverting U.S. development assistance or PL 480 sales to military expenditures? Is the country diverting its own resources to unnecessary military expenditures?

(a) 16.2% of the RTG budget for fiscal year 1972 is devoted to military purposes, or 3.4% of GPN. (b) 0.7 of all imports for this period are for military purposes. (c) consideration has been given to RTG expenditures for sophisticated weapons and it has been determined that such expenditures are not deemed excessive.

II. CONDITION OF THE LOAN

A. General Soundness

-- Interest and Repayment

1. FAA Sections 201(d), 201 (b)(2). Is the rate of interest excessive or unreasonable for the borrower? Are there reasonable prospects for repayment? What is the grace period interest rate; the following period interest rate? Is the rate of interest higher than the country's applicable legal rate of interest?	The rate of interest is not excessive or unreasonable for the borrower. The borrower has the capacity to repay the loan as provided in the loan agreement. The loan is for a term of 40 years, including a 10-year grace period, with interest rate of 2% during the grace period and 3% thereafter. The rate of interest is not higher than the country's applicable legal rate of interest.

-- Financing

1. FAA Section 201(b)(1). To what extent can financing or reasonable terms be obtained from other free world sources, including private sources within the U.S.?	ExIm Bank is not interested in financing this loan. Participants of the Consultative Group for assistance to Thailand met in Feb. 1972 and appear interested in providing some funds for this purpose but in view of the large number of studies contemplated the proposed loan serves only to assist in financing some of the required studies

-- Economic and Technical Soundness

1. FAA Sections 201(b)(2), 201(e). The activity's economic and technical soundness to undertake loan/ does the loan application, together with information and assurances, indicate that funds will be used in an economically and technically sound manner?	The project is economically and technically sound. According to information and assurances which the Mission has received the funds will be used in an economically and technically sound manner. See paragraph I and III of the loan paper.
2. FAA Section 611(a)(1). Have engineering, financial, and other plans necessary to carry out assistance, and a reasonably firm estimate of the cost of assistance to the U.S., been completed?	Not applicable.

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3. FAA Section 611(b); App. Section 101. If the loan or grant is for a water or related land-resource construction project or program, do plans include a cost-benefit computation? Does the project or program meet the relevant U.S. construction standards and criteria used in determining feasibility?	Not applicable.
4. FAA Section 611(e). If this is a Capital Assistance Project with U.S. financing in excess of $1 million, has the principal A.I.D. officer in the country certified as to the country's capability effectively to maintain and utilize the project?	**Not applicable.**

B. Relation to Achievement of Country and Regional Goals

-- Country Goals

1. FAA Section 207, 281(a). Describe this loan's relation to:

a. Institutions needed for a democratic society and to assure maximum participation on the part of the people in the task of economic development.	The loan is expected to result in increased development in Thailand, which in turn is essential to an active industrial/agricultural sector, and thus an expansion of participating opportunity on the part of the Thai people.
b. Enabling the country to meet its food needs, both from its own resources and through development, with U.S. help, of infrastructure to support increased agricultural productivity.	Studies sponsored will in every case contribute to overall development and may in specific cases add directly to the impetus given to agricultural productivity.

c. Meeting increasing need for trained manpower.	One of the purposes of the loan is to train Thai individuals and firms to do a competent job in the various fields of feasibility studies thereby increasing both the number of such personnel and the quality of the studies.
d. Developing programs to meet public health needs.	Benefits to health may be realized directly or indirectly depending upon the studies and projects identified.
e. Assisting other important economic, political, and social development activities, including industrial development; growth of free labor unions; cooperatives and voluntary agencies; improvement of transportation and communication systems; capabilities for planning and public administration; urban development; and modernization of existing laws.	This loan can be expected to have a definite positive impact on industrial development, improvement of transportation and communication systems, and planning capabilities in the fields covered by the feasibility studies. There is no direct relation to other activities.
2. FAA Section 201(b)(4). Describe the activity's consistency with and relationship to other development activities, and its contribution to realizable long-range objectives.	The loan is given in a multilateral context enabling the Thai government to undertake studies in a variety of fields important to its economic development, and this improve its ability to attract loans from bilateral and multilateral sources to carry out selected projects.
3. FAA Section 201(b)(9). How will the activity to be financed contribute to the achievement of self-sustaining growth?	By financing such studies the use of foreign capital for the Third Plan will be supported, the capacity of local Thai firms for making feasibility studies will be enlarged and capacity of local government agencies for contracting such studies will be enhanced. Furthermore, the framework for investment programs extending into Fourth Plan will be established.

4. FAA Section 201(f). If this is a project loan, describe how such project will promote the country's economic development, taking into account the country's human and material resource requirements and the relationship between ultimate objectives of the project and overall economic development.

See 1.c, 2 and 3 above.

5. FAA Section 201(b)(3). In what ways does the activity give reasonable promise of contributing to development of economic resources, or to increase of productive capacities?

See 1.c and 2 above.

6. FAA Section 281(b). How does the program under which assistance is provided recognize the particular needs, desires, and capacities of the country's people; utilize the country's intellectual resources to encourage institutional development; and support civic education and training in skills required for effective participation in political processes.

It is anticipated that the studies under the loan will be directed to urgent priority programs of the Government as set forth in the Third Development Plan and will draw upon; utilize and improve existing capability to do competent high quality feasibility studies. It is also expected that it will encourage institutional development by demonstrating the need for such studies and encouraging the use of competent local firms to do such jobs.

7. FAA Section 601(a). How will this loan encourage the country's efforts to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions?

(a) The loan will facilitate purchase by country of needed equipment and services. The project will stimulate industrial and commercial activities in such areas as agriculture, business, intermediate processing of agriculture products, and small manufacturing which will increase the probable quantity and value of commodities available for export; will assist Thailand in developing more sophisticated products which may be competitive in international trade and create a demand for many new products and equipment required

for new commercial and industrial enterprises and private consumption; (b) through improved opportunities for new commercial and industrial enterprises; (c) no direct effect; (d) no direct effect; (e) through greater effects of technical and economic programs reaching broader development fields; (f) no direct effect.

8. FAA Section 202(a). Indicate the amount of money under the loan which is: going directly to private enterprise; going to intermediate credit institutions or other borrowers for use by private enterprise; being used to finance imports from private sources; or otherwise being used to finance procurements from private sources.

It is anticipated that about $950,000 of the loan proceeds will go to private enterprise for the purchase of goods and services, and that about $300,000 will be available to intermediate credit institutions such as IFC/T, BAAC, etc., for relending for use of private enterprise.

9. FAA Section 611(a)(2). What legislative action is required within the recipient country? What is the basis for a reasonable anticipation that such action will be completed in time to permit orderly accomplishment of purposes of loan?

No legislative action is required.

-- Regional Goals

1. FAA Section 619. If this loan is assisting a newly independent country, to what extent do the circumstances permit such assistance to be furnished through multilateral organizations or plans?

Thailand is not a newly independent country.

2. FAA Section 209. If this loan is directed at a problem or an opportunity that is regional in nature, how does assistance under this loan encourage a regional development program? What multilateral assistance is presently being furnished to the country?

This loan is not directed at a problem or an opportunity that is regional in nature. However, the loan is being given in a multilateral context; namely to enable Thailand to prepare projects to the level of justification required by foreign donors. Thailand will thereby be better able to attract other donor participation in its development, such as World Bank, ADB, etc. Multilateral assistance to Thailand is presently being provided from several sources, World Bank, ADB, UNDP, WHO, FAO, etc.

C. Relation to U.S. Economy

-- Employment, Balance of Payments, Private Enterprise

1. FAA Sections 201(b)(6); 102, Fifth. What are the possible effects of this loan on U.S. economy, with special reference to areas of substantial labor surplus? Describe the extent to which assistance is constituted of U.S. commodities and services, furnished in a manner consistent with improving the U.S. balance of payments position.

The goods and services financed by this loan will be obtained from AID Geographic Code 941 (Selected Free World). It is anticipated that the U.S. will supply a substantial amount of goods and services under this loan. There should also be increased likelihood of U.S. procurement resulting from these studies.

2. FAA Sections 612(b), 636(h). What steps have been taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. and local currencies contributed by the country are utilized to meet the cost of contractual and other services, and that U.S. foreign-owned currencies are utilized in lieu of dollars?

There are no U.S. owned foreign currencies in Thailand. All local currency costs will be furnished by the RTG.

3. FAA Section 601(d); App. Section 109. If this loan is for a capital project, to what extent has the Agency encouraged utilization of engineering and professional services of U.S. firms and their affiliates? If the loan is to be used to finance direct costs for construction, will any of the contractors be persons other than qualified nationals of the country or qualified citizens of the U.S.? If so, has the required waiver been obtained?	All goods and services financed under this loan will be from AID Geographic Code 941. The loan will not be used to finance direct cost of construction.
4. FAA Section 608(a). Provide information on measures to be taken to utilize U.S. Government excess personal property in lieu of the procurement of new items.	For studies under this loan, it is anticipated that procurement of commodities will be minimal. However, efforts will be made to utilize excess property to the extent possible and the loan agreement will so provide.
5. FAA Section 602. What efforts have been made to assist U.S. small business to participate equitably in the furnishing of commodities and services financed by this loan?	Procurement of commodities and services under the loan will be according to established AID procurement procedures and will follow normal commercial trade practices to the maximum extent allowable, thereby assisting U.S. small business to participate in furnishing the commodities to be financed.
6. FAA Section 621. If the loan provides technical assistance, how is private enterprise on a contract basis utilized? If the facilities of other Federal agencies will be utilized, in what ways are they particularly suitable; are they competitive with private enterprise (if so, explain); and how can they be made available without undue interference with domestic programs?	Project implementation generally will be carried out by private enterprise under loan financed contracts on the basis of applicable AID regulations. To extent Federal agencies will be utilized, it will be where the cooperating government and AID agree such agencies represent for a selected activity the most practical and economic U.S. source of expertise, and therefore not competitive in the circumstances with private enterprise, and will only be scheduled so as not to interfere unduly with domestic programs.

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7. FAA Section 611(c). If this loan involves a contract for construction that obligates in excess of $100,000, will it be on a competitive basis? If not, are there factors which make it impracticable?	This loan does not involve such a construction contract
-- Procurement	
1. FAA Section 604(g). Will commodity procurement be restricted to U.S. except as otherwise determined by the President.	Procurement is limited to AID Geographic Code 941, which is in accord with the President's directives.
2. FAA Section 604(b). Will any part of this loan be used for bulk commodity procurement at adjusted prices higher than the market price prevailing in the U.S. at time of purchase?	No.
3. FAA Section 604(e). Will any part of this loan be used for procurement of any agricultural commodity or product thereof outside the U.S. when the domestic price of such commodity is less than parity?	No.
D. Other Requirements	
1. FAA Section 201(b). Is the country among the 20 countries in which development loan funds may be used to make loans in this fiscal year?	
2. App. Section 106. Does the loan agreement provide, with respect to capital projects, for U.S. approval of contract terms and firms?	The loan agreement will contain a provision covering this requirement.

3. FAA Section 620(k). If the loan is for construction of a productive enterprise, with respect to which the aggregate value of assistance to be furnished will exceed $100 million, what preparation has been made to obtain the express approval of the Congress?	Not applicable.
4. FAA Sections 620(b), 620(f). Has the President determined that the country is not dominated or controlled by the international Communist movement? If the country is a Communist country (including, but not limited to, the countries listed in FAA Section 620(f) and the loan is intended for economic assistance, have the findings required by FAA Section 620(f) been made and reported to the Congress?	Yes, the required determination has been made.
5. FAA Section 620(h). What steps have been taken to insure that the loan will not be used in a manner which, contrary to the best interest of the United States, promotes or assists the foreign aid projects of the Communist-bloc countries?	There are no foreign aid projects of the Communist bloc countries in Thailand. In any case, all studies financed under the loan require prior AID approval. This process will ensure full compliance with this provision.
6. App. Section 110. Will any funds be used to finance procurement of iron and steel products for use in Vietnam other than as contemplated by Section 110?	No.
7. FAA Section 636(i). Will any part of this loan be used in financing non-U.S.-manufactured automobiles? If so, has the required waiver been obtained?	No.

8. FAA Sections 630(a)(1) and (2), 620(p), 620(v). Will any assistance be furnished or funds made available to the government of Cuba, the United Arab Republic, or the government of Greece?	No.
9. FAA Section 620(g). Will any part of this loan be used to compensate owners for expropriated or nationalized property? If any assistance has been used for such purpose in the past, has appropriate reimbursement been made to the U.S. for sums diverted?	No. No assistance has been used for such purposes in the past.
10. App. Section 104. Does the loan agreement bar any use funds to pay pensions, etc., for persons who are serving or who have served in the recipient country's armed forces?	The loan agreement will permit use of the proceeds to finance only feasibility studies, and these must be agreed by USAID. No money will be authorized for use under the loan to pay pensions, etc., for persons who are serving or have served in the recipient country's armed forces.
11. MMA Section 901.b. Does the loan agreement provide, for compliance with U.S. shipping requirements, that at least 50% of the gross tonnage of all commodities financed with funds made available under this loan (computed separately by geographic area for dry bulk carriers, dry cargo liners, and tankers) be transported on privately owned U.S.-flag commercial vessels to the extent such vessels are available at fair and reasonable rates for U.S.-flag vessels?	The loan agreement will include this requirement.

12. App. Section 102. Will obligations from loan funds for engineering and architectural fees and services to any individual or group of firms on any one project in excess of $25,000 be reported to the Senate and House of Representatives?	Yes.
13. FAA Section 604(f). Will supplier's be required to certify information relating to the eligibility and suitability of commodities for financing?	Not applicable.
14. FAA Section 481. Has the President determined that the recipient country has failed to take adequate steps to prevent narcotic drugs produced or procured in, or transported through such country from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents or from entering the United States unlawfully?	No such finding has been made.
15. App. Section 111. Are funds provided pursuant to this loan to be used to carry out the provisions of sections 209(d) and 251(h) of the FAA?	No.
16. FAA Section 604(d). Will provision be made for placing marine insurance in the U.S. if the recipient country discriminates against any marine insurance company authorized to do business in the U.S.?	An appropriate provision will be included in the loan agreement.

17. FAA Section 604(e). Will any part of this loan be used for procurement of any agricultural commodity or product thereof outside the U.S. when the domestic price of such commodity is less than parity?	No.
18. App. Section 501. Will any funds be used for publicity or propaganda purposes within the U.S.?	No.

CAPITAL ASSISTANCE LOAN AUTHORIZATION

Provided from Development Loan Funds
Thailand: Project Development Loan

Pursuant to the authority vested in the Assistant Administrator for Supporting Assistance, Agency for International Development (hereinafter called ("A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the delegations of authority issued thereunder; I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title I, the Development Loan Fund, to the Government of Thailand, (hereinafter called "Borrower") of not to exceed two million dollars ($2,000,000) to assist in financing the foreign exchange costs of services, equipment, and materials necessary for the performance of economic and technical pre-feasibility and feasibility studies, sectoral studies, market studies and other capital-project-related activities in Thailand. This loan is to be subject to the following conditions:

1. Interest Rate and Terms of Repayment

This loan shall be repaid by the Government of Thailand within forty (40) years after the date of the first disbursement thereunder including a grace period of not to exceed ten (10) years. The interest on the unrepaid principal balance of the loan shall be from the date of first disbursement at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter.

2. Currency of Repayment

Provision shall be made for repayment of the loan and payment of interest in United States dollars.

3. Other Terms and Conditions

(a) Services and commodities financed under the loan shall have their source and orgin in countries included in A.I.D. Geographic Code 941.

(b) Prior to disbursement of loan funds, the Borrower will submit to A.I.D. for its approval a proposal for the implementation of each activity to be financed, including description, cost, organizational responsibility, staffing and procedures to be utilized.

(c) The Loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

_____

_____
(Date)

AID GRANT-FUNDED STUDIES IN THAILAND
(Since 1961)

PROJECT	Study By
Second Airport	FAA/CAB
Me Klong Irrigation	USBR
Mun & Chi Basin, Water Resources Sector Analysis	USBR
Southern Ports Pre-Feasibility Survey	Transportation Consultants, Inc.
Nan River Valley Project	Engineering Consultants, Inc.
Three Irrigation Projects	Engineering Consultants, Inc.
Lomsak-Saraburi Highway	DeLeuw, Cather & Co.
Lomsak-Chumpae Highway	Louis Berger, Inc.
Lam Nam Oon Irrigation	USBR
Pa Mong	USBR
East-West Highway Repairs	THD/OICC
Naratiwat-Tak Bai Road	Lyon Assoc., Inc.
Radio Frequency Sector Study	FCC/OEP
Electric Power Sector Analysis	8 Individual Consultants
Electric Power Load Forecast	Cornell, Howland, Hayes & Merryfield
Friendship Highway Ben Lelman Beam Pavement Study	DeLeuw, Cather & Co.
Second Port Review	Lyons Assoc., Inc.
Civil Development of Sattahip Area	Louis Berger, Inc.
Langsuan-Phatthalung Road	Louis Berger, Inc.

PROJECT	Study by
Yang River Project	USBR
Thailand Transportation Coordination Study	Wilbur Smith/Lyon Assoc.
Brief Analysis of Selected Industries in Thailand	EBS Management Consultants, Inc.
A Report on the Thailand Fertilizer Situation and Potential	TVA
Proposed Demonstration Plant for Kenaf Processing	EBS Management Consultants, Inc.
The Plastics Industry in Thailand	U.S. Trade Center/USOM/Ministry of Industry
Ceramic Sanitary Ware	Checchi and Co.
Opportunities for Expansion of the Forest Industries of Thailand	Lars C. Bratt (for BOI)
The Ceramics Industry in Thailand 1970	Roy E. Jordan (for BOI)
The Mineral Industry in Thailand	Dr. E. Shekarchi (for BOI)