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ASEAN/U.S.
Development Cooperation

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I. ASEAN-U.S. Development Cooperation

Since the First ASEAN-U.S. Economic Dialogue in September 1977, there has been steady progress in efforts to increase cooperative activities between the U.S. and ASEAN. The first Dialogue and a meeting on development cooperation 10 months later helped define the framework and general purpose of a new regional assistance program with ASEAN. Since then, a major purpose of the Dialogue has been to provide a forum within which the Association's development needs can be discussed. It has provided the U.S. an opportunity to be of special assistance in helping ASEAN achieve its regional cooperation goal. The Agency for International Development (AID) has been the principal vehicle for U.S. assistance to ASEAN.

To coordinate the economic assistance program, an AID/ASEAN Regional Office was established in the Philippines in 1979. In 1988, the office was moved to Bangkok, Thailand. This office works with ASEAN officials and committees around the Region to design, develop and implement the cooperation program. Initial U.S. assistance to ASEAN through this Office consisted of a \$105,000 grant in 1979 to fund the preparation of several project proposals.

At the end of 1991, AID financial commitments to the program had risen from the initial small project to a total of \$60.5 million in grant assistance.

Three projects, which rose from the Dialogue, are currently underway. They are in the fields of trade and investment, coastal resources management and human resources development. The human resources development project is composed of four independent sub-projects. The AID/ASEAN program has helped establish new institutions in the Region, including the ASEAN Agricultural Development and Planning Center at Kasetsart University in Thailand and the ASEAN Plant Quarantine Centre and Training Institute in Malaysia. The U.S.-ASEAN Center for Technology Exchange (CTE), renamed in 1990 to U.S.-ASEAN Council for Business and Technology, Inc., based in the United States, was established with initial funding from both AID and private-sector sources. Other regional and international institutions receiving assistance under the development cooperation program include the Asian Institute of Technology (Bangkok), the East-West Center (Hawaii), the Institute of Southeast Asian Studies (Singapore), the Asian Institute of Management (Manila), the Institute of Tropical Medicine and Public Health (Bangkok), the ASEAN Watershed Unit at the University of the Philippines, Technonet Asia (Singapore), and the International Center for Living Aquatic Resources Management (Manila).

Besides regional development assistance to ASEAN, the U.S. provides bilateral assistance to three of the six ASEAN countries. In fiscal year 1990, the U.S. provided \$8.7 million of development assistance to Thailand, \$415 million to the Philippines, and \$43 million to Indonesia. The Philippines and Indonesia also receive annual PL 480 food assistance, while the Philippines and Thailand receive Economic Support Funds as well.

II. AID/ASEAN STRATEGY

The ASEAN-U.S. Dialogues and policy collaboration within ASEAN are supported by projects that generate and enhance regional identity, cooperation and solidarity. AID strategy for assisting ASEAN is regional in character and relies upon different institutional mechanisms than AID's programs in the three ASEAN countries having bilateral programs (Indonesia, the Philippines and Thailand). However, these strategies are complementary in nature.

The ASEAN regional strategy is supported through an assistance program emphasizing three basic objectives:

- (1) expanding trade and investment with the U.S. and intra ASEAN;
- (2) management and technical skills upgrading; and
- (3) transferring U.S. technology to improve the economic and efficient use of ASEAN national resources by domestic industries.

Priority sectors for assistance have included trade and investment promotion, natural resources conservation (coastal), agri-business, health, and engineering manpower development, and environmental improvement. Training, establishing information network for promotion of expanded trade and investment between ASEAN and the U.S., and standards development are key elements of AID assistance, as is information dissemination.

Following the lead of the Manila Summit, AID and ASEAN agreed, during the Eighth U.S.-ASEAN Dialogue Meeting in February 1988, to modify their development cooperation program and place increased emphasis on regional economic growth through enhanced trade, investment and technology transfer activities. They also agreed the existing human resources development project would be extended to support these activities and that other, continuing projects would be completed as planned.

Some modifications in the A.I.D.-ASEAN development cooperation program have already occurred to support these new program directions. For example, the Private Investment and Trade Opportunities (PITO) project has been designed and started implementation in June 1990. The human resources development project has been refocused to include agribusiness related training and increased private sector linkages.

Operationally, the assistance strategy endeavors to make full use of existing Southeast Asian institutions and expertise for program implementation. Here, priority is given to supporting regional entities that: are technically oriented and emerge organically and legitimately from within; are non-exclusive and consensus-oriented; relate to existing institutions; are private where sector-appropriate; and are developmental in broad terms.

III. AID/ASEAN Project Summaries *

A. Current Projects

ASEAN Private Investment and Trade Opportunities Project

The Project is designed to further the process of private sector-led growth by promoting a greater exchange of trade, capital and technology between the private sectors of the U.S. and ASEAN member countries, supporting regional policy problem solving efforts. The project is establishing a structure and a mechanism to promote expanded private sector trade and investment between ASEAN and the U.S. The system is to establish networks to facilitate expanded market driven economic activities in ASEAN countries and productive and mutually beneficial ASEAN and U.S. trade and investment activity. This six-year project is focused on three major areas of private sector development.

* The summary includes only projects funded and administered by the AID/ASEAN Regional Office. Other U.S. assistance to ASEAN -- such as support for the Post Harvest Crops Project, Food and Drug Administration seminars, Science and Technology Week, and Drug Abuse Prevention workshops are typically of short duration and are funded from Washington.

Component One: Trade and Investment Promotion -- This component will establish a mechanism for promoting and facilitating expanded trade and investment in sectors of high development priority which are of mutual benefit to ASEAN and the United States.

Component Two: Policy Analysis/Problem Resolution -- Using a network of ASEAN and U.S. policy analysis groups, this component will identify policy constraints/problems, then conduct seminars/workshops for public and private sector policy makers to review effects of existing policies, consider alternatives, and devise means to introduce policies enhancing private sector participation in development.

Component Three: Capital Market Development -- This component provides assistance to the Overseas Private Investment Corporation (OPIC) in establishing an ASEAN Growth Fund to provide equity financing for U.S. - ASEAN ventures. About \$100 million is estimated to be made available through the Fund.

Funding obligations total \$13.0 million, broken down into:

- o \$7.285 million for the U.S.-ASEAN Council for Business and Technology, Inc. to implement the trade and investment promotion component, in conjunction with the ASEAN section of the ASEAN-U.S. Business Council;
- o \$2.77 million for Technonet-Asia to promote standards development and quality assurance;
- o \$2.24 million for the East-West Center for policy analysis/problem resolution, in conjunction with ASEAN researchers;
- o \$0.2 for the Overseas Private Corporation (OPIC) to establish an ASEAN Growth Fund; and \$0.505 million for evaluation/audits.

By Project's end, an ASEAN-U.S. trade and investment promotion mechanism will have been fully defined, implemented, tested and demonstrated to stimulate enhanced commercial relations between ASEAN nations and the United States. A \$75-\$100 million ASEAN Growth fund will be established, fully subscribed, and distributed in approximately 50 individual joint venture investments. Also, some of the obstacles to continued rapid economic development will have been addressed by government authorities, and thus investment environment improves. Two-way trade between ASEAN and the U.S. will have grown at an annual rate of 17.5 percent.

ASEAN Human Resources Development Project

This Project, originally designed to increase the human and institutional resource capacities of the ASEAN Region in agriculture, health and graduate scholarships, has been refocused to fit in with the economic growth of ASEAN to concentrate more on short-term technical trainings in agri-business, computer applications, management and environmental health. In addition to training, the project also supports technical exchange and strengthening regional organizations

Funding obligations total \$14.0 million, broken down into:

- o \$1.75 million for the ASEAN Agricultural Development and Planning Centre (ADPC);
- o \$4.0 million for the ASEAN Plant Quarantine Centre and Training Institute (PLANTI);
- o \$3.4 million for the Asian Institute of Technology (AIT);
- o \$3.0 for the SEAMEO Institute of Tropical Medicine and Public Health (TROPMED); and \$1.85 million for contingencies.

By Project's end, up to 2,000 ASEAN nationals are expected to have undergone project-sponsored training in the four regional institutions.

ASEAN Coastal Resources Management Project

This Project is developing improved technical and institutional approaches for managing coastal resource systems in the ASEAN Region, and strengthen the ASEAN member countries' capabilities in sustaining their coastal resources. The project has the full participation of all six ASEAN member states in field research, training and information dissemination activities.

Current funding obligations total \$5.8 million of which \$1.7 million is provided to the International Center for Living Aquatic Resources Management (ICLARM) as the project managers, and technical advisors to ASEAN participants. The rest of project funding is channeled to country-specific field research as well as regional policy formulation, training, and information dissemination activities.

At Project's end, each ASEAN country will have developed site-specific coastal resource management plans, and lessons learned will be applicable throughout the region. Up to 500 ASEAN scientists, resource managers, and policy makers will have participated in various short-term training programs and conferences.

B. Project in Design

AID/ASEAN is currently designing an Environmental Improvement Project (EIP). The Project will help ASEAN countries resolve the damaging environmental effects of rapid industrialization and urbanization through institutional development, technical assistance and transfer of U.S. environmental technologies and management practices. The Project, with AID funding of \$17.5 million, will have three interrelated components.

Component One: Policy and Institutional Development -- This component will help ASEAN government agencies, private organizations, and non-governmental organizations develop and implement effective environmental policies and programs. It will help develop regional, national and local standards and regulations, and effective compliance mechanisms. It will also sponsor conferences, workshops, and seminars to share policy development and implementation experiences.

Component 2: Technical Assistance and Training -- This component will provide assistance to ASEAN private and public sector firms and other interested parties in assessing harmful environmental effects and inefficiencies of industrial processes, and identifying cost-effective alternatives for improving operations. It will provide experienced environmental engineers from major U.S. firms to carry out factory environmental assessments, and to help select, install and operate emissions monitoring and pollution control technologies. Also, it will develop and implement environmental training programs through workshops, seminars, and conferences. These activities will coordinate with local private sector industry and trade association efforts.

Component 3: Technology Commercialization and Investment Promotion -- This component will promote technology commercialization activities in environmental technology areas where U.S. firms are leaders. Project activities will include identifying technology transfer and investment opportunities, selecting capable U.S. firms, sponsoring trade and reverse trade missions, co-funding pre-feasibility studies, and leveraging additional assistance and financing programs of multi-lateral development banks (MDBs), the Overseas Private Investment Corporation (OPIC), and other government trade promotion organizations.

The project is planned to be approved in FY 1992.

C. Completed Projects

ASEAN Energy Conservation and Management Project

The Project assisted ASEAN to promote policies encouraging public and private sector adoption of energy efficient building design and maintenance; and supports human and institutional resource development in energy systems management.

Total funding was \$4.275 million which supported a U.S. technical assistance contractor, Lawrence Berkeley Laboratories (LBL) of the University of California at Berkeley; training and information dissemination activities based at the Asian Institute of Technology; and training activities coordinated through the International Institute for Education (IIE).

ASEAN Watershed Management Project

The Project established a watershed information network among ASEAN countries to coordinate, assist, and raise the quality of research and technical exchange among participating agencies. Total funding of \$2.50 million was provided for training, research support, and technical assistance activities.

ASEAN Small and Medium Business Improvement Project

The project assisted ASEAN to improve the technical and managerial abilities of small and medium businesses (SMB's) in the region. Activities included: training owners and key personnel (by Technonet-Asia); providing technical and managerial consulting services (by the Asian Institute of Management); business exchanges with U.S. firms (managed by the U.S.-ASEAN Center for Technology Exchange); and research into constraints on developing smaller firms (by the Institute of Southeast Asian Studies). Total funding was \$3.475 million.

ASEAN Energy Cooperation in Development Project

This Project assisted ASEAN efforts to substitute coal for oil in the power sector; increase the efficiency of energy use in buildings; and develop alternative energy systems for water pumping.

Total funding was \$1.0 million which supported a U.S. technical assistance contractor, Sheladia and Associates, Incorporated (SAI); research activities based at the University Sains Malaysia; and training activities coordinated through the International Institute for Education (IIE).

ASEAN Plant Quarantine Project

The Project strengthened plant quarantine capabilities in the ASEAN Region by establishing the ASEAN Plant Quarantine Centre and Training Institute in Malaysia. Technical assistance, and training was provided to ASEAN plant quarantine professionals. Total funding was \$5.360 million.

ASEAN Health Scholarships Project

This Project provided \$3.2 million to the SEAMEO Network for Tropical Medicine and Public Health, based at Mahidol University, Thailand, to train some 600 ASEAN scholars in master's and diploma courses in ASEAN educational institutions forming the SEAMEO network.

ASEAN Asian Institute of Technology (AIT) Scholarships Research Project

The Project provided \$4.125 million in financial assistance to the Asian Institute of Technology (AIT) for the training of 400 ASEAN scholars in master's and short-term studies.

ASEAN Institute of Southeast Asian Studies (ISEAS) Economic Research Fellowships Project

The Project provided \$0.850 million to the Institute of Southeast Asian Studies (ISEAS) for the support of 24 research fellows to conduct specific studies on agriculture, food, and resource management, and industrial development issues in the ASEAN region.

FINANCIAL TABLE OF ASEAN/U.S. DEVELOPMENT COOPERATION PROGRAM
(\$000'S)

<u>Project Title</u>	<u>Implementing Country</u>	<u>Start</u>	<u>Completion</u>	<u>Amount of Grant(LDP)</u>	<u>Obligations</u>				
					<u>FY'79</u>	<u>FY'80</u>	<u>FY'81</u>	<u>FY'82</u>	<u>FY'83</u>
Agricultural Projects Design Workshop	-	1979	1979	105	105	-	-	-	-
ASEAN/AIT Scholarship	Thailand	1979	1987	4,125	500	600	750	600	675
ASEAN/ISEAS Economic Research Fellowships	Singapore	1979	1987	850	200	155	250	200	45
ASEAN Agricultural Dev. Planning Center	Thailand	1980	1987	3,000	-	600	600	700	700
ASEAN Energy Activities	Thailand	1980	1984	500	-	500	-	-	-
ASEAN Plant Quarantine	Malaysia	1980	1986	5,400	-	1,100	1,500	1,500	1,300
ASEAN Health Scholarships	Thailand	1981	1986	2,500	-	-	500	2,000	-
ASEAN Energy Cooperation in Development	Indonesia	1982	1987	1,000	-	-	-	1,000	-
ASEAN Watershed	Philippines	1983	1990	2,500	-	-	-	-	1,205
TOTAL AID/ASEAN FY 1979-83				19,980	805	2,955	3,600	6,000	3,925

FINANCIAL TABLE OF ASEAN/U.S. DEVELOPMENT COOPERATION PROGRAM

<u>Project Title</u>	<u>Implementing Country</u>	<u>Start</u>	<u>Completion</u>	<u>(\$000'S)</u>			<u>Obligations</u>					
				<u>Amount of Grant(LOP)</u>	<u>FY'84</u>	<u>FY'85</u>	<u>FY'86</u>	<u>FY'87</u>	<u>FY'88</u>	<u>FY'89</u>	<u>FY'90</u>	<u>FY'91</u>
Agricultural Projects Design Workshop	-	1979	1979	105	-	-	-	-	-	-	-	-
ASEAN/AIT Scholarship	Thailand	1979	1987	4,125	1,000	-	-	-	-	-	-	-
ASEAN/ISEAS Economic Research Fellowships	Singapore	1979	1987	850	-	-	-	-	-	-	-	-
ASEAN Agricultural Dev. Planning Center	Thailand	1980	1987	3,000	400	-	-	-	-	-	-	-
ASEAN Energy Activities	Thailand	1980	1984	500	-	-	-	-	-	-	-	-
ASEAN Plant Quarantine	Malaysia	1980	1986	5,400	-	-	-	-	-	-	-	-
ASEAN Health Scholarships	Thailand	1981	1986	2,500	-	-	-	-	-	-	-	-
ASEAN Energy Cooperation in Development	Indonesia	1982	1987	1,000	-	-	-	-	-	-	-	-

FINANCIAL TABLE OF ASEAN/U.S. DEVELOPMENT COOPERATION PROGRAM
(\$000'S)

<u>Project Title</u>	<u>Implementing Country</u>	<u>Start</u>	<u>Completion</u>	<u>Amount of Grant(LOP)</u>	<u>Obligations</u>							
					<u>FY'84</u>	<u>FY'85</u>	<u>FY'86</u>	<u>FY'87</u>	<u>FY'88</u>	<u>FY'89</u>	<u>FY'90</u>	<u>FY'91</u>
ASEAN Watershed	Philippines	1983	1990	2,500	700	-	-	595	-	-	-	-
ASEAN Small/Medium Business Improvement	-	1984	1989	3,475	3,075	125	150	-	125	-	-	-
ASEAN Energy Conservation and Management	Philippines	1985	1990	4,275	-	1,975	1,350	650	300	-	-	-
ASEAN Coastal Resources Management	-	1985	1992	5,800	-	2,700	1,850	-	450	440	260	100
ASEAN Human Resources* Development	-	1987	1993	14,000	-	-	-	3,087	2,725	1,360	2,317	816
ASEAN Private Investment and Trade Opportunities	-	1990	1996	13,000	-	-	-	-	-	-	1,232	3,714
TOTAL AID/ASEAN FY 1984-91				60,530	5,175	4,800	3,350	4,332	3,600	1,800	3,809	4,630

* ASEAN Human Resources Development Project includes assistance to:
 Agricultural Development Planning Center - Thailand
 Asian Institute of Technology - Thailand
 Plant Quarantine and Training Center - Malaysia
 Tropical Medicine and Public Health Institute - Thailand

ASEAN Project Activities in Brunei Darrusalam

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Brunei volume of trade flow between U.S. and Brunei increase up to US\$10 billion as a result of the project's activities about 6 joint ventures established with ASEAN Growth Fund	750
2. ASEAN Human Resources Development Project	100 scholars trained at AIT 30 professionals trained at PLANTI 10 scholars trained at ADPC	500
3. ASEAN Coastal Resources Management Project	100 professionals trained on CRM technologies field research being completed	700
		<hr/> 1950

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ASEAN Project Activities in Indonesia

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Indonesia volume of trade flow between U.S. and Indonesia increase up to US\$14 billion as a result of the project's activities about 8 joint ventures established with ASEAN Growth Fund	750
2. ASEAN Human Resources Development Project	70 scholars trained at AIT 120 scholars trained at SEAMEO TROPMED 150 professionals trained at PLANTI 50 scholars trained at ADPC	1200
3. ASEAN Coastal Resources Management Project	120 professionals trained on CRM technologies field researches underway	800
4. Completed Activities	up to 1000 masteral-level and short-term training participants completed in the fields of energy conservation, watershed management and business management technologies 6 research fellowships completed research equipment to Indonesian government institutions technical assistance provided by U.S. and ASEAN experts	1700

4450

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ASEAN Project Activities in Malaysia

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Malaysia volume of trade flow between U.S. and Malaysia increase up to US\$12 billion as a result of the project's activities about 7 joint ventures established with ASEAN Growth Fund	750
2. ASEAN Human Resources Development Project	100 scholars trained at AIT 80 scholars trained at SEAMEO TROPMED 350 professionals trained at PLANTI 50 scholars trained at ADPC institutional support funding to PLANTI	1700 800
3. ASEAN Coastal Resources Management Project	100 professionals trained on CRM technologies field researches underway	700
4. Completed Activities	up to 1000 masteral-level and short-term training participants completed in the fields of energy conservation, watershed management and business management technologies establishment of ASEAN PLANTI 6 research fellowships completed research equipment to Malaysian government institutions technical assistance provided by U.S. and ASEAN experts field research at the Universiti Sains Malaysia	3500

7450

ASEAN Project Activities in the Philippines

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Philippines volume of trade flow between U.S. and Philippines increase up to US\$13 billion as a result of the project's activities about 7 joint ventures established with ASEAN Growth Fund	750
2. ASEAN Human Resources Development Project	120 scholars trained at AIT 100 scholars trained at SEAMEO TROPMED 120 professionals trained at PLANTI 45 scholars trained at ADPC	1200
3. ASEAN Coastal Resources Management Project	150 professionals trained on CRM technologies field researches underway	850
6. Completed Activities	up to 1000 masteral-level and short-term training participants completed in the fields of energy conservation, watershed management and business management technologies research equipment to the Philippines government institutions technical assistance provided by U.S. and ASEAN experts	1700
		4500

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ASEAN Project Activities in Singapore

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Singapore volume of trade flow between U.S. and Singapore increase up to US\$20 billion as a result of the project's activities About 12 joint ventures established with ASEAN Growth Fund	700
2. ASEAN Human Resources Development Project	120 scholars trained at AIT 20 professionals trained at PLANTI 10 scholars trained at ADPC	500
3. ASEAN Coastal Resources Management Project	100 professionals trained on CRM technologies field researches underway	700
4. Completed Activities	up to 550 participants completed short-term training in energy conservation, and business management 6 research fellowships completed ASEAN Economic Research at U. of Singapore	600
		<hr/> 2500

ASEAN Project Activities in Thailand

<u>PROJECT</u>	<u>ESTIMATED INPUTS</u>	<u>APPROXIMATE U.S. DOLLAR VALUE (000)</u>
1. ASEAN Private Investment and Trade Opportunities Project	support the establishment of an U.S.-ASEAN trade and investment promotion center in Thailand volume of trade flow between U.S. and Thailand increase up to US\$16 billion as a result of the project's activities about 10 joint ventures established with ASEAN Growth Fund	1000
2. ASEAN Human Resources Development Project	120 scholars trained at AIT 125 scholars trained at SEAMEO TROPED 150 professionals trained at PLANTI 70 scholars trained at ADPC institutional support funding to ADPC	1500 275
3. ASEAN Coastal Resources Management Project	120 professionals trained on CRM technologies field researches underway	800
4. Completed Activities	up to 1000 masteral-level and short-term training participants completed in the field of energy conservation, watershed management and business management 6 research fellowships completed research equipment to Thai government institutions technical assistance provided by U.S. and ASEAN experts	1700

5200