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**COUNTRY FIELD SUBMISSION
FY 1972**

EAST ASIA REGIONAL DEVELOPMENT

**DEPARTMENT
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FIELD SUBMISSION FOR FY 1972

EAST ASIA REGIONAL DEVELOPMENT PROGRAM

July, 1970

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PART I - THE FRAMEWORK FOR THE EAST ASIA REGIONAL DEVELOPMENT PROGRAM

"Economic programs by themselves are empty if they do not involve also an act of political construction." *

A. U.S. Objectives and Strategy **

The "Nixon Doctrine" voiced at Guam, with its emphasis on Asian self-help and less direct U.S. involvement implicitly points to regional cooperation as one of the most effective routes toward U.S. policy objectives in Southeast Asia. The President accentuated this theme in his foreign policy report to Congress in February. Stating that "Asian hands must shape the Asian future", he continued: U.S. "hopes for Asia are thus for a continent of strong nations drawing together for their mutual benefit on their own terms and creating a new relationship with the rest of the international community." The President's subsequent request to the Congress to provide \$100 million in Special Funds to the Asian Development Bank was further evidence of U.S. support for regional cooperation.

There is little question, therefore, that the U.S. views the efforts of the nations of Southeast Asia to draw together for common purposes -- economic, political and defense -- as a major element of its foreign policy objectives in East Asia. And while U.S. support for this objective remains strong, the Guam doctrine also calls for a style and approach which gives even greater emphasis to sharing responsibility, encouraging the formation of multi-lateral arrangements for common purposes,

* H.A. Kissinger, The Necessity of Choice (Doubleday, 1962) p.5

** The U.S. objectives and strategy which guide the Regional Development program have been extensively analyzed in the FY 1971 Regional Field Submission (see especially pp 19-26) and, very recently, in RED's circular message (Bangkok A-269 of May 4, 1970) "Directions for Development Policy Planning in Southeast Asia". That material has not been repeated here.

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advances, Indonesia took the initiative and on May 16-17 convened the 11-nation "Asian Front" conference* In addition to the fact that the conference brought Japan for the first time into a regional gathering on political matters, the meeting was significant in that it showed the Asian countries were beginning to take an active role in the search for peace in the region. As one observer noted: "History may see /the meeting/ as the timid first step toward collective security by Asians".

2. The Economic Environment

In contrast to military/political developments, economic trends in Southeast Asia over the past year have, on the whole, tended to favor regional cooperation. Economic progress in the region has encouraged a cooperative outlook. It is more than coincidental that the countries most successful in tackling their national economic problems -- Thailand, Singapore, Indonesia and Malaysia -- are those showing the greatest willingness to work together at the regional level.

Economic growth rates, particularly for Thailand, Malaysia and Singapore, have remained high. Balances of payments have remained fairly buoyant despite the economic adjustment being caused by the decline in Vietnam-related offshore U.S. spending and the economic consequences of Britain's planned withdrawal from Singapore and Malaysia. These declines have, in part, been balanced by the growth of new sources of foreign exchange earnings, such as tourism. Moreover, the efforts being launched by these countries to modernize traditional exports and to diversify into new fields, particularly in agriculture, are an encouraging sign for the future stability and growth potential of these economies. Nevertheless, as

*The attending countries included Australia, Indonesia, Japan, Korea, Laos, Malaysia, New Zealand, the Philippines, Singapore, Thailand and South Vietnam. India, Pakistan, Afghanistan, Ceylon, North Vietnam, North Korea, Mainland China, Burma and Nepal declined the Indonesian invitation.

the past year and to engage the attention of Asia's leaders.

ASEAN has made a marked recovery from a year ago when that organization was seemingly paralyzed by the conflicting claims of Malaysia and the Philippines to Sabah. The ending of that dispute made possible reactivation of the organization. Work is currently proceeding on the formulation of a number of regional projects, with tourism, industry, trade and transport prominently mentioned. ASEAN has also facilitated and given political legitimacy to the consultations between Thailand and Malaysia and Malaysia and Indonesia on joint counter-insurgency operations along their common borders. In addition, consultations within ASEAN provided the regional support necessary for Indonesia to issue its call for the Asian Front conference on Cambodia.

SEAMEO also made progress as an important regional institution. With the help of newly elected and very capable leadership, it came to grips with fundamental problems. Meeting in January at Kuala Lumpur, and again in May in Bangkok, the SEAMEO Council* addressed the organization's financial future and established an Educational Development Fund for helping to finance scholarship and other program costs of the Regional Centers. In addition, the Council initiated steps to strengthen the legal and administrative fabric of the organization and to increase the effectiveness of the Secretariat -- both as the administrative arm of the Council as well as the service and coordinating body for the regional Centers.

The Mekong Coordinating Committee also made institutional and organizational progress. An international conference held in August 1969 identified the major institutional and

*The Council is composed of the Ministers of Education of the seven member countries: Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam.

be a greatly increased regional comprehension and interest among the Asian leaders and professionals and thereby an environment conducive to stronger economic cooperation.

To be sure, it would be unrealistic to expect that these efforts will result in a great leap forward toward economic integration in the European sense. Asian nationalism and international strife in the area will continue to pose formidable obstacles for any major concessions of sovereignty. Nevertheless, the planning effort will point toward the directions and areas of cooperation where mutual benefit is important enough to warrant undertaking initial cooperative economic commitments.

The Mekong Committee's Amplified Basin Plan will serve to coordinate Basin priorities and investments with national development programs. An initial draft will be circulated among the riparian countries shortly. Following intensive discussions between the Secretariat and the economic and planning authorities in each of the four countries, the Plan will be revised to reflect riparian priorities and discussed at a conference scheduled for November, 1970.

Of importance are two studies being carried out by the Asian Development Bank. The first, to be completed this fall, will deal with basic economic and social problems confronting Southeast Asia in the 1970's -- i.e. the "green revolution", population growth, industrialization, emergent trade patterns, the ending of hostilities in Vietnam, and the impact of the British withdrawal and private foreign investment. The second is the Southeast Asian Transport Survey, to be completed by April 1971 that will analyze and assess the needs and opportunities in the transport sector of the region in the light of projected economic growth, emerging patterns of trade and technological changes. In addition, the Bank, in cooperation with the Ford Foundation, is assisting the Law Association for Asia and the Western Pacific (LAWASIA) in carrying out the first stage of a

a draft convention is being prepared and, following high level consultations this summer, will be presented to a Ministerial Conference of the regional members of ECAFE in early 1971. If the initial proposal is accepted, the next step would be to strengthen and broaden the arrangements by providing the Union with a credit facility through financial contributions from members and outside sources.

Complementing the payments scheme and engaging the same countries, is ECAFE's work on the liberalization of intra-regional trade. Discussions have dealt with commodity flows by broad groupings, analyses of obstacles to trade and the analysis of effects of measures to remove the obstacles. Progress has been slower because of lack of adequate trade data and analytical expertise available. Therefore, the Ministerial Conference will probably only be asked to approve an extension of the work program to collect and analyze the necessary statistics. Given the statistical problem and the analytical complexities that are inherent in a commodity by commodity approach, it is likely to be some time before the trade liberalization effort can be merged with the payments program. Once done, however, the trade and payments package could become a potent force for increased economic coordination within the region.

5. Donor Trends

Since regional economic development will require substantial external capital to complement Asian efforts, the attitude of the donors toward Asian regionalism is a key consideration. In this respect, the past year has been significant indeed and marks a major turning point in the evolution of Asian regionalism from a visionary movement to one that is increasingly engaging practical bankers, economists and finance ministers.

Highlights of the year include the decision of the IBRD to become actively involved in the Mekong development program. The Bank has established a Mekong group within its Special Projects Department, set up a liaison office in Bangkok to

DAC has commissioned a study of Asian educational programs which will be discussed in June in Paris and will probably lay the groundwork for greater non-USG support for Asian educational programs. Progress in stimulating interest in other regional endeavors will also hopefully emerge from the high-level DAC meeting to be held in September in Tokyo.

However, clearly one of the most significant developments within the donor community during the past year was the accord reached between the United States and Japan over Okinawa, thereby hopefully clearing the way for a new collaborative arrangement between the two major donors to the region. Former U.S. Ambassador to Japan, John M. Allison, has pointed out in a recent article, "The agreement to return Okinawa has been said to signal the end of the 'post-war era' and has resulted in a great upsurge in Japan's self-confidence. This cannot help but mean Japan will play an increasingly active role in Southeast Asia".

These developments, plus Japan's intention to make available increasing amounts of resources for Asian development (as announced at the SEA Ministers of Economic Development meeting in Jogjakarta in May) signals and end to the period of sole U.S. predominance among the donors in Asia and points to the need and value of increasingly close collaboration with the Japanese. This fact is already serving as a point of departure for U.S. planning for the postwar reconstruction and development of Vietnam.

C. Program Priorities

Much of what was proposed in last year's CFS regarding the scope and direction of the Regional Program remains valid today. It is clear that we must continue to retain a high degree of flexibility given the imponderables that face the U.S. in Southeast Asia. Of principal consideration is the timing and nature of the settlement in Indo China which is bound to exercise a direct impact on the political climate

2. Southeast Asian Regionalism

A second major area and priority for the Regional Development Program is in the support of regional efforts to fashion broader forms of collaboration and joint action in Southeast Asia. This involves two broad aspects; the first being to assist in implementing the increasingly dynamic and resilient functional programs which were initiated in previous years. Of particular importance in this regard is the Regional Education Program (SEAMEO) and the Regional Transportation and Communications Program. Both have achieved a far firmer footing within the region than was the case a year ago, but much remains to be done. SEAMEO is expected to reach a point in its development by FY 1972 when it will be in a position to carry out additional programs. FY 1971 and 1972 will see the Trans/Comm program move into the execution stage in which Regional funding would be desirable on certain projects.

As to the second aspect, that of new initiatives, RED proposes to assist Asian leaders and institutions in their planning efforts for potential programs directed toward clear regional priorities. We have in mind, in particular, the proposals by Thailand and Malaysia that were approved at the recent SEADMIC meeting in Jogjakarta in management training and family planning. Singapore has also proposed a program in environmental sciences. Other possibilities which deserve exploration are atomic energy, regional agricultural services (rodent control and crop variety exchange), nutrition and tax administration. RED proposes that, with respect to new program proposals, FY 1971 be devoted to intensive evaluation and planning jointly with the Asian leaders and the East Asia USAIDs. Those proposals which show promise and command strong Asian support would be recommended for project initiation in FY 1972.

3. Trans-Asian Cooperation

A third major area of program emphasis relates to efforts at regional collaboration in the broader Asian context. Although regionalism is most vigorous and effective in its

D. RED Organization and Resources

Significant progress has been achieved over the past year in strengthening RED's staff and in working out satisfactory operational relationships between RED and the East Asia USAIDs. Two of the positions requested in last year's CFS have been filled -- a Capital Projects Officer and an Assistant Program Officer -- and actions are underway to recruit a Deputy Director and an Industrial Investment Officer. A key remaining requirement is for a broad gauged Economist to follow regional economic trends, evaluate regional planning efforts and identify research gaps and policy issues which need to be analyzed. His work should be reinforced by contract specialists to undertake specific analyses, when needed.

The Manila meeting of Mission Directors did much to establish a more positive and constructive tenor for RED/USAID relationships and to set the stage for greater collaboration on programs of mutual interest. An initial benefit was the preparation of the present CFS in which a number of USAIDs responded to RED's invitation to present and discuss programs of regional significance. Following the Washington program reviews, RED plans to invite USAID representatives to a meeting in Bangkok to discuss implementation of the FY 1971 program and other questions of mutual interest. RED also plans to draft memoranda of understanding on project implementation responsibilities with respect to new projects (and for on-going projects where such would be helpful).

A key remaining issue is that of funding availability for FY 1972. Funding plans for the FY 1972 program must necessarily take into account four important factors that cannot be reflected in a ceiling set by averaging earlier funding levels, namely:

1. That several smaller Mekong projects will reach the point where capital investments for construction will be required if the U.S. is to pursue its strategy of maintaining the programs' momentum;

PART II - THE SCOPE AND CONTENT OF THE EAST ASIA REGIONAL
DEVELOPMENT PROGRAM

A. Mekong Basin Development

FY 1970 saw significant advances in the evolution of the Mekong program as well as in RED's relationship to that effort. Of cardinal importance for the future guidance and financing of the program has been the World Bank's decision to participate as a major donor in the work. FY 1970 also saw the completion of feasibility reports on two major mainstream projects (Pa Mong and Sambor), the initiation of planning on new pioneer irrigated agricultural projects in Laos, Cambodia and Vietnam, progress on a number of Mekong tributary projects (including, despite insecure conditions, the two in Laos and Cambodia), virtual completion of the work on the first draft of the Amplified Basin Plan, and strengthening of the legal and institutional fabric of the Committee. Developments on the latter point included the appointment of a solid and broad-gauged Acting Executive Agent, the convening of a seminar to assess the legal and institutional implications of the program, the completion of a proposal for establishing a career Mekong service in the Secretariat, and a strengthening of relationships between the Secretariat and national planning bodies.

FY 1970 also saw a further strengthening of Mekong/RED relationships and collaborative planning. Close and important rapport has been built up, based on mutual confidence, between the Committee Members, the Secretariat and RED.

The most significant event in the area of planning in FY 1970 was the completion of the Stage One Feasibility Report for the Pa Mong project by the U.S. Bureau of Reclamation. Based largely upon at-site benefits (mainly 4,800 megawatts of power and the irrigation of 43,000 hectares), the report concluded that the \$1.2 billion project was economically and financially feasible. The U.S. notified the Mekong Committee

be coordinated through the Mekong Committee and with the riparian USAIDs as well as with the plans and activities of other donors, particularly the World Bank and the ADB.

The activities may be broadly regarded as falling into the following categories:

- a) project investigations (mainstream and tributary),
- b) planning (broadly conceived), and
- c) resource studies.

RED will also do what it can to assist in the institutional strengthening of the program but regards this aspect as one more susceptible to help from international agencies or private foundations. It must be emphasized that the priority and selection of the studies is subject to change in the light of the Amplified Basin Plan, Chapter VI of which will set forth a recommended program of further research. Nevertheless, the proposed list is regarded as realistic since it involves extensive consultation with experts and with the staff of the Mekong Secretariat. The various proposals are summarized in Annex I of the CFS.

2. Mekong Projects

RED project recommendations have sought to take into account the availability of good projects for financing in the next few years, particularly FY 1972; the policy of encouraging increased involvement by other donors, especially IBRD and ADB, in the Mekong program; the imponderables of the security situation; and the importance of continuing to manifest firm U.S. support for the program and thereby helping to maintain its momentum. Project proposals have, wherever possible, been elaborated in consultation with the appropriate USAID.

a. Mekong Ports and Cargo (Thailand/Laos). This project, which has been under investigation for some time, will move into implementation in FY 1971 and 1972. As a result of an extensive review in FY 1970, the scope of the

for draining floods from interior areas. It would be relatively simple to maintain and operate. It would also constitute the first Mekong mainstream investment in the upper reaches of the river. It has been highly recommended by USAID/Laos and is strongly favored by the RIG.

RED proposes that, subject to further study as to the possible effect such a structure would have on the Thai side of the river, final design be financed in FY 1971 using Mekong Planning funds. Construction would be initiated in FY 1972 with an SA capital grant of \$2.1 million. The structure would be implemented as an RIG/USAID effort in cooperation with RED and the Mekong Committee.

c. An Truong Pioneer Irrigation Project (Vietnam). The Mekong Committee and the GVN have for some time been interested in initiating a Pioneer irrigation project in the Vietnamese Delta somewhat similar to the projects that have already been launched or planned in the other three riparian countries. As a result of visits and discussions between representatives of RED, USAID/Saigon, the GVN and the Mekong Committee, a 10,000 hectare tract of land at An Truong (north and slightly east of Can Tho) has been selected for intensive development. The area is slightly above the region that is affected by salt water intrusion and below the area most damaged by annual floods. It includes a wide variety of soil conditions and is judged to be ideal from the standpoint of identifying problems associated with the production of upland crops during the dry season.

Before the war, the area had been developed for irrigation and farmed in large blocks under a plantation type of agriculture. The lands have since been expropriated and are being distributed by the GVN under the Agrarian Reform Program. There is a need for general rehabilitation of the irrigation system, reconstruction of diversion dams and headgates, the construction of laterals to provide service to the new owners, and the leveling of farm fields.

e. Upper Mun and Chi Basin Projects (Thailand). The U.S. Bureau of Reclamation is conducting a feasibility investigation of development of the Upper Mun and Chi basins -- important tributaries of the Mekong which drain a large area of Northeast Thailand. The Bureau of Reclamation is carrying out feasibility studies on the first stage development of both projects, a first draft on the Mun is due in September and the Chi in December, 1970. At this time, only preliminary information is available on costs and benefits.

Benefits would derive largely from flood protection and storage for dry season irrigation for up to 45,000 hectares. A six megawatt hydro plant may also be included in the Chi project. The Mun project would include two storage dams and the Chi would include a large storage dam, two or three auxiliary storage dams, a diversion dam, canals and laterals. Rough cost estimates are \$43 million for the Mun project and \$88 million for the Chi. A much better idea as to whether anticipated benefits will justify these investments will, of course, be known when the feasibility reports are completed. Meanwhile, the RTG has reportedly included the projects in their next Five Year Development Plan and it is also reported that the Royal Irrigation Department (which would be the responsible Thai implementing agency) has started pre-construction activities (access roads and camps).

Although final design of the project would probably take another two years, financing could be arranged in FY 1972 assuming favorable feasibility. If the foreign exchange costs of the projects are estimated at 45%, which is reasonable based on historical experience, financing in the amount of about \$60 million would be required. Despite USOM reminders of A.I.D.'s "lender of last resort" position, the RTG has repeatedly expressed hope that A.I.D. will finance these projects. RED and USOM/Thailand believe that it would be very much in the U.S. interest to participate in the financing of these projects if a multi-lateral consortium (IBRD, the ADB and the Japanese are the obvious candidates) could be arranged. Such action would serve U.S. interests in the development of Northeast Thailand and in supporting the Mekong program. Regional funding would help to bring the projects

B. The Regional Transport and Communications Program

RED will continue to emphasize, during FY 1971-72, the following aspects of this successful regional program:

- (1) Monitor to completion the four feasibility studies which were financed in FY 1970 (second tranche studies);
- (2) Review with the eight member countries and the appropriate USAIDs the seven studies which were introduced by COORDCOM during FY 1970 (third tranche studies) as to their qualification for and the desirability of U.S. financing during FY 1971;
- (3) Negotiate the scopes of work for the third tranche studies which RED/USAIDs believe qualify for Regional funds, submit to AID/W for approval, and finalize the PIO/Ts for signature during the eighth COORDCOM meeting;
- (4) Review with the COORDCOM countries priority regional studies which may surface from the ADB's Regional Transport Study, and if they appear to qualify for RED financing, finalize for funding in FY 1971-72 as outlined in No. 3 above;
- (5) Assist COORDCOM and the Interim Secretariat in locating financing for the regional projects which result from the feasibility studies and surveys;
- (6) Review and make recommendations regarding U.S. regional funding of projects resulting from the studies which have not attracted the required funding from development banks, other major donor countries, and USAIDs; and
- (7) Assist the Secretariat by providing consultancy services when required and requested by COORDCOM.

1. Transport and Communication Studies

All of the twelve first tranche studies financed during FY 1969 have been completed except the Kuantan-Segamat road study in Malaysia. Two final draft reports have been approved

The Survey is scheduled to be completed in April 1971, with indications that high priority feasibility studies will be identified even before then. These studies will be proposed by COORDCOM for external financing as well as other studies outside of the RTS. In addition, a few projects already surveyed for which other donor financing is not likely to become available will be ready for implementation (see below). Therefore, RED proposes the initiation of a new project beginning in FY 1972, "Regional Transport and Communication Development" to meet such requirements. One million dollars is proposed in FY 1972 to finance additional studies proposed by COORDCOM.

2. Regional Transport and Communication Projects

RED continues to regard the COORDCOM program as a means of stimulating other donor investments in high priority infrastructure projects (Japan and the U.K. have recently joined the regional program as observers) and in helping the Asian countries to mobilize their local resources for such purposes. However, RED also believes that there are circumstances in which it will be desirable for certain projects to receive U.S. Regional financing. This is especially true for Laos and Vietnam where the U.S. is heavily involved in sustaining their economies and national budgets, and perhaps in Indonesia which has a vast requirement for external resources.

The most promising projects in these countries are (a) marine navigational aids and air telecommunications equipment for Indonesia and (b) air and land telecommunications equipment for Laos. USAID/Djakarta advises that the projects in Indonesia are still under review by the GOI and there is a possibility that the GOI may ask assistance from a non-U.S. source.

As to Laos, RED and USAID/Vientiane agree that prior to procurement of telecom equipment for the improvement of the "backbone" telecom system and of air communications, as

C. The Regional Education Program

1. Regional Education Development (SEAMEO)

RED objectives for the SEAMEO program for FY 70-71 as stated in the previous CFS* have, for the most part, been achieved, although construction scheduled on two projects (RECSAM and SEARCA) has been delayed. RELC construction work, on the other hand, is moving slightly ahead of schedule. Project planning and development work for BIOTROP, INNOTECH and TROPMED have been completed and 5-year plans have been approved by SEAMEC. All of the SEAMEO projects, excepting INNOTECH which had no temporary facilities other than the office provided by SEAMES, carried out successful training and service activities for the region during FY 1970.

Progress and accomplishments of the individual projects have been equalled if not surpassed by progress and growth within SEAMEO. Strong belief in the values and benefits of regional endeavor and support of SEAMEO as a regional organization was fully evident at the Fifth SEAMEC meeting held in Kuala Lumpur in January 1970. At an extension of the Kuala Lumpur meeting in Bangkok in May, increased staffing and an increased budget for the Secretariat (SEAMES) were approved to enable SEAMES to carry out fund-raising responsibilities in spite of the forthcoming phase-out of Ford Foundation assistance. The new Director of SEAMES is a dedicated, hard-driving, productive leader who is invigorating the Secretariat. Decisions have been made leading to the establishment of an endowment fund as part of a SEAMEO Educational Development Fund to support Special Funds requirements of the projects, and member countries have already made pledges to this endowment. SEAMEO is beginning to mature.

The Ministers decided at the Kuala Lumpur meeting to undertake a thorough review of current educational problems

* pp 36-37

U.S. financial support to meet USG commitments for all SEAMEO project activities in FY 1971 is estimated at \$3.3 million. The estimate for FY 1972 funding requirements for on-going SEAMEO programs is \$5.6 million.

In addition, RED proposes an item of \$1.5 million to help finance new SEAMEO programs resulting from the planning exercises that have been scheduled.

a. The Regional English Language Center (RELC)

RELC has had an exceptionally successful year, although operating in temporary quarters. A total of 42 key educators in the fields of language instruction from the member countries of SEAMEO were trained in the intensive 4-month course. Evaluation procedures have been designed to follow up trainees when they return to their home countries to determine the value of training received. RELC staff have provided consulting services to member countries, assisting with local seminars and training courses. The RELC library has been built up to a high professional level, providing now probably the best library resource in Asia in the field of language instruction. One professional seminar recently held on English Language Testing Problems was attended by more than 400 participants from 18 countries. RELC has already won a high professional status among centers, universities, and linguistic institutes throughout the world.

During the continued interim period (to January, 1972), RED will provide technical and financial assistance, although less than half of the total supporting inputs for 1970-71 RELC interim operations will come from the U.S., with other donors including the Government of Singapore, the U.K. and Australia, more than matching the USG contribution.

During FY 1971, RELC will offer two 4-month courses with approximately 3 trainees from each SEAMEO country for each course, and continue evaluation and follow up, consulting services, and research support (with trainees). It will continue to build up library resources, hold one professional

c. The Regional Center for Education in Science and Mathematics (RECSAM)

The agreement for Phase I construction (hostel, dining block, worker's quarters and site improvements) was executed in May 1970, six months later than anticipated because of internal clearance problems in the Malaysian Government. Construction should begin in September 1970 and be completed during early FY 1972. A&E plans will be drawn up during FY 1971 by the GOM's Public Works Department in Penang for Phase II construction (Administration building, teaching blocks, hostels, workers' quarters and site improvements). These should be ready for financing in late FY 1972 and work started in early FY 1973.

During interim operations in FY 1970, a total of 99 participants attended training courses and workshops varying from one week to four months. Two short-term U.S. consultants were provided RECSAM during 1970 to assist in the Center's first 4 month training course. Forty-two key educators from all the SEAMEO countries are participating in this primary math and science course. Two long-term U.S. consultants will supplement RECSAM's staffing requirements during FY 1971.

RECSAM will have begun its five-year operational period on July 1, 1970. Some permanent staff have been assigned to RECSAM by the GOM and additional staff from both Malaysia and SEAMEO countries will be provided during FY 1971. The expected number of participants scheduled to attend training and research courses during FY 1971 and FY 1972 has been reduced as the result of the Phase I construction delay which, in turn, moved the carrying out of Phase II construction into FY 1973. Approximately 165 participants are expected to attend courses during FY 1971 and 220 during FY 1972. The majority of these participants will be attending courses of over one month in duration.

d. Tropical Medicine and Public Health (TROPMED)

Basic agreements have been reached between SEAMEO and the USG regarding plans and programs for this SEAMEO project

At the present time, six trainees are enrolled in the previously initiated Masters Degree program at the Center in Manila and eighteen at the course in Tropical Medicine and Hygiene in Bangkok. To date, eight SEAMEO trainees have completed the program in Manila, and fifty-three have completed the DTM&H* course in Thailand. In FY 1972, courses at the four centers will be repeated and the number of trainees will be increased to 30 at each of the centers excepting the Philippines. It is estimated that the number qualified for Master's degree training will remain in the neighborhood of 8 to 10. Also, FY 1972 should see the completion of funding the program of USG equipment assistance to the centers. There will be a continuing program of research grants, seminars, personnel exchanges, and consulting services under the Central Coordinating Board financed from Special Funds.

Up to the present time, a total of about \$75,000 has been granted for 33 research projects on tropical medicine research in the seven SEAMEO countries. Six regional seminars on selected tropical medicine topics have been held, attracting scientists and doctors from around the world. In September 1970, the seventh seminar under TROPMED will be held in collaboration with the Tropical Medicine teaching and research institutions in Taiwan.

Although the organization of this project and its programs are dispersed, as a total program it is making an impressive impact on topical medicine and public health instruction and research in the Southeast Asia region, and is attracting a continually widening circle of interest from outside the region.

*Diploma Course in Tropical Medicine and Hygiene.

the preliminary A&E work is to be started early in FY 1971. Although the target date for moving the project to Saigon is July 1971, we do not expect the INNOTECH permanent quarters to be completed by then. If adequate interim quarters cannot be provided in Saigon, the project will probably continue another interim year (FY 1972) of activity in Singapore.

This project continues to excite extensive interest both within and outside the region, primarily because of expectation that its program and activities might lead to breakthroughs in solving basic educational problems which traditional approaches appear incapable of managing.

f. Regional Center for Training, Research and Graduate Study in Tropical Biology (BIOTROP)

Much of FY 1970 was devoted to recasting the BIOTROP program to fit Asian priorities and Indonesian capabilities. A revised proposal and five year development plan was then presented and approved by SEAMEC in January. Established at Bogor as a regional center for basic research and graduate study in the biological sciences, BIOTROP's planned activities will concern tropical forest and tropical pest ecology plus fresh water and marine studies. In addition, BIOTROP will provide a clearing house function for tropical biology in Southeast Asia.

During FY 1970, while the program was being finalized and approvals secured, a number of interim activities were carried on, including BIOTROP's first training course on Ecological and Economic Plant Taxonomy. Seminars on tropical forest and pest ecology were held and geared to facilitate planning for these segments of the program.

The FY 1971 program year will be the last year of interim operations during which buildings will be renovated, the design of new buildings completed, and new construction started.

and procedures for management of the SEAMEO Educational Development Fund, including investment policy, procedures for allocating funds to the projects, etc.; and (3) study of current status and problems in educational development in the SEAMEO region, and establishment of educational priorities for the 1970's, with identification of areas in which SEAMEO can play a role.

2. The Asian Institute of Technology (AIT)

The AIT has made impressive progress on all fronts. Final design is under preparation of the engineering, administration, dormitories for 350 students, staff housing and a central service building as the basic Stage I facilities required for the new campus which AIT expects to occupy in July 1972. A contract is expected to be signed in January 1971. The cost will be \$5.5 million, \$2.75 million of which has been given by Thailand, U.K. and Australia and the remaining \$2.75 is being provided by the U.S. in two installments, FY 1970-71.

AIT is well ahead of schedule in its plan to raise funds for operating costs through the provision of fellowships. The 1969-70 scholarship target (each scholarship \$8,500) was ten; twenty-four were obtained. The 1970-71 target is 60; already 94 have been obtained and many of these have been donated on a continuing basis. It is expected that the 1971-72 target of 120 will be exceeded by a comfortable margin. Fifteen of the professional staff of thirty-eight in the academic year 1969-70 were provided by the U.S. and the remaining twenty-three by other donors or from AIT's own budget. For 1970-71 the total will rise to forty-eight but U.S. faculty will drop to fourteen as other donors and AIT itself increase their support. The additional professional staff is required next year for planning and implementation of an expansion in the curriculum to include electrical engineering, mechanical-industrial engineering, agriculture engineering, economics and chemical engineering and to prepare for introduction of the doctoral degree.

D. New Program Initiatives and Proposals for Regional Development.

A number of highly promising initiatives were launched in FY 1970 by Southeast Asian governments or regional entities looking toward new forms of developmental cooperation. In a number of instances, as discussed below, the Asian leaders involved have discussed their proposals with RED and sought RED guidance and assistance. In addition, stimulated in part by the Manila Mission Directors' meeting, both the USAIDs and RED have come up with new regional program suggestions that we believe merit support. Funds to support the investigation and planning of these project proposals have, in most cases, been included in the FY 1971 estimate for the Regional Technical Advisory Services project. Hopefully, such planning will be far enough along by next winter as to permit the submission of appropriate programming documents for the initiation of new projects with the beginning of FY 1972. Obviously, only crude estimates can be furnished at this time as to project costs for FY 1972.

1. Regional Family Planning

a. The Malaysian Initiative

The Government of Malaysia has taken the initiative in formulating a regional population program aimed at facilitating the coordination of national programs within Southeast Asia and putting population control into a larger and more embracing context of improving the quality of family life and the social structure of the nation. The GOM believes that the SEA nations should join together in a coordinated regional attack on Asian population problems.

Following exploratory talks with RED, the Chairman of the Malaysian National Family Planning Board (NFPB) led a GOM fact-finding team which visited the SEA countries in order to determine interest in the program and obtain additional ideas as to program objectives and content. The eight governments visited were responsive and encouraged the Malaysians to take further steps toward program formulation. Their planning will be assisted by consultants from the East-West Center and possibly the Ford Foundation. A senior officials meeting is

b. The ECAFE Program

As pointed out in recent messages from RED, ECAFE's Population Division has been severely hampered in its ability to carry out a planned program of regional seminars, research studies and training sessions because of apparent bureaucratic obstacles and delays in backstopping the program by the UNDP. This has resulted in a slow-down of activities and a sense of acute frustration on the part of the ECAFE staff. RED has recommended that the Department intercede with UNDP to expedite program and funding approvals. In the absence of improvement, RED recommends that future U.S. funding for this work be made available through RED rather than through the U.N. Population Trust Fund. This would not only permit more responsive backstopping for ECAFE but would help RED to assure that ECAFE's regional family planning activities and those to be carried out pursuant to the Malaysian initiative were well coordinated. A contingent amount of \$200,000 is included in FY 1972 for this purpose.

Continuing regional family planning activities are presented in Section E below.

2. Regional Management Training

There has been a growing awareness among a number of Southeast Asian countries with dynamic private sectors of the shortage of well trained managers and executives, and of the impediment which this shortage is to economic growth. There is also a growing willingness on the part of Southeast Asian business communities, as well as foreign firms located in Southeast Asia, to assist in strengthening management training. At the recent Fifth Southeast Asia Conference on Economic Development held in Jogjakarta, Indonesia, Thailand proposed that a regional feasibility study be undertaken to determine (a) existing resources in Southeast Asia for improving management skills, (b) Southeast Asia's needs for middle and upper level management in the 1970's and (c) the deficit between (a) and (b), and how it can most urgently and economically be met. The Conference approved the proposal

countries of the region and that a pooling of experience and concerted efforts would yield greater dividends than national efforts alone.

The result has been an initiative by the Government of Singapore which has proposed the establishment of a Center for Environmental Studies in Southeast Asia and a request by the Prime Minister and the Foreign Minister for RED assistance in developing the necessary plans. Preliminary thinking envisages an action-oriented program which could not only study broad environmental problems confronting both the rural and urban sectors of the region but could provide specific services to municipalities and other entities confronted with mounting problems of pollution, urban planning, etc. on a multi-disciplinary basis. The GOS is in the process of establishing an advisory board to begin program and organizational planning and will obtain the views and reactions of the other countries of the region. RED proposed the budgeting of \$200,000 in FY 1971 for planning assistance and \$2 million in FY 1972 to help launch substantive programs. The Foreign Minister recently formally indicated a willingness on the part of the GOS to provide substantial support to the program and to encourage the participation of other Southeast Asian nations.

4. Regional Planning

Assistance for two types of planning activities are envisaged under this heading. The first is that of providing technical assistance to regional planning efforts that are underway or will be carried out by Asian regional institutions and that address significant regional problems. We hope, for example, that financing for the Asian Industrial Survey will be completed in FY 1971, thereby permitting RED to make a contribution recommended at \$100,000. This survey could do much to lay the factual and analytical basis for accelerating private investment and industrial development in the region.

Another example is the intra-regional trade and payments work being carried out under ECAFE auspices.* RED believes

*See pp 8-9 above.

5. Regional Participant Training

This item refers to RED's interest in seeing that greater emphasis be given in the bilateral programs to sending Asian trainees to appropriate Asian institutions, especially those which have been developed to serve regional needs, as an alternative to sending them to the United States. Funding is not usually a deterrent to making fuller use of Asian facilities, but in some instances it is. A case in point is the Asian Institute of Management for which RED again recommends assistance at the annual level of \$40-60,000 to finance fellowships for Asian students from outside the Philippines, thereby bringing that component to 20% of total enrollment. Other opportunities for increasing the utilization of Asian training institutions, including AIT and the SEAMEO centers, will also be explored. One hundred thousand dollars (\$100,000) in FY 1971 and 1972 is recommended.

E. Other Regional Programs

In addition to the foregoing, the Regional Development Program includes a number of other activities which are regional in nature or are logically financed by regional funds. These include:

- (1) support through ECAFE and other regional groupings of activities with a high developmental payoff;
- (2) implementation of a number of regional projects which have historically been administered by other field missions,
- (3) support for AID/W administered and funded family planning, rice research, labor education, SEA research and logistic support for the East Asia Missions; and
- (4) support for RED field operations and related costs in other East Asia Missions.

With a few exceptions, as noted below, recommendations for activities included in categories (2) and (3) are based on inputs received from AID/W and the field missions concerned.

4. International Rice Research Institute. AID assistance to this phenomenally successful research enterprise, which is revolutionizing rice production in Asia, is to permit the Institute to extend its training and consultant services in the Far East and South Asia. Seven hundred, fifty thousand dollars (\$750,000) is proposed as a one year grant to the Institute in FY 1971 to meet equipment, services and specialist costs of its research and training budget; an equal amount is also proposed for FY 1972.

5. Asian Labor Education Center. ALEC continues to serve a unique and important role as the only effective regional labor institution in Southeast Asia. Continued support (through the RTAS project) will continue to be made available at the rate of \$65,000 annually in FY 1971 and '72 to enable ALEC to finance fellowships permitting Asian labor leaders to attend its international courses. This funding makes possible the training of over 50 trade unionists as well as some of ALEC's operational expenses as they relate to the international program. The program also attracts 20-30 additional participants a year who are financed by other donors and organizations.

6. Asian Productivity Organization. On the basis of recent meetings between the new leadership of the A.P.O. and AID/W officials, it was agreed that A.I.D. would continue to provide a modicum of financing in support of future A.P.O. activities. An evaluation will be undertaken this fall for the purpose of identifying those types of activities which most merit A.I.D. support. In the meantime, for planning purposes, \$75,000 is budgeted in FY 1971 and '72 (through the RTAS project) for this purpose.

7. SEATO Cholera Research Laboratory. This project, located at Dacca, East Pakistan, is continuing its research and testing activities in an effort to discover a means to prevent, control and eventually to eradicate cholera. Implemented under a PASA between A.I.D. and N.I.H., the project also enjoys substantial support from the Pakistan Government

12. Regional Technical Advisory Services. In addition to funding technical assistance activities described elsewhere in this presentation, the RTAS project also funds the staff, overhead and operating costs of the RED office in Bangkok and certain costs of the USAID and the USADB offices in Manila. It also finances a PASA with GSA for certain regional support services. The RED and Manila cost estimates are based on the most recent information regarding staffing and other cost elements. One million, one hundred thirty-five thousand dollars (\$1,135,000) will be required in FY 1971 for the total "technical support component" of the RTAS project and \$1,240,000 in FY 1972.

FY 1972 COUNTRY FIELD SUBMISSION
EAST ASIA REGIONAL

TABLE II

	FY 1972				FY 1971 Estimate	FY 1970 OYB	FY 1969 Actual	Basic Budget Request	Additional Increment	Contin- gency
	(--)	(--)	(--)	(--)						
<u>Development Loans</u>	(--)	(--)	(--)	(--)	(--)	(--)	(--)	(--)	(--)	(23,000)
<u>Agriculture</u>	--	--	--	--	--	--	--	--	--	23,000
<u>Technical Assistance</u>	(12,157)	(12,245)	(13,516)	(13,516)	(13,516)	(12,157)	(13,169)	(4,875)	(2,580)	(1,600)
<u>Agriculture</u>	3,102	3,125	3,100	3,100	3,100	3,102	2,507	--	--	1,600
Industry	74	--	75	75	75	74	75	--	--	--
Transportation	2,055	587	775	775	775	2,055	1,070	250	--	--
Labor	616	375	565	565	565	616	565	250	--	--
Health	557	673	680	680	680	557	680	--	--	--
Education	4,042	6,192	5,555	5,555	5,555	4,042	5,466	2,250	2,250	980
Commun. & Urban Dev.	--	--	200	200	200	--	--	2,000	2,000	--
Tech. Support	1,711	1,293	2,566	2,566	2,566	1,711	2,806	125	--	--
<u>Supporting Assistance</u>	(3,500)	(--)	(700)	(700)	(700)	(3,500)	(2,250)	(2,300)	(--)	(--)
<u>Agriculture</u>	3,500	--	--	--	--	3,500	2,250	--	--	--
Transportation	--	--	700	700	700	--	--	200	200	--
Commun. & Urban Dev.	--	--	--	--	--	--	--	2,100	2,100	--
<u>Population</u>	(1,608)	(623)	(1,600)	(1,600)	(1,600)	(1,608)	(2,800)	(--)	(--)	(200)
TOTALS	17,265	12,868	15,816	15,816	15,816	17,265	18,219	7,175	7,175	25,780

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ANNEX I

RED-Proposed Program for Assisting Mekong Planning,
Investigations and Institutional Development,
FY 1971-1972

1. Mainstream Project Investigations

a. Pa Mong. During FY 1971, the U.S. will complete the Pa Mong feasibility study as such. A Stage II Report will be completed next year, incorporating the findings of the Stage I Report (perhaps slightly modified by newer data on reservoir topography) and encompassing the prospects for irrigating the service area which includes 1.6 million hectares in Thailand and Laos. The voluminous and invaluable data that the BuRec has gathered in its nine year investigation will also be organized, indexed and stored for future reference. Because the data on irrigation is highly relevant to more general Basin planning, some of the costs of Stage II (about \$250,000) will be charged to Mekong Planning in FY 1971.

As indicated in the USG's official statement on Pa Mong, much remains to be done in regard to evaluating Pa Mong's role in the total Mekong system and in quantifying Pa Mong's downstream benefits under varying assumptions. It may be that Pa Mong would be a more attractive project if designed and managed for downstream water regulation and for firming up downstream power sites than as a project which maximizes benefits at site.

RED proposes that a Pa Mong Optimization Study be initiated in FY 1971 which would evaluate known data regarding downstream benefits accruing to flood control, power irrigation, and navigation. As indicated below, studies would also be undertaken in salinity repulsion and the off-shore fishery. Tradeoffs between this data and at-site benefits data would then be compared under varying assumptions as to Pa Mong storage and dam heights. The study would take about two years at an annual cost of about \$200,000.

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(originally surveyed by India) would be worthwhile once security has been restored to the area. The reappraisal should also consider the impact of the dam on the fishery and be coordinated with (or be part of) the Tonle Sap fishery study noted below. Two hundred thousand dollars (\$200,000) is included for FY 1972 contingency financing.

2. Tributary Project Investigations

a. Prek Thnot Irrigation. The Cambodian Government has made it clear that it regards the extension of the irrigation system below the Prek Thnot dam to its full potential of 70,000 hectares as the top priority item in their water resources program. The first stage of the Prek Thnot project now under construction includes only 5,000 hectares and is scheduled for completion in 1972. Provided security conditions in the area become normal, a \$200,000 "contingency" contribution is proposed for FY 1972 to finance final design of the 30,000 hectares included in the second stage. This contribution would be administered under the same international arrangements that are being employed for the present project.

b. Upper Se San and Upper Srepok. Earlier investigations by the Japanese have identified promising projects for hydro power and irrigation benefits on two Mekong tributaries in Vietnam, the Upper Se San and the Upper Srepok. These studies were interrupted by the war. Further work is contingent on the cessation of hostilities and the results of a study financed by USAID/Saigon on Vietnamese power requirements and priorities. Meanwhile, RED proposes \$500,000 in FY 1972 on a contingency basis for the further technical and economic investigations that are required.

3. Mekong Planning

a. Advisory Services. RED's own Water Resources Advisor as well as two specialists seconded to the Mekong Committee -- a systems analyst and a basin planner -- will continue to provide valuable guidance and advice to the Mekong Secretariat during FY 1971 and '72. RED believes that the systems analysis

d. Aquatic Weed Control. A preliminary appraisal of the aquatic weed problem in relation to Mekong projects was made in the fall of 1969. The appraisal concluded that such weeds would probably constitute a serious problem and recommended that further studies aimed particularly at methods of control be undertaken. RED therefore proposes that a second phase investigation be initiated in FY 1970. Initially, the study would investigate the dynamics of weed growth and the influences affecting such growth. It would then proceed to study methods of control in pilot areas. Finally, the study would test the control methods under actual field conditions.

e. Fishery Management Planning. Experience in other countries suggests that fishery management practices on newly established Mekong reservoirs will (a) further enhance fish yields and (b) counteract the natural decline in yields which characteristically occur after the first few years. However, there is scant data on desirable management levels for planning purposes. The proposed study would survey pertinent information from established reservoirs in Asia to identify the factors -- both biological and socio/economic -- that should be dealt with to optimize fish yields from Mekong reservoirs. The survey would take about one year at a cost of \$40,000.

f. Other. Support for a number of other planning activities will include costs related to the forthcoming Amplified Basin Plan seminar and the report, continuing consultations on systems analysis, planning incidental to the Nam Ngum fishery project, the Vietnam Pioneer irrigation project at An Truong and the Vientiane flood projection project, completion of the sociological study on irrigation practices and some training for the Mekong Secretariat.

4. Resource Investigations

a. Potash and Groundwater Investigation. Based on the results of the reconnaissance which is to take place in early FY 1971, a two or three year study will be conducted, possibly under a contract, to determine (a) the existence of potash

In view of the fact that a major coastal fishing survey is presently being carried out by UNDP/FAO with U.S. and Dutch assistance, it is proposed that negotiations be initiated through the Mekong Committee looking toward the inclusion of the above recommended investigations within the framework of the UNDP/FAO program. RED funding, if required, would be to help finance the additional costs to UNDP/FAO of the further work contemplated.

d. Tonle Sap and Mainstream Fishery Investigations. These two investigations are proposed as contingency items for FY 1972, depending on security conditions in the Basin. The first would be a study of the effect on the Tonle Sap fishery of the construction of a barrage at the outlet of the lake and the consequent raising of the level of the lake during the dry season. It would also suggest measures to be taken to minimize or avoid negative consequences. The study would further assess the less drastic effects on lake levels and the fishery that would result from upstream regulation, such as Pa Mong. The study would take two years at a cost of \$400,000.

The second study, recommended as a result of a reconnaissance in FY 1970 by the Smithsonian Institution under a SEADAG grant, as well as by the Bureau of Reclamation in its Stage I Pa Mong Report, would investigate the potentially harmful effect to mainstream fisheries in the four riparian countries if species of principal commercial importance were prevented from upstream migration through the construction of mainstream dams. The study would involve extensive biological investigations by joint teams of riparian and U.S. experts at selective sites along the river in order to locate spawning grounds and to determine seasonal migration patterns. The study would also recommend measures to minimize or offset the presumed harmful effects. It would take two years at a cost of \$350,000.

5. Institutional Development

a. Legal Services. The Mekong Secretariat has requested assistance from RED in financing arrangements under which the Mekong Secretariat could draw upon the advice and guidance