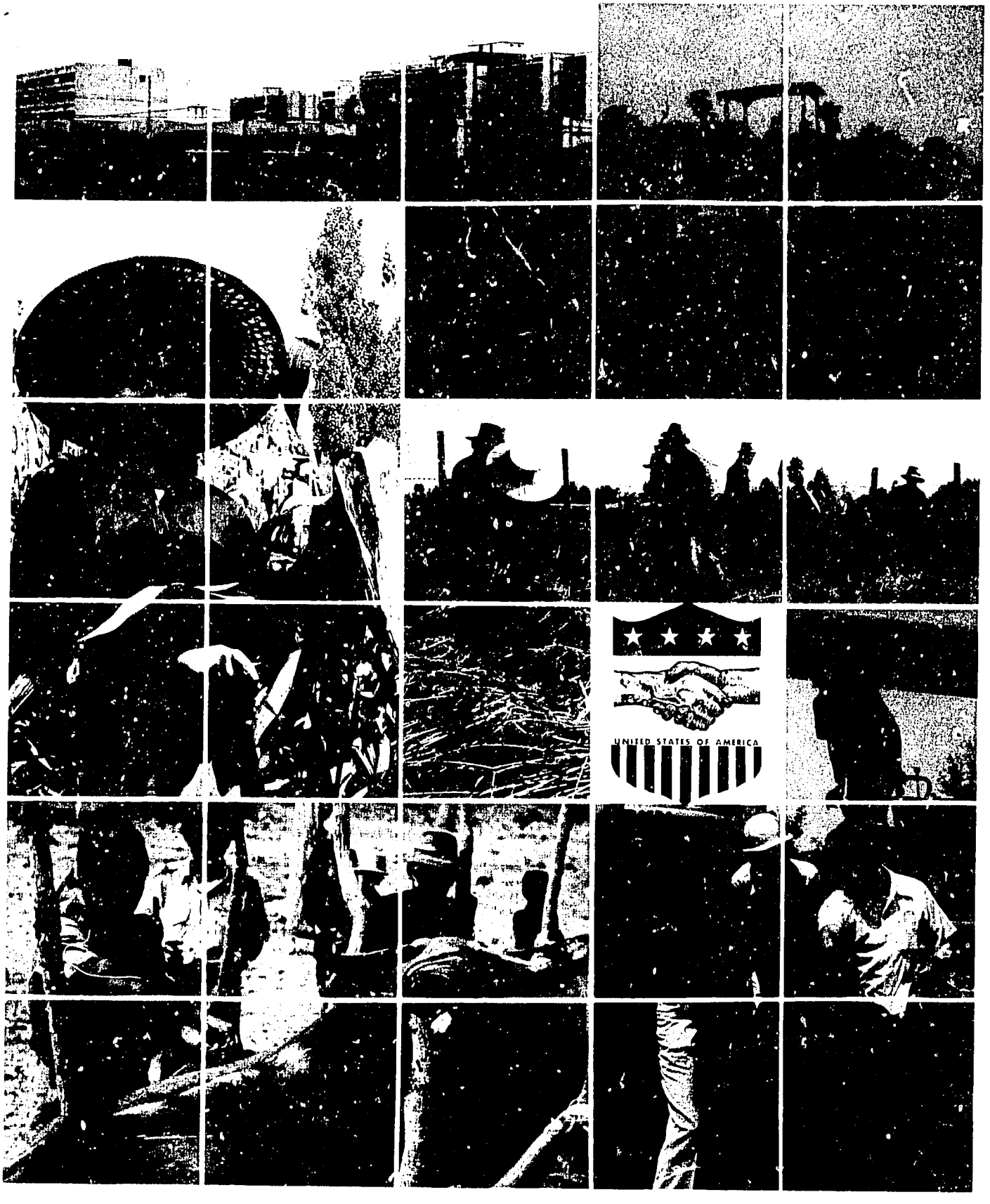
U.S. Economic Aid to Thailand

Three Decades of Cooperation



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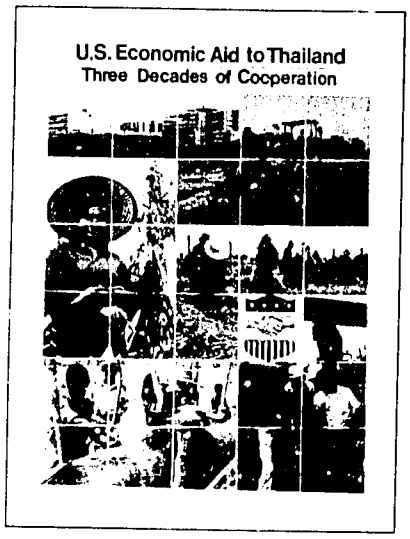


"For more than 30 years, Americans and Thais have worked side by side to help achieve economic progress and a better life for all Thailand's people."

United States Information Service

U.S. Economic Aid to Thailand: Three Decades of Cooperation

Message
from
H.E. General Prem Tinsulanonda
Prime Minister of Thailand

Since the Second World War, the United States Government has been a major contributor to our development efforts here in Thailand. American assistance has contributed to the progress we have made during this period, and we Thai are sincerely grateful for the help received from our American friends.

More than 10,000 Thai have participated in training programs sponsored by the United States Agency for International Development (USAID) or its predecessor organizations. Such training helps provide human resources for our own continuing development.

Communications with the Northeastern provinces have been greatly improved with the completion of the American-supported Friendship Highway and have helped to facilitate much of the economic development that has taken place there in recent years.

In addition to the building of countless roads and other essential infrastructure, American assistance has helped us to curb malaria, improve the quality of health care nationwide, modernize our agriculture, and generally to increase our government's ability to provide services to the Thai people.

In these several ways, together with its own resources, Thailand has been able to quicken the pace of its development, and to enhance the great potential of its people. We believe that this not only strengthens Thailand itself, but contributes to the peace and stability of the Southeast Asian region.

We look forward with confidence to continuing American support for our development efforts, building on the excellent record of cooperation already established. A strong, free Thailand is of mutual benefit to our two countries.

General P. Tinsulanonda.

(Prem Tinsulanonda)
Prime Minister

EMBASSY OF THE
UNITED STATES OF AMERICA

Message
from
The American Ambassador to Thailand
Mr. John Gunther Dean

Since returning to Thailand in 1981 to take up my present post, I have been greatly impressed with the economic progress made here since I first visited the Kingdom some 30 years ago. Everywhere I have gone throughout the country I have seen the improvements time has brought to the daily lives of Thai citizens.

Many factors have contributed to Thailand's excellent economic performance, particularly the talents of the Thai people and the wisdom and perseverance of the country's leaders. The far-sighted policies and fiscal prudence of the Royal Thai Government have fostered a favorable climate for investment and sustained economic development. At the same time, initiatives taken by Thailand's dynamic private sector have contributed importantly to the Thai economy's steady growth over recent years.

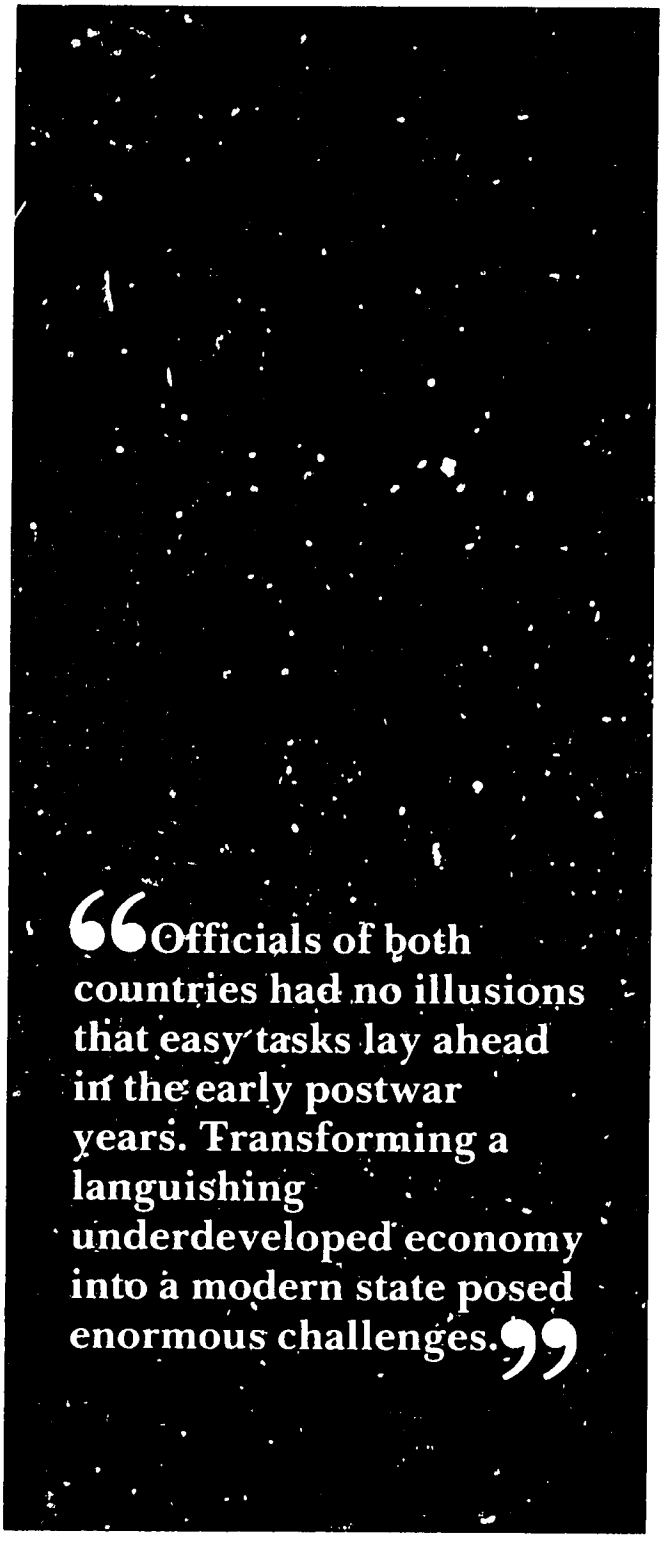
Such policies have also attracted international assistance, including from my own country. For more than three decades, the United States has supported Thai development efforts, and we shall continue to do so.

This booklet describes some of what has been accomplished over the years. We are proud of the story it tells of sustained Thai-American cooperation, and we are committed to continuing to back Thailand's efforts to secure a better standard of living for all her people.

John Gunther Dean

John Gunther Dean
Ambassador of the
United States of America

Three Decades of Thai-U.S. Cooperation



On September 19, 1950, when Thailand and the United States signed the Economic and Technical Cooperation Agreement, officials of both countries had no illusions that easy tasks lay ahead. Indeed, economic and social progress posed enormous challenges in those postwar years. For the goal was to transform a languishing underdeveloped economy into a modern state with increasing prosperity and opportunities for all its citizens.

Even for a nation of Thailand's rich potential, such far-reaching development cannot be an overnight phenomenon. Thus, as they formalized what became a highly durable long-term partnership for progress, the Thai and U.S. officials were mindful of the long road ahead. Modernization, they knew, evolves only after years of interlocking efforts carrying out far-sighted programs, innovative projects, and just plain hard work in agriculture, education, health, and other fields.

In the well over three decades since that ceremony set the stage for the American economic assistance program here, Thai-U.S. collaboration on the development front has not been interrupted in a single year, even though

Construction of an extensive network of rural roads served the twin purposes of security and development.

both governments have changed a number of times. Forged in friendship and concern for Thailand's stability and well-being, the American aid program came in, the record shows, for what Westerners call "the long haul" and "to stay the course."

Naturally perhaps, U.S. economic aid levels have varied through the years with changing perceptions and equations of defense, stability, and development priorities. The time span of the longstanding American aid program covers, after all, both the early years of communist power in China and the Vietnam War as well as a more menacing era of domestic insurgency, during which the U.S. contributed to the outreach of government presence and services in the countryside. Roads,

airfields, and other infrastructure developed during the Vietnam conflict also have often yielded major economic benefits in the long run.

Certainly, Thailand has not been the only Asian land experiencing an ebb and flow of strategic and developmental concerns in recent years. Yet, even in the more troubled sixties and seventies, when improved rural access and security were viewed as necessary first steps toward solid development gains, government planners and aid workers did not lose sight of the broader aims of a better life for the Thai people. The Northeast's extensive network of rural roads is but one example of serving the twin purposes of security and development, often with American aid.

Year in and year out, in close consultation with the Royal Thai government, the United States Agency for International Development (USAID) and its predecessor agencies have been at hand to provide advice from experts, training for responsible Thai personnel, machinery to help get the job done, and money to augment Thailand's own large-scale outlays for progress. Since 1951, direct U.S. economic aid has totaled more than $800 million. Thailand, of course, has financed far more of its own development.

Today, amid transition toward "middle-income" status, Thailand is a vastly more modernized and dynamic country than it was three decades ago.

Three decades of cooperation have brought major improvements in the availability of rural health care.

Then, for example, there was little industry and scant communications or other infrastructure. The country had only a few hundred doctors in rural areas, two-thirds of the provinces lacked hospitals, and malaria and other diseases exacted a heavy toll. Only one in three Thais could read and write, compared with four out of five now. Per capita income has multiplied, though intra-regional and urban-rural disparities persist, and both agricultural production and export volumes have increased remarkably, fueled by a growing manufacturing sector.

Most of this progress is of the Thai's own making, of course, but American aid over the years has also touched virtually every aspect of Thai life, with an emphasis on improving the state of the country's physical and human development. Agriculture and rural development, especially in the impoverished Northeast, have also been long-

Helping to meet an important need, three decades of Thai-U.S. collaboration have included the building of many irrigation dams like this one in Mae Tang, Chiang Mai province.

Agriculture and rural development, especially in the impoverished Northeast, have long been emphasized, receiving, for example, about two-thirds of the fiscal 1982 program of $32.5 million.

time focal points and received, for example, about two-thirds of the fiscal 1982 program of $32.5 million.

Helping to meet an important need, three decades of Thai-U.S. economic collaboration have included the building of roads and dams, schools and police forces, research institutions and training systems, and the provision of foreign educational opportunities for more than 10,000 Thai people (see box, page 19). The articles that follow provide greater detail on these and other aspects of the past and present American economic assistance program.

Although Thailand has not yet completed the development process, with rural poverty among the more serious remaining problems, the results so far are better tools and facilities with which to face the future and an accumulation of solid knowledge and experience to build upon. □

The Early Years: Building an Infrastructure

In 1950 when Thailand and the United States signed an economic cooperation agreement, formidable obstacles blocked the path to national development. Vital physical facilities such as roads, bridges, ports, and dams were lacking. Even more important, the necessary human resources—skilled and trained technicians and managers—were also in short supply.

The Thai government, therefore, gave priority in this period to strengthening the country's basic infrastructure by building or repairing key facilities, training officials, and improving administrative efficiency.

It was during this period that the United States began to offer technical training to Thais, in America as well as in Thailand. More than 10,000 Thais have completed such U.S.-sponsored training over the years.

For the next two decades, until major multilateral institutions such as the World Bank and the Asian Development Bank (ADB) began to supply the capital for major development projects, the United States was the key support for Thailand's development programs. During this period, nearly $200 million in direct U.S. economic assistance helped to build highways, dams, airports, hospitals, and schools and to repair war-damaged railways. Additional millions in American aid supported the activities—mostly local public works such as secondary and primary roads and water facilities—of the Office of Accelerated Rural Development (ARD) and military Mobile Development Units (MDUs).

On January 15, 1978 Dr. Pisistha Ratanavataksa, Lecturer at Chulalongkorn University's Science Faculty, became the 10,000th Thai to have received advanced training abroad under USAID auspices since the program began in 1952. Here he receives a certificate of achievement from U.S. Ambassador Charles S. Whitehouse.

Some American military aid, which also began in 1950, indirectly assisted the building of the Thai economy. Two important examples are the multi-million dollar Sattahip naval installation, where civilian freight is now containerized in one section of the

Royal Thai Navy facility, and the vital Sattahip-Korat highway. Bypassing the congested Bangkok area, the highway provides easy access to the Northeast for industries being sited in the Rayong area under the Eastern Seaboard project.

American assistance for Thailand's physical development in the fifties and sixties was viewed by both Thai and U.S. officials as a wise investment in the future. Greatly reducing the timeless isolation of the countryside, the expenditures for highways, dams, airports, and the like made possible today's spreading network of rural roads, allowed access to the villages, brought water for the land, and enabled the inflow of teachers, medical workers, and policemen.

Education in the early 50s was burdened by a severe shortage of both teaching materials and trained teachers.

Few Resources in 1950

Certainly there were few physical means for such interchange between city and countryside in 1950. Traditional waterways and a war-damaged but workable railroad system facilitated the postwar recovery of Thailand's rice and rubber exports, but there were only 456 kilometers of paved highway in the Kingdom at that time. Much of that was not linked or was unusable due to disrepair and unsafe wooden bridges; Chiang Mai and the southern border were among many places that could not be reached by road.

The railways had suffered heavy bomb damage during the war, with 107 locomotives and more than 2,000 coaches and wagons hit in air raids. Bangkok port was in poor condition due to siltation, and electricity was in very short supply. In fact, Thailand then was one of the lowest power consumers on earth: annual consumption per person stood at only five kilowatt hours in 1951.

Education was burdened by a severe shortage of both teaching materials and trained teachers. In 1951, only one teacher in 20 in rural elementary schools had a sixth-grade education or

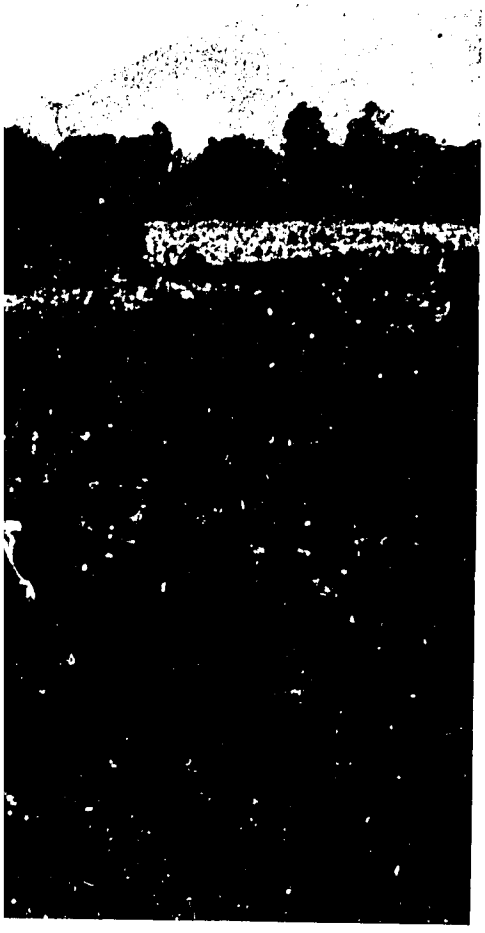
more; less than one of 100 had a college degree. Nearly 60 percent of all pupils entering first grade had to repeat it, reflecting the low quality of instruction. Quantity was the problem at higher levels: fewer than half the districts had schools above fourth grade. As late as 1957, the World Bank estimated that only two percent of all students since the war had finished the eleventh grade.

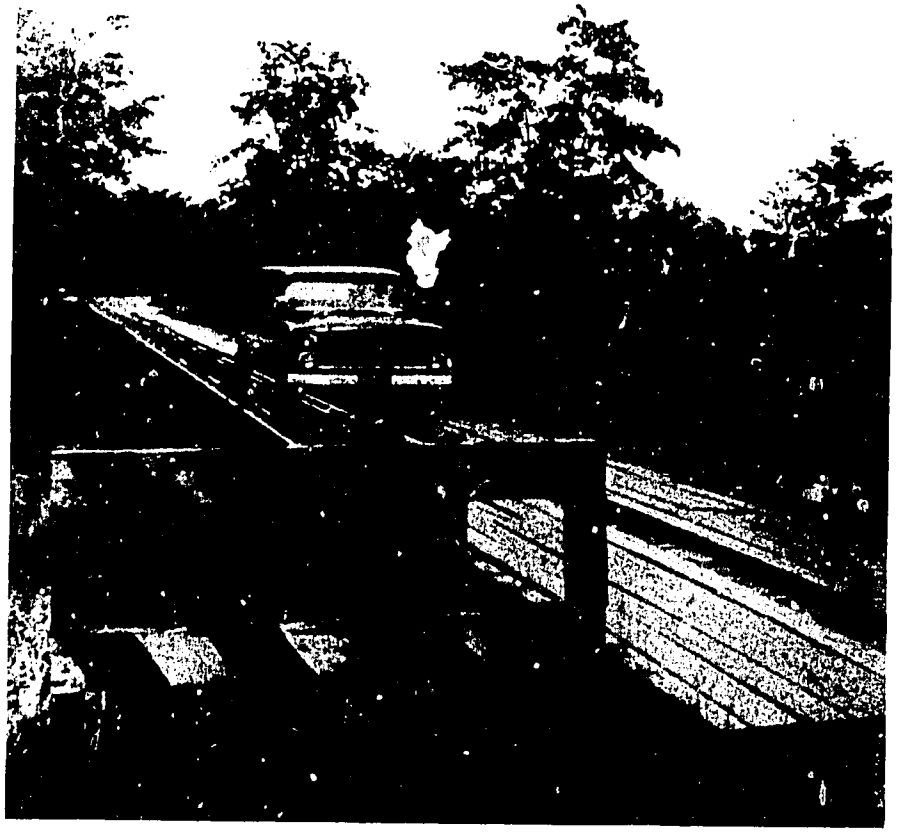
In 1950, there were but 456 kms. of paved highway in the Kingdom. Chiang Mai and the southern border were among places that could not be reached by road.

There were major health problems too, particularly malaria and filth-borne diseases. Government departments generally lacked the trained manpower and other resources to cope with the myriad needs.

Beginnings of Cooperation

After the 1950 signing of the Thai-U.S. accord on economic aid, primary emphasis for the first several years was placed, as desired by the Thai leadership, on technical help in the fields of agriculture, health, transportation, communications, power, industry, mining, and public administration.





Also in 1950 the Fulbright Foundation began work in Thailand; since then nearly 800 Thais have pursued graduate study in the United States under Fulbright auspices. About 300 American academics have come to teach and conduct research in Thailand through Fulbright grants.

Among the early economic programs, malaria control and rinderpest eradication had wide impact, while U.S.-assisted improvements in seed quality reversed the trend of declining rice yields and led to major export performances of maize and kenaf in later years. Between 1951 and 1958, 110 irrigation reservoirs were completed in the Northeast through Thai-U.S. collaboration. A related project of today, with the aid of better topographical maps, is aimed at improving the irrigation effectiveness of these reservoirs as well as the ability of local farmers to make use of the water.

Other U.S. assistance for economic infrastructure in the initial years was spread widely among highway, railway, port, and power development.

By 1954, communist gains or standoffs in China, Korea, and Indochina underlined in Washington a need for more aid for the independent countries of Southeast Asia. A perception of Thailand's key strategic importance led to a dramatic increase in U.S. bilateral economic assistance, rising to an average of $36 million a year.

U.S.-assisted improvements in seed quality helped increase rice yields and contributed to the growth of rice, maize and kenaf as export crops.

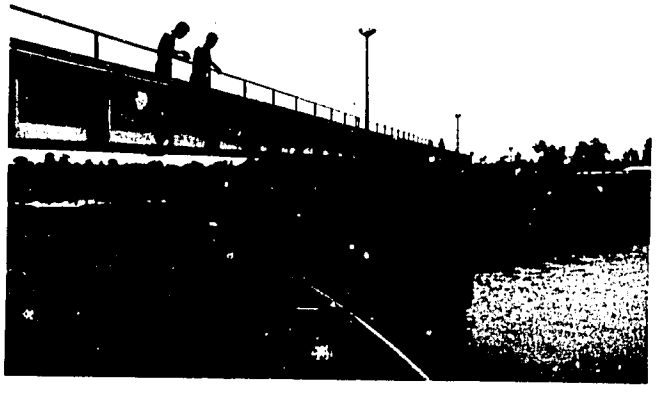
It was a time of nation-building, of economic strengthening, and perhaps none too soon. By the early sixties the Kingdom was grappling with an insurgency that was beginning to appear in decline only two decades later.

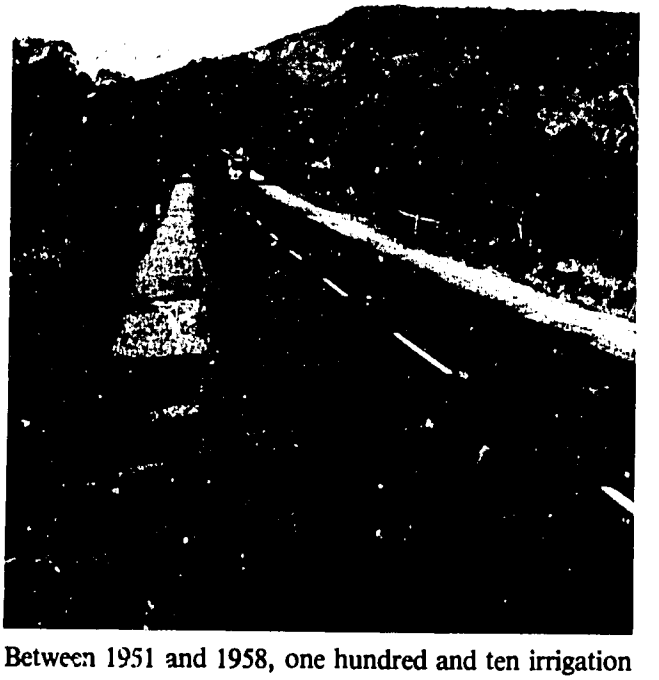
The aims of infrastructural improvements were not only to bolster Thailand's economy but also to demonstrate the government's concern for rural welfare and to facilitate access to the countryside. The official presence and services among once isolated communities grew steadily. From 1954 to 1960, the transportation sector received almost half of total U.S. economic assistance, with roads alone getting 33 percent and air transport, 10 percent.

The Friendship Highway, which opened in 1958, has had a major impact on the Northeast, providing the first reliable road link to the remote region where more than a third of the Thai population lives.

Highways and Training

USAID participated in almost all of the major highway construction projects here in the late fifties. In fact, with U.S. aid totaling $28.2 million, American contractors built two important arterial routes: the Saraburi-Korat leg of the Friendship Highway and the Phitsanulok-Lomsak link of the East-West Highway.





Between 1951 and 1958, one hundred and ten irrigation reservoirs were built in the Northeast through Thai-U.S. efforts.

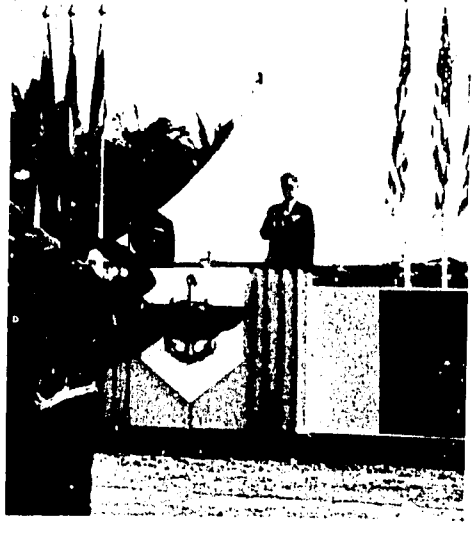
The Friendship Highway, which opened in 1958, has had a major impact on the Northeast, providing the first convenient ground access to the region other than the railroad. During this same period a U.S.-assisted program replaced 1,013 bridges throughout the country, thereby opening about 4,000 kilometers of existing highway to heavy commercial traffic.

On-the-job training was a major element of the Saraburi-Korat and Phitsanulok-Lomsak highway projects as well as the bridge-building program. The number of competent bridge-building firms in Thailand rose from seven to 76 in the period 1955-65 through the practice of awarding the bridge contracts to closely supervised private builders.

While building highways, American contractors trained thousands of Thai in various aspects of engineering and construction. Thai road builders were enabled to bid on large projects without heavy capital investments through a highway equipment pool established with U.S. aid, which lent them expensive construction machinery.

Air transport was advanced through bilateral extensive improvements at seven airports, including Don Muang, Chiang Mai, and Phuket. The funds were for navigational aids, power supplies, approach and runway lighting, and civil aviation training. American aid also went into the 60-km. rail extension from Udon to Nong Khai, completed in 1957, and provided 125 boxcars and a rail traffic control and communication system for the Northeast. By the end of the fifties, the trans-

In February 1966, Prime Minister Thanom Kittikachorn and U.S. Ambassador Graham A. Martin helped open the Sattahip-Korat Highway. Bypassing the congested Bangkok area, the road provides easy access to the Northeast for industries in the Rayong area under the Eastern Seaboard project.



The East-West Highway between Pitsanulok and Lomsak opened vast stretch of Thailand's central area for development. Described as a remarkable "engineering accomplishment," the 125-kilometer asphalt concrete road climbs through the picturesque central mountains. Then Prime Minister Sarit Thanarat called the highway "a strong and everlasting bond of friendship between the United States and Thailand." He and U.S. Ambassador U. Alexis Johnson officially opened this road in March 1961.

portation infrastructure had been greatly improved.

Power Supplies

Between 1950 and 1964, more than $40 million in U.S. aid and development loans went to the Bangkok area's power distribution system and generating capacity. This included some generating equipment, but it was primarily for technical assistance and training for Thai technicians in the United States. By 1963, a telecommunications system linking Bangkok and outlying regions had been completed, helped by about $4 million in American aid.

Administration

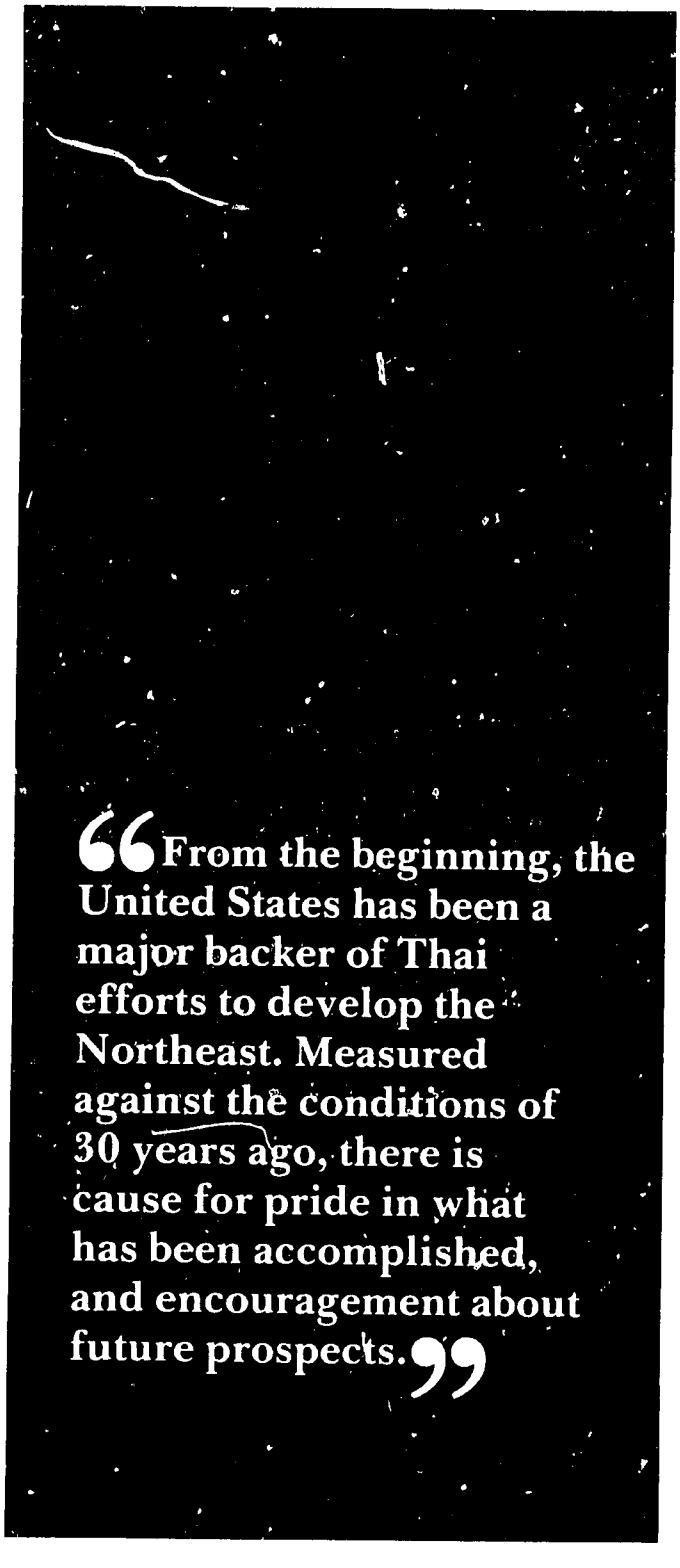
An effective public administration is essential to nation-building activity, and the Royal Thai government early on requested U.S. technical assistance in this sensitive field, where outsiders are rarely invited. Between 1956 and 1973, more than $15 million in mainly advisory aid went to assist the government in modernizing its fiscal management techniques and in improving its economic planning, statistical services, rural community development efforts, and personnel management, among other areas. In addition, national and local police units received large-scale U.S. aid in the form of technical assistance, equipment, and training.

Education

During these first two decades, the United States provided more than $35 million to back government efforts to strengthen the educational system. A considerable portion went to vocational education (about $11 million), but substantial aid was also made available for general and medical education, including $5.9 million for the Chiang Mai Medical School. The Prasarnmitr College of Education received more than $3 million in American aid to improve the quantity and quality of school teachers throughout the country. Thammasat University obtained about $2 million to establish the Institute of Public Administration, the country's first school offering advanced training in this field.

The success of these early Thai-U.S. efforts to upgrade the national infrastructure, along with progress in malaria control and seed improvement, have been widely credited as important factors in the country's ensuing rapid economic growth. Extending the benefits of progress to all segments of Thai society, particularly the rural poor, is a challenge for the late seventies and early eighties. Still, those early investments in the future clearly paid dividends, not the least of which has been a pronounced reduction in the isolation of the countryside. □

Focus on the Northeast



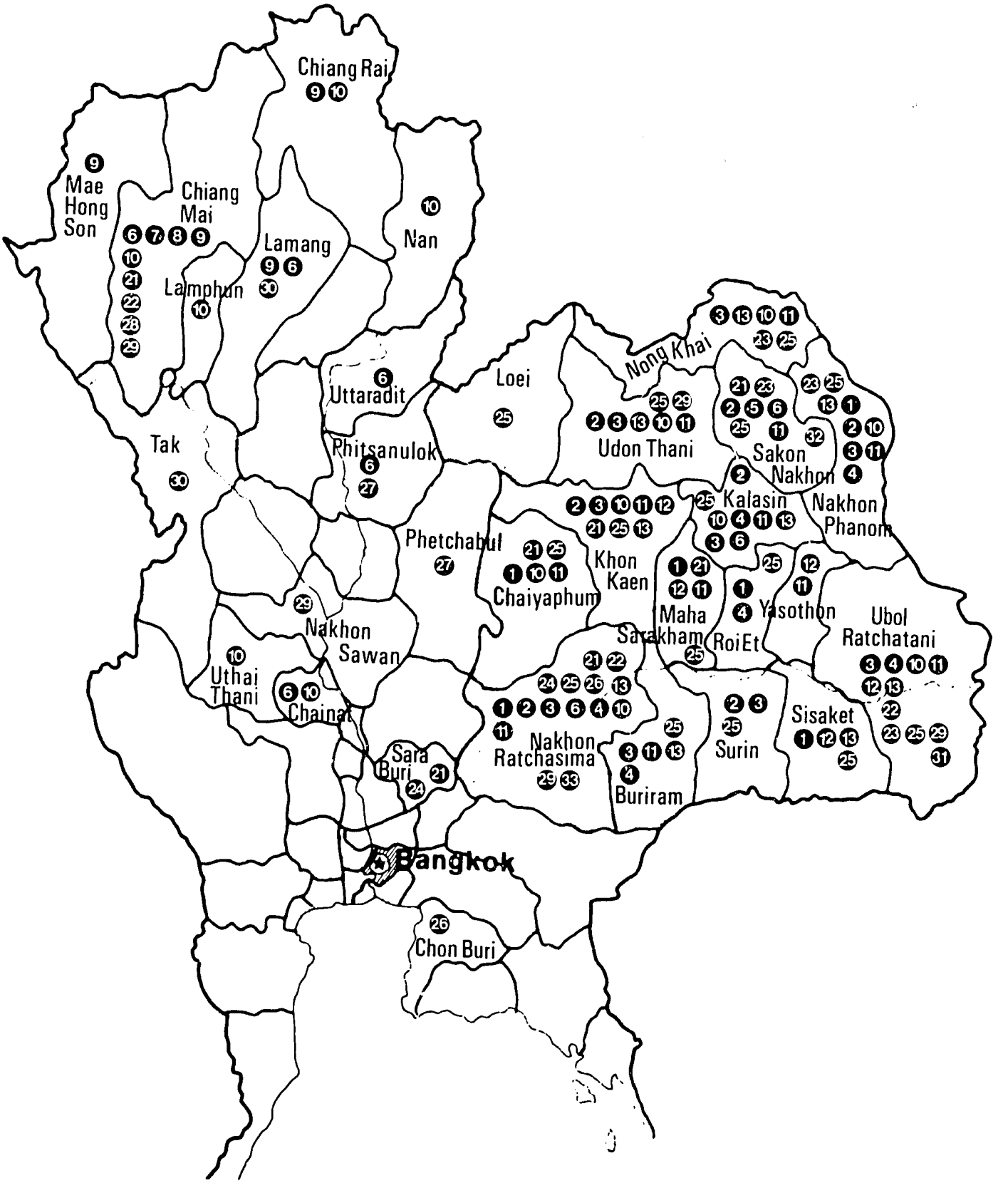
"From the beginning, the United States has been a major backer of Thai efforts to develop the Northeast. Measured against the conditions of 30 years ago, there is cause for pride in what has been accomplished, and encouragement about future prospects."

No region of Thailand bears a stronger imprint of American assistance than the Northeast, which has long been—and remains—a focal point of U.S. support. The region lacks the fertility of the Central Plains and the abundant resources of the North or South. Its farmers have long been vulnerable to floods and droughts and hampered by land that produced the lowest rice yields in Asia.

Today many problems remain in the Northeast, still the country's poorest area, but there have been dramatic strides forward, too. Measured against the conditions of 30 years ago, there is cause for pride in what had been accomplished, and encouragement about future prospects.

In 1950 there were fewer than 800 kilometers of paved highway in all of Thailand. A traveler to the Northeast at that time reported that he did not see a single car east of Korat. Similarly, electricity was almost non-existent in the area. There were scarcities, too, of schools, health care, and other basic needs.

Concern for the region's stability and security, as well as a sense of responsibility for the welfare of its citizens, prompted Thai leaders to emphasize the need to help develop the


Chiang Rai
Mae Hong Son
Chiang Mai
Lamang
Nan
Lamphun
Uttaradit
Loei
Nong Khai
Tak
Phitsanulok
Udon Thani
Sakon Nakhon
Kalasin
Nakhon Phanom
Phetchabul
Khon Kaen
Chaiyaphum
Maha Sarakham
Roi Et
Yasothon
Ubol Ratchatani
Nakhon Sawan
Uthai Thani
Chainat
Nakhon Ratchasima
Surin
Sisaket
Sara Buri
Buriram
Bangkok
Chon Buri

LEGEND

● CURRENT PROJECTS:

1. NORTHEAST RAINFED AGRICULTURAL DEVELOPMENT
2. LAND SETTLEMENTS
3. SERICULTURE RESETTLEMENT
4. NORTHEAST SMALL SCALE IRRIGATION
5. LAM NAM OON INTEGRATED RURAL DEVELOPMENT
6. SEED DISTRIBUTION WAREHOUSE
7. MAE CHAEM WATERSHED DEVELOPMENT
8. ANTI-MALARIA PROJECT-ZONE
9. HILL AREA EDUCATION CENTER
10. USAID SUPPORTED PVO ACTIVITIES
11. VILLAGE FISH POND
12. DECENTRALIZED DEVELOPMENT MANAGEMENT
13. NON-FORMAL EDUCATION

● MAJOR COMPLETED PROJECTS:

21. LIVESTOCK DEVELOPMENT (FY 1952-66)
22. MOBILE TRADE TRAINING SCHOOLS (FY 1966-72)
23. VOLUNTEER DEFENSE CORPS CONSTRUCTION (FY 1955-59)
24. FRIENDSHIP HIGHWAY (FY 1954-58)
25. IRRIGATION AND WATER CONSERVATION (FY 1951-58)
26. LOCAL HEALTH DEVELOPMENT (FY 1951-59)
27. EAST-WEST HIGHWAY (FY 1955-60)
28. CHIANG MAI MEDICAL SCHOOL (1962-69)
29. AIRPORT DEVELOPMENT (FY 1951-60)
30. POWER SERVICES AND TRAINING (FY 1951-67)
31. THAI-SEATO REGIONAL COMMUNITY DEVELOPMENT TECHNICAL ASSISTANCE CENTER (FY 1962-68)
32. 50 KW TRANSMITTER (FY 1966-71)
33. TECHNICAL TRAINING FOR ARD (FY 1966-71)

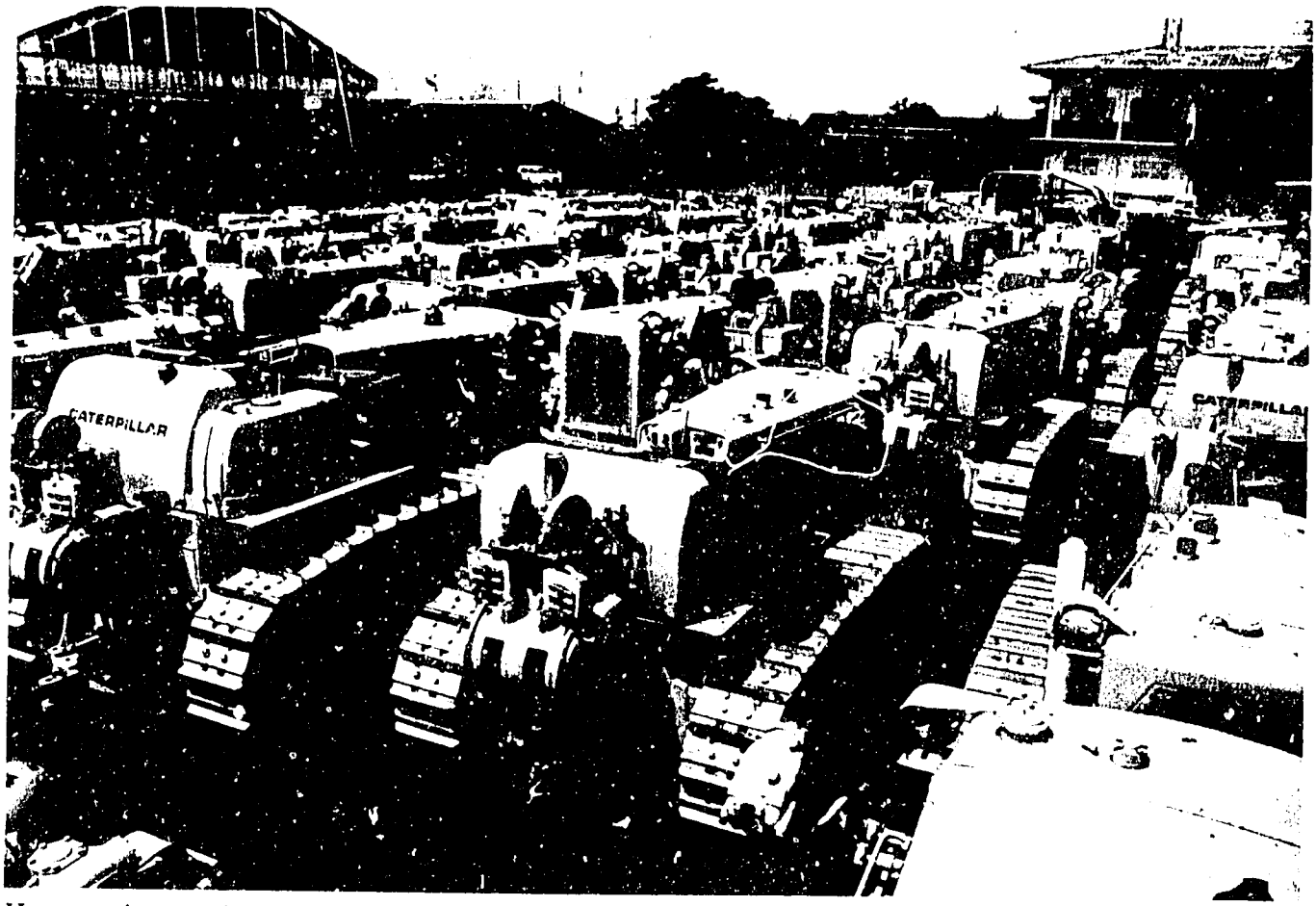
Mobile Development Units brought government services for the first time to countless remote villages.

Northeast. From the beginning in the early 50s until the present day, the United States has been a major backer of that effort.

Stress at first was on transportation, communications, and power. One major early project was the Friendship Highway from Saraburi to Korat, built with some $14 million in U.S. support. The artery remains today a vital link between the Northeast and the rest of the country. Some $6 million in this early period underwrote rail and rolling stock improvements. Millions were provided also for irrigation and water conservation projects.

To give further impetus to the development push, the Accelerated Rural Development (ARD) program was started in 1962, focusing first on impoverished provinces in the Northeast. USAID was the principal international supporter of this Thai government initiative, which was to bring

ARD roads were an essential first step in bringing health care and agricultural services to formerly inaccessible villages.



Heavy equipment given to ARD by the U.S. Government.

economic progress to millions of rural Thais.

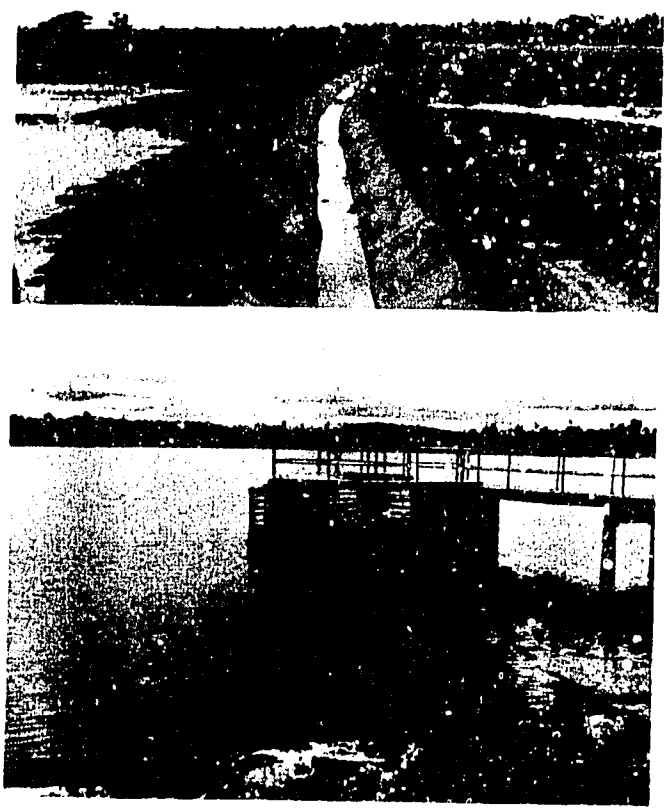
ARD helped build a road network that is now one of the best in Asia, giving farmers access to markets and bringing them into closer contact with schools and other centers for modern crop and other information. Under ARD, more than 3,000 kilometers of all-weather roads and 25,000 kilometers of auxiliary roads were constructed.

The roads were essential infrastructure; they helped the government sustain a development effort, bringing health care and agricultural services to formerly inaccessible villages. Without the roads, for example, delivery of equipment, training, and information that has made Thailand's family planning so successful would not have been possible.

During this period, too, police stations were established for the first time in many rural areas to provide the security required for development. From 1965 to 1970, the number of such stations at the *tambol* level rose from 150 to more than a thousand. U.S. funds helped finance a 50 percent increase in the number of policemen, as well as improvements in communications equipment, education, and training.

ARD offices were set up in all the provinces of the Northeast, as well as in scattered provinces in the North and South. The ARD effort has helped bring economic progress and increased security to the village level. In-

creased resources made it possible for provincial governors and other local officials to respond to demands for dams, wells, roads, and other small-scale construction projects. The stepped-up capacity of government to deliver such services gave rural Thais more confidence in the ability of government to protect them and provide for their welfare, a particularly urgent consideration, given efforts by insurgents to undermine trust between government and people.



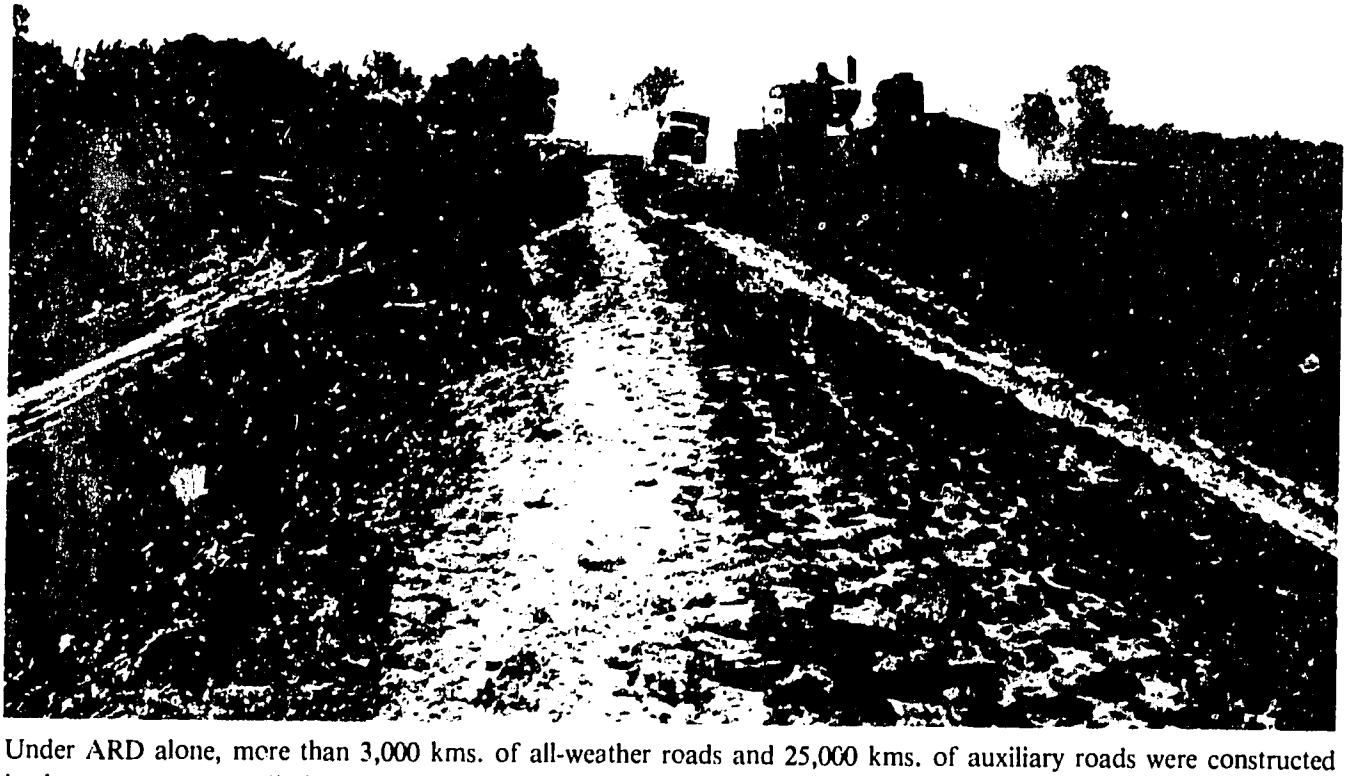
The Lam Nam Oon Intregrated Rural Development Project increases dry-season output by regulating irrigation in this Northeast region.

Mobile Development Units (MDUs) were a similar U.S.-supported, security-related activity in the 1960s. Teams of about 120 military and civilian officials were sent to the most remote areas to bring a government presence and help with the compelling economic needs. For many villagers, seeing an MDU in action was the first time they perceived the government as an entity ready—and able—to help them. And for many officials, their work on these programs gave them their first real understanding of the realities of rural poverty. As these officials moved on to more senior positions in the region, or nationally, they took with them a better appreciation of what needed to be done, and how it could be accomplished.

Three decades of hard-nosed work in the Northeast have improved the lives of millions of people in ways that cannot be measured. How do you calculate, for example, the effect of a bright child getting the schooling he might otherwise have been denied? But clearly, the people and the nation have benefitted from all that has been done. Now there is a base on which to build; the past improvements in basic infrastructure, human resources, security, environment, and governmental capacities make further progress possible.

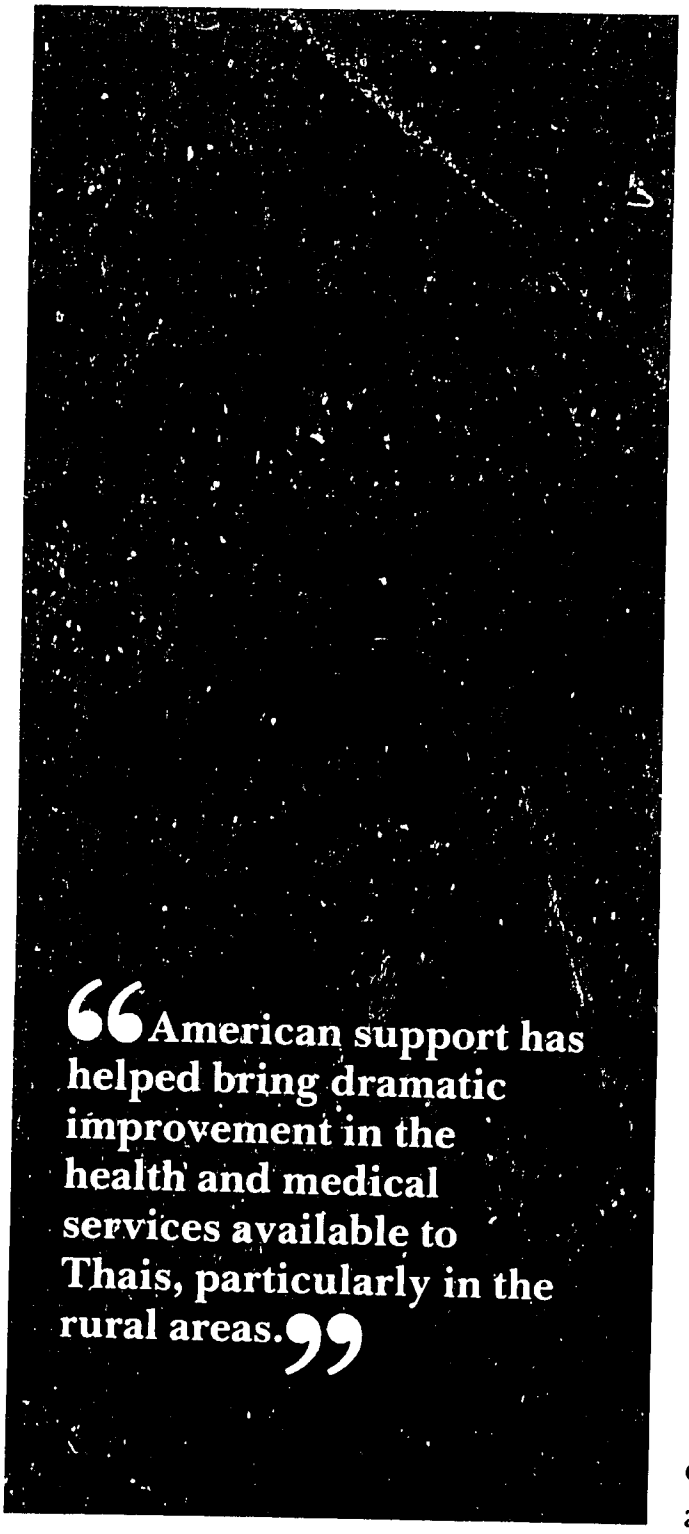
Today development continues in the Northeast in a wide variety of ways, involving both the government and private industry. As in the past, the U.S. government is actively supporting these efforts. For example, USAID has committed some $10 million for "Northeast Rainfed Agricultural Development" and more than $8 million in grants and loans for small-scale irrigation in the early 1980s. As the Thai government continues its efforts to help the people of Northeast Thailand better their lives, it can count on the firm backing of the United States. □

Ambassador Dean stops to chat with villagers during a visit to tambol Kud Phia Khom in Chonabot district of Khon Kaen province, 1982. Work had just been completed on construction of a new water reservoir for the area as part of a U.S. development assistance program.



Under ARD alone, more than 3,000 kms. of all-weather roads and 25,000 kms. of auxiliary roads were constructed in the remotest, most difficult tension in the Kindgom.

Family Planning and Health Care



For more than three decades the United States has been working alongside the Royal Thai government in the vital field of public health, and Washington continues to provide major support today for malaria control, family planning, and rural primary health care. Through contributions amounting to well over $75 million, USAID has helped finance a wide variety of health activities over the years, ranging from basic sanitation projects at the village level to the establishment of the Chiang Mai Medical School.

Two crucially important efforts receiving the most substantial American help are the government's antimalaria drive and its highly successful population planning program. Between 1951 and 1969 USAID allocated some $21 million to malaria control in the provinces, though results were uncertain due to uncontrollable factors. The startling increase of malaria cases in Thailand in the late seventies sparked renewed concern and prompted a new USAID project that began in August 1979 and is due to end in September 1983.

USAID's new malaria control project, which received a $4 million loan and $500,000 grant, emphasizes the

Thailand's family planning program, one of the most successful in Asia, continues to receive substantial U.S. support.

early interruption of the parasite transmission in the human host rather than malaria eradication through environmental means. A network of 250 malaria treatment clinics, with a cadre of 20,000 village malaria collaborators, is to be in operation by the end of the project. The new strategy allows villagers with malaria symptoms to receive immediate treatment from either the village collaborators or from the malaria clinics.

Family Planning

Thailand's family planning program, one of the most successful in the developing world, has long been a USAID priority. Since adopting population control as a national policy in 1970, the Kingdom's population growth rate has declined dramatically, from more than 3 percent annually to less than 2 percent by 1982. But even at this current rate Thailand's population would double in 35 to 40 years. Better family planning methods continue to have an important place in the country's overall development strategy, since a rapidly expanding population is a major barrier to economic gains.

The need for continued family planning program support from USAID has been made more pressing by a reduction in aid from other foreign sources. At this crucial juncture of Thailand's family planning program, only USAID and, to a limited extent, the United Nations Fund for Population Activities (UNFPA) and Japan appear to be likely sources of funding for contraceptive supplies and related assistance.

Concern over Thailand's growing population prompted the Thai government in 1970 to declare family planning a necessity and adopt it as national policy. Programs were initiated in 1971 and written into the Third Five-Year Plan for 1971-76. After some limited success, the Thai government increased its commitment to family planning, making available more than $20 million during the Fourth Five-Year Plan (1976-1981).

Total spending on family planning during this latter period was $55.7 million, with the balance of funds coming from USAID, UNFPA, and a number of intermediary agencies. This sizable sum, plus the socio-cultural and religious factors that have combined to make the Thai populace unusually receptive to birth control activities, accounts for the notable success in reducing the population growth rate to 2 percent by 1980, one year ahead of target.

USAID has actively supported government efforts to reduce population growth since shortly after the national program began. During the first five-year project (1971-76), USAID financed oral contraceptives, participant training, technical assistance, and medical kits with total project expendi-

Shown exchanging documents during a signing ceremony in Chiang Mai Tuesday (Feb. 22, 1983) are U.S. Ambassador John Gunther Dean and Dr. Amorn Nondasuta, Director General of the Department of Health. Under the agreement, the United States is making available an additional $1.4 million (more than 32 million baht), part of a total U.S. commitment of $18.4 million (more than 420 million baht) for family planning programs during the early 80s.

tures amounting to about $8.3 million.

In accord with the government's subsequent stepped-up commitment to population planning, USAID contributed substantially to renewed efforts during the Fourth Five-Year Plan. Following up on earlier projects, U.S. assistance financed the procurement of oral contraceptives, medical kits, and the training of several categories of village-level health workers. In addition, USAID helped in a major effort to expand voluntary surgical contraception (VSC) services by providing institutional reimbursements to VSC service hospitals and support for VSC mobile information and service teams. Total support for this project, completed in 1982, was $16.5 million.

The government emphasized its commitment to population control by hiking the family planning budget eightfold in FY 1982. Another 10 percent increase was set for FY 1983, in support of a national goal of lowering the annual population growth rate to 1.5 percent by 1986.

One emphasis during the early eighties will be to extend and strengthen family planning information and services nationwide, particularly to remote rural areas. USAID family planning support is to total $18.5 million for FY 1982/87. USAID will help provide contraceptive supplies and medical kits, training support, technical assistance, and financing for program research.

Rural Health Care

Another major health program receiving American aid in the 80s is the Rural Primary Health Expansion Project, which is jointly financed by a consortium of the Royal Thai government and USAID with the World Bank, Norway, Australia, and Canada. With a substantial total budget of $68 million, the project is aimed at the nationwide expansion of Thailand's rural primary health care system.

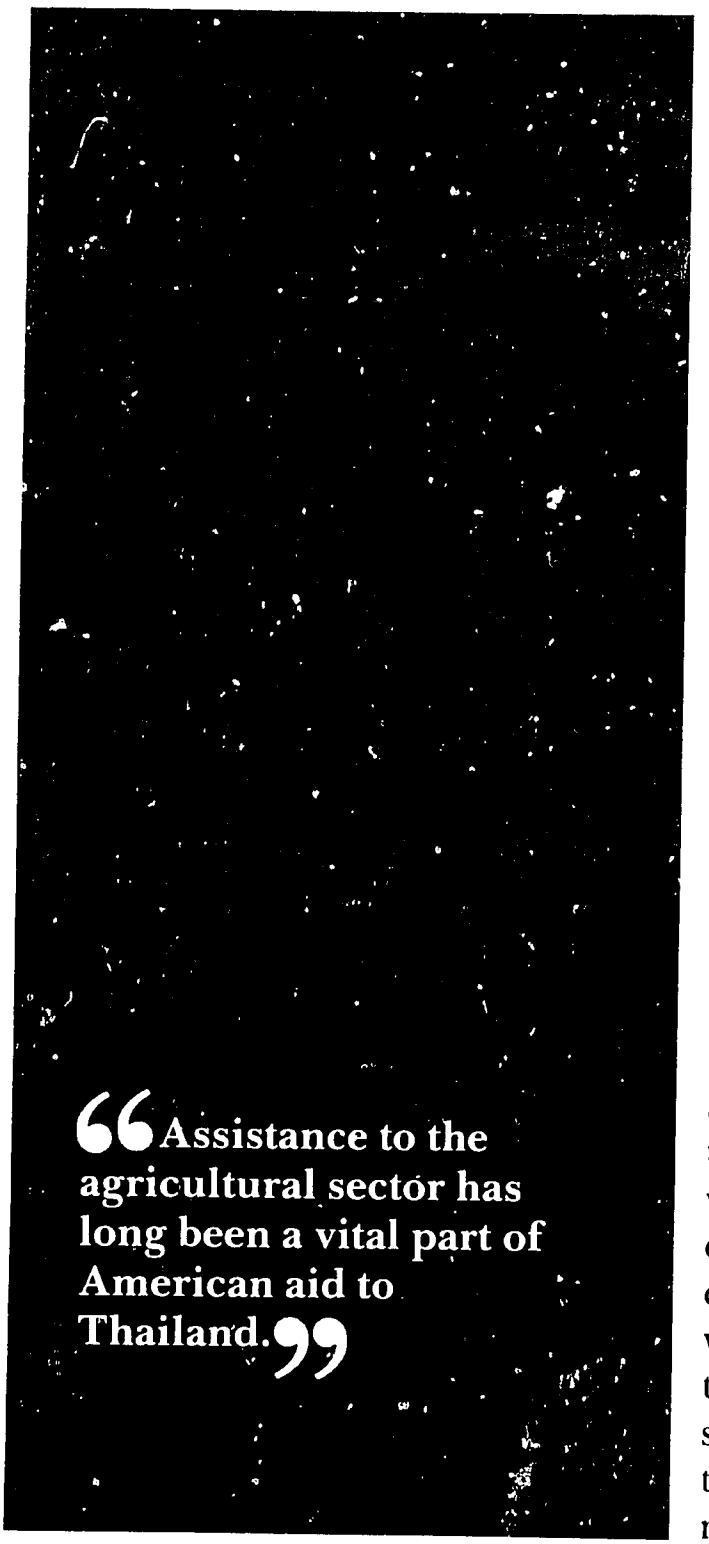
USAID's financial support is helping train 97,000 auxiliary health workers in 20 of the country's poorest provinces.

USAID's contribution of a $5.5 million concessionary loan is helping train 97,000 auxiliary health workers in 20 of the poorest provinces. Instead of assisting in construction and equipment, the consortium decided that USAID's most valuable contribution to the project would be in the field of training, capitalizing on its many years of experience with Thailand's rural health care network.

Under this program, USAID is financing the training of 500 nurse practitioners who perform routine medical services at district hospitals; 2,200 auxiliary midwives and junior sanitarians who staff health centers; 1,244 health assistants who are assigned mainly to family planning units; 8,000 village health volunteers who were trained in basic preventive and curative health; and 100,000 village health communicators who were trained in essential public health measures. Slated to end in 1982, the project was extended to 1983 to carry out management training for supervisory staff, village nutrition activities, and a data monitoring system for nutrition-related health programs.

The end result of this ambitious effort will be measurable improvement in the health and medical services available to the rural population. □

Agriculture — Intensification and Reform



Even as Thailand makes steady progress in developing an industrial base, agriculture remains the economic backbone of the country. Not only do more than three-fourths of the people earn their living off the land, but rice, corn, and other agricultural exports are Thailand's major sources of foreign exchange earnings. American aid helped the country become a leading world producer of these important food crops. U.S. assistance in improving yields through better seeds—along with improvements in irrigation and related infrastructure—contributed to growing surpluses for the world marketplace.

Beginning in 1950, assistance to the agricultural sector was one of the earliest and most successful parts of American aid to Thailand. Although the program's main emphasis in the fifties and sixties was on helping to ensure security and stability and to develop the country's physical infrastructure, which were prerequisites for rural development, the seed improvement efforts in rice and other crops are widely seen as important contributions to Thailand's agricultural success. Reason: the returns were both timely and tangible, to the tune of hundreds of millions of dollars in greater export in-

come to help finance the country's progress.

The concerted drive to boost rice yields was especially significant in a country where the growing of rice has always been the most important aspect of rural life.

Despite its critical economic importance as a major export even then, however, Thailand's rice production in 1950 was confronted by many longstanding problems. Overall output had generally recovered to prewar levels, but rice yields were low and had been declining since the early years of the century. A Food and Agriculture Organization mission in 1949 estimated that Thailand's total rice production could be increased by at least 10 percent simply by replacing existing rice varieties with improved breeds.

A central figure in the ensuing effort to do so was American rice-breeding expert Dr. H.H. Love, who was sent to Thailand in March 1950 by the U.S. Department of Agriculture at the personal request of Insee Chandrastitya, then director-general of the Department of Agriculture. He spent the next seven years in Thailand, first researching local rice seed breeds and then carrying out a rice improvement program that gradually embraced much of the countryside.

By the mid-sixties, almost a third of the area planted was devoted to improved rice varieties. The new breeds not only increased yields by from 10 to 80 percent, but such rice also received a quality premium of 10 to 30 percent. The program is generally credited with reversing the trend of declining yields, for after 1950 they began to climb.

While especially valuable in terms of dramatic results, U.S. help in boosting the output of this major food crop was not the only American contribution to Thailand's agricultural progress. The United States by 1973 had provided a total of $36 million for participation with the government in various farm-level programs and projects, including irrigation, soil and water management, agronomic development, and agricultural credit and marketing.

Work on improving the seed breeds for all of Thailand's major crops also continues today with the assistance of USAID, in line with the government's aim of upgrading productivity through across-the-board increases in yields. Behind this effort lies the government's priority goal, as stated in the Fifth Five-Year Plan, "to reduce absolute poverty and accelerate rural development in backward areas." Accordingly, much of America's current assistance in agriculture and rural development is concentrated in the impoverished Northeast, where many of the struggling farmers lack irrigation and must rely on the vagaries of rainfed cultivation.

The concerted drive to boost rice yields was especially significant in a country where the growing of rice has always been the most important aspect of rural life.

The Northeast Rainfed Agricultural Development (NERAD) Project stresses a multi-disciplinary approach to increasing local farm productivity and income. Nine representative *cantons* or townships (known as *tambons*) have been selected for the seven-year project launched in late 1981. The $15.7 million project is supported by a $6.3 million U.S. concessional loan and a $3.7 million grant, mainly to finance technical assistance and research.

One of NERAD's broad goals is to relieve farmers of their traditional dependency on one cash crop, so that their farms may become more productive and profitable. The NERAD approach has been to use a multidisciplinary group of primarily Thai government specialists in agronomy, animal husbandry, forestry, soil, and water management who are best able to advise the farmer on improving his lot. Included are representatives from key departments within the Ministry of Agriculture and Cooperatives.

These teams expose the farmer to a broad range of new agricultural practices from which he can choose. For example, NERAD encourages the farmer to use part of his holdings for a cash crop, to section off areas for a pasture for livestock and a small fishery, and to plant fast-growing trees along his

property boundaries as sources of cheap energy and as a soil conservation technique.

Crucial to the project's success is the availability of skilled government personnel to provide on-site, quality advice and thus convince farmers to adopt alternatives to the traditional single crop. The project thus builds on earlier efforts, particularly training programs.

Other current USAID agricultural projects tend to complement the broad goals of the cornerstone NERAD effort. In fact, NERAD's approach was influenced by experience gained in USAID's Agriculture Extension Outreach Project, which was initiated as part of the National Extension Project in 1976, jointly supported by the World Bank, USAID, and the Royal Thai government, to strengthen and expand the farm services of the Department of Agricultural Extension. The result was the placing of a trained extension agent in every *tambon* in Thailand.

A vital part of both the Agriculture Extension Outreach and NERAD projects is convincing the farmer of the benefits of experimenting with new farming practices and improved methods of intensifying crop yields and boosting productivity. Agricultural intensification will become more important as Thailand reaches the limits of new arable land, meaning that the larger yields necessary for a still growing population will depend on the farmer getting more production out of his present land.

One of the important factors in crop intensification is better seeds. After the milestone work of Dr. Love and his staff in the fifties, USAID's next Seed Development Project, the first stage of which was completed in 1982, led to the establishment of four modern seed processing plants and the training of project personnel. They are now turning out improved seeds for six major Thai crops—rice, maize, sorghum, peanuts, mungbeans, and soybeans —which spur the gains in other agricultural projects.

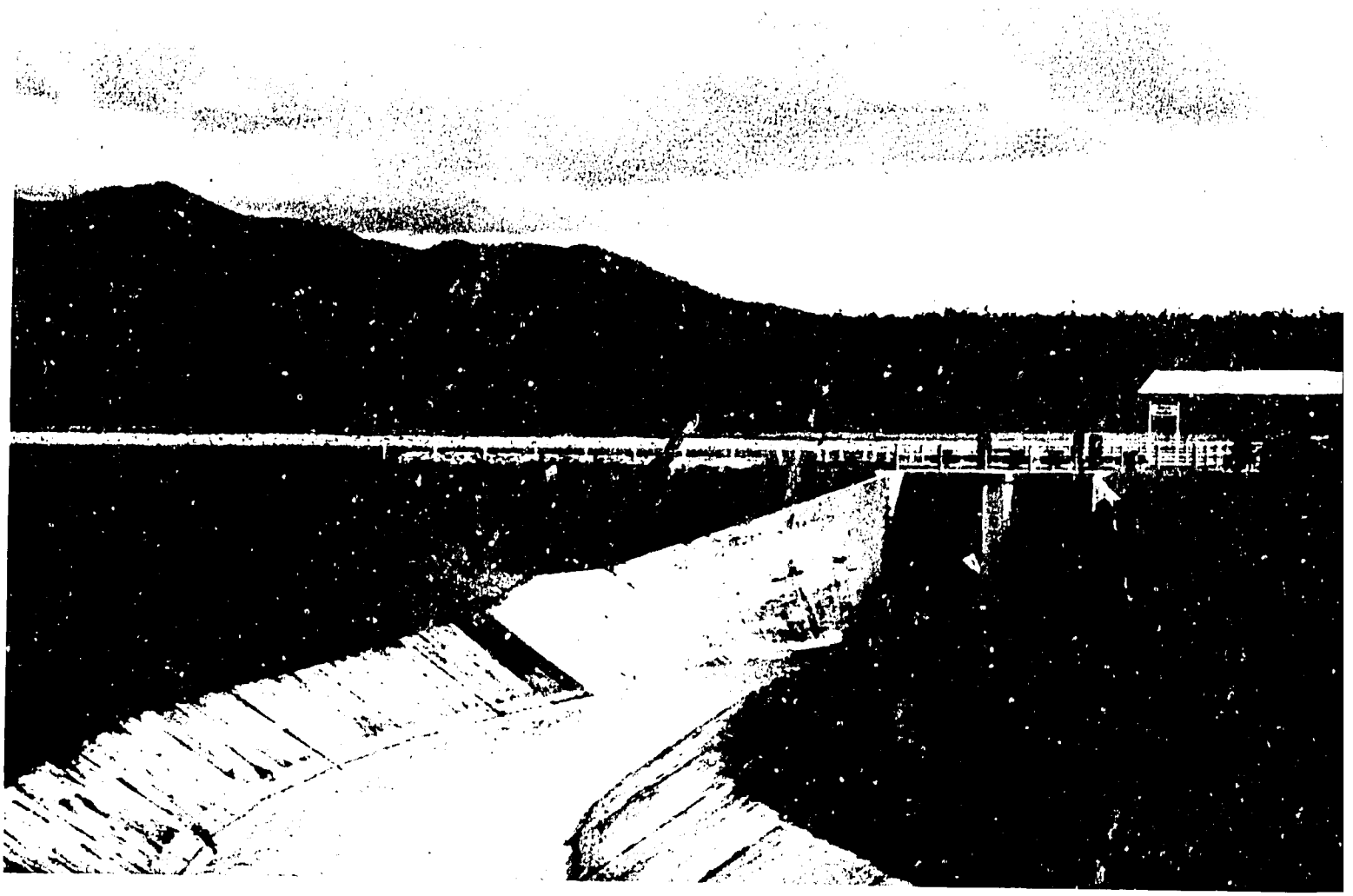
The second phase of the Seed Development Project seeks to upgrade management efficiency in the seed industry, introduce farmers to the new seeds, and better respond to farmer and market needs. The project also stresses private sector involvement in seed production.

Another effort to build up the Royal Thai government's internal capacity to carry out development work is the Agricultural Planning Project. It focuses on one key government unit, the Office of Agricultural Economics (OAE), which has a responsibility for agricultural planning, policy and budget analysis, and project preparation. The OAE is in a crucial position to influence, and in many ways to

determine, the outcome of the government's agricultural development strategy. An American grant of $3.2 million will provide the OAE with technical assistance, advisers, short- and long-term training, and program commodities.

Perhaps the most unusual aspect of USAID's agricultural efforts is the Mae Chaem Watershed Development Project. USAID has allocated $10 million to the Mae Chaem project, with the Thai government providing another $11.8 million. The slash-and-burn migratory farming methods of the Northern hilltribes and their occasional participation in opium growing have long posed problems. His Majesty King Bhumibol Adulyadej originally proposed the sensible long-term solutions of crop substitution and an improved standard of living for the hilltribe people, so as to pave the way for their integration into the social and economic mainstream of Thai society. □

The United States by 1973 had provided a total of $36 million for participation with Thai government in various farm-level programs and projects including irrigation, soil, and water management.



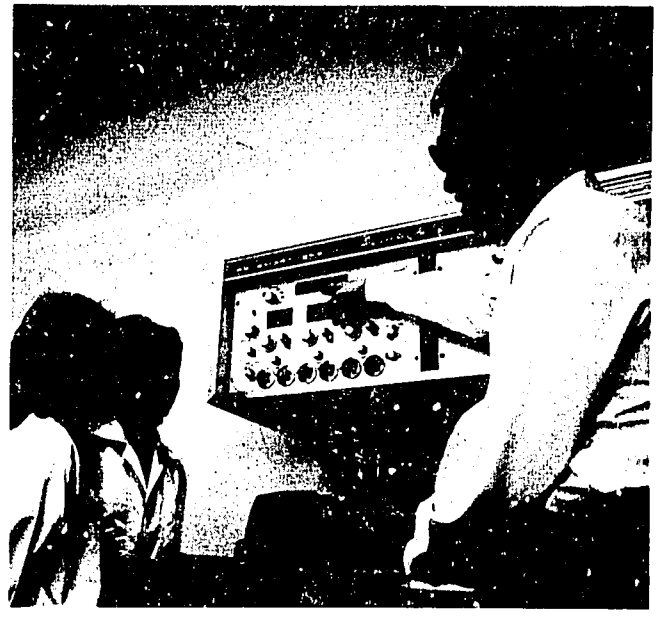
Developing Human Resources

Nothing is more important for the task of developing a nation than its human resources. Realizing this, the United States has helped finance the foreign education and training of almost 11,000 Thais in various development skills.

By the end of 1982, according to the records of the Thai-American Technical Cooperation Association, some 10,904 Thais had completed degree courses or training programs in the United States or third countries.

Recipients of U.S.-sponsored education and training are now to be found in virtually every branch of the Royal Thai government, with many in positions of leadership. Perhaps the best gauge of the impact of American-sponsored training is the comparative independence and self-reliance with which most government development-oriented organizations now operate.

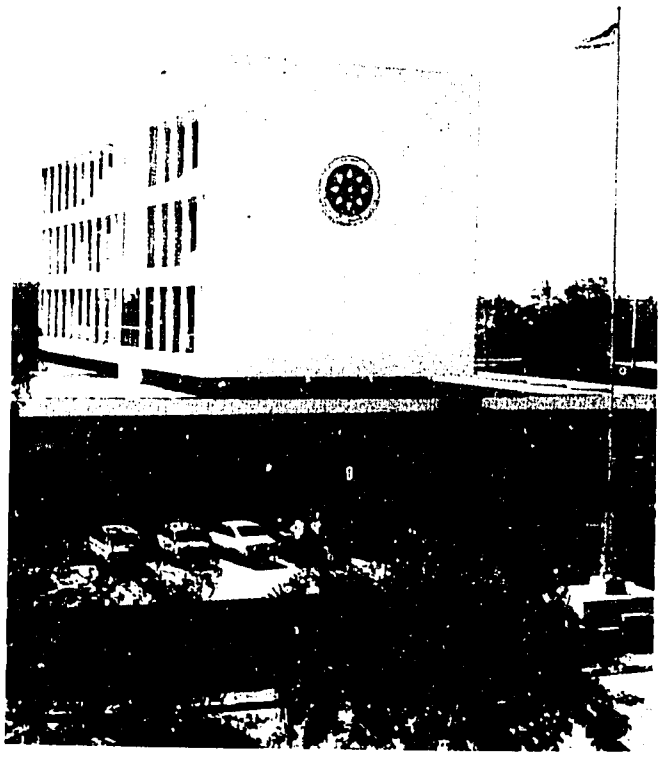
Degrees offered ranged from studies in public administration to very specialized medical training. A recent program, for instance, has financed medical training in the prevention and cure of schistosomiasis, a disease caused by a waterborne parasitical snail. With schistosomiasis on the rise in some areas, the special medical training was much welcomed by the Royal Thai government.



Many of Thailand's foreign-trained doctors, nurses, specialists and administrators in the public health field received U.S. financial help for their study abroad.

Thai candidates for degrees in the United States are chosen jointly by USAID and the Thai government. Degree programs and special training are not new; before 1973 USAID supported the foreign training of 1,100 Thai officers of the Civil Police Administration, about 2,100 Thais for advanced degrees in agriculture-related topics, and some 1,800 in the field of education. Many others were sent abroad for studies in health, population, and public administration.

The length of degree and training programs vary from three weeks to



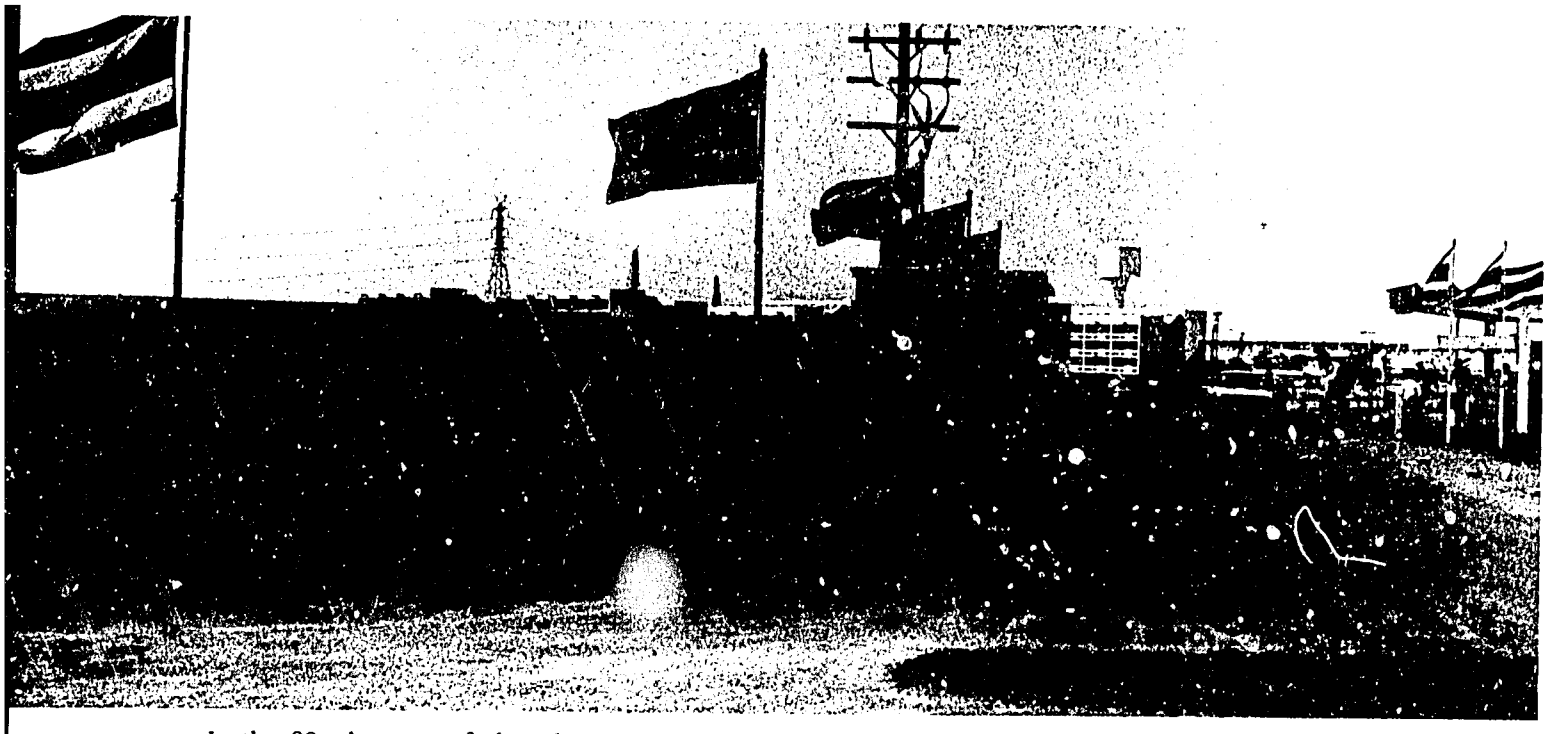
Institutes such as NIDA, founded with help from the U.S. Ford Foundation, are helping Thailand meet its own technology needs.

two years, depending on the nature of the study. All recipients of USAID-sponsored studies must serve the Royal Thai government for a period twice the duration of study time.

In recent years, fewer Thais have been going to the United States for university study under government-sponsored programs, partly because of the cost of such study and also because of the improvement in institutions of higher learning in Thailand and elsewhere in the region. The current trend is toward more on-the-job training, observational programs, and use of regional institutions such as the Asian Institute of Technology (AIT) in Thailand and the International Rice Research Institute (IRRI) in the Philippines.

One recent Washington-funded training project—the Conventional Energy Training Project—aims to answer Thailand's need for more know-how in the field of energy. This project offers practical first-hand experience for energy professionals with U.S. universities, corporations, and training institutes. Along with academic training, the project includes industrial or research internships with U.S. companies to provide practical engineering, management, and analytical experience in conventional energy specialties.

Concerning family planning and health care, AID's recent emphasis has been on assisting the government with financing training and supplies needed to expand and upgrade the existing service delivery system. Because Thailand now has an extensive supply of well-qualified trainers, planners,



In the 80s, because of the advance of the past most Thais can receive the education or training they seek from local or regional institutions such as the Asian Institute of Technology (AIT).

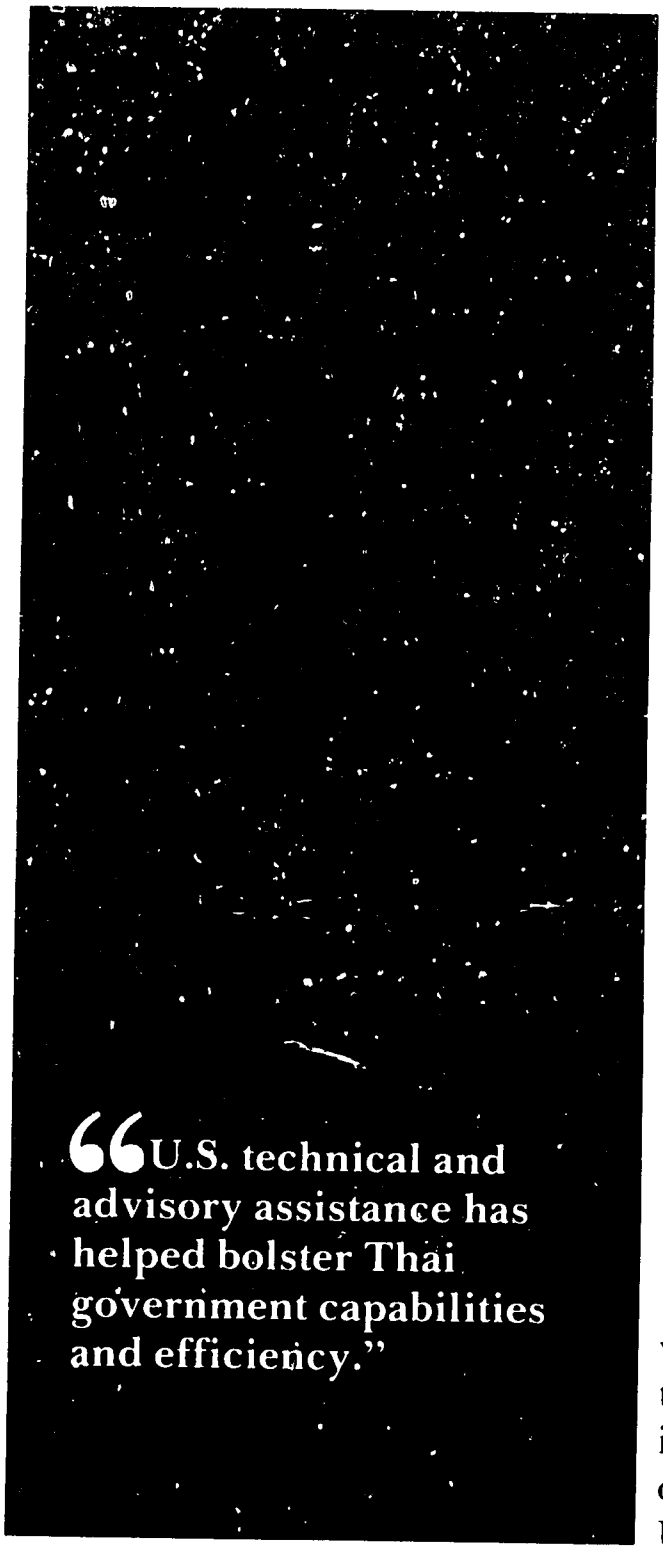
and implementors, the need for external assistance is limited mainly to the introduction of technology in a few specialized fields. Many of Thailand's foreign-trained doctors, nurses, specialists, and administrators in the public health field received U.S. financial help for their study abroad.

The National Institute of Development Administration (NIDA) was set up in 1966 as an offshoot of Thammasat University's Institute of Public Administration, which had been established with USAID support to upgrade and modernize the government's civil service. NIDA plays a crucial role in training Thailand's future leaders in both the public and private sector. Masters degrees are offered in public administration, business administration, economic development, and applied statistics.

Many of the NIDA faculty received their higher educational training in the United States under USAID programs.

The establishment of such institutes as NIDA, founded with help from the Ford Foundation, goes a long way toward meeting Thailand's own technology needs. Although most of NIDA's original faculty members were educated abroad, subsequent leaders have been trained only at NIDA. It is another significant measure of Thailand's growing self-sufficiency that requisite education and training can increasingly be obtained at home. □

AID Role in Administrative Improvement



"U.S. technical and advisory assistance has helped bolster Thai government capabilities and efficiency."

When Thailand's long era of absolute monarchy came to an end half a century ago, a large civil service had long since been in place and ably handling the bureaucratic tasks of the times. However, the Kingdom's governmental organization was not fully prepared for the enormous complexities of development and modernization. Since 1957, USAID has been quietly assisting Thai government efforts to strengthen administrative capacities in such fields as fiscal management, budgeting, statistics, and customs collection.

A wide array of reforms, innovations, and other institutional improvements has been put into effect over this quarter-century with the help of U.S. technical assistance and training. This American support, coupled with Thai determination to modernize and accept new ideas, has contributed significantly to the government's improved financial controls and ability to identify, formulate, carry out, and evaluate development policies and programs.

A two-pronged aid approach—involving expert advisory assistance and technical training courses and providing advanced studies in various aspects of public administration, usually in the United States—has served to bolster

the capabilities and efficiency of a number of government departments and agencies.

Over the years, these have included the National Statistical Organization, the Bureau of the Budget, the Civil Service Commission, the Customs Department, the National Economic and Social Development Board (NESDB), the Department of Labour, the Department of Local Administration, the Community Development Department, and units under the Office of the Prime Minister. In some cases, as with the Community Development Department, the National Statistical Organization, and to a large extent the NESDB, American advice and groundwork were key factors in their establishment.

In this long-term aspect of the U.S. assistance program, dealing with inherently sensitive areas where foreign aid is rarely invited, American and Thai officials have shared the conviction that, for aid projects to be fully effective and overall development hastened, an upgrading of government administrative systems and skills was required.

With advances in economic planning, budgeting, accounting, and other fields of management, Thailand has come a long way toward achieving self-sufficiency in administering the multi-faceted operations involved in development. Unlike in the early days, when foreign agencies initially recommended most aided projects, many project proposals now originate with the government itself.

In the beginning stages, emphasis was through training and technical assistance to improve the government's ability to carry out basic operational tasks. In recent years, the main focus has shifted to organizations and processes as close to the development action as possible. This shift coincides with the government's own efforts to decentralize the decision-making process in development work to ensure more participation at the rural level, and more responsiveness to local needs.

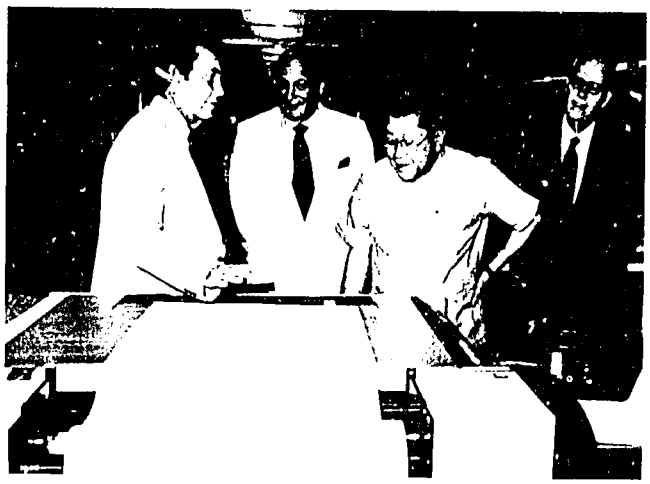
Decentralization means allowing more decisions to be made closer to the locations where projects will be ultimately carried out. Specifically, this involves supporting the government's efforts to increase the role of the *tambon* councils, strengthening the capacities of district-level officials, and establishing a support system at the local level to better assist and communicate with the rural farmer.

A USAID project to support this government initiative, launched in September 1981, will strengthen abilities at the *tambon* and *amphoe* levels to

plan, design, and implement projects and programs based on local needs. Consistent with enunciated Thai government policy, the project seeks to forge closer links at rural levels, with the *tambon* as the operating project implementor and the district office as the coordinating and supporting pivot. The Decentralized Development Management Project will receive $10.6 million in USAID grants and loans while the Thai government earmarks an additional $14.2 million. The project is initially centered on 97 *tambons* in 10 districts within five Northeastern provinces. Its aim is to provide a successful and easily duplicated model for self-sustaining local development by means of local management of resources, with effective support systems.

Other U.S.-supported rural development projects now underway, such as the Land Settlements Project and the Lam Nam Oon Integrated Rural Development Project, also incorporate various forms of system strengthening. Similar to the Decentralized Development Management Project,

Dr. Uthai Phisont, chief of Animal Husbandry Department at the Northeast Agricultural Research Center (NEAR) at Tha Phra, Khon Kaen, discusses progress made in animal nutrition with Dr. Russell H. Brannon, U.S. Agricultural economic adviser and leader of a team of agricultural experts from Kentucky University.



U.S. Ambassador John Gunther Dean (August 13, 1982) signed a grant agreement providing continuing U.S. support to the Asian Institute of Technology (AIT) for the work of the Asian Regional Remote Sensing Center. Shown inspecting some of the remote sensing equipment are: (from left) Prof. James A. Kearns, Director of Computing and Remote Sensing; Ambassador John Gunther Dean; Dr. Thanat Khoman, Chairman of AIT Board of Trustees; and Prof. John Hugh Jones, AIT Acting President.

efforts are targeted on strengthening of the established framework and systems rather than on creation of new systems.

In the Land Settlements Project—an attempt to maximize the use of land in eight target settlements—a new approach is being pursued. Extension agents are trained to help organize groups and assure farmer participation in selecting, implementing, and maintaining project activities. Agents also provide guidance in obtaining and making productive use of credit. The project represents a significant innovation for the Department of Public Welfare, which is reponsible for carrying it out.

The Lam Nam Oon Integrated Rural Development Project aims at increasing dry-season farm output through irrigation in the Lam Nam Oon area of the Northeast, while strengthening the concerned Thai agencies and institutions. Multi-agency cooperation—a team effort—is called for, at both the national and local level.

Although U.S. support focuses on the strengthening of institutions at the rice-roots levels, USAID also responds to requests for backup assistance in other sectors of government strengthening. In 1980 the Bureau of the Budget asked for a public administration team to assist with innovations in the planning, budgeting, and accounting system. The Public Administration Services (PAS) was chosen by the government and funded by AID in a project beginning in 1980 and to end in 1984.

PAS has a long history of assisting in Thailand's administrative improvements, having had a major advisory team here for numerous administrative reform projects carried out during the years 1954-1970. Under the present PAS project, the team is working with the government on a system to better link the annual budget with the government's five-year social and economic development plans. The system would allow the government to asses what has already been accomplished and judge which directions should be followed in the future. □

Creating Vital Institutions

As the key to developing a nation's human resources, education has long been a Thai government priority. For its part, the United States has not only been a consistent supporter in this field but has also helped to found some of Thailand's institutions of higher learning.

American contributions to education here began in the fifties as a result of the Kingdom's severe shortage of trained teachers in those days. From 1965 to 1962, USAID supported the Royal Thai government in its effort to establish the Prasarnmitr College of Education in Bangkok. Of the project's cost of $3.8 million, the United States provided $2.8 million in financial support. USAID also arranged for Indiana University to assist in establishing the college and designing programs.

The Institute of Public Administration, originally established at Thammasat University and then absorbed into the National Institute of Development Administration (NIDA) in 1966, was assisted by USAID with a $1.9 million grant. U.S. advice helped lead to the decision to create these vital schools.

The Training Division of the Department of Local Administration, set up in conjunction with the Local Training Administration and Local Government In-Service Training projects, received American help amounting to $2.5 million by 1971. By that same year USAID had also obligated some $3.7 million toward establishing the Northeast Agricultural Research Center at Tha Phra in Khon Kaen province. A U.S. grant of $800,000 helped to establish Chulalongkorn University's Engineering Department, while American obligations of $5.9 million in the years 1962-69 assisted in establishing the Chiang Mai Medical School.

However, none of Thailand's institutions of higher learning has received more American assistance than the Asian Institute of Technology (AIT), dating from its inception in 1959 under the original name of the SEATO School for Engineering, which was changed to AIT in 1973. In fact, it was USAID that contracted the services of Colorado State University to explore ways and means of establishing a graduate school for engineers to meet the region's burgeoning postwar demand.

Between 1959 to 1973, the United States contributed more than 52 percent of all supporting funds received by the institute. Since then USAID has helped to meet the construction costs

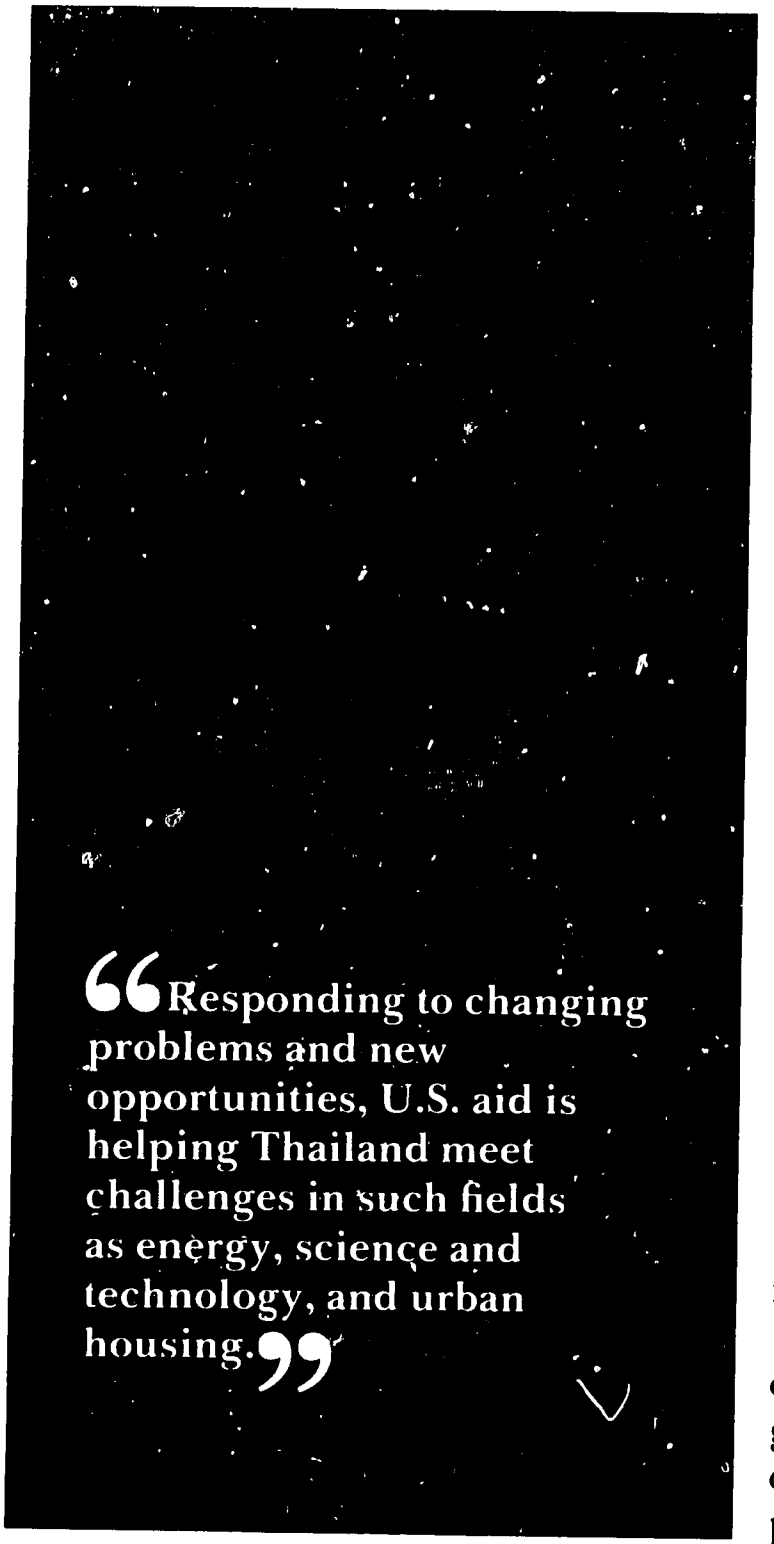
The Institute for Management Education in Thailand (IMET) started with a grant of $1 million from USAID, to be matched by contributions from private companies in Thailand and the United States. Shown during a meeting of the IMET board of directors are: (from left) Prof. Toemsakdi Krishanamara, Director, Chulalongkorn University's MBA English Language Program; Privy Councillor Dr. Chaovana Na Sylvanta, IMET Chairman; Prof. Nongyao Chaiseri, Rector of Thammasat University; and Prof. Dr. Titaya Suwannajata, Rector, National Institute of Development Administration (NIDA).

for AIT's civil engineering buildings, the library, and the Regional Computer Center, and is now contributing to its Asian Remote Sensing Training Center, which uses the AIT computer. Moreover, to make AIT's facilities more accessible to the region, the United States agreed in 1979 to provide $3,125,000 to fund scholarships for 250 ASEAN nationals to study at AIT over the following five years. In all, AIT has received American assistance totaling some $20 million, which has gone far toward making it the leading technological institute it is today.

More recently, in keeping with USAID's goal of improving private sector capacities in Thailand, $1 million was granted to help establish the Institute for Management Education for Thailand (IMET). This project will be carried out jointly by Chulalongkorn and Thammasat Universities, NIDA, and the Thailand Management Association to help answer the country's need for more training opportunities in business management.

U.S. support was crucial to the development of these and other essential institutions which have helped Thailand sustain its remarkable economic progress. The strength of these institutions will also help the country face the economic challenges of the future. □

Adjusting to Change: Energy, Science and Technology



Since development is a dynamic process, its strategies and priorities must change as fresh needs arise or new tools become available. For a country such as Thailand, still primarily agrarian but growing steadily more urban and industrial, new problems—and opportunities—frequently appear. Accordingly, the United States maintains a flexible approach to assistance, shifting occasionally to respond to new challenges in such fields as energy, science and technology, and urban housing.

Energy

After the oil crisis of the early 1970s, energy became a critical factor affecting Thailand's achievement of its development goals. As of 1980, more than three-fourths of Thailand's commercial energy needs were being supplied by imported petroleum. High costs for oil imports lead to trade imbalance, as well as an uncomfortable reliance on foreign suppliers for essential goods, so the need for alternatives is obvious.

With the help of private industry, including major American-based oil and gas companies, the Thai government is developing domestic energy sources, particularly natural gas reserves in the

Gulf of Siam, lignite, and hydropower.

The United States government, through USAID, is helping with projects aimed at assisting Thai officials to keep abreast of technological developments, helping test and adapt new technology, and helping speed the adoption of proven alternatives.

USAID support in the early 1980s will include $13 million for two major energy projects. Some $5 million will go for developing "renewable nonconventional energy resources." Major purposes include strengthening the government's energy planning capacity, particularly the National Energy Administration (NEA), and reducing dependence on fossil fuels. Results are scheduled to include a National Energy Information Center and an "Energy Master Plan" (EMP) for the remainder of this century. The EMP, which is also supported by the Asian Development Bank and the United Nations Development Programme, is a major effort to explore Thailand's energy future and policy choices.

Studies provided for under this project will look into the possibilities for effective use of a wide variety of renewable energy sources, including biomas gasification, solar-processed heat, water-lifting technology, micro-hydro-electricity, plantation of fast-growing trees, and industrial biomas using factory of large farm waste. New technology for producing charcoal and for building ordinary stoves will also be introduced. Hundreds of villages are expected to benefit directly from this five-year project scheduled for completion in 1984.

The second major AID-backed energy effort is for small-scale hydroelectric production. Some $8 million in U.S. assistance will help Thai authorities design and construct local hydro projects at sites not appropriate for large dams. Effective adoption of such small-scale, cost-effective power plants can produce significant savings from reduced oil imports.

Urban Housing

One of the consequences of industrialization is the movement of rural workers to towns and cities for jobs in factories. The new city dwellers fre-

quently encounter a shortage of low-cost housing. USAID is supporting efforts by Thailand's National Housing Authority (NHA) with some $15 million in loan guarantees to finance the building and maintenance of low-cost housing and to upgrade slum areas through infrastructure improvements and social and economic activities. The loan guarantees will help finance NHA plans for housing improvements in Bangkok and ten other Thai cities.

USAID's regional housing and urban development office, which is located in Bangkok, has been providing technical assistance to NHA for several years.

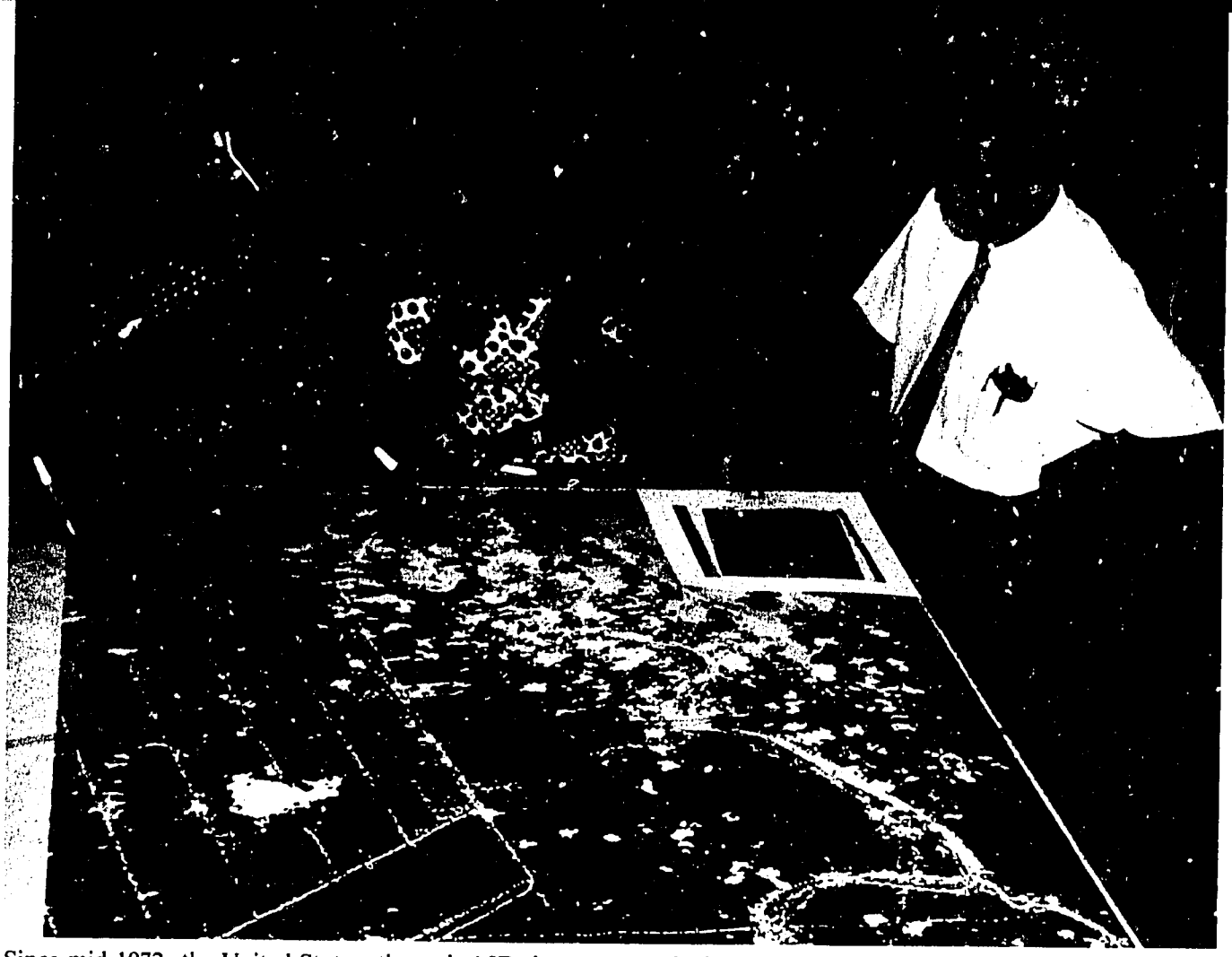
USAID's regional housing and urban development office, which is located in Bangkok, provides funding and technical assistance to National Housing Authority.

Science and Technology

Computers and satellites are among the important new scientific tools now available to us, and the United States is helping Thailand take advantage of these new resources. USAID has provided funds for the establishment of a "Remote Sensing Training Centre" at the Asian Institute of Technology (AIT) outside Bangkok. U.S. computer technicians are helping with early training for the project, open to participants from ASEAN and other Asian countries. In all, the United States is providing more than $5 million to help set up and equip the center and finance requisite training.

The United States, through its National Aeronautics and Space Administration (NASA), launched the first of a series of Early Resources Technology Satellites (ERTS-1) in July 1972. Subsequently, the Thai government authorized the National Research Council (NRC) to form a coordinating committee to propose a cooperative project to NASA.

Since mid-1972, the United States, through AID, has supported the NRC in developing a system to use remote sensing data for resource development planning/implementation. The ERTS project (1972-79) was designed to improve the RTG institutional capability to use remotely sensed data. A current RSTD project (1979-83) builds on the earlier effort.



Since mid-1972, the United States, through AID, has supported Thailand's National Research Council (NRC) in developing a system to use remote sensing data for resource development.

In 1979 a third remote sensing project was initiated through a Grant Agreement with AIT. A training center established through this project will help train technicians from Thailand and other regional countries to use remote sensing in development planning as well as resource management and weather forecasting.

Under the remote sensing system, photographic information gathered by satellites is used to analyze crop growth and health, surface hydrology and geology, pollution, and other environmental factors. Satellites, first used for this purpose by the United States in the early 1970s, offer a cheap, easy and fast means of mapping and classifying the earth's surface. USAID support is helping give Thailand—and the other countries which will use this regional center—modern means for aiding policy-makers in the management of natural resources. □

With the help of private industry, including major American-based oil and gas companies, the Thai Government is developing domestic energy sources particularly natural gas reserves in the Gulf of Siam, lignite and hydropower.

"Magic of the Marketplace"–The Role of

A dynamic private sector plays a vital role in Thailand's economy, as it does in most nations where there has been sustained economic progress. Recognizing that private business activity can bring technology, skills, know-how, and capital to the task of national development, the government of Prime Minister Prem Tinsulanonda has given increased emphasis to this sector.

The United States has been quick to support this Thai initiative. Free enterprise has been central to America's own economic success, and President Reagan has committed his administration to expand its role at home and abroad. Stressing the "magic of the marketplace," he has noted that money spent by individuals or private companies generally produces more benefits—has a higher "multiplier effect"—than the simple transfer of funds between governments.

With that concept in mind, the United States chose Thailand as one of 10 countries—Indonesia, Pakistan, and Sri Lanka were the others in Asia—for new initiatives to enlist the resources of private firms.

In late 1981 Prime Minister Prem took a group of businessmen and economic officials with him to the United States, where he discussed economic plans with President Reagan. Visits of a series of high-level American teams to Thailand followed, beginning with a private sector group led by Mrs. Elise du Pont, assistant administrator of AID's Bureau for Private Enterprise, in February 1982. During the same year there were visits by a presidential task force on agriculture and a team of executives from a dozen major U.S. corporations travelling under the auspices of the Overseas Private Investment Corporation (OPIC). All these groups had the same basic objective: helping forge a more effective partnership between the government and the private sector.

One result announced before the end of 1982 was the formation of an "Institute for Management Education in Thailand" (IMET). Started with a grant of $1 million from USAID, to be matched by contributions from private companies in Thailand and the United States, the new unit will help train qualified managers of Thailand's economy. IMET will support the establishment of graduate courses in business administration at Chulalongkorn University, in addition to aiding established programs in this field at Tham-

Private Enterprise

Mrs. Elise du Pont is Assistant Administrator of the U.S. Agency for International Development (AID) and the leader of a Presidential task force whose visit to Thailand in February, 1981 identified the need and desirability of assisting management training in this country.

masat University and the National Institute for Development Administration (NIDA).

In a further move to stimulate business undertakings, USAID is providing $2 million to a loan fund to be operated by the Siam Commercial Bank. These funds, and a similar amount to be made available by the bank, will be used for loans to small-scale agribusinesses in rural areas.

One aim of U.S. facilitative support is to help promote investment outside of Bangkok. The United States is also seeking to assist companies that export and create jobs, both of which are crucial to Thailand's economic success.

Though there is now increased emphasis, U.S. support for the private sector here is not new. In 1965, USAID gave $2.9 million to the Thai government to help accelerate foreign private investment in Thailand by upgrading the government's ability to ease the process. During the same period, a separate $2-million loan went to the Industrial Finance Corporation of Thailand and a grant of more than $300,000 was made to the Board of Investment (BOI). U.S. technical assistance had earlier helped set up this investment promotion organization. In the 1980s, additional U.S. aid to BOI will help identify and analyze investment opportunities, organize promotional campaigns, and arrange business missions and seminars.

One goal is to attract American firms less experienced than the large multinationals in identifying investment opportunities. At the same time, these activities aim at assisting small and medium-sized Thai firms lacking the resources for extensive foreign contacts. U.S. funds will pay for the services of an investment specialist, a U.S.-based promotional firm to work with a Thai company, and several short-term consultants.

To help promote business-govern-

In late 1981 Prime Minister Prem Tinsulanonda took a group of businessmen and economic officials with him to the United States, where he discussed economic plans with President Reagan.

ment cooperation by providing better information and analysis, the United States will fund the addition of three full-time Thai analysts-planners as members of the Joint Standing Committee (JSC), which is made up of representatives from the Thai Chamber of Commerce, Thai Bankers Association, and the Association of Thai Industries. USAID will also finance studies made by these groups.

These U.S. government contributions are to facilitate the work of the private sectors of Thailand and the United States. Eventual success depends on the ability of Thai and American businessmen to make the most of these opportunities that can bring economic benefits to both Thais and Americans.

In the 25 years from 1956 to 1981, the member companies of the American Chamber of Commerce in Thailand increased from eight to more than 260. The growth is testimony to Thailand's economic progress as well as to U.S. confidence in the future outlook for Thailand.

In a speech to the American Chamber in December 1982, U.S. Ambassador John Gunther Dean said he was "bullish" or optimistic about Thailand's economic future. He said the country's "enviable natural and human resources base, strong infrastructure, well-developed financial system, and government committed to encouraging investment" all added up to a favorable climate for further economic growth. □

Indirect American Aid

This booklet describes nearly a billion dollars in direct American government assistance to Thailand, usually channeled through USAID or its predecessor organizations to units of the Thai government. Such direct bilateral cooperation is, however, only one part of the story of American support for Thailand's economic progress.

Not included in this counting of government activity, for example, is the role played by Peace Corps volunteers in this country. As of January 1982, when the 20th anniversary of the arrival of the first group of volunteers in Thailand was observed, more than 3,000 young Americans had served in Thailand, mostly in the rural areas. Others continue to come— about 160 were in the country in early 1983—and to make a real, if incalculable, contribution to Thailand's progress as well as to mutual understanding.

American military assistance has also had economic benefits—from construction of ports, airfields, and roads to training of thousands of engineers, pilots, logistics personnel, and managers.

In addition, the United States is a prime backer of international or multilateral institutions that have recently been playing an increasingly important role in helping Thailand modernize. The United States contributes about one-fourth of the budget of the World Bank and the Asian Development Bank (ADB), as it does of most United Nations activities. These two banks provided more than $800 million in loans to Thailand in 1981 alone, serving as a major source of the outside capital needed to finance large-scale development activities.

The growing role of these banks reflects Thailand's progress; as the country moves into the intermediate, semi-industrialized stage of modernization, it becomes better able to finance its plans on a loan rather than on a grant basis.

World Bank lending to Thailand for its 1982/83 fiscal years was set at about $700 million, primarily for agricultural, energy, and transportation projects. Announcing the record loans for Thailand during an October 1982 visit to Bangkok, World Bank President A.W. Clausen praised the Kingdom for its growth performance, good use of loan funds, and prudent debt management.

The new World Bank loans are in

As of January 1982, when the 20th anniversary of the arrival of the first group of American Peace Corps volunteers in Thailand was observed, more than 3,000 young Americans had served in Thailand, mostly in rural areas.

addition to the about $3 billion Thailand has borrowed from the Washington-based institution over the past three decades. Loans from ADB had totaled more than $680 million, as of 1982.

The World Bank, like USAID, is now placing greater emphasis on rural and social development projects which directly benefit the rural poor. Until about 1976, most World Bank loans were invested in large infrastructure projects such as highways and dams.

From 1976 to 1979, moving into new areas, the World Bank provided a total of $853 million in loans, of which 44 percent went to agricultural and social development projects. The balance of the loans was in more traditional fields such as telecommunications, electric and other power, highways, and transportation. The World Bank plans to bring the percentage of investments in rural and social development projects in Thailand up to 50 percent.

ADB lending, on the other hand, has financed various improvements in Thailand's infrastructure, particularly power generation, transmission and distribution, industrial credit, highways, Bangkok water supply projects, vocational education, and agriculture.

Some projects financed by the World Bank or the Asian Development Bank call for co-financing or cooperation from other donors. The United States has also helped in this regard, in addition to its share of the funds provided by the international banks. For example, the World Bank is providing about $45 million to support Thai government efforts to improve primary health care in rural areas. USAID has offered $5.5 million in supplementary funds for related training, research activities, and other technical assistance.

Similarly, the World Bank is lending $58 million to support a Thai government agricultural extension program. USAID is contributing $3 million directly for technical expertise and training. □

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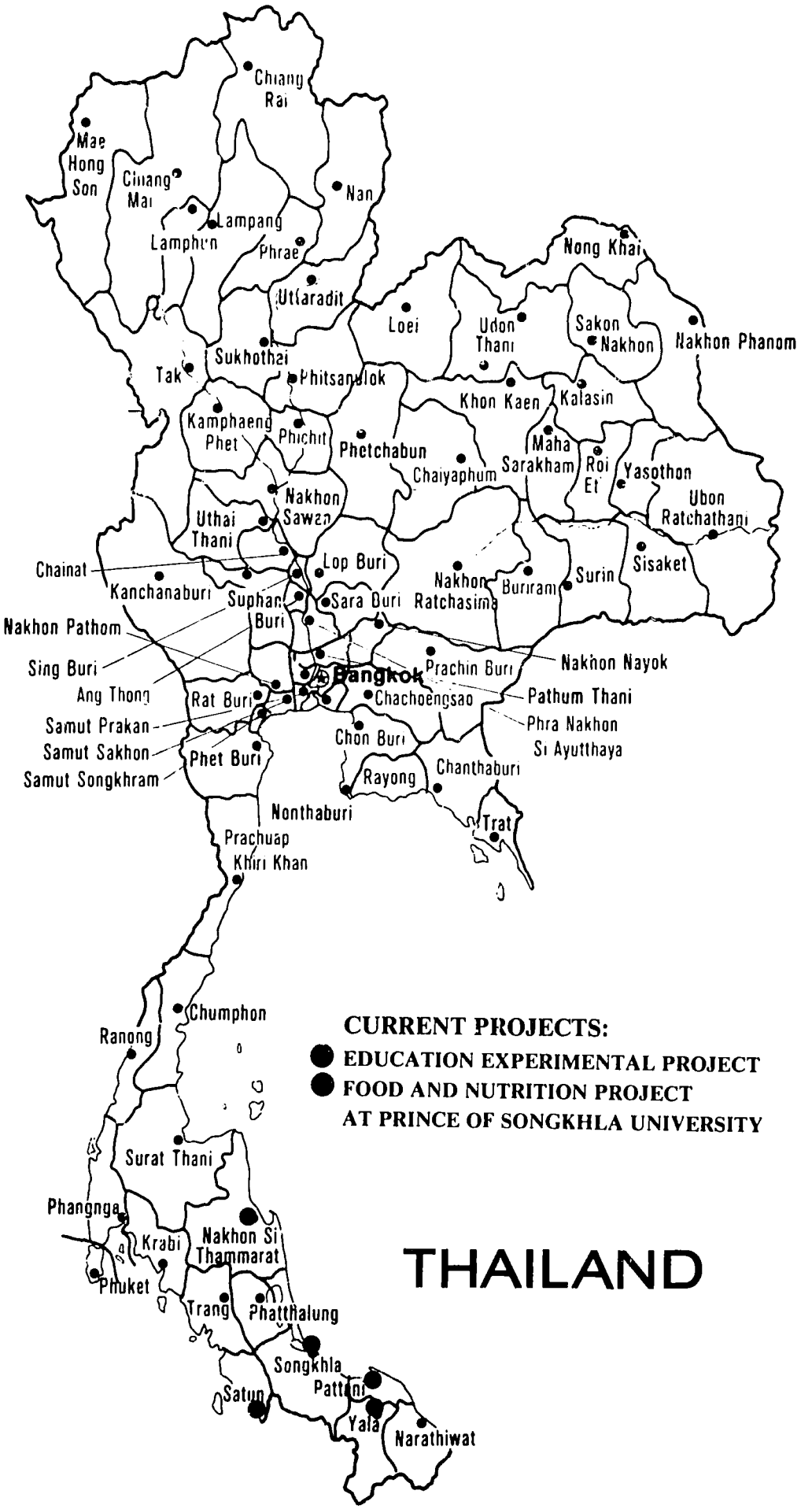
Chiang Rai
Mae Hong Son
Chiang Mai
Nan
Lampang
Lamphun
Phrae
Nong Khai
Uttaradit
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Udon Thani
Sakon Nakhon
Nakhon Phanom
Sukhothai
Tak
Phitsanulok
Khon Kaen
Kalasin
Kamphaeng Phet
Phichit
Phetchabun
Maha Sarakham
Roi Et
Yasothon
Chaiyaphum
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Nakhon Sawan
Uthai Thani
Chainat
Lop Buri
Nakhon Ratchasima
Buriram
Surin
Sisaket
Kanchanaburi
Suphan Buri
Sara Buri
Nakhon Pathom
Sing Buri
Ang Thong
Bangkok
Prachin Buri
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Samut Prakan
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Samut Songkhram
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Chon Buri
Phet Buri
Rayong
Chanthaburi
Nonthaburi
Trat
Prachuap Khiri Khan
Chumphon
Ranong
CURRENT PROJECTS:
EDUCATION EXPERIMENTAL PROJECT
FOOD AND NUTRITION PROJECT
AT PRINCE OF SONGKHLA UNIVERSITY
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Phangnga
Krabi
Nakhon Si Thammarat
Phuket
Trang
Phatthalung
THAILAND
Songkhla
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