

**Country Development  
Strategy Statement**

- AN UPDATE

**FY 1984**



**THAILAND**

January 1982

Agency for International Development  
Washington, D.C. 20523

BEST AVAILABLE

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AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

THAILAND

COUNTRY DEVELOPMENT

STRATEGY STATEMENT

- AN UPDATE

FOR FY 84

Submitted by  
USAID/Thailand  
January 1982

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SUMMARY STATEMENT

Following AID/W guidance, this submission is an update of our FY 83 CDSS. It reviews Thai economic performance in 1981, assesses the consistency of Thai Government (RTG) policy with development objectives, reaffirms the core strategy of our FY 83 CDSS but broadens it to encompass new initiatives of joint RTG/USG priority, and examines the fit of our strategy with the Administrator's goals for improved AID operations.

The main focus of our development assistance strategy continues to be the improvement of productivity and income of rural families engaged in rainfed agriculture - particularly in Northeast Thailand. Additionally, we propose new interventions related to the private sector, institutional improvement of RTG agencies with pivotal roles in development relevant to our core strategy, and scientific and technological development. Progress in these areas is critical to the success of the Fifth Plan. In each case, there is a striking coincidence of RTG interest in U.S. assistance with evolving AID policy to direct support to these areas.

The policy climate in Thailand is conducive to the strategy we have proposed. The Fifth Plan accords top priority to poverty alleviation, and the RTG is mobilizing domestic and external resources for a National Rural Poverty Eradication Program. Other policy initiatives to increase government revenues, rationalize government interventions in agricultural trade for the benefit of producers, improve land use and agricultural productivity, promote the role of the private sector, etc. provide a solid foundation for effective RTG/USAID cooperation in development along the lines described in this strategy statement.

## PART I. ANALYSIS UPDATE

### A. Thailand's Economic Performance in 1981

The Thai economy performed admirably in 1981, achieving a 7.8% growth in GDP vs. 5.8% in 1980. Agriculture had an especially good year, growing at 5.3% vs. 1.9% the previous year. 1981 was a year of abundant and timely rains which resulted in bumper crops for Thailand's mainstays: rice, maize, cassava, and sugar cane. The manufacturing sector, which holds a 21% share of GDP, grew by 8.4%, a substantial improvement over the 1980 mark of 4.8%.

Despite these impressive gains, both the agricultural and manufacturing sectors are currently troubled by excess capacity and temporary surplus stocks. During the first half of 1981, the export price for rice was buoyant, and both traders and Thai farmers profited. At year-end, the world price was down because of excellent harvests by both the traditional rice-exporters and several countries who are Thailand's principal customers. World prices dropped and markets constricted for maize, cassava, sugar, and rubber. Thailand's large textile industry, which exports 30% of its product, achieved sub-par growth as recessions in the U.S. and Europe curbed the purchasing power of these major buyers.

Thailand was able to reduce inflation from 20% in 1980 to 13-14% in 1981, confounding some pessimistic forecasters. The RTG contributed by holding down government spending and restricting the money supply. Other factors were a good agricultural year which limited the increase in domestic food prices to 10% in 1981 vs. 18% in 1980, the worldwide semi-recession which restrained "exported" inflation by western economies, and high domestic interest rates which induced firms to

release substantial inventories into the market.

The most troublesome area for the Thai economy was foreign trade. The trade deficit, which had quadrupled from \$700 million in 1974 to \$2.8 billion in 1980, registered another increase in 1981 to nearly \$3.0 billion. Export growth slowed to 14.2% vs. 20% over the past two years, despite the strong performance of rice which achieved record highs in both volume and earnings before tailing off towards the end of 1981. The value of imports increased by 13.4%. While in the past, trade deficits were largely compensated (even surpassed in some years) by net inflows of capital, this trend was opposed in 1981 by relatively higher foreign interests rates and a hesitancy by foreign businessmen and bankers to convert foreign exchange for the overvalued baht. As a result, the balance of payments current account deficit remained high, roughly 6-7% of GDP, putting a strain on Thailand's international reserves. Official foreign reserves at the end of September were equivalent to only 3.7 months of current imports, cause for alarm to Thailand's economy-managers. To shore up its reserves, Thailand concluded a Stand-By Agreement with the IMF for \$945 million, and received a \$212 million low-interest loan from the IMF's Compensatory Financing Facility. Another cause for concern was the increasing dependency on foreign borrowing to finance the current account deficit. External debt rose from 8.7% of GDP in 1974 to 18% in 1980. The public sector's debt service ratio has risen sharply over the last ten years, but is still within tolerable limits at 7-7.5%. This is lower than the 9% legal ceiling of the RTG and, relative to many other developing countries, reflects more prudent debt management.

Thailand devalued the baht by 9% in July 1981, partly to correct the imbalance in foreign trade and also to counter an increasing speculation against the baht in foreign exchange markets. While a definitive assessment is still being made, recent figures released by the Bank of

Thailand suggest that the devaluation is achieving its objectives. During the first half of 1981, the value of exports increased over 1980 by only 8%, while imports rose 19%; the post-devaluation figures (second-half 1981) are a 23% hike for exports and 9% for imports.

For the first time in years, the burden of oil imports on the Thai economy began to lessen. Increases in domestic oil prices resulted in reduced liquid oil consumption during the first nine months of 1981. Similarly, higher power rates held the use of electricity to only a 4.8% increase, far below the average increase of 14% over the past ten years. Even so, the value of fuel and lubricant imports registered a 12.5% rise for the first nine months of 1981 over 1980. The outlook for 1982 is positive as a modest world petroleum glut promises stable prices. More importantly, natural gas from Union Oil's Gulf of Siam wells went on line in October 1981. Prospects are that the availability of natural gas will reduce fuel oil and gasoline imports in 1982 by 12% of this year's figure. Further, two concessionaires have announced discovery of commercially viable energy deposits on-shore: Shell Oil has found oil at a drilling site in the lower North and ESSO, a natural gas deposit in Khon Kaen Province (Northeast). The size and commercial quality of these deposits are being assessed.

The Royal Thai Government imposed restraint on government spending which was partially successful. However, revenue collections attained only 77% of the target during the first ten months (vs. 83% in FY 80). Consequently, the budgetary deficit for FY 81 is expected to approach \$800-900 million, with a further rise in FY 82. Part of the reason for revenue shortfalls was the decline in earnings from export duties, as the RTG liberalized foreign trade in order to boost prices and sales of farm products.

One of Thailand's prime economic objectives for 1982 will be to reduce its current account deficit to a level sustainable over the

long-term - in the neighborhood of 2.5% of GDP, and also reduce its rapidly increasing dependency on foreign borrowing. It will aggressively seek new and expanded markets for Thai products, particularly accumulating stocks of agricultural produce, and use incentives to promote a greater export orientation within Thai industry.

## B. Policy Framework and Reform

### 1. The Blueprint - Fifth Plan Priorities

The Fifth Five-Year Development Plan, covering the period FY 82-FY 86, highlights the following objectives:

a. Reduce absolute poverty and accelerate rural development in backward areas - to carry out this objective, the RTG initiated the National Rural Poverty Eradication Program (RPP). The program will direct resources to 246 selected districts (60% in the Northeast) considered high poverty concentration areas, with the aim of raising the overall living standard to at least subsistence level and providing minimum basic services. The Fifth Plan projects an RTG budget of roughly \$300 over five years for the RPP: \$27 million is already allocated for FY 82. Additional resources will be sought from foreign donors, including ESF support from AID. Initial implementation of the RPP will be carried out in the form of 16 project types within three operational sub-programs, categorized as village level activities (fish ponds, buffalo banks, etc.), basic services (village potable water, nutrition, etc.) and productivity (soil improvement, highland rice, etc.). The RPP has been given high visibility by the RTG, frequently enjoying equal billing with improved economic management and increased productivity in the industrial and agricultural sectors.

b. Maintain economic and financial stability - trade and current account deficits should not exceed \$2.7 billion and \$1.8 billion, respectively, during the plan period and external public debt should not exceed \$97 billion by 1986 (public debt service of 7.4% in the last year of the plan). Annual operational plans will aim at the expansion of exports by 22% and slow-down of imports to 17% per year. Through a combination of restraint on government expenditures and increased central government revenues (from 14% of GDP at present to 18% by 1986), the budget deficit is to be lowered from an average 2.7% of GDP which characterized the Fourth Plan to 1.1% during the Fifth Plan. Through rational pricing policy and energy savings measures, the RTG will reduce the annual growth rates of energy consumption and oil import volume to 5.7% and zero, respectively.

c. Restructure the production process in the agricultural and industrial sectors - policy will be introduced to accelerate the expansion of exports, create additional employment, and for the industrial sector, decentralize economic activity and growth. To strengthen the industrial structure and stimulate growth of manufactured exports, the RTG will actively promote export-oriented industries, reform the protective structure favoring import-substitution industry, rationalize the system of investment incentives, and improve the system for evaluating large-scale industrial projects.

The hub of new industrial activity will be the Eastern Seaboard where an 8,000 acre industrial zone is planned for the Rayong area 150 kms. southeast of Bangkok. The basis for this industrial development will be Thailand's offshore natural gas resources. The gas pipeline is already on-stream and construction of a gas separation plant is near the implementation stage. An ethylene cracker plant will be

built with RTG participation to provide cheap, high-quality feedstock for a wide variety of plastic products. The RTG is negotiating agreement with a Scandinavian firm to construct a chemical fertilizer plant, using methane processed from the natural gas. The RTG estimates that this industrial complex will require more than \$5 billion over the next ten years, with 75% in the form of private investment. Basic infrastructure, including rail and port facilities, power and water supply, will be developed by the RTG over the next 2-3 years at an estimated cost of \$1 billion.

In the agricultural sector, the Plan acknowledges that Thailand can no longer rely on expansion of land under cultivation to increase production. Its top priority is to improve production efficiency, with increases in yield-per-rai targetted for all major crops. Other priorities are to improve land and water use in irrigated areas, land improvement in large tracts of acid and saline soils, expansion of agricultural credit with improved access by low-income farmers, and strengthening of farmers' institutions. In the marketing area, the Plan calls for investment in basic marketing facilities to increase farmers' bargaining power and restructuring government market interventions in order to increase farm-gate prices.

## 2. Structural Adjustment of the Thai Economy

In December 1981, the World Bank and the RTG reached agreement on a \$150 million Structural Adjustment Loan (SAL), which "will provide foreign exchange to help finance the continuing current deficits which will occur while the Government implements an agreed medium-term program aimed at a substantial reduction in these deficits (foreign trade and current account) as a share of GDP". The agreed program covers five major areas of the RTG's Fifth Plan: agriculture, industrial

development, energy use and development, fiscal policy, and government institutional development. In part, the SAL represents IBRD acknowledgement and approbation of policy measures introduced by the RTG in 1981, e.g., large increase in gasoline and power rates which, for the first time passed on full costs to the consumer. The SAL also calls for resolute action by the RTG on numerous problem areas and detailed studies where policy options are not clear.

In agriculture, the SAL is directed towards (a) a rational land use policy, including classification of land suitable for cultivation, and improved titling/certification procedures to assure security of tenure for farmers and (b) rationalization of Government interventions and restrictions in export trade for agricultural commodities, to increase incentives to producers. In industry, the SAL supports the RTG's intentions to reorient its incentive structure to favor exports vs. import substitution, increase labor use vs. capital intensity, and decentralization of investment instead of continued, heavy concentration around Bangkok. In energy, the SAL is concerned with appropriate pricing and taxation policies, energy conservation, and further development of indigenous energy sources. In fiscal policy, the SAL calls for modernization of the government's tax structure to place greater reliance on direct taxes as opposed to its current dependence on indirect taxes - which include taxes on foreign trade. In institutional reform, the SAL supports continuing efforts by the RTG to improve its budget and planning systems and coordinate them more effectively to advance development objectives, establish an independent policy research and analysis center and strengthen the organization, management and compensation of the civil service.

### 3. Recent Policy Actions - the Litmus Test of Commitment

#### a. Agricultural Sector

The RTG has traditionally intervened in the foreign trade of agricultural commodities with a bewildering array of instruments which include export premiums (on rice especially), export licensing, quotas, minimum price levels, reserve stock requirements, etc. These policy instruments served to avoid commodity shortages in Thailand in years where it enjoys a seller's market in world trade, and concomitant domestic food price increases and inflationary pressures. They also provide substantial revenues for Government operations. These measures have inevitably resulted in lower farm-gate prices than would have prevailed in a free market situation.

There have been persistent arguments by academics and within the Government that such interventions were unwarranted and should be abandoned, particularly the rice premium. A 1981 report commissioned by the NESDB on "Agricultural Marketing and Pricing Policies" (in preparation for the Fifth Plan) reinforces these arguments. Accordingly, the IBRD sought, unsuccessfully however, to include agreement on removal or diminution of some of these restrictions as part of the negotiation of the SAL. There was still too much controversy within the Government, and particularly the Ministry of Commerce, over the advantages and disadvantages of the export measures.

World market changes in the last half of 1981, induced the policy changes which theoretical reasoning could not. Excellent rice and maize crops in numerous countries, both traditional exporters and importers, reduced the demand and price for Thai exports. Domestic

stocks began accumulating rapidly: rice stocks rose from 1.5 million tons at year-end 1980 to 1.8 million, and are expected to rise further to 2.6 million over 1982; maize stocks increased from 87,000 tons to 200,000 tons from 1980-1981. In early December, the RTG announced several measures to liberalize export trade of these two commodities. Minimum export prices were eliminated for both crops, the rice reserve requirement on exporters was reduced 50%, and the quota system on maize abolished. These "relaxations" of government intervention will remain in effect until the end of 1982. Almost immediately, local prices for rice and maize began to rise, and exporters began to locate new buyers. One Commerce Ministry official estimates that the December decision, coupled with progressive reductions in the export premium on rice had halved the effective export tax on rice over the last year. The rice export premium itself, once as high as 5,100 baht/ton in 1974, was set at 700 baht/ton in October 1980, and further reduced to 400 baht/ton in October 1981). These developments augur well for the rationalization of agricultural export policies called for by the Fifth Plan and the IBRD's SAL.

The RTG continues to give high priority to price support programs for major economic crops, particularly rice. The Government vastly improved its support scheme in 1981, by greater involvement of private trading firms in purchasing rice at the guaranteed price, with rediscount facilities at the Bank of Thailand for commercial bank loans in support of the scheme and for stockpiling of paddy by the Public Warehouse Organization. However, the down-turn in world prices for rice in late 1981, rendered the announced price support levels (250 baht higher than the levels in 1980) unattainable. Recent local market price increases as a result of the December relaxation of trade restrictions have helped. As always, it is still questionable whether the price support schemes provide much benefit to low-income agricultural areas where market access and credit availability are more limited and storage facilities are inadequate.

A second issue of major importance for Thai agriculture is effective land use. A land policy study, commissioned by the NESDB and financed by AID, was completed in May 1981. It broadly identified areas presently classified as forest reserve which were suitable for agricultural use, and recommended RTG policies/programs to promote land development and more productive land use. The RTG will carry out detailed land use and suitability surveys of target areas throughout the Fifth Plan period, with the objective of reclassifying all forest reserve areas appropriate for agriculture by 1986, and issuing land-use certificates that assure security of tenure and access to credit.

The RTG continues to accord top priority to improved performance of the national agricultural research and extension projects, in an effort to develop and diffuse higher-yield crop varieties and farming practices. The extension program, initiated in 1977 with the aim of placing well-trained extension workers at the township level for the first time, is currently being implemented throughout Thailand. Qualitative improvements are now being planned. The National Agricultural Research Project, initiated in early 1981, will significantly strengthen a network of 20 regional research stations, decentralize research operations, and place more emphasis on multidisciplinary research, the problems of rainfed agriculture, and farming systems. It is off to an excruciatingly slow start because of organizational and RTG budgetary problems. However, the RTG recently reaffirmed the importance of the project and directed the MOAC to expedite implementation. Both the research and extension programs are highlighted in the RTG's list of priorities under the program budgeting instructions for 1983.

b. Industry

The RTG has already initiated action to achieve the Fifth Plan objectives for the industrial sector. In September 1981, it appointed a committee to review the operations of the Board of Investment and prepare a phased program of reform of investment incentives. Probable recommendations will include streamlining the process for granting promotional privileges and revision of the incentive structure to favor export development, labor-intensive industry, and investment outside Bangkok. Similarly, the RTG has carried out studies of existing tariffs and will formulate a program to reform the protective structure by mid-82, with an emphasis on lowering tariffs on the high side to a maximum of 60% and raising low tariff rates to a minimum of 5-10%. For export promotion of industrial products, the RTG is putting a new Export Tax Refund Act into operation and improving the efficiency of the Customs Department, with technical assistance from the IMF. An Export Development Fund is proposed by June 1982, and ten additional bonded warehouses (vs. 15 at present) will be established. Finally various institutional improvements will be made to assure competent economic evaluation of large industrial projects in the future. A Center for Integrated Plan Operations has already been established to coordinate infrastructure development for the Eastern Seaboard Industrial Zone and plans for public sector/private sector investment.

c. Energy

Between March 1979 and April 1981, the RTG increased power rates by 124% and average petroleum prices by 120%. These politically unpopular decisions were necessary to restrain consumption at a time when oil constituted 75% of total energy consumption and petroleum imports were equal to one-half of Thailand's export earnings. The power rate

increase also permits sound financial management by the Electricity Generating Authority which heretofore had incurred huge operating deficits.

The RTG is currently carrying out numerous studies on energy development, and the results will be incorporated in a medium-term energy strategy by the National Energy Administration.

d. Reform in Public Sector Institutions

Since March 1980, a team of consultants from Public Administration Services (PAS), financed by AID, have worked with the Budget Bureau (BOB) to improve and streamline budget operations to facilitate implementation of government policy. Accomplishments to date include: preparation of the FY 82 budget following sectoral (ministerial) allocations which were established by the Cabinet on the basis of recommendations by BOB and the NESDB; introduction of capital budgeting concepts and procedures in the FY 82 budget (which will for the first time identify full budget-year costs and recurrent budget requirements for a project); and inauguration of a program budgeting process on a trial basis with the MOAC and Ministry of Education in FY 83. The PAS consultancy is being extended and expanded, again with AID financial support, to implement recommendations to improve the allotment system and decentralize authority for approving budget transfers, and to assist with government-wide application of program budgeting principles. The consultancy will also assist the NESDB to establish a rolling, three-year development investment plan, a uniform project preparation and appraisal system, and a project monitoring and evaluation system. PAS will also develop recommendations for improved organization and management of the NESDB, and assist with operational improvements within the Controller General's Office and the Auditor General's Office.

The RTG further proposes to establish an autonomous policy research and analysis center, to be called the Thai Development Institute, with financial assistance from the IBRD under SAL, and possibly from AID.

e. Decentralization

During the past year, the Royal Thai Government has made significant strides in two major aspects of its decentralization process: devolution of authority from Bangkok to lower levels of the central government administration, and deconcentration of authority to local government entities.

Devolution of authority: In FY-81, the government issued orders which increased the authority of the provincial governor to review and approve budgets for development activities within his province. Based on the limited experience of 1981, the system was further streamlined by an order of the Prime Minister on October 1, 1981, which provides:

- Line agencies of the central government are required to delegate authority to the provincial governor for contracts associated with development activities within the province.
- Line agencies of the central government are likewise required to delegate to the governor all existing authorities to effect transfer of funds between budgetary allotments for development.
- All development plans for activities to be executed within a given province must be reviewed by the governor for consistency with the provincial plan.

- All development funds from the central government destined for expenditure in a given province are transferred directly to that province's treasury, where in aggregate they constitute the provincial budget account.

Deconcentration of authority to local government:

Continuing a trend of recent years, recent government actions have reinforced the key role of the tambon (township) council in local development. The Rural Employment Generation Program (EGP) will again provide national grants for execution of small scale development activities under the authority of the tambon council. In this third year of the EGP, it is clear that the tambon council is responsible for program implementation, and the role of the district office has shifted from one of management to that of carrying out support functions, i.e., budgetary releases and advice on technical soundness. The National Poverty Program initiated in 1982 will follow a similar approach. The District Office and tambon council will make the selection of participating villages, subprojects and sites and coordinate with central technical departments operating in their districts in implementing sub-projects.

The passage of time, elaboration of policies and programs, and style and pace of development in local communities makes us increasingly convinced that decentralization in Thailand is far more than in-vogue development rhetoric. Evidence of real commitment is found in continuing support for budget authority at the Governor's office, provincial planning, local discretion under EGP and RPP, etc. The next important step will be to increase the revenue generating capacity of local government and discretion over disposition of those revenues. There are strong pockets of support for this concept in the RTG, but it

has been hard to introduce effective policies. The best prospect to date is a proposal now under review by the Cabinet, to increase the Local Development Land Tax by 5-10 times over the currently low level of roughly \$0.50/acre, with 80% of such revenue remaining with the tambons for locally determined use.

f. Private Sector in Development

The Role of the Private Sector in Thailand

Thailand is without question a private enterprise economy, with private sector investment and activity dominating all economic sectors. Public policy endorses this preeminent role for the private sector, and depends upon it for the attainment of economic growth targets, e.g., the Fifth Plan projection that three-quarters of the enormous investment for the Eastern Seaboard will come from the private sector. At the same time, the RTG obviously seeks to influence or direct private investment decisions in ways that support the national development strategy. Various instruments are applied: licensing, investment incentives for export-oriented manufacturing or location outside of Bangkok, regulations that require commercial banks to extend agricultural loans (non agri-business) equivalent in value to 13% of time deposits, etc. Influential businessmen traditionally hold key cabinet portfolios and shift back and forth between government posts and executive positions in prominent private firms.

Despite the vibrancy of the private sector in the Thai economy, foreign investment has played a surprisingly small role in recent Thai development. According to an American Chamber of Commerce Country Paper for Thailand in 1981, direct foreign investment amounted to only 2% of gross fixed private capital formation during the last half of the 1970's.

The Fifth Plan makes frequent reference to the role of the private sector, in expanding manufactured exports; in providing inputs, credit, and marketing for the more prosperous, commercialized agricultural areas; in creating a new industrial zone and growth center in the Eastern Seaboard. To advance these Plan objectives, the RTG established a Public Sector-Private Sector Consultative Group to share information and identify/resolve problems in government-business relations. In the fall of 1981, this group organized five seminars to discuss the growth potential, constraints, and necessary incentives for ten industrial groups. A similar seminar was held on agribusiness opportunities.

Finally, the RTG is enthusiastic about the possibility of AID financial and technical assistance in promoting private sector activity in line with the Fifth Plan. Accordingly, a sub-committee of the Public Sector-Private Sector Consultative Group has been designated to work with the AID Reconnaissance Team on the private sector in early February, the subsequent OPIC trade mission, and project design efforts. Through such a project, the RTG expects to promote increased U.S. private investment especially, to serve its needs for foreign capital inflow and U.S. technology. Indicative of this strong interest was Prime Minister Prem's October 1981 visit to the U.S. to acquaint businessmen with the investment climate and opportunities in Thailand.

## 2. RTG Policies Affecting Private Sector Decisions

Factors encouraging private investment in Thailand are the government's predisposition in favor of the private sector, the RTG's generally commendable performance in managing the economy (the October 1981 issue of EUROMONEY listed Thailand eighth in overall economic performance during the period 1974-81, ahead of the U.S., Japan, and

several European countries), the consistency of government policy despite turnovers of the government every 2-3 years on the average, and favorable policies towards profit-taking and repatriation of profits.

Despite these positive indicators, there are also restraining influences, listed in order of their probable importance: adverse taxation policies, bureaucratic delays, and inconsistency of investment incentives. Tax rates on corporate profits are high compared to several other Asian countries. Even after a reduction in April 1981, there is still a net 52% tax on profits remitted overseas. One of the contributing factors is the RTG's reliance on indirect taxes, including business taxes, for revenue. In order to lessen the tax burden on businesses, the RTG will need to increase its taxes on personal income and inheritance, as well as improve its collection effort from current tax evaders. Other major irritants are legal provisions which permit the Customs Department to levy retroactive taxes on imported goods, sometimes as far back as ten years, and the Revenue Department to make retroactive assessments of business taxes. During his U.S. trip, the Prime Minister acknowledged these problems and cited recent government actions to reduce taxes and use of retroactivity in order to promote investment.

The RTG's slow decision-making process on investment approvals is another deterrent, resulting in substantial cost increases beyond the time of an initial feasibility study and frequently requiring an updated assessment. Finally inconsistent incentive policies, either in their formulation or their application are troublesome. A recent example was the RTG decision to hike the minimum wage in several regional locations to the same level as Bangkok. One result was closure of a gunny bag factory in Nakorn Rachasima (Northeast Thailand), with 2,000 workers laid off.



the \$500,000 level that had prevailed in the past several years. All expectations are that this higher level will be maintained or increased in future years, evidence that for the first time, the RTG is ready to bear the major responsibility for contraceptive funding - rather than foreign donors. The decentralization theme appears increasingly well-chosen as RTG policies and action during 1981 provided evidence of their continued commitment to increasing the authority and development involvement of local administration and communities. Private sector initiatives of AID find a responsive chord within the RTG, with top RTG leadership eager to proceed with a U.S. assisted program to promote private sector investment as rapidly as possible. Proposed AID activities to strengthen RTG capabilities in policy, planning and analysis and strengthen Thai institutional capabilities in science and technology emanate from the Fifth Plan and expressions of interest from the RTG.

Finally, the intention of the RTG, under the Fifth Plan and the SAL, to increase government revenues through a broadened tax base and better collection efforts, if realized, should assure sufficient resources to proceed with a balanced program of economic growth and poverty alleviation. Without this additional revenue generation, in the context of conservative economic management, the ability of the RTG to follow through on meaningful efforts in low-income rural areas would be in doubt.

## PART II. AID STRATEGY

### A. Overall Program Strategy

USAID's primary goal during the CDSS period will be the attainment of the first objective of the RTG's Fifth Plan: "to reduce absolute poverty and accelerate rural development in backward areas". In addition, USAID will pursue other goals which have discrete, plan-related justifications but also contribute to the primary goal of poverty alleviation. These are:

- further reduction of the population growth rate which will result in savings on future development resource needs and, in low income areas, reduce the pressure on available land and food supplies;
- enhancement of institutional capabilities within the Central Government and at local levels in planning, management, and technological adaptation; and
- enlargement of the role of both indigenous and foreign private sector in advancing the RTG development strategy.

### B. Program Concentration

Consistent with the primary goal, much of USAID's program will be concentrated on the agricultural and rural development of Northeast Thailand. The Northeast contains over 50% of the Thai population living in absolute poverty, and roughly the same percentage of the 30 million Thais who meet AID's broader definition of the poor majority. Moreover,

of 246 districts identified as relatively poor under the RTG's Rural Poverty Eradication Program, roughly 60% are located in the Northeast.

While we expect that the largest share of AID resources during the CDSS period will be directed to the Northeast, financing of activities for the three other goals listed above will have a nationwide orientation. Any further program concentration would not be responsive to strong expressions of RTG interest. Thailand is in the transition phase from developing country to AID "graduate". It has well-defined development assistance needs and for each goal listed above, a conviction that the U.S. has a comparative advantage in meeting those needs. Furthermore, many of these RTG interests find their counterparts in evolving AID policy: policy planning and reform, technological transfer, promotion of the private sector. At this stage in U.S.-Thai relations, we believe there is ample justification for broadening our program to encompass these mutual, special interests while maintaining a core program of agricultural and rural development.

It should be noted that Reduction of Child Morbidity and Mortality, one of the four program areas emphasized in USAID/Thailand's 1983 CDSS, has been deleted from this strategy. The principal reason was AID/Washington's decision during last year's ABS review to defer indefinitely any new USAID initiatives in community water supply/sanitation and village nutrition in the interest of further program concentration. Given reduced budget levels, continued staffing stringencies, and the emergence of new, pressing RTG program interests, we have decided to forego any new activities in the public health and nutrition area. We should add that the RTG maintains a strong interest in USAID support for such activities, but given the circumstances described above, will have to seek other sources of assistance.

### C. Sub-sector Strategies

1. Rainfed agricultural intensification in Northeast Thailand -  
Past increases in Thai agricultural production have primarily resulted from steady expansion into new land areas. The limits of this arable land frontier have been reached. In order to achieve plan targets for agricultural growth, the Royal Thai Government must now place more emphasis on agriculture intensification, through improvement of productivity of the existing land base.

The area most resistant to intensification and most severely affected by failure to do so will be the Northeast. Over the last decade, portions of the Northeast have increased their farm areas by almost two-fold. This rapid crop area expansion resulted in the further depletion of already low soil nutrient levels. Low rainfall coupled with periodic unpredictable flooding and drought have caused extreme variability in crop yield. Crop yields in some areas are declining or barely keeping up with population growth. Soil erosion is widespread and livestock herd levels are declining. Farmers, particularly those under rainfed conditions (which include about 90 percent of the producers), continue to use low levels of technology and traditional cultural practices. At the same time, it is recognized by the RTG and confirmed in the AID-financed studies for the Northeast Rainfed Agricultural Development Project (NERAD) that there is significant potential for increasing small farmer productivity and reversing stagnating production trends for farmers cultivating under rainfed conditions.

Linked carefully with Fifth Plan objectives, the Mission's highest priority program will be to support activities which increase

productivity and income in rainfed agriculture. The recently approved NERAD Project serves as the cornerstone project for implementation of this long-term strategy. NERAD begins with recognition of the diversity of agro-ecological conditions found in the Northeast. It will work in eight tambons (townships) representative of these various conditions, supporting site-specific research and crop demonstrations. NERAD will also assist in improving service programs of MOAC departments operating in the participating tambons. It is anticipated that by year two of NERAD, certain technologies suitable for broader replication throughout the Northeast will be available. At the same time, some new rainfed technology options have been proven but not widely disseminated: some 13 crop modules for the Northeast have been developed, IRRI has 12 rainfed varieties ready for application, USAID's Seed Development Project has developed a range of improved field crop varieties, and improved soil/water conservation and livestock production practices are available.

A Rainfed Agricultural Intensification Project (RAI) planned for FY 83 will be the second major step in AID's support for rainfed agriculture. This project will direct resources towards institutional strengthening of the key departments within the MOAC charged with responsibility for intensifying rainfed agriculture development. Whereas NERAD introduces site-specific farming systems techniques, RAI will strengthen the capabilities of national service and support programs to develop and extend appropriate rainfed agricultural technology throughout the Northeast.

As a broader range of acceptable technology options are developed under NERAD and as improved institutional performance results from RAI during the latter part of the CDSS period, it is anticipated that the foundation for a much larger sector-type USAID project in rainfed agriculture will be in place.

Characteristic activities under this program heading will include:

- stabilization and improvement of the physical resource base (soil, woodland, and small-scale water resource development);
- research and introduction of new high-yielding crop varieties and cropping systems adapted to site-specific conditions;
- further diversification from rice monoculture to income-producing cash crops;
- introduction of more productive technologies in non-crop farm enterprises such as aquaculture and animal production;
- improvement of distributional efficiencies in production inputs (e.g., seeds, fertilizer, credit, animal vaccines) required for rainfed agriculture;
- expanded market opportunities and farmer bargaining power through improved on-farm/off-farm crop storage techniques, provision of local market infrastructure, and timely market information.

Special AID concerns: Much of current RTG policy is conducive to success in this program area: emphasis on poverty alleviation, agricultural intensification, improved land use and land security,

increased credit availability, price support for major agricultural crops, improved seed production and distribution, etc. As discussed in the analysis section, pricing policy has worked to the disadvantage of farmers in the past, but the RTG has recently modified this policy to provide increased incentives to farmers and traders. Further, the RTG seems predisposed to minimize production-dampening interventions in agricultural trade in the future. The World Bank will continue to press hard for producer-oriented pricing policy, and we see no need for direct USAID involvement in the IBRD-RTG dialogue.

We are concerned about improving the technology development and diffusion process, including decentralization of the agricultural research program, increased relevance of research to farmer - perceived needs, and more effective cooperation between the research and extension networks. USAID's RAI Project will assist the RTG in effecting these program improvements. Prior to RAI, a Cancun Agricultural Task Force will assess Thailand's current system for technology generation and diffusion and offer recommendations which can be incorporated in RAI.

Similarly, there is need to expand market opportunities and increase market access for farmers in the target areas of the USAID program. Much of this can be accomplished within Thailand. Again, a Cancun Agricultural Task Force will analyze the structure and problems of domestic agricultural marketing and recommend ways to improve the marketing system to provide economic incentives for farmers to increase production.

The key institutional roles in rainfed agricultural intensification belong to the MOAC, and particularly line departments

like the Department of Agriculture (research), Department of Agricultural Extension, Department of Land Development, etc. AID's assistance will primarily be directed towards upgrading the institutional capabilities of these departments and improving the relevance and performance of existing service programs. On a Ministry-wide basis, USAID will provide assistance in strengthening planning and management skills, including the ability of regionally-based centers to manage multi-departmental projects like NERAD. Technology transfer is a vital element of the AID effort in this program area, as discussed above on technology development and diffusion. AID assistance will, inter alia, strengthen linkages between the MOAC and international agricultural research institutes, U.S. agricultural agencies like the Soil Conservation Service, etc. Finally through Title XII, we will continue to promote close collaboration between MOAC and U.S. agricultural universities as with our Agricultural Planning Project, NERAD, and proposed for RAI.

There are also ample opportunities for the private sector to contribute to RTG/USAID objectives in this program area, even though Northeast rainfed agricultural areas offer less profit potential than more commercialized agricultural areas like the Central Plains. The private sector obviously is key in input supply and marketing. It could play a more useful role in dissemination of technology and marketing information, if properly motivated. An apt example is Adams Tobacco International, which has made a success of an integrated program of input supply, extension, and marketing for tobacco production in a low-income area of the Northeast. Others, in association with commercial banks, manage agricultural settlement schemes which are profitable for the firm, beneficial to participating farmers, and offer the farmers eventual land-ownership as an additional incentive. USAID will explore ways to associate such private sector interests and technical/managerial contributions with our efforts in rainfed agricultural intensification.

## 2. Reduction of fertility rates

Thailand's approximate 2% population growth rate is in the median group for Asian countries and unless further progress is made, the population will double in 35 years to 90 million. A slackening of the currently intensive Thai family planning efforts would be calamitous. The RTG recently established a goal to reduce the population growth rate to 1.5% by the end of the Fifth Plan period. To accomplish this goal, more widespread efforts to provide safe, effective contraceptive methods, both permanent and temporary, must be encouraged. Chronic problem areas, e.g., isolated rural communities, and special groups, such as urban slum-dwellers, young married couples, and teenagers, must be given greater attention. In addition to improved and expanded contraceptive services, further decline in fertility will be dependent upon the success of government efforts to affect norms regarding family size through direct motivational programs and indirectly by acting on important socio-economic correlates of fertility (e.g., education, income, and female employment).

AID will support new and continuing elements (described below) of the NFPP, particularly targeted on the least developed and most poorly served areas which will help in the achievement of the Government's population targets for 1986.

On the supply side, AID will:

- Based on a systematic analysis of the factors affecting performance, support the implementation of a strategy to increase contraceptive use in low performance provinces and districts;

- Provide commodity support and technical assistance needed to train, deploy, and monitor the use of auxiliary midwives to insert IUD's at the sub-district level;
- Support the design, implementation, and evaluation of alternative community-level family planning information and contraceptive delivery systems;
- Support RTG efforts to become more self-sufficient with regard to contraceptive supplies by assisting in making improvements relevant to contraceptive planning, budgeting, procurement, and logistics;
- Continue to provide contraceptive supplies and institutional support for voluntary surgical contraception, but at gradually reduced levels;
- Continue to support and encourage the participation of private sector agencies in the delivery of family planning information and services.

On the demand side, AID will support:

- The development of an information, education and communication strategy designed to reach specific target groups (e.g., younger, lower parity couples) and directed more toward affecting fertility behavior.
- Research to include the study of policy-relevant determinants of fertility, integration of population variables into

development planning, analysis of policy options which affect fertility, and possible funding of small-scale community incentive experiments.

Special AID concerns: Institutional development is a prominent feature of USAID's new Population Planning II Project. It will include an effort to fully institutionalize the availability of IUD and VSC services at the sub-provincial level. The project will also improve RTG capabilities to manage contraceptive supplies, and to monitor and assess program performance. Primarily through AID-financed intermediaries, we will continue to work closely with the Thai medical community in introducing new contraceptive technology (e.g., new surgical techniques for VSC and new types of IUD's) and studying issues related to contraceptive safety and effectiveness. In support of the stated RTG policy, private sector organizations involved in population planning will also continue to receive AID support, both through intermediaries and for the first time through our bilateral project. Through a new social marketing initiative, AID and RTG counterparts will work closely with the private sector in developing and implementing a system for delivery of contraceptives through commercial channels. This initiative is intended both to extend contraceptive availability and to create a delivery system which will be partially self-financing.

3. Enhancement of local administrative role and capabilities in rural development.

In the last few years, the Thai Government has channeled a significant level of funding to rural areas through various programs to stimulate tambol/village development. In the Fifth Plan, the Government re-emphasized its intention to decentralize development responsibilities to local authorities as well as to strengthen the capability of rural

organizations (i.e., Tambon Council) to undertake local development.

As stated in the analysis section, we believe the RTG is seriously committed to decentralization. However, recent efforts have been characterized by various procedural and technical problems which have denied villagers the fullest benefits from these efforts. Specifically, the programs have had the following weaknesses:

- faulty selection, siting, design, and construction of small-scale rural infrastructure thereby restricting benefits primarily to short-term employment and wage opportunities;
- cumbersome procedures for project approval and allocation of funds which inhibit timely planning and execution of projects;
- inadequate local capabilities in development planning and administration;
- lack of technical supporting services for effective project design and implementation; and
- inadequate provision for maintenance.

Accordingly, under this program heading, AID will cooperate with the Government in the following actions:

- at sub-district/village levels, improvement in overall

absorptive capacity through installation of improved techniques for local development planning and sub-project selection, upgrading local staff capabilities in development administration, development of effective technical support mechanisms, and establishment of maintenance programs and budget to extend the useful life of village projects;

- at the provincial level, improvement of planning, budgeting, and oversight capabilities through personnel training, introduction of improved resource allocation practices and a planning framework that would direct a greater amount of resources to low-income areas. This enhanced capability would enable provincial officials to coordinate Central Government policies and resources with local needs, and take responsibility for a greater share of development activities within their province;
- selective financing of community-based infrastructure and income-promotion activities;
- increase the capability of local government entities to mobilize development finance and to program such funds for locally determined priorities.

Special AID concerns: Success in this program area depends greatly on development of local institutional capabilities to program development funds wisely, to maintain acceptable quality standards, and to contribute to longer-term economic growth. AID will finance improvements in management systems, planning methodologies, technical support, and training.

Most of the policy decisions needed to promote decentralization have already been made by the RTG. Still needed, however, is a RTG initiative to increase local revenue-generation capacity for locally-determined use. USAID will encourage such an initiative through discussion, technical advice (e.g., through an ST/RAD project) and as appropriate, project assistance.

4. Private sector in development

The Fifth Plan calls for acceleration of both local and foreign private sector investments in labor-intensive, agribusiness and export-oriented industries, particularly in the more "advanced" rural areas, in designated investment promotion zones, and the proposed Eastern Seaboard industrial area. The RTG is especially eager to attract additional U.S. investment to help carry out Fifth Plan objectives. The long friendship between our two countries, the strategic and central location of Thailand in Southeast Asia, the active U.S. business community already in the country, plus the generally favorable investment and policy climate in Thailand offer an excellent opportunity for expanded U.S. private sector participation in Thailand's development. Initially the RTG has defined specific interests in agri-business, the electronics industry (semi-conductors), and petro chemicals.

There are numerous factors which have restricted foreign private investment in Thailand to date: limited information on investment opportunities and ineffective promotion, vague or unfavorable tax policies, inconsistent incentive policies, uncertain risks, etc. To address these problems and stimulate investment, activities in this

program area are currently expected to include:

- studies, technical expertise, and financial assistance to improve the performance of RTG agencies responsible for investment promotion;
- investment survey visits by groups of U.S. businessmen;
- cost-sharing of reconnaissance and pre-feasibility studies;
- management training programs for industry personnel.

Opportunities in this program area will be further defined by an AID/W team on the private sector which will visit Thailand in early February and by design efforts for a lead-in project scheduled for authorization in FY 82. AID efforts will emphasize institutional development to improve the operations of RTG agencies like the Board of Investment and the Industrial Finance Corporation of Thailand, as well as improved managerial skills within the Thai private sector.

5. Institutional improvement of the RTG in development policy-formulation, planning and administration

To advance the objectives of the Fifth Plan and the longer-term development process that is to evolve from the Plan, the RTG plans numerous institutional reforms and innovations. One, mentioned earlier, is the improvement of planning and budgeting operations and coordination between them, a process supported by AID-financing under the Emerging Problems of Development Project.

The RTG also has a pressing need for competent macro-economic research and analysis. Over the next few years Thai decision makers will face difficult policy choices in carrying out the structural reforms necessary to improve economic performance. The World Bank and IMF facilities will provide the financial incentives to encourage positive albeit politically difficult actions. The critical problems confronting the economy have been well-defined, and financial support mechanisms are available. A key gap which AID can effectively address with a modest investment is empirical research and analysis of these policy issues which will provide an apolitical basis for RTG review and action. Illustrative topics of importance to the Fifth Plan include:

- (a) evaluation of the public investment budget in terms of sectoral allocations and economic efficiency;
- (b) investment promotion policy;
- (c) trade policy and reducing price distortions;
- (d) tax/subsidy policy in energy, agriculture, and imports;
- (e) the new poverty eradication program and its likelihood for success; and
- (f) a strategy for downstream investment in industries utilizing natural gas.

Thailand is well-endowed with the intellectual talent to

undertake these studies but research is fragmented, unsustained, and not necessarily relevant to the major issues on the Thai development agenda. To overcome these deficiencies, the RTG is proposing to establish an independent Thai Development Institute with compensation levels high enough to attract quality staff and assure full-time dedication to major policy concerns. AID, drawing upon its highly successful experience with the Korean Development Institute, can play a critical role in helping the institute become an operational reality through the provision of technical assistance from a U.S. development planning institute and by financing some of the key studies directly relevant to AID's interests.

Under this heading, USAID would contribute in the following ways to institutional improvements within the RTG:

- technical assistance
- training opportunities, including advanced study in the U.S.;
- provision of equipment;
- operational support, either through an endowment fund or direct financial assistance.

#### 6. Scientific and technological development

As Thailand embarks upon a new industrial strategy, its rich agricultural base and low-cost labor supply will contribute to its competitive position in international trade. Another important factor, however, will be the application of more advanced technology as Thailand

moves from the export of primary agricultural products to more sophisticated manufactured goods. Much of the technology transfer can be expected to be a product of the RTG efforts to increase foreign private investment. There will nevertheless be a growing need to provide a wide range of scientific and technical services through a Thai based institute of applied research and development.

To accomplish this the RTG would like to establish a national center for scientific and technological development along the lines of the Korean Institute of Science and Technology. Thailand is already blessed with some quality technical institutions, including the Asian Institute of Technology, an AID supported institute offering advanced degrees in the hard sciences. They are considering the augmentation of AIT facilities and staff in establishing the new technology center. Another possibility would be expansion and improvement of the Thai Institute of Scientific and Technological Research, an R&D agency under the Ministry of Science and Technology.

Again USAID support would encompass technical assistance, training, equipment, and operational costs.

D. AID/W Issues

1. Program Concentration

This issue was discussed earlier in the strategy section. USAID believes there is strong justification for a strategy which focusses most of our attention and resources on agricultural and rural development in Northeast Thailand, but which is broad enough to support mutual RTG/AID interests in the private sector, RTG institutional development, and science and technology. Thailand is at a more advanced stage in its development process than much of the developing world. Many of our key government contacts argue (convincingly) that the U.S. can be of greatest assistance by making qualitative contributions to a variety of initiatives and programs that are critical to the success of the Fifth Plan, as opposed to single-minded concentration on one or two program areas.

2. Grant vs. Loan Financing

Strong RTG interest in a richer blend of grant financing than the 20% grant-80% loan formula established by AID/Washington continues to be a pinchpoint in our joint programming of development assistance. The RTG looks to the U.S. preferentially for financing of technology transfer, institution-building, technical assistance, and training, all areas for which (in their view) grant-financing is much more appropriate. This is not an issue which threatens to vitiate our proposed strategy. In several cases, we have been able to convince the central planning and finance agencies that a particular project, e.g., Seed Development II, Small-Scale Hydro Power Development, etc. should produce economic returns that readily justify nearly

100% loan-financing. In other cases, like Population Planning II, agreement on a predominantly loan-financed project has not been easy. The debate (now over, we hope) has delayed RTG project approval by at least four months.

We will continue to seek RTG understanding of our inability to provide larger amounts of grant-financing. However, we similarly seek AID/Washington understanding and, hopefully, responsiveness whenever in the Mission's judgment a particular project or the technical assistance/research/evaluation needs of a project require a larger proportion of grant-financing.

A recent example is the Private Sector in Development Project proposed for FY 82 authorization. It is expected that promotional activities (seminars, trade missions, publicity, sectoral studies and promulgation of results) will form the heart of AID's private sector project. These activities are not very amenable to loan financing, especially since they are likely to be done with U.S. consultant assistance and the results will benefit U.S. firms as well as Thailand. The Japanese Government routinely provides grant assistance for similar efforts to expand Japanese/Thai trade. The RTG also desires grant assistance from the U.S. We are concerned that our insistence on loan-financing here may stand in the way of our longer-term objectives.

### 3. Mission Personnel Levels

The adequacy of the Mission workforce to carry out our development assistance strategy is no longer an issue. Addition of two positions in FY 81, combined with restructuring of the staff and management initiatives have overcome the problems reported in the FY 83

CDSS and FY 83 ABS. The most important changes have been:

- reduction in units of management through emphasis on fewer and larger projects. Contrasting with FY 79 and FY 80, which ushered in eight new projects each year, the Mission funded only three new starts in FY 81, and plans four for FY 82, two for FY 83, and no more than two each year thereafter. The average value of the seven active agriculture/rural development (ARD) projects at year-end FY 79 was \$2.7 million. The five ARD projects obligated in FY 80/81 averaged \$8.5 million. We are planning a large sector-type agricultural project (RAI) for FY 83/84 at an estimated level of \$40 million;
- redirection of our priority effort from project design to implementation through initiation of fewer new projects, and more emphasis on improvement of existing RTG service programs and institutional capabilities rather than design-intensive area development projects;
- net increase of five USDH technical officers and project support officers in the September/October 1981 period. In part, this was facilitated by a reconfiguration of the USAID staffing pattern to substitute technical officers for the program economist and Director's secretary. This infusion of project-related staff immediately reduced the projects-to-project-staff ratio from 2.4 to 1.8, and permitted more concentrated effort on improving project management and accelerating project progress. (Note: the economist position will be restored in late FY 82 through substitution for an existing position);

- action to place more project management responsibility on FSN personnel. One FSN in O/ARD is now responsible for two projects, thereby reducing the projects-to-project-staff ratio even further than cited above. Other FSN personnel in O/ARD and O/EST have co-manager responsibilities for four projects;
- improvements in project management by USAID personnel through several devices: use of two local engineering contracts to supplement design and monitoring capabilities of O/EST; consultancies to establish an effective project management and information system; and an orientation workshop in October 1981 for Mission personnel on RTG programming and budgetary procedures and USAID policies/procedures relating to project design/management.

4. RTG Commitment to the Fifth Plan (Resource Allocation)

The changes in budgeting/accounting procedures that will permit assessment of sectoral and geographic distribution of expenditures are not yet in place. The Bureau of the Budget will introduce program budgeting on a trial basis in FY 83, with the Ministry of Agriculture and Cooperatives (MOAC) and the Ministry of Education. Only in FY 84, with the proposed government-wide application of program budgeting will we have a benchmark year against which to measure shifts in sectoral, program, and geographic priorities.

In FY 82, as in past years, we have only subjective measures of budgetary commitment. In a year of restraint on government expenditures, there were no discernible shifts in budget allocations among ministries.

The budget of the MOAC increased by the same percentage as the overall RTG budget. More positive indicators were the \$150 million special budget allocation for the decentralized poverty-oriented programs, the Rural Poverty Program and the Employment Generation Program, and the ten-fold increase in the contraceptives budget of the Ministry of Public Health.

5. Women in Development

In March 1981 at the request of the Mission, a consultant from the International Center for Research on Women reviewed the USAID project portfolio to assess its potential for enhancing employment and income-generating prospects for women. Her overall judgment was that the USAID program was "neutral" with respect to women, as stated in the following excerpt from the Executive Summary of her report\*:

"Though the importance of rural women in on- and off-farm activities has been widely acknowledged, AID rural development programs aimed at increasing productivity and raising incomes have neglected to target resources to Thai women in a manner that takes into consideration the impact that overall changes in the economy have had upon their productivity functions and economic needs. Technically, AID programming does not explicitly include or exclude women; project experience, however, reflects the fact that women's productive needs have not been adequately accounted for in planning and project development."

The consultant offered numerous recommendations, including "utilization of policy and planning components within projects and AID sponsored research to investigate specific policy implications for

women". USAID believes this is the most practical action we could take to increase our understanding of the role of women in the rural household and the impact of AID-supported projects on their role and well-being. Accordingly, we have worked out arrangements with the Population Council, using centrally-funded grant resources, to conduct a case study on the role of women in the Northeast Rainfed Agricultural Development Project. A pre-survey pilot investigation is scheduled for February, followed by field investigations from March-May and analysis/report writing in June. We will assess the results of this study for implications for the planning and implementation of other USAID projects.

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\*Employment and Income Generation for Rural Women: A Report to  
USAID/Thailand, International Center for Research on Women, Wash.  
D.C., December 1981.

E. Budget Table for FY 83-87

<u>Program Area</u>	<u>Planning Levels (\$ Million)</u>				
	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
1. <u>Rainfed Agricultural Intensification</u>	17	15	12	20	20
2. <u>Fertility Reduction</u>	5	5	-	5	-
3. <u>Local Administrative Capabilities</u>	2	-	8	-	10
4. <u>Private Sector in Development</u>	-	-	5	5	-
5. <u>RTG Institutional Improvement</u>	2	4	-	5	5
6. <u>Science and Technology</u>	-	4	6	-	5
7. <u>Other</u> (PVO's, mortgage from earlier years)	<u>4</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>
Totals (from STATE 330207)	30	31	33	37	42

NOTE: In addition to Development Assistance levels shown above, the USAID strategy also calls for \$10 million of ESF per year at least through 1984, to augment RTG resources for the National Rural Poverty Eradication Program.