

SOUTHEAST ASIA DEVELOPMENT ADVISORY GROUP

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Background Paper

UNITED STATES AID TO THAILAND

Agency for International Development

Bureau for the Far East

UNITED STATES AID TO THAILAND

The U. S. economic aid mission to Thailand was established in September 1950. The early programs consisted of technical assistance projects funded on a grant basis. From FY 1951 through FY 1954 aid levels averaged about \$7 million annually. In FY 1955 U. S. assistance to Thailand increased sharply with the addition of a sizeable commodity component to the aid effort so that for the period FY 1955 through FY 1962 grant assistance averaged approximately \$27 million per year. In addition to the grant assistance this period saw the introduction of development lending, with a total of \$49.6 million going for capital projects between FY 1955 and FY 1962. (This was supplemented by \$26.1 million in long term loans from the Export-Import Bank during this same period.) In FY 1963 the non-project commodity element of the program was dropped and the program took on the basic pattern it has currently, although at a lower level than the \$40 million grant/loan program in FY 1965 and the increased levels projected for FY 1966. Total U. S. economic assistance to Thailand through last June 30, including Food for Peace and Ex Im Bank loans, amounted to \$431.7 million composed of \$296.3 million in grants and \$135.4 million in loans. (This compares with military assistance provided through FY 1964 of \$531.1 million, all on a grant basis.)

In considering these amounts it is important that one keep in mind the fact that they represent only the foreign resources element of the joint U. S.-Thai effort. They have been equalled and in many instances exceeded by local currency funds provided from the Thai national budget which are used to pay the salaries of Thai project personnel, to purchase equipment and materials produced in Thailand and to maintain and repair the large amounts of project vehicles and equipment.

Over the years U. S. economic assistance has helped Thailand improve its para-military capabilities, make important investments in transportation, communications, irrigation and power, modernize education and health facilities, improve the competence and effectiveness of key central agencies, improve and increase the collection of tax revenues and train large numbers of Thai civil servants both on the job and abroad.

Current AID programs are based on a broadly-viewed security rationale. Within this broad framework the AID program of assistance to the Royal Thai Government (RTG) has three major purposes: (1) improve the effectiveness of Thai civil security forces (2) to improve the effectiveness of Thai Government institutions particularly at the provincial and local level and (3) to assist in long-term economic development, particularly in areas which have implications for improved security. The program is concentrated largely in the geographic areas which are considered to be the most vulnerable to subversion, i.e. the Northeast and North.

The RTG/AID security effort in Thailand aims at strengthening the Thai capability to nullify communist subversion and incipient insurgency particularly in already-affected areas in the Northeastern region of the country. In the past the Northeast has to a significant extent, been economically, politically and socially deprived and isolated from the rest of Thailand. The direct input in

this effort is principally aimed at improving the effectiveness of the Border Patrol Police and Provincial Police, those elements of the Thai National Police which have primary responsibility for maintaining civil order and combating subversion in rural Thailand. An indirect input in the security effort is the Accelerated Rural Development program. This is a broad umbrella which shelters and coordinates many varied projects in the Northeast in health, agriculture, education and public works. Its purpose is to increase the range and effectiveness of Thai government services provided in the area and its focus is on planning and carrying out projects with an impact at the village level.

The broad area of improving the effectiveness of Thai government institutions in a sense embraces the entire grant program, for all the projects are involved in assisting one ministry or other. However, in addition to the Accelerated Rural Development program which has as one of its principal aims the strengthening of government planning and operations at the provincial level, several projects are directed specifically at strengthening government institutions. Such projects are underway in the fields of local government, community development, statistical services, civil service and government management improvement. A number of these activities are focussed primarily on efforts in the Northeast.

As with the other areas of activity long range economic development is not really separable except in terms of emphasis. The relationship between internal security and long range economic development is perhaps an obvious one in that the latter is certainly a significant element in achieving continued internal security. Many of the things that need to be done to build a strong Thailand - effective police forces and government, broadened educational opportunity, expanded health services, better marshaling of Thai manpower, more roads and other elements of infrastructure - are the very things that need to be done to eliminate conditions and situations that can be exploited effectively by subversive elements.

One of the significant Free World assets in Southeast Asia is the fact that Thailand is a viable nation with a basically able government. It has a history of independence and traditions that help to unify the people, and, in addition, a well established social order. The economy generally is strong and growing. While these things in themselves are not sufficient to prevent insurgency or deter aggression, they provide the basic framework upon which effective defenses can be built.

Thus, we are giving considerable attention to long range activities intended to help build Thailand as a nation in addition to meeting the more immediate security requirements. We are directing a considerable part of our effort, under both development loan and grant funding, toward activities of a long-term nature which contribute to a strengthening of the national government, national institutions, and the national economy, as well as developing reciprocal responsiveness between the central government and governmental elements at the local level.

Attached are brief descriptions of the projects which make up the current AID program in Thailand. For purposes of establishing a framework for reviewing the project material, below are the overall aid levels for fiscal years 1964 through 1966. Obviously the amounts listed for fiscal years 1964 and 1965 are actual obligations. The amount listed for FY 1966 is a planning figure. Actual obligations will depend both on the availability of funds and on the rate of program implementation. No figure is entered for Development Lending in FY 1966, since the number and amounts of development loans which will actually be submitted and authorized cannot be determined at this time.

Assistance to Thailand
(In millions of Dollars)

	<u>FY 1964</u>	<u>FY 1965</u>	<u>FY 1966</u>
Grants	\$12.7	\$19.0	\$30.0
Loans	--	20.6	

AID/FE/SEA, 1/6/66

A.I.D. PROJECTS IN THAILAND

Civil Police Administration

AID has been providing assistance to the Thai police for several years. However, agreement was reached with the RTG at the end of FY 65 for a substantially increased effort. Some 4,200 trained men will be added to the Provincial Police Force by February, 1966, raising it to a new strength of 32,200. 1,000 of these new men will be assigned to new police posts to be established in 200 tambols in security sensitive areas, and the remainder will be used to effect a 15% overall strength will be increased from 6,300 to 6,800 by the end of 1965.

An important part of the program is the mutually agreed establishment of a permanent high level Thai-U.S. Evaluation Committee, which will develop specific, jointly agreed targets for the project, monitor progress, and provide policy direction for such administrative changes as may be necessary to insure its successful implementation. The Committee will be responsible for drawing up long term plans for the development of a fully modernized police force. The project agreement calls for interim reports on pay rates and promotion policy, laws and regulations, administrative and operational planning, financial and budget reform, training, communications, the national registration program, research, and record keeping by December 31, 1965.

Our objective is to achieve a significant improvement in the general effectiveness of the police, as well as in their numbers. In FY 66 and 67, we will be continuing our on-going programs in support of various elements of the Thai police, equipping and training the 4,790-man augmentation, and working through the high level committee to bring about improvements in police organization and administration.

As part of the civil police program we are assisting with a Civic Action project being carried out by the Border Patrol Police. The purpose of this project is to assist the Border Patrol Police in fulfilling assigned border security responsibilities by creating a friendly, cooperating local population, firmly committed to Thailand and willing to actively support the BPP in identifying, locating, and eliminating subversives within the border regions.

Another part of the police program is the development of a communications capability for use by the Thai Government at the tambol (township) and amphur (county) levels. This system of two-way radios will be utilized primarily for government administrative traffic but will also serve as a channel for tactical internal security matters between the tambol and amphur. In this first phase of locating and installing 1,700 radio sets, the program will confine itself to those areas having a current or potential security threat.

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Accelerated Rural Development

The U.S. and Thai Governments undertook a program of Accelerated Rural Development (ARD) late in FY 64. In each of the six sensitive provinces of Ubol, Nakorn Phanom, Sakol Nakorn, Udorn, Nongkhai, and Loei, ARD created, trained, and equipped a local organization with the capability of planning, designing, constructing, and maintaining rural roads and other small village public works projects as the first emphasis of the ARD effort. During FY 65, AID-financed construction equipment was provided to the governors of these six provinces and the in-service training of engineers, surveyors, equipment operators, and mechanics was undertaken. At the same time, steps were being taken at the national level to give the governor the authority to undertake village level projects on his own initiative and responsibility without constant referral to higher authorities in Bangkok for approval. The program will be continued and expanded into five additional provinces in the Northeast and North in FY 66 and it is tentatively planned to add another four in FY 67.

The scope of the Accelerated Rural Development program is being broadened and its coverage deepened in the existing ARD areas by a new project which will give more attention to local aspects of agricultural production, processing and marketing, by increased attention to the problems of local government and their solution, and by embarking on new or accelerated activities in rural health, potable water, and rural education.

Agriculture (An ARD Activity)

The USOM's agricultural efforts are presently being redirected and consolidated into the Agricultural Development Project. The central feature of this project is a plan to help farmers to form associations that will improve their ability to secure bank credit and use government services more effectively. At the same time the project seeks ways and means of expanding sources of credit and improving government services such as research, extension, and feasibility studies.

Community Development (An ARD Activity)

The Community Development Project is helping villagers use group procedures in the analysis of community problems and to plan and carry out cooperative self-help community improvement projects. Stress is placed on voluntary participation in training sessions in the villages. The main goal is to develop leaders who have interest, self-confidence, and the know-how to guide their fellow villagers in implementing community solutions to their problems. Initially, training opportunities are being provided to a minimum of five active leaders per village.

Comprehensive Rural Health and Potable Water (ARD Activities)

Comprehensive Rural Health and Potable Water Projects have been proposed in response to two of the most strongly expressed needs of the rural people of Northeast Thailand for adequate medical care, particularly in the area of maternal and child health, and for an adequate supply of water.

Malaria Eradication (An ARD Activity)

The Malaria Eradication Project is continuing its advance toward the goal of complete eradication by 1972. This project, in which thousands of workers are employed and virtually every house in every village in the country visited by spray teams and surveillance workers, helps demonstrate to the villagers the RTG's concern for the welfare of the rural people.

Rural Electrification (An ARD Activity)

The purpose of this project is to introduce electrification into the rural ARD areas on a pilot basis. Aside from the obvious advantages of electricity, lighting serves a particular countersubversion need by reducing the psychological isolation of villagers, facilitating police surveillance, and inhibiting clandestine infiltration.

It is planned to complete pilot power distribution systems in selected amphurs of Udorn and Nakorn Phanom provinces by 1968. The main steps in the process would include basic feasibility studies, organization of rural electric cooperatives, training of managers, and construction.

Local Government

This project provides American public administration specialists to the RTG who assist in identifying problems of local administration and who suggest ways and means of ameliorating or eliminating them altogether.

Particular stress is now being placed on providing advice and guidance through re-training sessions which the RTG is regularly scheduling for all local government officials from provincial governors through the district officers. U.S. advisors are also actively engaged in the Developing Democracy Program which has, as a key element, energizing the largely inactive tambol (township) councils to serve as a means for increasing villager participation in, and identification with, local government.

Management Improvement

The Management Improvement project is seeking to develop an effective O & M service capability within the Budget Bureau through a contract with the Public Administration Service (PAS) group.

Government Statistical Service

Technical Assistance is being provided to the Thai Government's National Statistical Office by a team from the U.S. Bureau of Census.

Civil Service Improvement

This project was initiated in June 1965 through a contract with the State of California Civil Service Board which will assist the Thai Civil

Service Commission. A major objective will be to establish the CSC as the central Thai Government personnel agency with responsibility for establishing and controlling personnel policies, procedures, and standards.

Manpower and Education Development Planning

The Manpower and Education Development Planning project is designed to improve present capabilities of the Thai Government to determine the manpower requirements of Thailand's economic development. The project also specifically seeks to develop education plans and guidelines for their implementation, thus assuring that the education system will be geared to providing the necessary manpower. Assistance under this project is being provided through contracts with Michigan State University and Stanford Research Institute. *See Bur. of Census for manpower statistics.*

Chiengmai Medical School

Our other project under the human resources development goal is the new medical center at Chiengmai. The land for this project has been provided by the Thai Government, and the costs of construction are being met by the Thai budget and counterpart funds. U.S. dollar assistance is financing the training of Thai faculty members in the U.S., the provision of American technical advice through a contract with the University of Illinois, and the procurement of scientific and technical equipment for the school and teaching hospital.

Industrial Development

IBRD?

Assistance under the Industrial Development project includes the following:

- a) Advisory services for potential local and foreign entrepreneurs and investors.
- b) Third country training for Thai Government officials and private entrepreneurs for the purpose of developing specific trades and industries.
- c) Assistance in the analysis, reorganization, and disposition of state-owned enterprises.
- d) Assistance to the Thai Government in the identification and promotion of specific investment opportunities in all industrial sectors, including agri-business.
- e) Recommendations regarding low-cost housing.

Board of Investment

The purpose of the Board of Investment is to promote effective private industrial development in Thailand both through foreign and domestic investment.

The Thai Government has requested contract services to help strengthen the Board of Investment along the lines of a report recently completed under this project.

Economic Feasibility and Engineering Surveys

Under this project we will continue to finance studies to determine the engineering and economic feasibility of selected projects in such fields as highways, irrigation and flood control, telecommunications, and ports and harbors. The purpose is to assist the Thai Government in identifying projects suitable for loan financing by AID or other lending institutions such as the IBRD.

Water Development of the Mun and Chee River Basin

The Mun and Chee are Mekong tributaries which flow through largely undeveloped areas in eastern Thailand. A feasibility study is to be carried out during FY 1966 and FY 1967 in implementation of a reconnaissance survey report prepared by the U.S. Bureau of Reclamation. The study identified six potential irrigation projects, of which three are now being investigated.

Aeronautical Ground Services Improvement

Until quite recently it had been planned to phase out this project by mid-1966. Consideration is now being given, however, to carrying through to the end of FY 1970. Provision is being made tentatively for an expansion and acceleration of domestic and international aviation and ground services in response to increasing overall civil and military requirements.

The major objective during FY 1966 and FY 1967 would be implementation of a domestic, all-weather airways system to service up-country civil airports on a twenty-four hour basis. During the FY 1968 - FY 1970 period, project activity would be directed primarily toward improvement of services to international air traffic through the establishment of voice communications with adjacent Flight Information Regions, the introduction of radar control, and the replacement of obsolete equipment.

AID;FE/SEA
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