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Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR
THAILAND

UNDP assistance requested by the Government of Thailand
for the period 1982-1986

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INTRODUCTION

The Context

1. Thailand's third UNDP country programme is intended to cover the five-year period 1983-1986. It is, therefore, coterminous with UNDP's own third cycle. More importantly, however, its timing coincides with that of Thailand's Fifth National Economic and Social Development Plan, the preparation of which took place simultaneously. (See paragraphs 4 to 7 below.)
2. The Government's Fifth Plan and its third UNDP country programme share more than timing in common. Both are intended as policy frameworks, to be used as a basis for the allocation of national and UNDP resources respectively. Neither document is expected, or intended, to serve as an unchangeable straightjacket for the next five years; each was prepared as a working document, in recognition of the need for constant re-evaluation and modification as experience accumulates and circumstances change.
3. It was by design, therefore, that the Government's Fifth Plan set the tone for UNDP's third country programme. Designating the 1980s as the Decade for Rural Development, and stressing the need to restructure the economy for the challenges of the future, the Government assumes that UNDP and the United Nations system generally will play their parts in this process. These are themes which the Government hopes will also be echoed by other aid donors in Thailand. Similarly, it is the Government's hope that the country programming approach, which works so satisfactorily for UNDP assistance, will show the way for other donors.

Thailand's Fifth National Economic and Social Development Plan, 1982-86

4. Thailand's Fifth Five Year Development Plan became effective in October 1981, at the beginning of the Fiscal Year 1982. Like its predecessors, the Fifth Plan is not a blueprint for development, but a policy framework within which development programmes will be formulated and implemented. Nor is the Fifth Plan immutable; it has been drafted in the knowledge that the situation will inevitably change over the five-year period. If and when it does, the Government will modify the Plan accordingly.
5. The Fifth Plan is designed to bring about a series of structural changes within the Thai economy, in order to prepare it for further sustained growth during the latter part of the decade and beyond. In formulating its strategy the Government recognises that, if it is not implemented:
 - a. Disparities in income distribution will tend to worsen, and the poverty of certain areas and population groups will deepen. Unemployment and further inflation will make this trend worse.

b. The external financial position of the country will deteriorate further, as will the government budget deficit. This would further hamper the Government's ability to tackle any of the challenges it currently faces.

The Government is confident that the policies outlined in the Fifth Plan will, in the medium term, set the Kingdom of Thailand back on an economically sound course. It recognises, however, that the short term implementation of the new policies will not be without their difficulties.

6. With this in mind, the major objectives of the Fifth Plan are as follows:

a. The stabilisation of Thailand's overall economic situation, as a basis for further growth and development in the 1980s;

b. A major assault on poverty, with definite targets for its eradication, particularly its rural areas;

c. The implementation of structural adjustments in the Thai economy, particularly in the agricultural, industrial and energy sectors, to prepare the way for a resumption of an export-oriented growth strategy;

d. Increased stress on the achievement of social development objectives, particularly in employment, income distribution and population; and

e. The integration of national security management with socio-economic development programmes.

7. Each of the above objectives represents a priority area during the Fifth Plan period. Each entails detailed sub-objectives and component programmes. Together, however, they comprise an integrated package which is designed to re-orientate Thailand's development strategy and to prepare it for continued economic and social growth in the 1980s. It is in this context that Thailand's third UNDP country programme has been prepared.

8. Overall responsibility for co-ordinating external assistance to Thailand rests with the Department of Technical and Economic Co-operation (DTEC) under the Prime Minister's Office. It was therefore DTEC which took the lead, on the Government side, in formulating this programme. Throughout the process, however, DTEC worked in close consultation with the National Economic and Social Development Board (NESDB), also of the Prime Minister's Office, which is charged with co-ordinating the preparation and implementation of the Fifth Plan. DTEC, which is in close day-to-day contact with all the Ministries and Departments of Government, also consulted those most directly concerned with the UNDP country programme.

9. The UNDP Regional Representative in Thailand was closely consulted at all stages of the process. Each of the specialized agencies of the United Nations was invited to submit summary proposals for possible inclusion in the Programme; in many cases, these submissions were supplemented by more detailed discussions during the exercise. At any rate, the Government gave serious consideration to all such proposals before finalising the programme.

10. In preparing the third UNDP country programme, however, the Government found itself constrained by the relative paucity of UNDP resources. Indeed, the entire country programming exercise was characterised by an abundance of ideas for possible inclusion complemented by a wide spectrum of opportunities for effective technical co-operation, but set against the sober reality of an Indicative Planning Figure (IPF) which, in real terms, is stationary if not actually declining.

The resources available

11. Thailand's IPF for the third cycle, 1982-1986, is \$43 million, compared with \$15 million and \$29.5 million for the first and second cycles, respectively. Scarcely sufficient to offset inflation, this figure has been further reduced to \$34.4 million as a result of the imposition of a budgeting level of 80 percent. The Royal Thai Government very much hopes that this restriction will be lifted, if and when there is a resurgence in voluntary contributions to UNDP's central resources.

12. In Thailand, this resource constraint has been exacerbated by the fact that a steady programming build-up during the second cycle resulted in a very high level of programme delivery during 1980 and 1981. This has caused a 15 percent decline in annual resources between 1981 and 1982, the first year of the third country programme and a time when the on-going programme and the new Fifth Plan are both generating an array of possible projects.

13. The Government is tackling this dilemma in several ways. First, where appropriate, the introduction of innovative execution modalities (discussed in paragraphs 34 to 35 below) combined with rigorous project formulation, are designed to lead to more cost-effective use of UNDP resources. Second, the Government intends to exploit more fully the various other resources available to it from the United Nations system: for example, the United Nations Fund for Drug Abuse Control and the Interim Fund for Science and Technology are, at field level, under the central management of UNDP; the Government intends that this country programme should be one instrument for harmonizing their contributions to Thailand's economic and social development efforts.

14. By the same token, the United Nations Children's Fund has a substantial programme in the country, and the World Food Programme offers scope for further development beyond the Kampuchean Emergency Operation. The various regular programmes of the specialized agencies of the United Nations, such as that of the World Health Organization, can also be harnessed to greater effect as can the UNDP intercountry programme for Asia and the Pacific. The Government regards these resources as being essential complementary inputs to this UNDP country programme. They are referred to in more detail below in paragraphs 92 to 97.

15. What follows is a brief presentation of the Thai Government's approach to technical co-operation activities. It is intended to provide the policy framework within which UNDP resources will be utilized in Thailand in the next five years. However, its relevance and applicability stretches to all forms of such co-operation, both multilateral and bilateral.

I. NATIONAL OBJECTIVES AND PROGRAMMES TO BE SUPPORTED BY UNDP

Objectives

16. The principal and over-riding objective of UNDP assistance in Thailand has always been to meet the priority technical assistance needs of the Royal Thai Government in such a way as to promote self-reliant economic and social development. Such assistance is geared to developing the Kingdom's human and natural resources in a manner consistent with the goals and policies of the Government.

17. The Royal Thai Government, however, conceives of this role as being more than merely supportive of its own development efforts. It takes the view that, carefully formulated and implemented, technical co-operation has the potential to perform as a catalyst in the development process, with a multiplier effect far larger than the financial magnitudes would suggest. Its experience in the past with assistance provided by UNDP and the United Nations system has borne out this view, and the Government is therefore determined to harness the potentials of UNDP-funded technical co-operation to the maximum.

18. Within this basic perspective, the objectives of the third country programme is to define a policy framework for UNDP assistance to Thailand over the next several years. It is not intended to be an immutable blueprint; indeed, it is expected to evolve with the passage of time, as the Government's own sense of priorities and needs are modified. Nor is it intended to define project-level objectives for the next five years; this will be left to individual project formulation exercises.

19. The country programme is also intended to provide an over-arching framework for the planning and implementation that Thailand receives from other United Nation sources, including but not confined to those managed by UNDP. To the extent possible, the country programme also reflects the Government's basic approach to the utilization of technical assistance from bilateral sources.

Past experience

20. Thailand has been a recipient of external assistance for several decades. UNDP and its predecessor funds have been active in the Kingdom since the 1950s. Over the years, the Government has established a strong mechanism for the programming and co-ordination of external assistance, and has accumulated an extensive casebook of successes and failures in this problematic but essential field of development administration. Thus, it has a well-developed sense of what is, and what is not, possible or desirable.

21. Of all the lessons thus learned, perhaps the most important is the need for technical assistance to build on local initiatives, rather than be imposed from outside. Thailand has had its share of "donor-oriented" projects; it has resisted these in the past, and is determined to avoid them in the future.

Another significant lesson has been the importance of distinguishing between development needs on the one hand and opportunities on the other. Many projects in the past have failed, because the host institutions lacked the absorptive capacity to take full advantage of the technical assistance provided. Yet another lesson from past experience is the need to distinguish between programmes which can benefit from external technical co-operation, and those which are less susceptible to this approach; too often, in the past, external assistance has been mobilized to tackle a problem which can, in reality, best be tackled with domestic resources only, or at least requires major domestic policy decisions before the external assistance can be effectively utilized.

22. Administratively, the Government has, in the past, experienced considerable difficulties in harmonizing external technical assistance with Government development programmes. In this respect, Thailand has welcomed and appreciated the country programming methodology which was introduced by UNDP and which an increasing number of other donors are emulating. It is an approach which the Government intends to apply to all external assistance, to the extent that this is possible. On the other hand, past experience has demonstrated that country programming must not be synonymous with inflexibility: the Thai programme toward the end of the second UNDP cycle substantially changed from that approved by the Governing Council in 1978. There is good reason for this, since Thailand's needs have also changed over time.

23. Finally, in reviewing its past experience with technical assistance, the Royal Thai Government has observed a steady shift in the nature of assistance required. UNDP and other donors have traditionally provided advisers, overseas training and equipment as means of transferring technology and developing the country's own indigenous capabilities. Increasingly, these conventional external inputs no longer address the real needs of Thailand, which has developed a plentiful supply of indigenous talent at its disposal, and which has a clear sense of its own direction and priorities.

24. In the past several years, therefore, a number of innovative approaches to the utilization of UNDP assistance have emerged; these will certainly be evaluated and modified during the third cycle, but the trends of the past will not be reversed. In many instances the approaches which have been developed have been new, not only to the Thai Government but to the United Nations system as well. Past experience suggests that both systems will need to increase their flexibility if the changing needs of a country such as Thailand are to be met.

Significant features

25. Arising from the above, therefore, the most significant feature of the third UNDP country programme for Thailand lies in the fact that it differs substantially from its predecessor. In the first place, the programme concentrates on perspective rather than detail. It is designed to provide a framework within which individual projects will be formulated and does not dwell on specific projects as such. It identifies priority problem areas in which UNDP assistance will be concentrated, in line with the policy emphases

of the Fifth Five Year Plan. Finally, it indicates some preferred methods of project implementation.

26. Within this Programme Framework, the detailed formulation of UNDP-funded projects will be undertaken on a continuous basis. This is, in fact, the way that Thailand has been managing UNDP resources over the past several years; it does not, therefore, represent a major departure in practice. However, since in effect UNDP programming has been "continuous" for several years, UNDP funding is already well-committed for 1982, the first year of the new cycle, and to some, more limited, extent for 1983. Thus, there has been no hiatus in programme implementation as a result of this exercise; the process of project identification, formulation and implementation has continued in parallel although not without a thorough re-examination of all components of the on-going programme.

27. During the five-year period of the third cycle, the interface between the individual projects and continuous programming will take the form of periodic management reviews of the programme as a whole and a policy review approximately every 18 months. This will enable the Government to retain the impetus of the programme, maintain full delivery of UNDP assistance, and modify the substance and emphasis to suit changing requirements. In these terms, the present country programme represents one stage in this continuous process, which has already been instituted in the middle of the second cycle.

28. The substantive priority areas of the programme are discussed below. However, the Government intends to address these in a significantly different manner than has hitherto been the case in the UNDP programme. The approach is to identify problem areas confronting the Government in its efforts to promote economic and social development. Once these areas are identified, projects will be developed to tackle different facets of the problem. This is essentially the same approach as has been adopted for the country's Fifth Plan.

29. When applied to external assistance, moreover, this approach has several distinct advantages. First, it tends to break down the sectoral labels that often surround policy areas, which in turn embody institutional biases and conceptual limitations. By being both problem-oriented and policy-oriented, it enables cross-sectoral and interagency linkages in project formulation and implementation and thus maintains the flexibility essential to the optimal deployment of external resources. From the Government's standpoint, it also facilitates the co-ordination of multilateral and bilateral assistance programmes, since Thailand can exploit the comparative advantages of one or another source, according to the sub-component of any particular problem area. Innovative use of technical assistance can therefore be encouraged. The approach is experimental at this stage. Retrospective analysis of the UNDP's existing programme, however, suggests that such a pattern already exists in some instances, and could be made more effective by formal recognition.

30. Thailand has an abundance of national expertise in many fields. Yet such resources are not always accessible to public sector programmes. The Government feels that UNDP can effectively bridge this gap in many instances by drawing upon local rather than international talent wherever possible. Some success has already been achieved and, indeed, the Fifth Plan process was enhanced by the UNDP-funded participation of Thai experts from the

universities and the private sector. Difficulties in regard to terms of service and rates of remuneration continue to cause problems, but the Government is determined to expand this aspect of the UNDP programme in the future.

31. On the other hand, the Government is mindful of one of the primary objectives of UNDP assistance worldwide, which is to generate local skills, not merely to harness those already existing. Human resource development has always been an element common to all UNDP programmes and Thailand has, over the years, benefited enormously from the scholarships provided by UNDP and the United Nations system generally. This will, of course, continue to be a major theme during the third cycle; however, while the Royal Thai Government will maintain where appropriate the academic content of such training, it will seek to focus more manpower at the technical level, often through in-service training programmes in the country.

32. By the same token, the Government would by no means wish to discount the value of transferring technology and experience by means of foreign advisers. They will continue to play an indispensable part in Thailand's technical co-operation programme. Yet, as the country's capacity for self-reliance has increased, so has the need for long-term resident advisers decreased. Short-term consultancy inputs often provide such a country as Thailand with a better return on investment.

33. Reflecting the trends outlined above, an increasing proportion of UNDP assistance will be devoted to funding local inputs, both personnel and material. This will not, however, be pursued to the point at which UNDP funding becomes merely a recurrent budget resource; it is the Government's firm intention to ensure that UNDP assistance is only provided to priority national programmes and that there is a matching allocation of resources on the national side. External assistance will not be regarded as a substitute for national inputs, but as a catalyst for new programmes and as a means of expanding the possibilities for the Government's leadership in the national development process.

34. Thailand has experimented, during the Second Cycle, with government execution of projects on several occasions. Notwithstanding the occasional difficulties of reconciling Government and UNDP financial procedures, these have been notably successful and there is no doubt that many projects will be executed in this manner in the future. On the other hand, in the view of the Royal Thai Government, the precise modalities for disbursing UNDP project funds matter less than the exercise of substantive leadership in project implementation. In this respect, all UNDP-assisted projects in Thailand are "executed" by the Government, as they have been for some time.

35. In implementing UNDP-assisted projects in the future, the Government will naturally retain this rightful leadership role. The execution arrangements will be decided according to the particular circumstances surrounding the project component in question. The Government looks forward to co-operating with all branches of the United Nations system in this endeavour, and will seek to utilise the technical services available from this source whenever

appropriate. There is no doubt, however, that the "ground rules" for United Nations technical assistance have changed substantially over the past few years, and that they will continue to change; this poses a challenge to the efficiency, adaptability and flexibility on both sides of this partnership.

36. To date, the proportion of equipment components in the Thai programme as a whole has never exceeded 30 percent, although there have been several projects which, for specific reasons, have exceeded 50 percent. The Government will continue to approach this matter on a case-by-case basis, bearing in mind that it regards this component as being essentially complementary to technical assistance, not an appropriate end in itself for the scarce UNDP resources available to the country. With the decline in UNDP real resources available to Thailand during the third cycle, the Government intends to limit these components to those items essential for the application of the technical assistance. Items of capital equipment will normally be supplied under loan programmes only.

37. For this reason among others, the Government believes that there should be a close link between capital and technical assistance. Over the last few years, a very productive relationship has been developed between the UNDP on the one hand, and the World Bank, the Asian Development Bank, and other lending bodies, on the other. UNDP technical assistance can often pave the way for, or strengthen the implementation of, major loan and investment programmes.

38. While it is Government policy to fund such loan-related technical assistance from grant sources wherever possible, it is nevertheless also recognized that such uses could easily absorb all available technical assistance funds. Yet development is not necessarily synonymous with investment programmes and there are many other important uses to which UNDP assistance can and should be put. The Government will therefore seek to hold a balance in this sphere, primarily by utilizing UNDP funds as catalyst for loan programmes, and in areas where sensitivities favour the use of multilateral assistance.

39. Moreover, with their characteristic objectivity, UNDP projects could play an invaluable role in identifying and formulating projects for bilateral assistance. Thailand is fortunate to have substantial bilateral assistance available to it; yet the Kingdom's absorptive capacity frequently hampers the rate of utilization of these resources. It is hoped that UNDP assistance can be deployed in such a way as to ease this bottleneck.

40. The activities of other donors in Thailand are referred to in paragraphs 84 to 86 below. It is appropriate at this juncture, however, to dwell briefly on the linkages that the Government wishes to promote within the United Nations system itself. For, although the system has evolved over the years into a multiplicity of funds and agencies, nevertheless from the vantage point of a recipient Government, all represent an integrated, if not unified, source of support for its development efforts.

41. Direct linkages are often neither possible, nor practicable. In programming UNDP resources, however, the Royal Thai Government is continuously mindful of the fact that UNFPA resources are available for population

programmes, as are UNICEF resources for children-oriented activities. In neither sector, therefore, will the Government deploy UNDP resources to any great extent. On the other hand, the regular programmes of United Nations system organizations can often complement and support UNDP assistance. Thus, for example, the many regular programme activities of the Food and Agriculture Organization of the United Nations will be programmed with UNDP/FAO activities closely in mind. The co-ordinating machinery in Thailand suggests that this can be promoted more successfully.

42. Of all these linkages, perhaps the most obvious is that with UNDP's own intercountry programme. The Government's view has always been that the value of individual intercountry projects depends upon the extent to which they cater to the specific needs of the individual participating countries. It therefore welcomes the trend in the Asia and Pacific region away from institutional-support projects, to those that develop and support regional networks of national programmes and institutions. The Government also welcomes the greater participation of Member States in formulating the regional programme, as was evidenced at the February 1981 New Delhi meeting of national aid co-ordinators. With this in mind, it intends to take full advantage of regional projects to enhance national development objectives.

43. Another significant feature of Thailand's UNDP programme is the common strand of TCDC which runs throughout the programme. The Thai Government has long regarded Technical Co-operation among Developing Countries as an integral part of its development strategy. It was one of the first countries to establish a distinct staff unit and budget, charged with promoting TCDC both as donor and recipient. The programmes thus initiated have grown steadily and constitute a significant part of the country's technical co-operation programme.

44. The Royal Thai Government, however, does not view TCDC as an end in itself, but rather as a means to another end: economic and social development. Consistent with its general approach of drawing upon the resources, services and expertise of the United Nations system in order to meet specific national needs, the Government will therefore consider meeting these requirements through TCDC whenever appropriate. Such decisions will be taken on a project-by-project basis. It is not considered necessary to earmark UNDP resources for this purpose, since project funds can be applied in this manner when necessary.

45. As regards the numerous other mandates that have emerged over the past few years from the United Nations systems, the Royal Thai Government has consistently supported them and voted in favour of them in appropriate forums. These include, for example, the United Nations Decade for Women and the International Drinking Water Supply and Sanitation Decade. While the Fifth Five-Year Plan takes account of these mandates, they will not necessarily be used to determine the allocation of UNDP resources as such.

Methodology

46. Within the policy framework and drawing upon the theme of the Fifth Plan outlined earlier, the Thai UNDP country programme will concentrate its

efforts, and limited resources, upon a number of the most important policy areas. Not all the ongoing programme can be encompassed within this organizing principle, but this does not mean that projects will not be allowed to achieve their established objectives. Rather, the identification of these areas is intended to lend perspective and direction to the Programme as it rolls through the five-year period.

47. Each of the following principal themes is designed to provide a focal point, around which individual projects can cluster and against which new proposals can be evaluated. (One way of viewing such a cluster is to identify projects which share the same development objective, this latter being synonymous with the thematic focus.) This approach mirrors the Government's own approach to the Fifth Plan, and it also presents the possibility of a more flexible and effective deployment of UNDP resources.

48. A brief sketch of each theme is provided in this document; the Government's Fifth Plan provides considerable elaboration in each case. Existing and possible UNDP-assisted programmes are also only briefly referred to, since they are either well-documented elsewhere, or insufficiently developed to warrant a detailed description. In this connection, it should be stressed once again that the Royal Thai Government does not regard this as a blueprint, but as a working document, the contents of which will continue to evolve.

Finally, it should be noted that some projects answer to more than one priority theme, and therefore appear in more than one substantive cluster. A note on the financial implications of the rolling programme approach follows the four thematic presentations.

A. Management of the development process

49. Since the turn of the century, and particularly in the past three decades, the Royal Thai Government has been an active participant in the nation's development process. Although in the past this role has largely been seen as providing the necessary policy framework and infrastructural services (both economic and social), it has become increasingly conscious of the need to participate more forcefully and to steer the economic process more purposefully. An underlying objective of the Fifth Plan is therefore for the Government to take better charge of the country's economic and social development.

50. Yet the Government's institutions are poorly equipped to fulfill these enhanced functions. Past performance on the part of most government agencies in the planning and implementation of development programmes has been weak. Indeed, the Government has concluded that some features of its own institutional resources represent an important constraint on national development. It intends, during the Fifth Plan, to tackle these deficiencies systematically and determinedly. UNDP is expected to play a key supportive role, through the provision of selective technical assistance inputs.

51. During the third country programme therefore, UNDP assistance will be used to strengthen Thailand's institutional capacity for self-reliant economic

growth and development. This may involve strengthening Thailand's capacities in the fields of policy analysis and formulation, development planning, resource mobilization and allocation, programme and project preparation and implementation, including allocative agencies, or for selected sectoral ministries and departments. Since the Government's plans in this sphere also encompass decentralization, UNDP may be called upon to assist at the provincial level also. At the time of writing, details of the implementation of this aspect of the Fifth Plan are not fully decided, so that precise deployment of UNDP resources is still uncertain. Its distinguishing feature will, however, be its focus on management and administration.

52. To some extent, of course, all technical assistance projects involve an element of this theme. However, projects under this heading would take it as their primary objective. Thus, towards the end of the second cycle, UNDP was supporting the Civil Service Commission in its efforts to improve personnel administration and management within government (THA/78/020); it commissioned a study for the Budget Bureau, the Ministry of Finance and the NESBD to improve the management information they receive from the State Enterprise sector (THA/78/019); it was continuing its longstanding support to the DTEC, intended to strengthen the Department's capability for external aid co-ordination (THA/72/020); it was assisting the Auditor-General's Office to introduce performance auditing (THA/79/001); it was assisting the Department of Labour to develop and strengthen its various programmes in labour administration (THA/78/006); and finally, UNDP provided substantial support to the NESBD during the planning process of the Fifth Plan, by means of which a far wider spectrum of Thai expertise was brought to bear on policy questions (THA/80/010).

53. UNDP assistance in this area has been directed sectorally largely towards agricultural and rural development, specifically into a study on the role and functions of the Regional Agricultural Centres (THA/78/012) and to developing a monitoring and evaluation system for the New Village Development Programme (THA/79/012). The Aerial Survey project (THA/79/009), on the the other hand harnesses the skills of both the Royal Thai Survey Department and Kasetsart University under the auspices of the National Research Council to prepare land use plans for Government agencies working in the north of the country. The Regional Cities Development Programme (THA/79/021, THA/80/014) also places strong emphasis on enhancing the administrative capacities of the municipal authorities, and thus their role in the Government's policy of decentralizing economic development. Moreover, assistance from the Interim Fund for Science and Technology for Development, is currently being used to strengthen the capacity of the Ministry of Science and Technology in policy formulation and implementation (THA/81/T01).

54. Some of these projects will continue into the third cycle, either under their approved budgets or by means of extensions or new phases. As the cycle progresses, moreover, fresh opportunities are expected to emerge, in which UNDP assistance can make a significant contribution under this theme. One example of this is the field of manpower planning, which may call for UNDP security programme: a policy decision on this is still awaited and, should the Government decide to go ahead, it may approach UNDP for technical assistance in the early stages. In any case, it is expected that UNDP

assistance will be requested to assist Government in such related fields as occupational safety and labour standards definition and enforcement.

55. A further area in which UNDP assistance may be sought under this theme is in relation to the mobilization of national expertise. In 1980, the Government established a UNDP project (THA/80/005) designed to enable the recruitment of short term consultants for project preparation and evaluation purposes. In keeping with one of the central tenets of this country programme, the existing project terms of reference will be broadened so as to make greater use of Thailand's indigenous experts, and to deploy them beyond the immediate requirements of the UNDP programme. The Government will also explore ways in which UNDP assistance can be used to establish a system to mobilize domestic talent more generally, an interest in which is shared by the major bilateral donors also.

B. Rural development and poverty alleviation

56. As already noted in this document, Thailand's development to date, though impressive in many ways, has been distinctly lopsided in other respects. Particularly in the north and northeast of the country there is still an unacceptably large proportion of rural population living in absolute poverty. Often the reason for this is the intrinsic low fertility of the soil; however, they have also tended to be the same areas that have lagged behind in the provision of government services. Few of these areas have actually stagnated economically, but all of them have benefited less from the fruits of Thailand's development over the past several decades.

57. In devising a strategy to solve this problem, the Government has identified, by district and sub-district, those areas of the country which are to receive special attention during the Fifth Plan. Categorized as being those backward areas that cannot adequately help themselves, they have been declared "Target Areas for Rural Development". It is the firm intention of the Government to divert public resources, wherever possible, to tackle the practical problems and constraints that surround the development of these areas. During the Fifth Plan it is expected that there will be, as a result, a significant shift of resources towards these most impoverished areas. A parallel programme for employment creation has also been launched.

58. As counterpoint to this strategy, the Government intends to channel external financial and technical assistance resources more specifically into tackling the problem of these target areas and, by appropriate mechanisms, encourage community participation in establishing means to solve identified issues as well as manage the resources available to solve them. UNDP's support in this endeavour will be sought and this is therefore selected as one of the leading themes of the third country programme.

59. Although rural development is by no means synonymous with agricultural development, the latter is certainly the most important influence on rural standards of living. While in the past UNDP assistance has therefore contained a large proportion of agricultural projects, they may not always have been as focused on the most impoverished areas as the Fifth Plan strategy

will require. Where appropriate, therefore, ongoing projects will be reviewed and re-oriented so as to make them more responsive to the needs of the target areas.

60. Nonetheless, such projects as Rainfed Agriculture Research and Development (THA/80/006) and rubber (THA/79/016), although not entirely located in target areas for rural development, offer important opportunities for introducing profitable cash crops in otherwise subsistence agricultural areas. Agrarian reform is also central to this theme, and is currently being addressed in the Agricultural Land Reform Office (THA/79/003; THA/79/018) and the Royal Forest Department (THA/81/004; THA/79/019). These two latter projects are, in addition, tackling issues relating to watershed management and soil conservation, which have emerged as important problems in recent years. Plant Protection Services (THA/74/019) and Agricultural Mechanisation (THA/79/005) can also play their part in the Government's programme, providing that they are steered towards the priority needs of the target areas.

61. Outside the agricultural sector, UNDP's involvement has been in the areas of rural water supply and sanitation (THA/76/004), in which a new appropriate technology has been developed to meet this most basic of human needs. UNDP is also assisting in the development of in-school and out-of-school educational broadcasting (THA/79/010), which the Government regards as an essential means of improving rural access to education. In the same vein, UNDP support to the University of Chiang Mai (THA/78/011) and the Department of Vocational Education (THA/79/013) are both intended to make rural education better suited to the realities of rural and agricultural life, i.e., taking into account the needs of the majority of school leavers.

62. Some of these projects will continue into the third cycle and will, where necessary, be adjusted to accord with the detailed rural development strategy of the Fifth Plan. New activities will also be developed in accordance with this theme and as the Government's own plans materialize: for example, the livestock sector offers important opportunities for these most impoverished areas, and an attempt will be made to develop a programme for UNDP support in this sector during the third cycle. Similarly, a programme will be developed to assist the coastal communities, whose livelihoods are being undermined by the recent decline in marine fishery resources. Another area is that of improving cultivation practices and soil conditions in the most impoverished areas.

63. The Government also recognizes the importance of drinking water supply and sanitation to the welfare of the most impoverished areas of the country. Indeed, it is currently preparing a sectoral plan in this field and may request UNDP support at a later stage, once this plan has been completed.

C. Economic diversification

64. The Fifth National Economic and Social Development Plan represents a watershed in Thailand's history. The patterns of development which have served the country well over the past three decades are no longer suited to the challenges of the 1980s. The Fifth Plan represents an attempt by the Government to reassess its strategy and to reorientate the country's development in such a way as to make possible continued rapid growth during

the decade and beyond. This theme of economic diversification therefore has several strands (in addition to that of Energy, the importance of which merits separate attention).

65. In the first place, Thailand is relatively well-endowed with natural resources. But its primary agricultural resource is approaching its limit as the motor of development, and the country has to increase the range of agricultural and mineral resources which are exploited; it must also increase the value added of its resources, particularly by promoting agro-based industries wherever possible. In the process, the Thai economy must move away from its dependence upon imported materials; indeed, import substitution is only one step towards an offensive in the international economy by promoting its exports wherever possible.

66. At the core of this strategy lies the need to diversify and strengthen the industrial base of the economy, a process which will require substantial structural adjustments, as well as guided investment programmes. By the same token, the raw material supply base, whether agricultural or mineral, must be developed; the whole economy must become both more self-dependent as well as export-oriented. The Government is convinced that this is the way out of some of the problems it confronts at the beginning of the Fifth Plan.

67. This is clearly an area which the private sector is particularly active in Thailand. It is, therefore, one to which the Government will give particular consideration regarding the modalities which may be appropriate to the deployment of external technical assistance. There are, nonetheless, important opportunities for UNDP assistance and this theme has therefore been chosen as one of the four themes of the third country programme.

68. In the last part of the second cycle, UNDP has been supporting a pre-investment survey of the engineering industry sector (THA/80/015); it has provided assistance in re-shaping the Board of Investment (THA/78/018); and it has supported the growth and development of the Industrial Estates Authority, particularly in the field of export-processing zones (THA/77/009). It has been providing support to the Regional Cities Development Programme (THA/79/021; THA/80/014), the purpose of which is to facilitate the decentralization of economic activity to the secondary cities.

69. Of these UNDP-financed projects, the Government foresees a second phase to the project with the Industrial Estates Authority of Thailand (IEAT), a project set in the framework of decentralized economic development and closely associated with the Eastern Seaboard Development Project, a major feature of the Fifth Plan. Assistance may be required also to follow up the recently completed survey of engineering industries; scope exists here to link activities with an effort envisaged in regard to the development of a small-scale industries programme.

70. On the supply side, UNDP has long been associated with the development of natural rubber (THA/79/016) to the point at which it is now Thailand's second largest foreign exchange earner. In 1981 it began to support the development of cacao (THA/80/008) as another cash crop with processing and export potential. It has also been supporting a pre-investment study of offshore tin drilling in Andaman Sea (THA/78/009).

71. Consideration of further UNDP funding in these fields will depend on the results achieved, the commitment of national resources and the world markets. In the case of cacao, UNDP involvement may be affected by further Government decisions on a wider tree crop programme, including rubber and cocunut development. Government is also considering providing support to field and horticultural crops, including improved seed production. The Government also intends to earmark resources for the testing, development and commercialization of some elements of traditional Thai pharmacoeppia, based on traditional herbs.

72. Fertilizer has also been identified as one important factor in the expansion of farm production. With the advent of offshore gas the expansion of domestic fertiliser manufacture is envisaged; the potential for UNDP assistance in this field is as yet undefined.

73. The last ongoing project which continues into this third programming cycle is the Hotel and Tourism Training Institute (THA/78/005) of the Tourism Authority of Thailand. This project has helped lay the foundation for the Institute's operations, taking in to the stage of being able to provide basic skills courses. Further assistance will only be decided upon following a technical review of the project.

D. Energy

74. Thailand is embarking upon an exciting era in this field of the development of its own energy resources with the coming on stream in 1981 of the offshore gas resources from the Gulf of Thailand. Recent events indicate that natural gas resources may also prove to be available on-shore, in the northeast of the Kingdom. At any rate, there is no doubt that natural gas offers Thailand considerable possibilities in the years to come, and that it will constitute an essential element in the development of the Eastern Seaboard. Natural gas has a number of potentially different uses, ranging from the generation of power to the production of fertilisers. The Government is, in fact, currently reviewing these various implications.

75. The Government's use of UNDP resources in the energy field is, however, predicated first upon the results of the Energy Master Plan (THA/78/026) being undertaken by the NEA, and co-financed by UNDP and the Asian Development Bank. This plan will be available to the Government in early 1982 as a basis for policy decisions in the field of energy as well as in the use of natural gas. In the meantime, UNDP has also been supporting the Government's programme to accelerate the contribution of hydropower to electricity generation under two projects (THA/78/016; THA/77/010). It has also made a small contribution to industrial energy saving measures through the Industrial Finance Corporation of Thailand (THA/80/016).

76. UNDP's support in addressing the problem of the nation's energy requirements will be a continuing theme for the third cycle. Consideration is being given to the possibility of UNDP support in the development of oil shale deposits and geothermal potential in the north and west of the country. In the meantime, however, it should be underlined that no decisions will be taken on the use of UNDP resources until the Government has had time to deliberate on the recommendations of the Energy Master Plan.

E. Financial implications of continuous programming

77. As has been emphasized throughout this document, the Royal Thai Government has adopted a "continuous programming" approach to the UNDP country programme. The approach differs from that governing previous Thai country programmes, but is fully in tune with the UNDP Governing Council's decision to adopt "continuous programming". There are, however, several features of the continuous programming that need to be highlighted.

78. First, the country programme document consists of a policy framework, guiding the proposed utilization of Thailand's IPF. As such it is a statement of intention rather than a definite plan of action, at the programme rather than at the project level. Within this framework, the process of individual project formulation is a continuous exercise, geared inter alia to the projected availability of UNDP resources. This approach was actually adopted by the Government several years ago, and is indicated by the fact that IPF resources for 1982 are already fully committed and are more than 50 percent committed for 1983. In contrast, resources for 1984 are substantially uncommitted at this stage. The scope for the new ideas discussed earlier to find expression in fully developed projects is therefore considerable, when allowance is made for the gestation period of most projects.

79. Second, financial management of the programme as a whole is regarded as a separate, but continuous exercise, which must be sensitive both to the desired level of commitment at any given time in relation to annual ceiling as well as to individual project-level needs. Thus, shadow financial allocations do exist for many of the proposals discussed earlier, but they are recognized as being of decreasing validity the further one looks into the future. Moreover, all project-level financial decisions are subordinate to the ongoing process of project formulation, monitoring and evaluation. This is particularly important at a time when the Government's Fifth Plan is still being translated into specific programmes and applies more generally to projects which are dependent upon specific government policy decisions. For these reasons, the Government has chosen not to present even national financial allocations for new project ideas mentioned in this document, since they would be of spurious value at this stage, and might even be misleading in some cases.

80. Third, the Royal Thai Government may choose, at a later stage in the cycle, to modify the policy framework to suit the changing needs of the country. The Government would in these circumstances inform the UNDP Governing Council of such a policy shift.

II. OTHER EXTERNAL ASSISTANCE

The overall picture

81. During the period of the Fourth Five-Year Plan (1977-1981), Thailand obtained external capital valued at approximately \$5 billion. The Fifth Plan's projected requirements between 1982 and 1986 amount to \$10 billion. The Government expects fully half of this to be provided by international financial institutions, with foreign governments and financial markets sharing the other \$5 billion between them. On the basis of present trends, the required levels of capital inputs should be met.

82. Technical assistance is, of course, a small but significant part of this gross figure. Running at a level of about \$100 million per year during the Fourth Plan, its provision grew at a rate that exceeded expectations. Provided this level can be maintained, the projected needs of the Fifth Plan, \$450 million over the five years, should also be met.

83. The challenge, therefore, will not merely be to reach the external assistance funding requirements of the Fifth Plan, but rather to ensure that the quality of assistance is improved and that suitable levels of coordination are achieved. While this is clearly the primary responsibility of the Royal Thai Government, several mechanisms are designed to ensure quality and coordination.

The Development Assistance Group

84. There are a number of bilateral donors active in Thailand, of which the larger contributors are the United States, Japan, the Federal Republic of Germany, Australia, New Zealand, the United Kingdom and the European Economic Community. Together with the World Bank, the Asian Development Bank and UNDP, all these donors are members of the Development Assistance Group for Thailand (DAG/T).

85. DAG/Thailand was established in 1962. It meets regularly at the ambassadorial level and, in 1981, was chaired by the Deputy Prime Minister. These sessions normally precede the Consultative Group Meeting, held under the auspices of the World Bank. From time to time, the DAG convenes working group meetings to discuss specific issues of a topical nature. UNDP, together with NESBD, acts as Secretariat for the DAG, and with DTEC also prepares the annual Compendium of Development Assistance.

86. Within the framework of the DAG and under the leadership of the Royal Thai Government, there exists a continuous dialogue and exchange between the various sources of external assistance. As the number of donors adopting a country programming approach along with lines of UNDP increases, the Government expects further improvements in aid co-ordination.

The Resident Co-ordinator

87. As regards the United Nations System, the Royal Thai Government has welcomed the introduction of the Resident Co-ordinator function. It has further supported the designation of the UNDP Regional Representative in Bangkok to fill this role, since it contributes to the Government's own intention to streamline co-ordination of the United Nations system at a national level.

88. There is, on the other hand, a difference between co-ordination and centralization. The Thai Government recognizes the plural nature of the United Nations system of agencies, and the fact that each specialized agency is charged with implementing its own mandate. In keeping with this general philosophy, the Government does not therefore expect the Resident Co-ordinator function to impinge on all aspects of United Nations operations in Thailand, nor to distort the legitimate links which have been built up between United Nations agencies and various branches of the Government. It does, however, hope for a greater harmonization of policies between the agencies and expects more opportunities for co-operation to emerge as a result.

89. The World Bank, the Asian Development Bank and the International Fund for Agricultural Development (IFAD), all have significant programmes in Thailand. Technical assistance forms a substantial aspect of their loan programmes, and UNDP provides support in many instances. This will continue in the future.

90. The United Nations Children's Fund (UNICEF) is also a significant donor. Its programmes are conceptually similar to the UNDP programme, in that it provides primarily technical assistance. Its mandate is, however, closely focused on the development needs of children and mothers. For this reason, UNDP funding will not be sought in this sector. UNICEF's new country programme, will concentrate on children's development projects especially in rural areas but will also address the problems of the urban poor outside Bangkok and the major towns. The prevention of child disability will also be included.

91. Elsewhere among the specialized agencies, a variety of regular programme activities takes place in partnership with the Thai Government. The largest of these programmes are those of WHO and FAO. The WHO regular programme, amounting to just over \$7 million for 1982-1985, supports the strategy of "Health for All by the Year 2000", as enunciated in the Fifth Five-Year Plan. Care is taken to ensure complementarity of both the WHO and FAO programmes with the UNDP-supported programme, and especially with FAO since UNDP/FAO programmes constitute the largest single component of the UNDP-supported programme in the country.

Other United Nations agencies and programmes associated with UNDP

92. The third level of external assistance is represented by those United Nations agencies and programmes which work in close concert with UNDP at the field level. The United Nations Fund for Population Activities (UNFPA), the World Food Programme (WFP), the United Nations Fund for Drug Abuse Control

(UNFDAC) and the Interim Fund for Science and Technology for Development (IFSTD) are all represented in Thailand by the UNDP Regional Representative, and their offices are integrated with that of UNDP.

93. UNFPA itself carried out a country programming exercise during 1981. With a mandate to assist the Royal Thai Government in areas of national population policy, its projected four year programme (1983-1986) will be funded at an annual level of about \$2 million and be based on the recommendations of a basic needs assessment mission which took place in early 1981. In broad terms, UNFPA's programme is aimed towards projects in the field of basic data collection, policy formulation, planning and research, health and family planning, education and communication, as well as special programmes in support of women and youth.

94. UNFDAC, apart from projects dealing directly with drug dependency research, treatment and prevention, is also supporting a major crop-substitution programme in the Northern Region of the country, entitled Highland Agricultural Marketing and Production (HAMP). This project, as well as requiring co-ordination with UNDP's own support for agricultural projects, also necessitates close consultation with the major bilateral donors.

95. WFP is concerned at present with the provision of food relief for Kampuchean, under the Kampuchean Emergency Operation, which began in September 1979. WFP is also continuing to provide food assistance to the 90,000 Thai citizens affected by the border situation. In carrying out these programmes, WFP works very closely with UNHCR, UNICEF and the International Committee for the Red Cross, the overall co-ordination of which takes place at weekly inter-agency meetings. Meetings on a fortnightly and monthly basis ensure co-ordination with Government authorities and voluntary agencies respectively.

96. Lastly, the Interim Fund is supporting one project in Thailand, which is administered by UNDP and executed by UNESCO, and which is designed to strengthen the Ministry of Science, Technology and Energy. Another project on appropriate technology education will start as soon as availability of funds will have been confirmed.

97. At a regional level Thailand, of course, is a full participant in the UNDP intercountry programme, which was approved by the Governing Council in June 1981. Thailand has been, and will continue to be, host to a large number of UNDP-funded regional programmes. In this context, Thailand is indeed in a unique position, hosting the headquarters of the Economic and Social Commission for Asia and the Pacific (ESCAP), as well as bearing responsibility on behalf of ASEAN for its relations with the United Nations system.

Conclusion

98. It has not been the intention to detail here the many varied links between external agencies and the UNDP country programme, but rather to describe some of those programmes most closely associated with UNDP and to emphasize the Government's intentions to use this programme as one means of co-ordinating external assistance to support its programmes. By spelling out the guiding themes, and describing the Government's approach to external assistance, it is hoped that this programme will make such a contribution.

99. In drawing up this programme, the Government and UNDP have acquired a large inventory of project proposals which for want of resources are unlikely to receive UNDP funding. Perhaps this will provide a starting point for other donor agencies, since many coincide with the priority needs of the country.

100. The Royal Thai Government looks forward to the efficient implementation of its third UNDP country programme in pursuance of the objectives of the Kingdom's economic and social development plan.

Annex

FINANCIAL SUMMARY

A. Resources

(a) IPF and other resources	\$
(i) Illustrative IPF for programme period	43 000 000
ii) Carry-over from previous IPF cycles	545 000
(iii) Other resources	-
(b) Provision for adequate programming	-
TOTAL	<u>43 545 000</u>

B. Use of resources

(a) Programmed	
(i) Ongoing projects	10 600 000
(ii) New projects and new phases included in the country programme	24 300 000
(iii) Earmarked for specific objectives and activities for which projects are to be worked out (continuous programming at a later stage)	-
Sub-total	<u>34 900 000</u>
(b) Reserve	
(c) Unprogrammed balance ^{a/}	8 600 000
TOTAL	<u>43 500 000</u>

C. Distribution of programme by themes

Theme I : Management of the Development Process:	15%
Theme II : Rural Development and Poverty Alleviation:	55%
Theme III: Economic Diversification:	20%
Theme IV : Energy:	10%

TOTAL	<u>100%</u>
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^{a/} Representing 20 per cent of the illustrative IPF which has not been taken into account for programming in accordance with the Administrator's instructions contained in UNDP/PROG/FIELD/111; UNDP/PROG/HQTRS/126.

