

**THE
FOREIGN
ASSISTANCE
PROGRAM**

Annual Report to the Congress

Fiscal Year 1965

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All program figures used in this report for fiscal year 1965, including statistical data in the appendices, are preliminary figures and are subject to minor revision when the final analyses have been completed.

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ERRATA SHEET

THE FOREIGN ASSISTANCE PROGRAM - ANNUAL REPORT TO THE CONGRESS FY 1965

Page 12. "AID Economic Program Summary"

First paragraph should read:

"Each of the major categories of assistance was concentrated in a different region, reflecting the particular need and conditions of that region. The largest share of Development Loans was committed to the Near East South Asia; Technical Cooperation had its heaviest concentration in Africa; Supporting Assistance was heaviest in the Far East in response to the continuing need for assistance in countering Communist subversion and aggression; and Latin America received the largest share of Contingency Funds. Latin America also ranked second in Development Loans and Technical Cooperation."

Page 26 "Near East and South Asia"

First paragraph should read:

"During fiscal year 1965, twelve countries in the Near East and South Asia area of the world received Military Assistance. These countries were allocated \$302.5 million in military grant aid. Of this amount, 98 percent was allocated to programs for Greece, Turkey, Iran, Pakistan and India. The remaining 2 percent was allocated to programs for Afghanistan, Iraq, Jordan, Nepal, Lebanon, Saudi Arabia, and Syria."

PRESIDENT'S LETTER OF TRANSMITTAL

To the Congress of the United States:

The Annual Report on the Foreign Assistance Program of the United States for fiscal year 1965, which I here transmit, shows what Americans have done during the past twelve months to help other people help themselves.

The record of these months offers new testimony to our continuing conviction that our own peace and prosperity here at home depends on continued progress toward a better life for people everywhere.

In pursuit of that goal, we have, during this past year, placed new emphasis on the basic problem of securing more food for the world's population.

We have agreed to extend technical assistance to countries asking for help on population programs. At the same time, our overseas missions have been directed to give priority to projects for achieving better agriculture. Additional resources of our great universities have been applied to rural development efforts abroad, and we have moved to increase the nutritional value of food shipped overseas for children.

During these past twelve months we have also:

- Begun to make education a more vital part of our assistance to other nations. Today, 70 American universities are engaged in the development of 39 Asian, African and Latin American countries through this program.

- Given our full support to development of a new life for the people of Southeast Asia through a regional development program—a true and hopeful alternative to profitless aggression. We have made progress toward the establishment of an Asian Development Bank, and accelerated plans for development of the critical Mekong River Basin.

The twelve months covered by this report also reflect our progress toward making our aid programs both more realistic, and more efficient. For example:

- Foreign assistance has become a smaller factor in our balance of payments. In fiscal year 1965, more than 80 cents of every AID dollar was spent for the purchase of American goods and services. American products and skills went overseas as aid; most of the dollars which paid for them stayed in this country.

- Foreign aid has become a smaller burden on our resources. The \$3.5 billion committed for military and economic assistance in fiscal year 1965 represented 3.5 percent of the Federal budget and one-half of one percent of the U.S. gross national product.

At the height of the Marshall Plan, in comparison, foreign aid accounted for more than 11 percent of the Federal budget and nearly 2 percent of our gross national product.

Perhaps the most important single change in our AID programs has been the shift from simply helping other countries stay afloat to helping them become self-supporting, so that our assistance will no longer be needed.

Three-fourths of our AID program in fiscal year 1965 was devoted to development assistance: programs of technical and capital assistance in agriculture, industry, health and education that strengthen the ability of other nations to use their own resources.

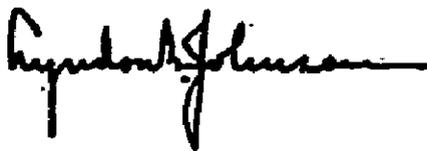
Finally, private participation in AID programs is at an all-time high. Through contracts with American universities, business firms, labor unions, cooperatives, and other private groups, AID has sharply increased the involvement of non-governmental resources in international development.

Two of every five AID-financed technicians in the field today are not Federal employees, but experts from private American institutions.

There is much in the less-developed world that causes us deep concern today: enmity between neighbor nations that threatens the hard-won gains of years of development effort; reluctance to move rapidly on needed internal reforms; political unrest that delays constructive programs to help the people; an uncertain race between food supplies and population.

We are right to be concerned for the present. But we are also right to be hopeful for the future. In this report are recorded some of the solid, human achievements on which our future hopes are based.

Whether it provides strength for threatened peoples like those in Southeast Asia, or support for the self-help of millions on the move in Latin America, in Africa, in the Near East and South Asia, our foreign assistance program remains an investment of critical and promising importance to our own national future.



LYNDON B. JOHNSON

JANUARY 1966

TABLE OF CONTENTS

Page

I. INTRODUCTION.....	5
Economic Assistance.....	5
Concentration of AID Economic Assistance.....	6
Progress Toward Self-Support.....	6
AID and the Balance of Payments.....	7
Food Problems and Population Policy.....	8
Private Enterprise in Development.....	9
The Management of Assistance.....	11
II. AID ECONOMIC PROGRAM SUMMARY.....	12
Near East/South Asia.....	12
Latin America.....	13
Far East.....	15
Africa.....	16
III. TECHNICAL COOPERATION.....	19
IV. DEVELOPMENT LENDING.....	21
V. SUPPORTING ASSISTANCE AND THE CONTINGENCY FUND.....	24
VI. MILITARY ASSISTANCE PROGRAM.....	25

APPENDICES

AID Program Commitments in Near East/South Asia.....	29
Technical Cooperation Grants in Near East/South Asia.....	29
AID-Financed Technicians in Near East/South Asia—Contract and U.S. Government Employees.....	30
New Development Loan Authorizations in Near East/South Asia.....	31
AID Program Commitments in Latin America.....	36
Technical Cooperation Grants in Latin America.....	36
AID-Financed Technicians in Latin America—Contract and U.S. Government Employees.....	37
New Development Loan Authorizations in Latin America.....	38
AID Program Commitments in the Far East.....	49
Technical Cooperation Grants in the Far East.....	49
AID-Financed Technicians in Far East—Contract and U.S. Government Employees.....	50
New Development Loan Authorizations in Far East.....	51
AID Program Commitments in Africa.....	52
Technical Cooperation Grants in Africa.....	53
AID-Financed Technicians in Africa—Contract and U.S. Government Employees.....	53
New Development Loan Authorizations in Africa.....	54

APPENDICES—Continued

	Page
Summary of AID World-Wide-Program Commitments.....	58
Technical Cooperation Grants Worldwide.....	58
AID Employment (FY 1961-1965).....	59
AID-Financed Technicians World-Wide—Contract and U.S. Government Employees.....	59
Foreign Technicians (Participants) Arriving in the United States for Training in FY 1965.....	60
Countries Where Investment Guaranties Are Available.....	61
Specific Risk Guaranty Program—Amount of Coverage in Force (Chart).....	63
Foreign Currency (Cooley) Loans Authorized.....	64
AID-Financed Contracts for Development of Cooperatives.....	66
Investment Survey Program Activity.....	66
AID-Financed Commodity Expenditures—Major Commodities Purchased In United States (Chart).....	67
Obligations of U.S.-Owned P.L. 480, Title I, Foreign Currencies for Economic Development and Defense Support.....	68
U.S. Share of AID-Financed Commodity Expenditures.....	68
Organizations Registered with the Advisory Committee on Voluntary Foreign Aid Receiving AID Ocean Freight Payments.....	69
Military Assistance.....	69
Statement on Freedom of Navigation.....	71
AID Advisory Committees.....	72

I. INTRODUCTION

The United States committed a total of \$3,503 million for mutual defense and development programs under the Foreign Assistance Act in fiscal year 1965.

Nearly two-thirds of this total, \$2,178 million, was committed for economic assistance programs administered by the Agency for International Development. A total of 77 countries received some assistance during the year, with 25 of these accounting for 90 percent of direct AID assistance.

Commitments for Military Assistance, administered by the Department of Defense, totaled \$1,325 million in fiscal year 1965. Increased Communist pressure on South Vietnam and its free world neighbors resulted in the allocation of substantially increased amounts of aid to that area.

Foreign Assistance Act commitments were the lowest since fiscal year 1961. The \$3.5 billion total represented about 3.5 percent of the Federal budget and one-half of one percent of the U.S. gross national product (\$650 billion).

ECONOMIC ASSISTANCE

Under the Agency for International Development, U.S. economic programs continued to emphasize assistance for long-term development in the form of Development Loans and Technical Cooperation grants.

Events in Southeast Asia and the Dominican Republic required a higher level of Supporting Assistance funds for security purposes than originally planned for fiscal year 1965. Despite this, AID provided more than three times as much development assistance as Supporting Assistance during the year. As recently as fiscal year 1961, this ratio was nearly one to one.

During fiscal year 1965 total AID commitments for economic assistance were as follows:

	<i>Millions</i>
Regional Programs.....	\$1, 895. 8
Development Loans.....	\$1, 162. 5
Technical Cooperation.....	248. 4
Supporting Assistance.....	437. 4
Contingency Fund.....	47. 4
Non-Regional Programs.....	72
(Development Loans, Technical Cooperation Grants, Supporting Assistance and Contingency Fund Commitments)	
Contributions to International Organizations.....	134
Administrative Expenses, AID and Department of State.....	58
American Schools and Hospitals Abroad.....	18

CONCENTRATION OF AID ECONOMIC ASSISTANCE

AID assistance has, during the past several years, been increasingly concentrated in a relatively few countries. During fiscal year 1965 nearly 90 percent of AID's direct economic assistance went to just 25 countries.

Four countries—Jordan, Korea, Laos, and Vietnam—received nearly 80 percent of all Supporting Assistance.

Development Assistance (Development Loans and Technical Cooperation Grants) is also highly concentrated. Eight countries received 71 percent of the development assistance committed during fiscal year 1965.

In presenting its proposed fiscal year 1965 program to the Congress in February 1964, AID anticipated that seven countries—Chile, Colombia, India, Nigeria, Pakistan, Tunisia and Turkey—would account for 67 percent of the proposed Development Loan program. In fact, the degree of concentration was even higher.

The major stabilization, reform, and development effort undertaken by the new government of Brazil during fiscal year 1965 also qualified this country for major development support. On the other hand, in accordance with the Agency's policy of regular reviews of performance, no new loans were provided to Colombia during fiscal year 1965 pending further study of the country's program for meeting its stabilization and development objectives.

In 1965, seven countries—those listed above, excluding Colombia but including Brazil—accounted for 80 percent of total loan authorizations.

PROGRESS TOWARD SELF-SUPPORT

AID economic assistance is designed so far as possible to help other countries achieve self-supporting growth and an end to the need for extraordinary assistance from outside. AID programs are ended as soon as this point has been reached, or as rapidly as other appropriate sources of assistance can be found.

In this manner, twenty-six AID programs had been brought to an end by the close of FY 1965, five of them during the last fiscal year. No new AID commitments were made in fiscal year 1965 for Greece, Iraq, Syria or Southern Rhodesia. The AID Mission to the Republic of China on Taiwan was closed June 30, 1965, bringing to an end one of the most successful assistance programs in the less-developed world.

An end to AID assistance does not mean an end to U.S. cooperation with other countries. Taiwan, for example, will remain eligible for other government programs such as long-term loans from the Export-Import Bank, Military Assistance, and sales of U.S. surplus food under the Agricultural Trade Development and Assistance Act

(PL 480). Other mutual cooperation programs will continue in trade and investment, cultural and technical interchange, and scholarship exchanges such as those under the Fulbright-Hays Act.

Taiwan is now becoming a donor rather than a recipient of international assistance. The Republic of China is already conducting important technical assistance programs in agricultural development in more than a dozen Asian, African, and Latin American countries.

Other countries are approaching self-sustaining growth. As they do so, AID hardens the terms on which it provides assistance. AID has already hardened the terms of development loans to Iran, Israel, and Mexico as these countries approach the point where they can pay on more conventional terms for the external aid they require.

AID AND THE BALANCE OF PAYMENTS

In recognition of U.S. balance of payments problems, most AID assistance has been tied to the purchase of American goods and services. When AID sends American goods and services abroad and keeps its dollars here to pay for them, the cost of the AID program to the U.S. balance of payments is minimized.

In fiscal year 1965, over 80 percent of AID dollars was committed for the purchase of American goods and services. On an expenditure basis, the direct U.S. share of total AID spending was slightly lower because expenditures lag behind obligations and some expenditures during the fiscal year reflected earlier commitments when "tying" was not as rigid as it is today.

As recently as fiscal year 1962, offshore expenditures from the AID program totaled nearly \$1 billion. In 1963, the Agency set out to cut offshore payments to \$500 million by fiscal 1965. The target has been exceeded: 1965 offshore payments were down to an estimated \$413 million,¹ about 20 percent of total AID expenditures.

During the same period, there were \$158 million in foreign assistance receipts from abroad—primarily repayments of principal and interest on past loans from AID and predecessor agencies. This

¹ This calculation is sometimes questioned as an accurate measure of the AID "dollar drain" on grounds that it is 1) too high, because of "feedback" or 2) too low, because of "substitution". "Feedback" means that a substantial share of the AID dollars spent in less-developed countries or contributed to international organizations does, in fact, come back to the United States to pay for more American goods and services. "Substitution" means that when aid is tied less-developed countries may tend to reduce American purchases from their own limited dollar earnings. AID studies to date indicate that at current levels of aid tying the real effect of the AID program on the U.S. balance of payments is approximately the same as the apparent effect cited in the text.

repayment-flow-reduced-the-net-total-of-payments-abroad-from-foreign-economic-assistance-programs-to-about-\$255-million-for-fiscal-year-1965.

As a result of the policy of tying AID assistance to the purchase of U.S. goods and services, there has been a sharp increase in the participation of American business and industry in the AID program.

The sharpest increase has been in the U.S. manufacturers' share of AID-financed industrial commodities. In 1960, American firms supplied only 41 percent of AID-financed commodities—\$423 million of a \$1,040 million commodity total for that year. In fiscal year 1965, however, 92 percent of AID-financed commodities were supplied by U.S. firms, representing a total of \$1.2 billion in AID-financed export shipments to Asia, Africa and Latin America. -

American shipping lines are paid about \$80 million annually to carry AID-financed cargoes to their destinations. The Cargo Preference Act requires that 50 percent of U.S. foreign assistance cargoes be carried in U.S. bottoms, whenever American vessels are available. In practice, AID has exceeded this minimum, with 72 percent of such AID-financed cargoes carried in American flagships in fiscal year 1965. No AID funds may be paid to foreign flag vessels; therefore, freight charges for cargoes shipped on foreign lines are ordinarily paid by the recipient country.

FOOD PROBLEMS AND POPULATION POLICY

In recent years, farm output in many countries of Asia, Africa, and Latin America has not kept pace with population increases and rising food demands. Major AID policy attention has been focused on these trends which, if continued, threaten very serious results.

At a Washington conference held jointly with American land grant college and university leaders and with the U.S. Department of Agriculture in July 1964, the requirements of the developing countries for technical assistance and the best means for providing that assistance from the United States were discussed.

In the spring of 1965, AID Mission Directors were instructed to give greater priority to agricultural development in preparing their country assistance proposals for the coming year. In fiscal year 1965, AID devoted about 18 percent of Technical Cooperation funds directly to agriculture, and roughly 20 percent of its project lending to investments in fertilizer production, farm credit, extension and the like, which will directly affect agricultural development. Nearly 1000 technicians are working abroad on AID-financed projects of assistance to agriculture.

During FY 1965, AID started fortifying non-fat dry milk with vitamins A and D before it is sent abroad under PL 480 donation programs. AID also decided to proceed with efforts to provide high

protein diet supplements for very young children threatened with permanent growth retardation due to serious malnutrition.

Steps were taken to persuade food processors to improve technological facilities for the enrichment and fortification of grains for use overseas. In addition, American firms are being encouraged to invest in food processing ventures in the developing countries to produce inexpensive high-protein formulated foods.

Fiscal year 1965 also saw the formal evolution of AID activities in the field of population dynamics. The Agency has long given assistance in developing health services and population statistics and in training health personnel. AID is now prepared to supply technical assistance as well as commodity assistance for such things as vehicles or equipment for educational purposes in family planning programs, when requested by aid-receiving countries and where the programs in question are based on freedom of choice. Local currency projects to support national efforts are also being considered. AID will not finance contraceptive devices nor the equipment to make them.

A special unit on population has been established in AID's Office of Technical Cooperation and Research and population officers appointed in all Regional Bureaus and Missions. The Latin American Bureau, in particular, has placed great stress on the development of a positive program of assistance to governments to undertake population projection and analysis as an integral part of development planning. Contracts have been negotiated, under which the Universities of California, Notre Dame, Johns Hopkins, and North Carolina are developing a capacity to backstop AID population projects by providing training, personnel for overseas work, and research.

In the last months of the fiscal year, survey teams visited India, Pakistan, the UAR, and Turkey; central training courses in vital statistics, demography, midwifery, and family planning were given; and regional meetings of Mission population officers were held in Puerto Rico and at Johns Hopkins University in Baltimore.

PRIVATE ENTERPRISE IN DEVELOPMENT

AID continued to emphasize the growth of strong private sectors in the less-developed countries and the encouragement of American private investment in Asia, Africa, and Latin America.

During fiscal year 1965, AID authorized \$91.1 million in dollar loans to intermediate credit institutions which have been established to mobilize more capital on reasonable terms for private ventures in the less-developed countries. Two-thirds—\$63 million—was in loans for relending in the industrial private sector in Latin America, India, and Nepal. The balance went for agricultural credit and cooperatives in Latin America.

At the same time, AID financed the contract services of 165 American advisors to encourage private sector investment (138 of them in Latin America), working on projects including investment centers, development banking facilities, country surveys of private investment opportunities, industrial districts, and the like.

AID emphasis on creation of cooperative and thrift institutions in the less-developed countries, stimulated by the Humphrey Amendment in 1962, continued in fiscal year 1965. During the fiscal year, there were some 400 AID-financed technicians at work on cooperative development, over four times as many as in 1962. In fiscal year 1965 AID committed \$16 million for the support of technical assistance in cooperative development, compared with \$2.8 million in 1962. Heaviest emphasis was in Latin America, where 235 of the AID-financed cooperative experts were working and \$10.9 million of the funds were committed to support the development of savings and loan associations, credit unions, housing, farm credit, handicraft marketing, and rural electric cooperatives.

AID programs to encourage private American investment in the less-developed countries continued to expand during fiscal year 1965.

The number of less-developed countries participating in the AID Investment Guaranty program rose to 69, with nine new countries signing bilateral agreements with the United States in the fiscal year.

During the fiscal year, AID wrote 623 Specific Risk Guaranty contracts for \$803 million in coverage, compared with 302 contracts with a coverage of \$597 million the previous year. The total value of Investment Guaranty coverage outstanding against risks of inconvertibility, loss due to expropriation, and loss due to war, revolution, or insurrection rose to \$1.976 billion—a net increase of more than \$600 million over the preceding year, and the largest annual increase in coverage since the program began in 1948.

AID made the equivalent of \$52.7 million in Cooley local currency loans during fiscal year 1965 either to American firms and their affiliates in the less-developed countries or to foreign firms using American agricultural products. Nearly \$50 million of the total was made for ventures in the Near East South Asia region in such fields as machine tools, fertilizer production, feed milling, and the manufacture of tractor parts.

American business interest continued high in the Investment Survey program, under which AID will share up to half the cost of surveying a potential investment in the less-developed countries. AID authorized 57 new survey grants during the fiscal year, bringing to 146 the number of such grants authorized since the program was initiated in fiscal year 1963. Fifty-seven surveys have been completed and 15 firms are proceeding with investments that will bring up to \$30 million in private American capital into Nigeria, Korea, Greece, India, Israel, British Honduras, Colombia, Guatemala, and Mexico.

During the fiscal year the Advisory Committee on Private Enterprise in Foreign Aid, under the chairmanship of Arthur K. Watson, completed an intensive survey of private participation in economic assistance and began preparation of its final report to the AID Administrator.

THE MANAGEMENT OF ASSISTANCE

During fiscal year 1965, AID continued its drive to do a better job with fewer people. Employment dropped 544, from 15,642 at the beginning of the year to 15,098 as of June 30, 1965. This was accomplished despite a sizeable increase in the Vietnam and Laos staffs required to meet the stepped-up AID effort in Southeast Asia.

The Agency has continued to decentralize operating authority to speed program action. Regional Assistant Administrators, for example, were authorized to delegate to country Mission Directors authority to negotiate contracts at the field level and to use up to \$50,000 of Technical Cooperation funds without prior Washington approval, to support village self-help projects, youth projects, projects in which the Peace Corps is active and similar activities.

Where the local situation permits, and savings can be achieved, AID Missions now have combined administrative units with the U.S. Embassy or rely on U.S. Embassy personnel for administrative support in place of separate AID administrative staffs. Of a total of 71 AID country programs with staff at post, 30 now acquire their administrative support through Embassy staffs or consolidated administrative service units.

Automation has been extended to save manpower in processing payrolls, Specific Risk Investment Guaranty applications, and, on a pilot basis, the routing of communications.

A cost reduction/cost avoidance program during fiscal year 1965 produced agency-wide cost reductions estimated at \$17.4 million. For example, AID's Office of Public Safety developed radio equipment for the use of Vietnam police at a cost \$868,500 below what would have been required to procure comparable commercially-available equipment.

For overall review and advice on the management and direction of foreign assistance programs, the President named a General Advisory Committee composed of distinguished private citizens and chaired by James A. Perkins, President of Cornell University. The committee was named March 26, 1965, and directed by the President to make its goal "the most effective and most efficient assistance programs the United States can possibly devise".

II. AID ECONOMIC PROGRAM SUMMARY

Each of the major categories of assistance was concentrated in a different region, reflecting the particular need and conditions of that region. The largest share of Development Loans was committed to the Near East South Asia; Technical Cooperation had its heaviest concentration in Africa; Supporting Assistance was heaviest in the Far East in response to the continuing need for assistance in countering Communist subversion and aggression; and Latin America received the largest share of Supporting Assistance. Latin America also ranked second in Development Loans and Technical Cooperation.

Fiscal Year 1965 Regional AID Commitments

[Millions of dollars]

Region	Develop- ment loans	Tech- nical coop- eration	Sup- porting assist- ance	Contin- gency Fund	Total
Near East/South Asia.....	605.5	49.9	38.5	-----	693.9
Latin America.....	441.5	78.6	35.7	32.3	588.1
Far East.....	69.4	39.2	326.2	15.0	449.9
Africa.....	46.1	80.7	37.0	.1	163.9
Total.....	1,162.5	248.4	437.4	47.4	1,895.8

NOTE: Totals may not add due to rounding.

NEAR EAST/SOUTH ASIA

As in previous years, the largest share of U.S. economic assistance (37 percent of regional commitments) was allocated to the Near East South Asia region during fiscal year 1965. Development Loans constituted 87 percent of all funds committed in the region, and India, Pakistan, and Turkey accounted for over 95 percent of total development lending for the region. The major portion of the development loan funds committed in these countries was used for program assistance which financed imports from the United States to support comprehensive development programs or particular sectors of the

countries' economies. A large segment of the imports financed under program loans provided commodities needed for investment activities in the private sector.

No new AID commitments were made during fiscal year 1965 for Greece, Iraq, or Syria, reducing the number of aided countries in the region from 14 to 11.

Supporting Assistance, which accounted for half of total assistance to the region in 1958, declined for the sixth successive year to \$38.5 million, about five percent of the total AID program in the region. Only two countries (Jordan and Yemen) and the Central Treaty Organization received Supporting Assistance grants.

In fiscal year 1965, these were among the results of AID technical and capital assistance in the Near East South Asia region:

More than a half million students enrolled in colleges, universities, and vocational, technical, and normal schools receiving assistance under the AID program;

Clearing of 679,000 acres of land for cultivation;

Distribution of 580,000 tons of fertilizer;

Irrigation, for the first time, of 521,000 acres;

More than six billion kilowatt hours of electric power generated by 13 new plants constructed with AID assistance.

By the close of fiscal year 1965, more than 520 million people in the region were protected from malaria as a direct result of AID-assisted malaria eradication programs.

LATIN AMERICA

The Latin American region accounted for more than 30 percent of total AID country assistance commitments during fiscal year 1965, reflecting the continued emphasis on Western Hemisphere development begun under the Alliance for Progress. Prior to the Alliance, during the 12 years from 1948 to 1960, U.S. aid to Latin America accounted for only two percent of total economic assistance worldwide.

The continued high level of AID assistance in Latin America is a direct response to the progress of the Latin American countries themselves in carrying out the self-help and reform programs pledged under the Alliance for Progress. By the close of fiscal year 1965, 10 Latin American countries had submitted national development plans to the Organization of American States (OAS) Panel of Experts. Fourteen countries had instituted land reform programs and most countries had undertaken some tax reforms.

Three-fourths of the AID program in Latin America was financed by dollar-repayable Development Loans. The major programs were in Brazil, Chile and in Central America, either directly to the countries or through regional organizations whose formation the United States has encouraged.

The \$78.6 million technical assistance program in Latin America was the second largest world-wide. This included \$6.6 million for technical assistance in the field of public administration to finance such activities as the service of 83 experts from the U.S. Internal Revenue Service during fiscal year 1965 to help 16 of the American republics improve tax administration and collection.

During fiscal year 1965, AID committed \$35.7 million in Supporting Assistance and \$32.3 million of Contingency Funds in Latin America—a total of \$68 million. Nearly two-thirds of this was allocated to the Dominican Republic as emergency support following the April uprising.

These were among the results of AID technical and capital assistance under the Alliance for Progress by the close of fiscal year 1965:

300,000 homes for 1½ million people;

25,000 new classrooms;

Nearly 1,000 water and sewage systems serving more than 13 million people;

Approximately 9,000 miles of roads built, expanded or improved;

10 million school texts distributed;

100,000 teachers trained;

More than 300,000 agricultural loans extended;

88 savings and loan associations and 1,650 credit unions established.

By the end of the fiscal year, the diets of 13 million Latin American children were being supplemented through AID-assisted school lunch programs using surplus American food, and more than 100 million Latin Americans were protected from malaria through AID-assisted eradication programs.

FAR EAST

Supporting Assistance continued to account for the largest share of AID programs in the Far East. The \$326.2 million committed as Supporting Assistance in fiscal year 1965 along with \$15 million from

the Contingency Fund represented three-fourths of the total \$450 million AID program in the region.

However, development lending in the region doubled over the fiscal year 1964 level, as Korea received nearly \$50 million in loans for design and construction of two private-sector chemical fertilizer plants. These loans highlighted the continuing shift in U.S. aid to Korea from support of the Korean economy for security and stability to assistance directed to long-term growth and development.

One-half of total AID funds in the region were allocated to Vietnam to support the civilian economy, provide civilian supplies for the counterinsurgency effort, and mount an intensive rural action program to raise farm output, provide health services and education, and visibly improve the lot of people at the village level.

Vietnam accounted for about two-thirds of Supporting Assistance Funds in the Far East during the fiscal year. Korea and Laos were the region's other major recipients of Supporting Assistance. These three countries accounted for 70 percent of the Supporting Assistance Funds committed by AID worldwide in fiscal year 1965.

Since 1954, AID programs have helped the Vietnamese build and stock 12,000 hamlet health stations, construct 4,000 new classrooms, train more than 12,000 teachers, and increase output of rice and corn. But lasting progress is seriously hampered by Viet Cong terrorism and by the ravages of war.

In April 1965, President Johnson called for an end to Communist aggression and the beginning of a major, multi-year international effort to develop the Southeast Asia region. He indicated our willingness to join in such an undertaking with the benefiting countries, with international organizations, and with contributing nations of any political system. The President pledged that, subject to Congressional approval, the United States would subscribe up to \$200 million of the one billion dollars total capital for a proposed Asian Development Bank and named former World Bank President Eugene Black as his special representative in the matter.

The limited AID program in Indonesia was brought to a virtual standstill in fiscal 1965 and no new commitments were anticipated for fiscal 1966.

The AID program in the Republic of China on Taiwan was successfully completed June 30, 1965, as the country reached the point where it could continue economic growth on its own. Military assistance will continue, but AID economic programs are ended and surplus food sales to the Republic will be on dollar credit terms in the future, rather than for local currency.

Only 10 years ago, prospects for growth and stability in Taiwan looked dim. Few would have predicted that by 1965, with U.S. assistance and their own hard work, the people of Taiwan would have achieved a 45 percent rise in gross national product, that industrial output would have tripled, or that Taiwan (with its own foreign exchange earnings rising above \$400 million annually) would join other former aid recipients as a sizeable cash customer for U.S. commercial exports. One of the most successful land reforms in Asia has been effected—80 percent of the farmers now work their own land. Malaria has been wiped out; literacy stands at 90 percent with schools for every child today.

Taiwan today is not rich—per capita income is about \$150 per year, compared with more than \$2,500 in the United States. But the country has the trained people, the capital base and the export earnings to build on its own from now on, paying conventional rates for the capital and the technical assistance it still requires to grow.

These were among the results of AID assistance in the Far East by the close of fiscal year 1965:

More than 1.7 million children attending primary and secondary school in classrooms provided with AID assistance;

116,000 students enrolled in assisted colleges and universities;

More than 100,000 teachers trained in AID-assisted colleges and normal schools;

Two million additional acres brought under irrigation;

Over one million tons of fertilizer distributed during the fiscal year;

Credit for better seeds, fertilizer and land improvements extended to 1.7 million farmers.

By the close of the fiscal year, 115 million people in the region were protected from malaria as a direct result of AID-assisted malaria eradication programs.

AFRICA

Technical Cooperation activities in Africa increased from \$74.2 million in fiscal year 1964 to \$80.7 million in fiscal year 1965 and accounted for half of the total AID program in the region during the latter period. Overall AID commitments in Africa, however, were considerably lower in fiscal year 1965 than in the preceding year because of a lower level of development lending.

Both absolutely and proportionately, this was the largest technical assistance investment in any of the four regions and it reflects the urgent need to develop human resources and basic institutions as a prerequisite for major capital investment. More than half the Technical Cooperation commitments were for technical assistance in education and in agriculture—training teachers, building elementary and secondary schools, establishing extension services, and teaching modern techniques of farming.

Supporting Assistance to the region amounted to \$37. million, 23 percent of the total program, continuing the steady decline of this kind of assistance to Africa since fiscal year 1961 when over 60 percent of the total African program consisted of Supporting Assistance.

Some AID assistance was provided to 35 African countries during fiscal year 1965, but two-thirds of the total went to just seven countries—Nigeria, Tunisia, Congo (Léopoldville), Liberia, Guinea, Morocco, and Ethiopia.

The largest programs were in Nigeria and Tunisia, the two African countries where AID conducts major programs in support of general development. As in previous years, two-thirds of total free world assistance to African development was provided by countries other than the United States, principally the developed countries of western Europe.

New elements in the fiscal year 1965 program for Africa included provision of operating personnel to meet African needs for specific kinds of skilled manpower; a new program to encourage joint ventures by African and U.S. small businessmen; and an increase in regional activities such as an Afro-American purchasing center in the United States to help with commodity procurement procedures.

Of the \$46.1 million in development lending to African countries during fiscal year 1965, \$21.4 million was for improvements in transportation—seven loans to six countries for projects to build roads into rich farm and forest areas and to improve air transport facilities. Other loans were for expansion of schools and colleges in Kenya and Liberia, and for expanded sewerage systems and a general training hospital in Liberia.

These were among the results by fiscal year 1965 of AID assistance programs in Africa:

More than 2,000 new teachers graduated during the year from AID-assisted training institutions;

Secondary school enrollment in East Africa increased threefold since 1961 to 75,000;

41,000 students enrolled in AID-assisted vocational and technical schools;

11 million cattle inoculated against rinderpest in four west African countries;

500,000 acres in Northern Nigeria cleared of tsetse flies and opened for beef cattle production;

800,000 pre-school children vaccinated against a measles epidemic in six west African countries;

Expansion of a marketing co-op in Uganda to 400,000 members and an increase in the value of crops marketed from \$20 million in 1962 to over \$46 million fiscal year 1965;

Demonstrations of successful farming techniques to over 300,000 Sudanese farmers.

III. TECHNICAL COOPERATION

Education, food and agriculture, health and sanitation, and public administration were the fields of greatest emphasis in AID technical assistance activities during fiscal year 1965. These four fields accounted for half the Technical Cooperation funds committed for regional and country assistance, and half the AID-financed technicians at work in development programs.

The Agency committed \$308.5 million in Technical Cooperation funds during the fiscal year. The major share, \$248.4 million, was committed for projects in the four regions with the largest programs in Africa (\$80.7 million) and Latin America (\$78.6 million). The balance was used to finance inter-regional and non-regional activities such as the AID research program, the advanced training of some 6,000 foreign technicians in the United States, and payment of ocean freight costs for supplies privately donated for the overseas work of registered American voluntary agencies.

One of every five AID-financed technicians at the end of fiscal year 1965 was working in the field of education, and 516 of the 1,251 AID-financed educators were concentrated in Africa. The next largest number of technicians were in food and agriculture (985), transportation (427), industry and mining (480), public administration (329) and health and sanitation (310).

Nearly one-half of the public administration advisors were working in Latin America, helping the American republics undertake the improvements in development planning and government administration and the fiscal and tax reforms pledged under the Alliance for Progress.

In South Vietnam at the close of fiscal 1965 there were some 800 AID-financed personnel including educators, doctors, health workers, agriculturists, engineers, police experts and the like, working at the grass-roots level (and often under fire) to help the Vietnamese people create a better life. This was by far the largest number of AID-financed technicians in any country.

USING PRIVATE RESOURCES

In 1964, a special task force headed by John W. Gardner, then President of the Carnegie Corporation, undertook an intensive review of AID-university relationships in planning and carrying out technical assistance and research. The subject matter of this review was further considered at a Washington conference with American land grant college leaders and Department of Agriculture specialists in July 1964. Steps were taken in fiscal year 1965 to implement the

recommendations in the Gardner Report. These included issuance of a new standard university contract, and the appointment of a Special Assistant for University Relations in AID's Office of Technical Cooperation and Research.

By the end of fiscal year 1965, AID's policy of making maximum use of non-governmental resources in providing assistance was reflected in many ways.

More than 40 percent of 5,898 AID-financed technicians who were overseas on June 30, 1965, were experts from American universities, business firms, labor unions, cooperatives, and non-profit service associations with whom AID contracts for technical assistance. In both Africa and Latin America, the two regions where U.S. economic assistance is newest or most recently expanded, a majority of the American experts carrying out technical assistance projects are contract personnel rather than direct-hire AID staff.

In education, more than 80 percent of the 1,251 AID-financed experts at work at the close of 1965 were contract personnel, largely from 70 American universities and colleges with whom AID contracts to provide technical assistance in 39 countries.

IV. DEVELOPMENT LENDING

Fiscal year 1965 Development Loan commitments, including those under the Alliance for Progress, amounted to \$1,163 million—more than 60 percent of the total funds committed by AID in the developing countries. Project loans, totaling about \$493 million, were authorized in 32 countries and the Regional Organization for Central America and Panama (ROCAP). Among the 77 project loans authorized during fiscal year 1965, twelve loans (totaling \$178 million) were in the field of power; seventeen (\$104 million) for various industrial projects; and twenty-two (\$98 million) in transportation. During the period, \$47 million was lent directly to private enterprises in the developing countries under the "two step" loan procedure,² and \$91.1 million was lent to intermediate credit institutions for relending to private sector enterprises.

Approximately \$100 million of the fiscal year 1965 project loans went for investments that directly affect agricultural output: such things as fertilizer plants in Korea; the expansion of irrigation in Turkey and the Dominican Republic; agricultural research and extension in Panama and Nigeria; and the expansion of a supervised farm credit program in Mexico.

Fiscal year 1965 saw the completion of a number of major loan-financed projects in AID-assisted countries. The Eregli Iron and Steel Works, Turkey's biggest industrial venture and the largest plant of its kind in the Near East, was formally dedicated May 15. The American materials, construction and engineering services needed to build the plant, which has a 500,000 metric ton capacity, were financed by \$129 million in loans made by AID predecessor agencies in 1959 and 1961.

In India, the first of three 140-megawatt units of the Chandrapura power plant went into operation in Bihar state, using coal from nearby fields and providing more electricity for India's most industrialized region. A \$46 million AID loan financed the purchase of American machinery and equipment for the station. In Pakistan, the 132-megawatt Korangi power station went into operation, nearly

² Most countries receiving AID Development Loans have limited capacity for servicing foreign debt, necessitating very soft terms (low interest rates and long grace and repayment periods). Extension of such terms to revenue-earning enterprises operating on the internal market, however, would be an unwarranted subsidy. Accordingly, "normal" hard terms are required which the firm repays in local currency to its government, which in turn, repays AID in dollars on soft terms.

doubling the power supply in the major industrial and port city of Karachi. An \$18.9 million AID loan financed the American equipment and the American engineering services needed to build the plant.

The first stage of a pioneer supervised agricultural credit program was successfully completed in Mexico, with the help of a \$20 million AID loan made in 1962. The program is designed to encourage private banks to give medium and long-term credits to Mexican farmers. It has opened credit for seeds, fertilizer, and farm improvements to small farmers and ranchers heretofore denied it. A second loan of \$21.5 million was authorized in FY 1965 to expand and consolidate this successful program of agricultural credit.

PROGRAM LENDING

In contrast to project loans, which finance only those goods and services required for specific investments, program loans finance the import of a variety of American goods needed in support of general development: such things as steel billets; machine tools and spare parts for a country's industry; and fertilizer, pesticides, and tools for its farm sector. Program loans make it possible for hundreds of small- and medium-sized, privately-owned enterprises in the less-developed countries to get American imports they need for new investment or for current operations.

Program loans are provided after agreements are reached on overall country performance in self-help and reform.

In fiscal year 1965, seven countries—India, Pakistan, Turkey, Israel, Tunisia, Brazil and Chile—received program loans amounting to \$670 million. This compares to \$589 million for eight countries in fiscal year 1964. The rise in program lending was sharpest in the Alliance for Progress, due to increases for Brazil and Chile.

The negotiating of program loans and, in several countries, the periodic review of performance in select fields before the release of funds have proved to be useful vehicles for the discussion of the overall economic policies and self-help efforts of the recipient countries. For example, the Chile program loan agreement was authorized following a review of the Chilean Government's program for reduction of inflation, increase of exports, exchange rate policy changes, increased agricultural production, and the establishment of a Private Investment Fund. The Brazil program loan was authorized following a review of the government's actions and planned programs in stabilization, reform, and development. The Castello Branco government's program worked toward stabilization by reducing the budget deficit, restricting credit, controlling wages, and tax reform measures. Among other steps, it prepared a priority program for public sector invest-

ment and also increased agricultural credit, established a housing bank, and passed land reform legislation.

LOAN TERMS AND DEBT SERVICE

Amendments to the Foreign Assistance Act adopted by the Congress in October 1964 raised the minimum interest rate on AID loans from 2 to 2½ percent after a 10-year grace period, and from ¾ to 1 percent during the grace period.

Beyond this statutory minimum the actual terms of AID loans are established for each country on the basis of its overall foreign exchange position and development prospects—particularly, its probable future capacity to service foreign exchange debt. During fiscal year 1965, 79 of the 86 AID Development Loans authorized carried the minimum interest rate and maturities of 40 years. These minimum terms are necessary because AID is a lender of last resort and because most developing countries are facing severe debt service problems. An AID study during the year ("Loan Terms, Debt Burden and Development," April 1965) forecast economic setbacks in the less-developed countries unless the developed countries of the free world improve their lending terms.

AID loan terms are hardened wherever appropriate, generally in transitional countries approaching self-supporting growth and the ability to finance further development from conventional international borrowing sources. During fiscal year 1965 seven loans in four countries were provided at harder terms—3½ percent interest, 20 to 25 years maturity, and 3 to 5 year grace periods. These loans at harder terms constituted 6 percent of total AID loan commitments for the period.

V. SUPPORTING ASSISTANCE AND THE CONTINGENCY FUND

AID committed a total of \$438.7 million in Supporting Assistance during the fiscal year 1965. This was an increase of nearly \$80 million over Supporting Assistance commitments in fiscal year 1964 and resulted from increased requirements in the Dominican Republic and in Southeast Asia for Vietnam and Laos.

Vietnam alone accounted for 45 percent of Supporting Assistance worldwide during the fiscal year. Supporting Assistance grants to Vietnam, Laos, Korea, and Jordan accounted for four-fifths of worldwide commitments.

Excluding Vietnam, Laos, and the Dominican Republic, Supporting Assistance grants continued to decline as a portion of total AID assistance. The number of countries receiving Supporting Assistance dropped to 17 in fiscal year 1965, compared with 20 the preceding year. Excluding Laos, Vietnam, and the Dominican Republic, world-wide Supporting Assistance commitments declined from \$214.1 million in fiscal year 1964 to \$175.1 million in fiscal year 1965.

During the first half of fiscal year 1965, the President determined that it was in the U.S. interest to transfer \$55 million of the Contingency Fund—about half the \$115.4 million available—to the Military Assistance Program. This transfer was necessary to finance expanded military assistance activities in Southeast Asia.

An additional \$57.5 million was obligated from the Contingency Fund under the AID program to meet other emergency situations which could not be foreseen at the time the fiscal year 1965 program was presented to the Congress.

The major items were: \$20.5 million for relief, rehabilitation, and the maintenance of minimal government services in the Dominican Republic following the upheaval there; \$15 million for essential commodities for the Vietnamese civilian economy; \$5.1 million as the U.S. share of the emergency peace-keeping operation in Cyprus; \$5.8 million for public works projects and critical services following the installation of a new and moderate government in British Guiana; \$4.0 million for a budget support loan to Panama; and \$4.7 million for emergency disaster relief in 23 countries.

VI. MILITARY ASSISTANCE PROGRAM

The Military Assistance Program for fiscal year 1965 was carried out with the original appropriation of \$1 billion, a supplemental appropriation of \$55 million to support expanding combat operations in Vietnam, the transfer of funds from the Contingency Fund, and the use of special authority contained in Section 510 of the Foreign Assistance Act.

More than half of the funds, \$698 million, was programmed for the Far East with two countries, Vietnam and Laos, receiving more than half of the Far East total. Countries in the Near East South Asia were allocated \$302 million in Military Assistance funds. Other regional allocations were: Latin America, \$73 million; Europe, \$51 million; and Africa, \$29 million.

FAR EAST

The MAP request submitted to the Congress in January 1964 included \$494 million grant aid for Far East countries. This request was subsequently increased to include an additional \$55 million for Vietnam, bringing the proposed program for Far East countries to \$549 million.

During the course of the year, increasing combat activity in Vietnam required the transfer of \$55 million from the Contingency Fund for use in the Military Assistance Program and the addition of another \$75 million through exercise of authority contained in Section 510 of the Foreign Assistance Act. Total grant aid Military Assistance for Far East countries in the fiscal year amounted to \$698 million.

Laos and Vietnam claimed more than half of the total for all Far East countries. Funds available for other Far East countries were reduced to less than the amount planned and \$12 million less than the comparable figure for fiscal year 1964. This reduction was due largely to the diversion of funds to support Laos and Vietnam. Increased expenditures for Vietnam helped make it possible to frustrate stepped-up efforts by hostile forces in that country and to lay groundwork for accelerated programs.

Of the funds available to Far East countries other than Laos and Vietnam, some 70 percent supported essential training and maintenance of equipment previously provided. Less than \$100 million was available for investment in new weapons and equipment, an amount insufficient to provide desired modernization of aging weapons and equipment.

In the program for South Korea, the Republic of China, and the Philippine Islands a major share of available investment funds was required to finance F-5 aircraft in a continuing program to replace older aircraft.

The grant aid program for Thailand was increased by \$8.3 million over the amount originally planned in recognition of its security problems. Emphasis was placed on increasing Thailand's ability to maintain internal security and to combat potential insurgency.

Funds allocated to Japan were again held to the minimum required to meet prior commitments.

Funds originally allocated to Indonesia were diverted to other countries; all deliveries of previously funded equipment were halted and all programs for Indonesia were closed out.

Military Assistance programs for Far East countries in fiscal year 1965 met all essential requirements for increased effort in Vietnam but did not permit attainment of some important modernization objectives, established in the austere program presented to the Congress, in other forward defense countries of the Far East.

NEAR EAST AND SOUTH ASIA

During fiscal year 1965, twelve countries in the Near East and South Asia area of the world received Military Assistance. These countries were allocated \$302.5 million in military grant aid. Of this amount, 98 percent was allocated to programs for Afghanistan, Iraq, Jordan, Nepal, Lebanon, Saudi Arabia, and Syria.

Of the available funds the largest portion was allocated to Greece and Turkey. Military Assistance allocations for India and Pakistan continued at about the same level in fiscal year 1965 as that of the previous year. (All military aid shipments, including those under credit sales, were suspended in early September 1965. Very little of the fiscal year 1965 programs for India and Pakistan has actually been delivered.)

The balance of the Military Assistance Program funds allocated to the Near East and South Asia area was used to finance small amounts of equipment and training for Jordan and Nepal and training only for Afghanistan, Iraq, Lebanon, Saudi Arabia, and Syria.

LATIN AMERICA

In fiscal year 1965 grant Military Assistance totaling \$73.3 million was provided to 18 Latin American countries. This \$73.3 million was divided between \$44.8 million for defense articles and \$28.5 million for defense services, including \$12.3 million for training and \$6.6 million for supply operations.

The major portion of the fiscal year 1965 program for Latin

America was allocated to meet internal security requirements.

Civic action projects were undertaken by the military in most Latin American countries. These programs are designed to provide simultaneously military training, accelerated economic development and increased understanding between the military and the populace. Typical items provided were engineering equipment, such as graders and bulldozers, transportation, and medical equipment.

Maritime defense force costs in the program provided for maintenance of the harbor and coastal defense capabilities developed in earlier years and contributed to an increased surveillance capability.

In support of the Organization of American States/United Nations Mission, Military Assistance funds helped defray certain of the expenses of the Inter-American Peace Force in the Dominican Republic and also provided support for the conduct of joint and combined exercises throughout the Latin American area.

The program included training for Latin American military personnel at United States schools in the Canal Zone and the United States. In addition to developing valuable military skills, this training continued to foster close and valuable relationships between United States and Latin American military personnel.

AFRICA

In fiscal year 1965, grant Military Assistance totaling \$29.4 million was provided to 11 African nations.

The equipment and training provided helps to thwart Soviet and Chinese Communist efforts to gain a dominating influence in newly emerging nations whose political and economic vulnerability make them tempting targets for subversion and infiltration. The importance of such assistance was dramatically demonstrated in the Congo where the legitimate government was dangerously threatened by terrorist and guerrilla activities which could not have been controlled without the aid provided through the Military Assistance Program.

Military Assistance was also provided in support of civic action programs through which local forces in several African nations are encouraged to participate in road-building, well-digging, and medical projects.

EUROPE

In the European region only four countries had substantial fiscal year 1965 grant aid programs—Denmark, Norway, Portugal, and Spain.

Both Norway and Denmark have been informed that no further grant aid will be furnished when the commitments made in the existing agreements have been fulfilled.

The United States provided Military Assistance to Spain in FY 1965 in accordance with an understanding reached in 1963 when the Defense Agreement with Spain was extended for an additional five-year period. Military Assistance to Portugal continued in support of its NATO-committed forces.

The United States continued to finance its share of NATO infrastructure costs and of the operating expenses of NATO International Military Headquarters with Military Assistance funds. These costs are included in the non-regional category of the accompanying table.

Grant aid programs for the European region for fiscal year 1965 totaled \$51 million, excluding the United States share of NATO infrastructure and International Military Headquarters costs. This represents a reduction of over 50 percent from the fiscal year 1964 level of \$105 million.

APPENDICES

AID Program Commitments¹ in Near East/South Asia in FY 1965

[Thousands of Dollars]

COUNTRY	Total	Appropriation category		
		Development loans	Supporting assistance	Technical cooperation
Total.....	\$693, 879	\$605, 480	\$38, 536	\$49, 863
Afghanistan.....	10, 763	300		10, 463
Cyprus.....	109			109
India.....	265, 280	256, 100		9, 180
Iran.....	2, 928			2, 928
Israel.....	20, 000	20, 000		
Jordan.....	40, 639	1, 640	33, 000	5, 999
Nepal.....	4, 643	1, 000		3, 643
Pakistan.....	187, 717	179, 700		8, 017
Turkey.....	151, 243	146, 740		4, 503
UAR (Egypt).....	2, 329			2, 329
Yemen.....	4, 520		4, 520	
CENTO.....	1, 479		1, 016	463
Regional.....	2, 229			2, 229

¹ Loan authorizations and obligations.

NOTE.—Preliminary data.

Technical Cooperation Grants in Near East/South Asia in FY 1965

[Millions of Dollars]

Field of activity	Technical cooperation grants	Field of activity	Technical cooperation grants
Food and agriculture.....	\$7. 7	Community development and social welfare.....	50. 2
Industry and mining.....	4. 2	Housing.....	
Transportation.....	3. 1	Private enterprise pro-	
Labor.....	. 4	motion.....	. 9
Health and sanitation.....	2. 7	General and miscellaneous.....	3. 6
Education.....	12. 8	Technical support.....	8. 4
Public safety.....	1. 4		
Public administration.....	4. 5	Total.....	49. 9

*AID-Financed Technicians in Near East/South Asia, Contract and U.S.
Government Employees*

[As of June 30, 1965]

Field of activity	Government employees ¹	Contract employees ²
Food and agriculture.....	179	40
Industry and mining.....	93	65
Transportation.....	106	89
Labor.....	14	12
Health and sanitation.....	53	6
Education.....	50	307
Public safety.....	17	-
Public administration.....	48	32
Community development and housing.....	3	1
Private enterprise.....	(3)	13
Technical support.....	191	-
Other.....	37	41
Total.....	791	606

¹ U.S. nationals paid from program funds.

² U.S. citizens in positions identified in AID-financed contracts.

³ U.S. Government employees in private enterprise activities are distributed among the other technical fields of activity, e.g., agriculture, industry, housing, etc.

*New Development Loan Authorizations in Fiscal Year 1965
Near East and South Asia*

Borrower—Amount—Terms	Purpose
AFGHANISTAN	
Government of Afghanistan: \$300,000, 40 years; interest of $\frac{3}{4}$ percent during a 10-year grace period and 2 percent thereafter.	To assist in financing foreign exchange costs of procuring equipment, materials, and services required to assist the government in maintaining and repairing diesel-powered and other road transport equipment.
INDIA	
* Industrial Finance Corporation of India: \$10.0 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To be used for medium and long term subloans to private firms for financing of equipment, materials and services required for approved categories of industries.
Government of India: \$3.8 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange cost of the purchase and delivery of 21 broad gauge diesel electric shunting locomotives with a 2-year supply of spare parts.
Government of India: \$190.0 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To provide foreign exchange necessary for the import of commodities and equipment in support of Indian development efforts. Of this amount, \$40 million constitutes additional aid to enable India to increase fertilizer procurement by about 50 percent in comparison with previous years.
Government of India: \$3.5 million, 40 years; interest of one percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange cost of an airborne geophysical survey and follow-up mineral exploration activities, including diamond drilling of selected areas of India and related training of Indian personnel, and construction on purchase of related facilities and equipment.

*New Development Loan Authorizations in Fiscal Year 1965
Near East and South Asia—Continued*

Borrower—Amount—Terms	Purpose
Government of India: \$32.3 million, 40 years; interest of one percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the foreign exchange costs of the addition of two 140 MW units to the Dhuvaran Thermal Power Station including the construction of transmission lines, substations and related facilities.
Government of India: \$16.5 million, 40 years; interest of one percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the foreign exchange costs of the addition of one 150 MW thermal power station to the Durgapur Projects Limited Power Station.
ISRAEL	
Government of Israel: \$7.0 million, 20 years, including a 5-year grace period; interest of 3½ percent on the total.	To import the equipment required to further mechanize Israeli agriculture.
Government of Israel: \$9.0 million, 20 years, including a 5-year grace period; interest of 3½ percent on the total.	To assist in financing the foreign exchange costs of imports to carry on the investment and production necessary for continued development of the Israeli economy.
Government of Israel: \$4.0 million, 20 years, including a 5-year grace period; interest of 3½ percent on the total.	To assist in financing the importation of equipment required to further the development of the Israeli Telephone Service.
JORDAN	
Government of Jordan: \$1.64 million, 40 years; interest of one percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the foreign exchange and local currency costs of the reconstruction of an all-weather road between Damiya Junction and North Shouna, Jordan.
NEPAL	
Government of Nepal Industrial Development Corporation: \$1.0 million, 40 years; interest of one percent during a 10-year grace period and 2½ percent thereafter.	To be used for medium and long term subloans to private firms for financing of equipment, materials and services required for approved categories of industries.

New Development Loan Authorizations in Fiscal Year 1965
Near East and South Asia—Continued

Borrower—Amount—Terms	Purpose
PAKISTAN	
Government of Pakistan: \$140 million, 40 years, interest of $\frac{3}{4}$ percent during a 10-year grace period and 2 percent thereafter.	To provide commodity assistance by financing \$90 million of iron and steel items and \$50 million of other commodities and equipment in support of Pakistan's development effort. \$130.5 million will be for private sector use and \$9.5 million for public sector use.
Government of Pakistan: \$500,000, 40 years; interest of 1 percent during 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange costs of management and training service for a timber extraction project in East Pakistan.
Government of Pakistan: \$15.0 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange costs of equipment, materials, and services required for the construction of a hard-surfaced 2-lane highway from Lahore to Multan in West Pakistan together with required ancillary facilities, including bridges.
Sui Gas Transmission Co., Ltd.: \$2.7 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange costs of equipment, materials, and services required to purchase and install 4 compressor units on Sui's pipeline to Karachi.
Government of Pakistan: \$8.2 million, 40 years; interest of 1 percent during a 10-year grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the foreign exchange costs of goods and services required to construct transmission lines and related facilities needed to connect the electric power generation capacity of generating units No. 1, 2, and 3 at the Mangla Dam with the West Pakistan Water and Power Development Authority's main transmission grid.

*New Development Loan Authorizations in Fiscal Year 1965
Near East and South Asia—Continued*

Borrower—Amount—Terms	Purpose
Government of Pakistan: \$4.8 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the procurement of 20 diesel electric locomotives for the Pakistan Western Railway.
Government of Pakistan: \$8.5 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the foreign exchange costs of providing (a) consulting services in planning, investigations, design and project execution for the power, irrigation, and land protection and reclamation activities of the West Pakistan Water and Power Development Authority; (b) specialized training; and (c) certain equipment needed to support the investigation and planning activities.

TURKEY

Government of Turkey: \$5.9 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the foreign exchange costs of the procurement of operations and maintenance equipment for irrigation systems.
Government of Turkey: \$80.0 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the importation of commodities and equipment in support of Turkey's development effort.
Government of Turkey: \$6.4 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the foreign exchange costs of the extension of electrical power transmission lines to 32 municipal load areas in Turkey, the construction of related substations and facilities, and acquisition and importation of necessary equipment, materials and services in connection therewith.

*New Development Loan Authorizations in Fiscal Year 1965
Near East and South Asia—Continued*

Borrower—Amount—Terms	Purpose
Government of Turkey: \$7.69 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the foreign exchange costs of design and construction of 380 KV electrical power transmission lines from the Gokcekaya Dam and Hydroelectric Plant to the Northwest Anatolia Grid System in Turkey, the construction of related substations and facilities, and acquisition and importation of necessary equipment, materials, and services in connection therewith.
Government of Turkey: \$2.75 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the foreign exchange costs of the design and construction of an integrated hardwood sawmill and flooring plant at Demirkoy, modernization of the existing hardwood sawmill plant at Ayancik, design and construction of a particle board plant at Ayancik, and the acquisition and importation of necessary machinery, equipment, materials, and services in connection therewith.
Government of Turkey: \$4.0 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To finance the foreign exchange cost of sectoral and feasibility studies.
Government of Turkey: \$40.0 million, 40 years; interest of 1 percent during a 10-year grace period and 2½ percent thereafter.	To assist in financing the costs of design and construction of a dam and hydroelectric power plant at Keban on the Euphrates River in Eastern Turkey together with related substations and transmission lines.

AID Program Commitments in Latin America in FY 1965

[Thousands of Dollars]

Country	Total	Appropriation category			
		Develop- ment loans	Supporting assistance	Technical cooperation	Conti- gency Fund
Total.....	\$588, 119	\$441, 510	\$35, 745	\$78, 604	\$32, 260
Argentina.....	1, 800			1, 800	
Bolivia.....	9, 372	550	4, 752	4, 070	
Brazil.....	234, 844	220, 160		14, 684	
British Guiana.....	11, 900	5, 500		600	5, 800
Chile.....	99, 494	96, 550		2, 944	
Colombia.....	4, 045			4, 045	
Costa Rica.....	8, 347	6, 450		1, 897	
Dominican Republic.....	53, 678	7, 500	23, 350	2, 368	20, 460
Ecuador.....	12, 098	8, 300		3, 798	
El Salvador.....	5, 842	1, 200		2, 642	2, 000
Guatemala.....	7, 259	5, 000		2, 259	
Haiti.....	1, 398		1, 398		
Honduras.....	2, 470	500		1, 970	
Jamaica.....	4, 466	3, 800		666	
Mexico.....	24, 899	24, 500	245	154	
Nicaragua.....	16, 418	14, 300		2, 118	
Panama.....	11, 328	5, 700		1, 628	4, 000
Paraguay.....	2, 444			2, 444	
Peru.....	7, 396	2, 000		5, 396	
Surinam.....	1, 000		1, 000		
Trinidad and Tobago.....	5, 000		5, 000		
Uruguay.....	1, 110			1, 110	
Venezuela.....	1, 757			1, 757	
Regional—Central America and Panama.....	43, 434	39, 500		3, 934	
Organization of American States.....	6, 618			6, 618	
Other regional.....	9, 702			9, 702	

NOTE.—Preliminary data.

Technical Cooperation Grants in Latin America in FY 1965

[Millions of Dollars]

Field of activity	Technical cooperation grants	Field of activity	Technical cooperation grants
Food and agriculture.....	\$11. 5	Housing.....	\$0. 9
Industry and mining.....	4. 4	Private enterprise promotion.....	1. 9
Transportation.....	1. 5	General and miscellaneous.....	14. 2
Labor.....	3. 6	Technical support.....	11. 7
Health and sanitation.....	4. 8		
Education.....	10. 9	Total.....	78. 6
Public safety.....	5. 2		
Public administration.....	6. 6		
Community development and social welfare.....	1. 4		

AID-Financed Technicians in Latin America, Contract and U.S. Government Employees

[As of June 30, 1965]

Field of activity	Government employees ¹	Contract employees ²
Food and agriculture.....	145	154
Industry and mining.....	74	55
Transportation.....	33	32
Labor.....	8	129
Health and sanitation.....	27	22
Education.....	64	187
Public safety.....	74	7
Public administration.....	80	78
Community development and housing.....	16	63
Private enterprise.....	(3)	138
Technical support.....	112	-----
Other.....	77	97
Total.....	710	962

¹ U.S. nationals paid from program funds.

² U.S. citizens in positions identified in AID-financed contracts.

³ U.S. Government employees in private enterprise activities are distributed among the other technical fields of activity; e.g., agriculture, industry, housing, etc

LATIN AMERICA

Borrower—Amount—Terms	Purpose
BOLIVIA	
Government of Bolivia: \$600,000, increasing previous loan from \$2.7 million to \$3.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at $\frac{3}{4}$ percent during grace period and 2 percent thereafter.	To cover the costs of extending the runway of El Alto Airport, La Paz, constructed under previous loan.
BRAZIL	
Government of Brazil: \$150 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and $2\frac{1}{2}$ percent thereafter.	To provide support for Brazil's 1965 development and stabilization program through financing of commodity purchases.
Departamento Nacional de Estradas de Rodagem: \$1 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the costs of consulting engineering services in connection with AID P.L. 480 cruzeiro loans for the completion of construction of the Rio-São Paulo Highway and the completion of the Rio Grande do Sul North Road.
Companhia de Cimento Vale do Paraiba: \$800,000, repayable in dollars in 7 years, including a 2-year grace period; interest at $5\frac{1}{2}$ percent. (GOB has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent thereafter.	To finance the dollar costs of equipment, material and services required to increase the production capacity of a cement plant at Volta Redonda, including the cost of consulting engineering and technical assistance.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
Companhia Paranaense de Energia Electrica, COPEL: \$11.4 million repayable by GOB in dollars, in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter. (Borrower shall pay the GOB within 25 years, including a 5-year grace period, the equivalent of the dollar amount disbursed; interest at 5½ percent.)	To assist in financing the U.S. dollar cost of electrical equipment and material, engineering services, and technical assistance and training to expand and improve electrical generating and transmission systems and to assist in establishing a training program in utility operations and maintenance.
Eucatex, S.S. Industria e Comercio: \$1.96 million repayable in dollars in 8 years, including a 3-year grace period; interest at 5½ percent. (GOB has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To finance the dollar costs of equipment, material, and services required to increase the hardboard manufacturing capacity of borrower's plant, including the cost of consulting engineering and technical assistance.
Minas Gerais Highway Department: \$15 million repayable in dollars in 20 years, including a 3-year grace period; interest at 3½ percent. (GOB has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To finance the U.S. direct and indirect dollar costs of equipment, materials, and services required to augment highway maintenance capabilities, including the cost of consulting engineering.

LATIN AMERICA--Continued

Borrower—Amount—Terms	Purpose
Rio Light, S.A. (a subsidiary of the Brazilian Traction Company): \$25 million repayable in dollars in 18 years, including a 3-year grace period; interest at 5½ percent. (GOB has 2-step option to accept payment from borrower in local currency and repay the equivalent in U.S. dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To finance the U.S. dollar and part of the Brazilian currency costs of equipment, materials, and services required for expanding and modernizing electrical distribution systems, including the costs of consulting engineering.
São Paulo Light, S.A. (a subsidiary of the Brazilian Traction Company): \$15 million repayable in dollars in 18 years, including a 3-year grace period; interest at 5½ percent. (GOB has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To finance the dollar and part of the Brazilian currency costs of equipment, materials, and services required for expanding and modernizing electrical distribution systems, including the costs of consulting engineering.
CHILE	
Corporación de Fomento de la Producción (CORFO): \$3.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter.	To assist in financing the costs of sub-loans to rural electric cooperatives for new construction and improvements to existing electric power transmission and distribution systems, maintenance tools and equipment, and technical assistance and training for the expansion and establishment of Chilean rural electric cooperatives.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
Government of Chile: \$80 million repayable in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter. Repayable in dollars.	To provide support for the Chilean Development Program by assisting in the financing of its investment program and of essential imports needed to maintain an adequate investment level and enable the Government of Chile to adopt necessary economic development policies, legislation, institutions and services.
Corporacion de Fomento de la Produccion (CORFO): \$6 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	For relending for projects in the private sector of the Chilean economy and to encourage CORFO to create a private investment corporation that will handle most of CORFO's future investments in and lending to the private sector.
Instituto de Financiamiento Cooperativo: \$3.65 million repayable in dollars in 25 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter. (GOC has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To assist in financing loans by the borrower to cooperatives in Chile, the organization of regional offices of the borrower, and technical assistance to the borrower and to cooperatives in Chile.
Government of Chile: \$3.6 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter.	To finance the importation from the United States of fertilizers for sale through cooperatives to Chilean farmers.

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
COSTA RICA	
Republic of Costa Rica: \$1.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter.	To assist in financing the costs of procurement of machinery and equipment for use in flood control, maintenance and betterment works in areas affected by Irazu volcano, and related technical assistance.
Municipality of San Jose, Costa Rica: \$650,000, repayable in dollars in 25 years, including a 5-year grace period; interest at 1 percent during the grace period and 3½ percent thereafter. (GOCR has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To assist in financing the costs of the construction, equipping, and staffing of a wholesale produce market in San Jose.
Government of Costa Rica: \$1.2 million repayable in dollars in 40 years including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of pre-feasibility investigations, public and private sector feasibility studies, government reform and improvement efforts, and studies related to problems of flooding in the area of Irazu Volcano.
National Bank of Costa Rica: \$3.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter.	To assist in financing the costs of facilities and incidental related expenses, including a small amount of working capital, necessary for the distribution of electricity by member-owned rural electrical cooperatives, the costs of constructing a power transmission line to service one cooperative and the costs of consulting engineer and management services.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
DOMINICAN REPUBLIC	
Government of the Dominican Republic: \$1.5 million repayable in dollars in 40 years, including 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of procurement of operation and maintenance equipment and spare parts for irrigation systems, and related technical assistance.
Government of the Dominican Republic: \$1 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of feasibility studies, pre-feasibility investigations and project evaluations.
Government of the Dominican Republic: \$5 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of loans by the Central Bank acting through the commercial banks and the borrower's industrial and agricultural banks for industrial, agricultural, mining, and transportation projects in the private sector and to assist in financing the costs of technical assistance rendered in connection with the loan.
ECUADOR	
Government of Ecuador: \$5.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter.	To assist in the construction of 3000 primary school classrooms, the construction of 30 teachers lodgings in remote rural areas, the construction of two normal schools, the establishment of training programs for primary and normal school teachers, the preparation, printing, and distribution of primary school textbooks, and the establishment of a pilot pre-vocational primary school program.

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
La Ecuatoriana De Desarrollo (Compania Financiera): \$3 million repayable in dollars in 20 years, including a 5-year grace period; interest at 2½ percent. (GOE has 2-step option to accept from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To assist in financing a private development bank to make loans and limited equity investments in subprojects promoting the creation, expansion, and more effective operation of private industrial enterprise.
EL SALVADOR	
Government of El Salvador: \$1.2 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the dollar and part of local currency costs of constructing rural roads.
GUATEMALA	
Financiera Industrial Y Agropecuaria, S.A.: \$5 million repayable in dollars in 20 years, including a 5-year grace period; interest at 2 percent. (GOG has 2-step option to accept from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at ¾ of 1 percent during grace period and 2 percent thereafter.)	To assist in financing the creation of a private industrial development bank to make loans and limited equity investments in sub-projects promoting the creation, expansion, and more effective operation of private industrial enterprise in Guatemala and the other member countries of the Central American Common Market.
HONDURAS	
Republic of Honduras: \$500,000, repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs, including engineering costs, of a project for the construction of a forest fire access road for use in the protection against and control of forest fires in northeastern Honduras, for forest fire fighting equipment, for portable sawmills and for two-way radio units.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
JAMAICA	
Government of Jamaica: \$3.8 million repayable in dollars in 25 years, including a 3-year grace period; interest at 1 percent during grace period and 3½ percent thereafter.	To assist in financing the costs of a dairy development program through the direct financing of pasture preparation, building construction, and equipment for approximately 120 new dairy farms to be leased to selected and trained new farmers; and provision of medium and long-term credit to existing medium sized farms for dairy improvements.
MEXICO	
Nacional Financier, S.A.: \$21.5 million (second tranche), repayable in dollars in 25 years, including a 5-year grace period; interest at 3½ percent, except that interest accruing during the 2½ years following the 1st disbursement of the 2nd tranche may be capitalized as it accrues.	To assist in financing a program of supervised agricultural credit and to finance capitalized interest. Second tranche of \$41,500,000 loan; first tranche of \$20,000,000 authorized June 20, 1962.
NICARAGUA	
Instituto de Fomento Nacional (INFONAC): \$4 million repayable in dollars in 25 years, including a 10-year grace period; interest at 2 percent. (GON has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter.)	To assist in financing sub-loans and equity investments to or in sub-projects promoting the creation, expansion, and more effective operation of private industrial enterprise; area surveys, feasibility studies, and pilot projects to determine feasibility of particular capital projects; other activities; and technical assistance.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
Corporacion Nicaraguense de Inversiones (CNI): \$3 million repayable in dollars in 20 years, including a 5-year grace period; interest at 2½ percent. (GON has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.)	To assist in financing a private development bank to make loans and limited equity investments in sub-projects promoting the creation, expansion, and more effective operation of private industrial enterprise in Nicaragua and other member countries of the Central American Common Market.
Republic of Nicaragua: \$600,000 increasing present loan from \$1 million to \$1.6 million repayable in dollars in 40 years, including a 10-year grace period; interest at ¾ percent on 1st \$1 million disbursed, and interest at 1 percent during grace period and 2½ percent thereafter on disbursements in excess of \$1 million.	To finance the foreign exchange and part of local currency costs of engineering for, and construction and installation of runway extension and pavement improvement for the Las Mercedes International Airport, together with associated lighting, power line relocation, and radio communication facilities to provide facilities for jet aircraft.
Government of Nicaragua: \$5.4 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of the accelerated portion of borrower's long-term real property tax improvement program and natural resources inventory surveys.
Government of Nicaragua: \$1.3 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the costs of prefeasibility investigations and feasibility studies.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
PANAMA	
Government of Panama: \$2 million repayable in dollars in 40 years, including a 10-year grace period; interest at $\frac{3}{4}$ percent during grace period and 2 percent thereafter.	To assist in financing the costs of feasibility studies and pre-feasibility studies.
Republic of Panama: \$2.4 million repayable in dollars in 40 years, including a 10-year grace period; interest at $\frac{3}{4}$ percent during grace period and 2 percent thereafter.	To assist in financing the costs of a project for agricultural development comprised of furnishing equipment and supplies for improvement of the National Agricultural School and Experimental Station at Divisa; construction and equipping of facilities required for agricultural extension and other related services in six priority areas; furnishing of supervised agricultural credit for purposes of livestock development, and related services; other agricultural development activities, and technical assistance.
Instituto de Acueductos y Alcantarillados Nacionales: \$1.3 million repayable in dollars in 30 years, including a 3-year grace period; interest at $3\frac{1}{2}$ percent. (GOP has 2-step option to accept payment from borrower in local currency and repay the equivalent in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and $2\frac{1}{2}$ percent thereafter.)	For the repair, extension, and maintenance of the sanitary sewerage and storm drainage systems in Colon.
PERU	
Republic of Peru: \$2 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and $2\frac{1}{2}$ percent thereafter.	To assist in financing the costs of the construction and equipping of facilities for the expansion program of the Agrarian University at Lima.

New Development Loan Authorizations in Fiscal Year 1965

LATIN AMERICA—Continued

Borrower—Amount—Terms	Purpose
BRITISH GUIANA	
Government of British Guiana: \$5.5 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	For the construction of a highway opening up major areas of the country's interior.
CENTRAL AMERICA	
Central American Bank for Economic Integration: \$35 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To create a Central American Integration Fund in order to promote the further development of Central American regional economic integration by meeting investment needs in the public sector of the economies of the countries of the region. Investments made from the Fund are to be directed toward promoting and strengthening economic integration and balanced regional economic development in Central America.
Central American Bank for Economic Integration: \$4.5 million repayable in dollars in 40 years, including a 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter.	To assist in financing the costs of the borrower in providing loans to the Government of Nicaragua for the construction of highways.

AID Program Commitments in the Far East in FY 1965

[Thousands of dollars]

Country	Total	Appropriation category			
		Develop- ment loans	Supporting assistance	Technical cooperation	Contingency Fund
Total.....	\$449, 892	\$69, 400	\$326, 244	\$39, 248	\$15, 000
Burma.....	3, 785		3, 510	275	
China, Republic of.....	376			376	
Indonesia.....	3, 243			3, 243	
Korea.....	122, 518	48, 800	70, 428	3, 290	
Laos.....	50, 599		38, 774	11, 825	
Philippines.....	3, 013			3, 013	
Thailand.....	39, 708	20, 600	12, 057	7, 051	
Vietnam.....	225, 003		201, 475	8, 528	15, 000
SEATO.....	358			358	
Other regional.....	1, 290			1, 290	

Technical Cooperation Grants in the Far East in FY 1965

[Millions of Dollars]

Field of activity	Technical cooperation grants	Field of activity	Technical cooperation grants
Food and agriculture.....	\$3. 2	Community development and social welfare.....	\$0. 3
Industry and mining.....	1. 4	Housing.....	
Transportation.....	3. 9	Private enterprise promo- tion.....	. 3
Labor.....	. 1	General and miscellaneous.....	1. 9
Health and sanitation.....	8. 3	Technical support.....	12. 7
Education.....	5. 3		
Public safety.....	. 3	Total.....	39. 2
Public administration.....	1. 5		

AID-Financed Technicians in Far East

Contract and U.S. Government Employees

[As of June 30, 1965]

Field of activity	Government employees ¹	Contract employees ²
Food and agriculture.....	98	37
Industry and mining.....	90	27
Transportation.....	70	14
Labor.....	3	1
Health and sanitation.....	140	14
Education.....	47	80
Public safety.....	122	-----
Public administration.....	56	9
Community development and housing.....	46	15
Private enterprise.....	(³)	2
Technical support.....	226	-----
Other.....	239	93
Total.....	1, 137	292

¹ U.S. nationals paid from program funds.

² U.S. citizens in positions identified in AID-financed contracts.

³ U.S. Government employees in private enterprise activities are distributed among the other technical fields of activity; e.g., agriculture, industry, housing, etc.

New Development Loan Authorizations in Fiscal Year 1965

FAR EAST

Borrower—Amount—Terms	Purpose
KOREA	
The Republic of Korea: \$24.6 million, 40 years including 10-year grace period; interest at 1 percent for 10 years, 2½ percent thereafter. The Government would repay in dollars.	To finance part of the dollar costs of constructing and equipping a modern mixed fertilizer plant.
The Republic of Korea: \$24.2 million, 40 years including 10-year grace period; interest at 1 percent for 10 years, 2½ percent thereafter. The Government would repay in dollars.	To finance part of the dollar costs of constructing and equipping a modern mixed fertilizer plant.
THAILAND	
The Royal Thai Government, Kingdom of Thailand: \$20.6 million, 25 years including a 5-year grace period; interest at 3½ percent. The Government would repay in dollars.	To provide the foreign exchange cost to design and construct a 2-lane all-weather, asphalt-surfaced road in North Central Thailand.

AID Program Commitments in Africa in Fiscal Year 1965

[Thousands of Dollars]

Country	Total	Appropriation category			
		Develop- ment loans	Supporting assistance	Technical cooperation	Contingency Fund
Total.....	\$163, 927	\$46, 100	\$36, 985	\$80, 698	\$144
Algeria.....	732			732	
Burundi.....	391			391	
Cameroon.....	5, 366	3, 200		2, 166	
Central African Re- public.....	733			733	
Chad.....	1, 065			1, 065	
Congo (Brazzaville).....	52			52	
Congo (Léopoldville).....	16, 544		15, 000	1, 544	
Dahomey.....	583			583	
Ethiopia.....	9, 176		3, 000	6, 176	
Gabon.....	785			785	
Gambia.....	89			89	
Ghana.....	1, 212			1, 212	
Guinea.....	14, 078	2, 400	7, 060	4, 618	
Ivory Coast.....	171			171	
Kenya.....	4, 221	550		3, 671	
Liberia.....	16, 053	9, 300		6, 753	
Libya.....	347			347	
Malagasy Republic.....	3, 849	2, 700		1, 149	
Malawi.....	2, 074			2, 074	
Mali, Republic of.....	1, 155			1, 155	
Mauritania.....	47			47	
Morocco.....	11, 080		10, 000	1, 080	
Niger.....	1, 188			1, 188	
Nigeria.....	27, 604	10, 400		17, 204	
Rwanda.....	78			78	
Senegal.....	98			98	
Sierra Leone.....	1, 874			1, 874	
Somali Republic.....	4, 888	600		4, 288	
Sudan.....	3, 086			3, 086	
Tanzania.....	2, 199	200		1, 999	
Togo.....	701			701	
Tunisia.....	18, 405	16, 750		1, 511	144
Uganda.....	1, 978			1, 978	
Upper Volta.....	468			468	
Zambia.....	855			855	
East Africa regional.....	1, 681			1, 681	
Other regional.....	9, 023		1, 925	7, 098	

Technical Cooperation Grants in Africa in FY 1965

[Millions of Dollars]

Field of activity	Technical cooperation grants	Field of activity	Technical cooperation grants
Food and agriculture.....	\$21. 1	Community development and social welfare.....	\$1. 1
Industry and mining.....	2. 4	Housing.....	. 3
Transportation.....	5. 8	Private enterprise pro-	
Labor.....	. 3	motion.....	1. 3
Health and sanitation.....	4. 2	General and miscellaneous.....	6. 7
Education.....	20. 6	Technical support.....	8. 6
Public safety.....	3. 1		
Public administration.....	5. 2		
		Total.....	80. 7

AID-Financed Technicians in Africa
Contract and U.S. Government Employees
 [As of June 30, 1965]

Field of activity	Government employees ¹	Contract employees ²
Food and agriculture.....	224	108
Industry and mining.....	48	28
Transportation.....	19	64
Labor.....	2	
Health and sanitation.....	40	8
Education.....	56	460
Public safety.....	33	1
Public administration.....	10	16
Community development and housing.....	23	4
Private enterprise.....	(3)	12
Technical support.....	142	
Other.....	47	31
Total.....	644	732

¹ U.S. nationals paid from program funds.

² U.S. citizens in positions identified in AID-financed contracts.

³ U.S. Government employees in private enterprise activities are distributed among the other technical fields of activity, e.g., agriculture, industry, housing, etc.

AFRICA

Borrower—Amount—Terms	Purpose
CAMEROON	
Federal Republic of the Cameroon: \$3.2 million repayable in dollars in 40 years, including 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the foreign exchange and local costs of goods and services required for the reconstruction of 66 miles of road.
GUINEA	
Republic of Guinea: \$1 million repayable in dollars in 40 years, including 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter.	To assist in financing the foreign exchange costs of procurement of aircraft, spare parts, related equipment and services and the construction of a hangar for the national airline of the Republic of Guinea.
Republic of Guinea: \$1.4 million repayable in dollars in 40 years, including 10-year grace period; interest at 1 percent during and 2½ percent thereafter.	To assist in financing the foreign exchange costs of procurement in the United States of necessary materials and services to add 7500 KW of electric power to the existing Conakry power system.
KENYA	
Government of Kenya: \$550,000 repayable in dollars in 40 years, including 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing U.S. costs and up to 50 percent of local costs of procurement of goods and services for the expansion of the Kenya Polytechnic Institute of Nairobi.
LIBERIA	
Liberian Public Utilities Authority: \$7.2 million repayable by the Government of Liberia in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter.	To assist in financing foreign exchange and local currency costs of goods and services required for construction of expanded sewerage systems for Monrovia and its environs.

New Development Loan Authorizations in Fiscal Year 1965

AFRICA—Continued

Borrower—Amount—Terms	Purpose
Republic of Liberia: \$1.55 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter. (This is an amendment to a previous FY 1963 loan of \$5.3 million.)	To assist in financing foreign exchange and local currency costs of materials, equipment and services required for the construction and equipping of a general training hospital in Monrovia. The loan amendment is to finance increased construction costs.
Republic of Liberia: \$400,000 repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter. (This is an amendment to a previous FY 1963 loan of \$1.7 million.)	To assist in financing U.S. and local costs of goods and services for the construction of a Monrovia Junior/Senior High School to accommodate 1,200 students. This amendment is to finance increased construction costs.
Republic of Liberia: \$150,000 repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during the grace period and 2½ percent thereafter. (This is an amendment to a previous FY 1964 loan of \$350,000.)	To assist in financing U.S. and local costs of goods and services for the construction of an elementary school to accommodate 500 students. This amendment is to finance increased construction costs.
MALAGASY REPUBLIC	
Malagasy Railroad Authority (MRA): \$2.7 million to the Malagasy Republic to be reloaned to the MRA. The MRA will repay the Malagasy Republic in local currency in 20 years, including a 5-year grace period; interest at 3½ percent for the duration of the loan. The Malagasy Republic will repay in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing the foreign exchange and local currency costs of goods and services required for the replacement of a railroad bridge and the realignment of two segments of railroad track.

AFRICA—Continued

Borrower—Amount—Terms	Purpose
NIGERIA	
Federal Republic of Nigeria: \$7.6 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing U.S. and local costs of goods and services required for the construction of a road in eastern Nigeria from Port Harcourt to Umu-ezeala.
Federal Republic of Nigeria: \$2.8 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing foreign exchange and local costs of goods and services required to expand the facilities of the Umudike Agricultural Center in Nigeria.
SOMALI REPUBLIC	
Somali American Fishing Company: \$600,000 repayable in local currency in 15 years, including a 3-year grace period, interest at 5½ percent for the duration of the loan.	To finance the procurement of equipment needed by this privately-owned company to establish a fishing operation and fish freezing facility in the Somali Republic.
TANZANIA	
United Republic of Tanganyika and Zanzibar: \$125,000 repayable in dollars in 40 years, including a 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter. This is an amendment to a previous FY 1964 loan of \$1.9 million to finance construction of the road.	To finance engineering services required for the improvement of 60 miles of road in the Lake Region of Tanganyika.
United Republic of Tanganyika and Zanzibar: \$75,000 repayable in dollars in 40 years, including a 10-year grace period; interest at ¾ percent during grace period and 2 percent thereafter. This is an amendment to a previous FY 1964 loan of \$850,000.	To assist in financing purchase in the United States of additional culverting for the improvement of feeder roads in connection with the expansion of the marketing of agricultural produce.

New Development Loan Authorizations in Fiscal Year 1965

AFRICA—Continued

Borrower—Amount—Terms	Purpose
TUNISIA	
Government of Tunisia: \$10 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To finance importation of commodities and equipment in support of Tunisia's development plan.
Government of Tunisia: \$6.75 million repayable in dollars in 40 years, including a 10-year grace period; interest at 1 percent during grace period and 2½ percent thereafter.	To assist in financing foreign exchange costs of equipment and services required for the maintenance, improvement, and modernization of Tunisia's highway system.

Summary of AID World-Wide Program Commitments in FY 1965

[Millions of Dollars]

Region	Total	Appropriation category			
		Develop- ment loans	Supporting assistance	Technical cooperation	Contingency Fund
Total.....	\$2, 178. 2	\$1, 162. 9	\$438. 7	\$308. 5	\$57. 5
Near East/South Asia.....	693. 9	605. 5	38. 5	49. 9	-----
Latin America.....	588. 1	441. 5	35. 7	78. 6	32. 3
Far East.....	449. 9	69. 4	326. 2	39. 2	15. 0
Africa.....	163. 9	46. 1	37. 0	80. 7	. 1
Nonregional.....	282. 4	. 4	1. 1	60. 1	10. 1

¹ Includes, under Nonregional, \$134.4 million in contributions to international organizations, and \$76.3 million in other appropriations (administrative expenses—AID and State, American schools and hospitals abroad, etc.)—not shown elsewhere in the table

Technical Cooperation Grants World-Wide in FY 1965

[Millions of Dollars]

Field of activity	Technical cooperation grants	Field of activity	Technical cooperation grants
Food and agriculture.....	\$43. 5	Housing.....	\$1. 2
Industry and mining.....	12. 4	Private enterprise promo- tion.....	4. 4
Transportation.....	14. 3	General and miscellaneous.....	26. 4
Labor.....	4. 4	Technical support.....	41. 4
Health and sanitation.....	20. 0	Total of regions.....	248. 4
Education.....	49. 6	Non-regional.....	60. 1
Public safety.....	10. 0	Grand total.....	308. 5
Public administration.....	17. 8		
Community development and social welfare.....	3. 0		

AID Employment ¹

(FY 1961-1965)

[As of June 30 each year]

Fiscal year	Total in AID/W and overseas	Vietnam	Total excluding Vietnam
1961-----	14,759	805	13,954
1962-----	15,479	836	14,643
1963-----	16,782	1,024	15,758
1964-----	15,642	1,221	14,421
1965-----	15,098	1,629	13,469
(U.S. nationals)-----	(6,728)	(543)	(6,185)
(Foreign nationals)-----	(8,370)	(1,086)	(7,284)

¹ U.S. and foreign nationals direct-hire employees; excludes contract personnel

AID-Financed Technicians World-Wide Contract and U.S. Government Employees

[As of June 30, 1965]

Field of activity	Government employees ¹	Contract employees ²
Food and agriculture-----	646	339
Industry and mining-----	305	175
Transportation-----	228	199
Labor-----	27	142
Health and sanitation-----	260	50
Education-----	217	1,034
Public safety-----	246	8
Public administration-----	194	135
Community development and housing-----	88	83
Private enterprise-----	(3)	165
Technical support-----	685	-----
Other-----	410	262
Total-----	3,306	2,592

¹ U.S. nationals paid from program funds—includes 2,711 AID direct hire and 595 assigned to AID by other Federal agencies.

² U.S. citizens in positions identified in AID-financed contracts.

³ U.S. Government employees in private enterprise activities are distributed among the other technical fields of activity, e.g., agriculture, industry, housing, etc.

*Foreign Technicians (Participants) Arriving in the United States for
Training in Fiscal Year 1965*¹

[By region and field of activity]

Field of activity	Region					Total
	Latin America	Africa	Near East and South Asia	Far East	Europe	
Agriculture.....	429	451	298	61		1, 239
Industry.....	178	108	171	61		518
Transportation.....	83	18	52	40		193
Labor.....	219	22	60	17		318
Health.....	129	30	83	63		305
Education.....	260	233	80	107		680
Public administration.....	297	215	208	78		798
Public safety.....	604	70	100	56		830
Community development.....	22	17	4	2		45
Housing.....	8	9	2	3		22
Atomic energy.....	5		28	17	1	51
Communications media.....	1	37	6	2		46
Miscellaneous.....	129	56	44	138		367
Total.....	2, 364	1, 266	1, 136	645	1	5, 412

¹ Excluding technicians brought to the United States by AID-financed contractors for training in fiscal year 1965.

Countries Where Investment Guaranties Are Available

[June 30, 1965]

Type of guaranty			
Convertibility	Expropriation	War revolution and insurrection	Extended risk
Afghanistan	Afghanistan	Afghanistan ³	—
Argentina	Argentina ²	Argentina ²	Argentina ²
Bolivia	Bolivia	Bolivia	Bolivia
*Brazil ¹	*Brazil ¹	*Brazil ¹	*Brazil ¹
*British Guiana	*British Guiana	*British Guiana	*British Guiana
*Central African Republic	*Central African Republic	*Central African Republic	*Central African Republic
*Chad	*Chad	*Chad	*Chad
Chile	Chile	Chile	Chile
China, Repub- lic of	China, Repub- lic of	China, Repub- lic of	China, Repub- lic of
Colombia	Colombia	Colombia	Colombia
Congo (Brazzaville)	Congo (Brazzaville)	Congo (Brazzaville)	Congo (Brazzaville)
Congo (Léopoldville)	Congo (Léopoldville)	Congo (Léopoldville)	Congo (Léopoldville)
Costa Rica	*Costa Rica	*Costa Rica ¹	*Costa Rica ¹
Cyprus	Cyprus	Cyprus	Cyprus
*Dahomey	*Dahomey	*Dahomey	*Dahomey
*Dominican Republic	*Dominican Republic	*Dominican Republic	*Dominican Republic
Ecuador	Ecuador	Ecuador	Ecuador
El Salvador	El Salvador	—	—
Ethiopia	Ethiopia	—	—
Gabon	Gabon	Gabon	Gabon
Ghana	Ghana	—	—
Greece	Greece	Greece	Greece
Guatemala ²	Guatemala ²	—	—
Guinea	Guinea	Guinea	Guinea
Haiti	Haiti	—	—
Honduras	Honduras	—	—
India	India	—	—
Iran	Iran	—	—
Israel	Israel	Israel	Israel
Ivory Coast	Ivory Coast	Ivory Coast	Ivory Coast
Jamaica	Jamaica	Jamaica	Jamaica
Jordan	Jordan	Jordan	Jordan
Kenya	Kenya	Kenya	Kenya
Korea	Korea	*Korea	*Korea
*Laos	*Laos	*Laos	*Laos
Liberia	Liberia	*Liberia	*Liberia
Malagasy	Malagasy	Malagasy	Malagasy
Malaysia	Malaysia	*Malaysia	*Malaysia
Mali	Mali	Mali	Mali
*Mauritania	*Mauritania	*Mauritania	*Mauritania
Morocco	Morocco	Morocco	Morocco
Nepal	Nepal	Nepal	Nepal
Nicaragua	Nicaragua	Nicaragua ³	—
Niger	Niger	Niger	Niger
Nigeria	Nigeria	—	—
Pakistan	Pakistan	—	—
Panama	Panama	Panama ³	—
Paraguay	Paraguay	—	—
Peru	—	—	—
Philippines	Philippines	—	—

See footnotes at end of table.

Countries Where Investment Guaranties Are Available—Continued

[June 30, 1965]

Type of guaranty			
Convertibility	Expropriation	War revolution and insurrection	Extended risk
Portugal	Portugal	—	—
Senegal	Senegal	Senegal	Senegal
Sierra Leone	Sierra Leone	Sierra Leone	Sierra Leone
Somalia	Somalia	Somalia	Somalia
Spain ²	Spain ²	—	—
Sudan	Sudan	Sudan	Sudan
Tanzania	Tanzania	Tanzania	Tanzania
Thailand	Thailand	Thailand ³	—
Togo	Togo	Togo	Togo
Trinidad-	Trinidad-	Trinidad-	Trinidad-
Tobago	Tobago	Tobago	Tobago
Tunisia	Tunisia	Tunisia	Tunisia
Turkey	Turkey	*Turkey	*Turkey
*Uganda	*Uganda	*Uganda	*Uganda
*Upper Volta	*Upper Volta	*Upper Volta	*Upper Volta
U.A.R. (Egypt)	U.A.R. (Egypt)	U.A.R. (Egypt)	U.A.R. (Egypt)
Uruguay ¹	Uruguay ¹	—	—
Vietnam	Vietnam	Vietnam	Vietnam
Venezuela	Venezuela	Venezuela	Venezuela
Yugoslavia ²	Yugoslavia ²	—	—

¹ Although applications will be accepted, guaranties cannot be processed until agreement is ratified by country's legislative body and in force.

² Restricted availability.

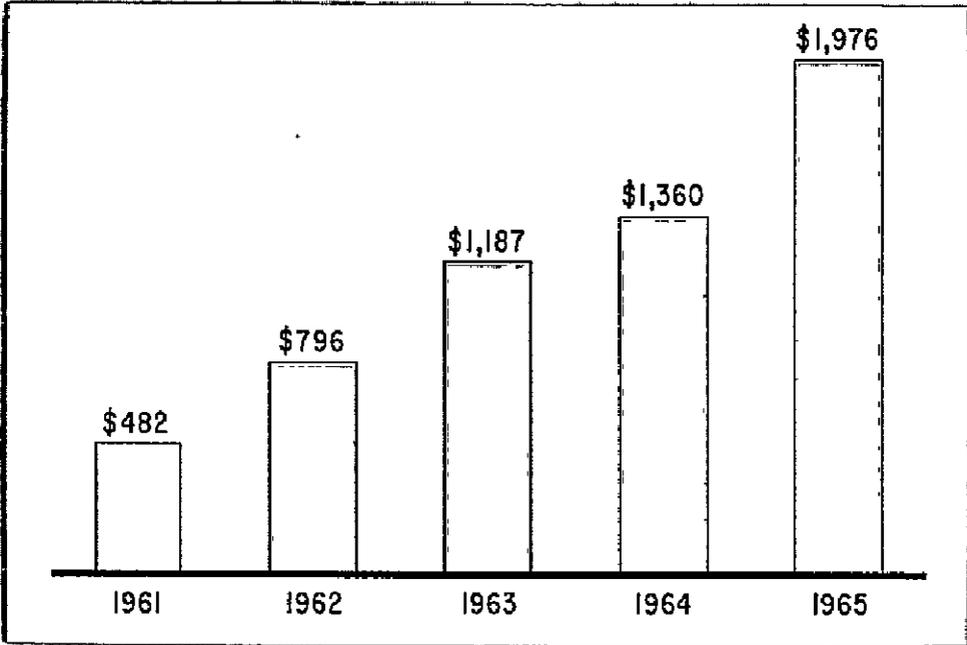
³ Includes only guaranties against loss due to damage from war.

*Newly available through agreements signed in FY 1965.

SPECIFIC RISK GUARANTY PROGRAM

AMOUNT OF COVERAGE IN FORCE AS OF JUNE 30

(Millions of Dollars)



Foreign Currency (Cooley) Loans ¹ Authorized in FY 1965

[Values expressed in dollar equivalents]

Country	Borrower	Amount	Purpose
AFRICA			
Tunisia.....	SOTAD Investment Co.....	\$60,000	Furniture and engine repair companies.
TOTAL AFRICA.....		60,000	
FAR EAST			
China.....	Hualien Corporation Ltd.....	321,000	Hotel.
China.....	Far East American Marble, Ltd.....	20,000	Marble slab industry.
Korea.....	Kookdong Mink Co., Ltd.....	153,000	Mink ranch.
	Vitamin Headquarters (Korea), Ltd.....	50,000	Livestock ranch.
Philippines.....	Filmag Philippines Inc.....	385,000	Mining operations.
Philippines.....	Arbor Acres Inc.....	255,000	Poultry breeding farms.
TOTAL FAR EAST.....		1,184,000	
LATIN AMERICA			
Bolivia.....	Cemento Bolivia.....	125,000	Cement factory.
Colombia.....	FACOMECC.....	223,000	Cable manufacturer.
Peru.....	Lab Wyeth Interamericanos, Inc.....	111,000	Pharmaceutical plant.
Peru.....	Armco Peruana, S.A.....	204,000	Steel tubing plant.
Peru.....	Arbor Acres, Peru, S.A.....	290,000	Poultry breeding farm.
Peru.....	Industrias Yuterac, S.A.....	259,000	Jute production.
Peru.....	Quimica Del Pacifico, S.A.....	370,370	Salt plant.
TOTAL LATIN AMERICA.....		1,582,370	

NEAR EAST and SOUTH ASIA:

India	Napeo Bevel Gear of India	840,000	Precision gear manufacturer.
India	Renusagar Power Co., Ltd.	6,300,000	Thermo-electric power facilities.
India	Raymon Engineering Works	4,505,000	Engineering firm.
India	Rockwell India, Ltd.	355,000	Machine tool plant.
India	Herdillia Chemicals Ltd.	5,565,000	Chemical plant.
India	Indofil Chemical Ltd.	630,000	Chemical firm.
India	Union Carbide India	2,933,000	Carbon black plant
India	Hindustan Allied Chemical	10,000,000	Fertilizer plant.
India	McNally-Bird Engineering	1,050,000	Coal washeries.
India	Tractor Engineering, Ltd.	1,260,000	Engineering firm.
India	Semiconductors Ltd. Raytheon Co.	283,500	Electric equipment manufacturer.
India	Goodyear India, Ltd.	3,150,000	Tire plant.
Israel	Mata Factory of Foodstuffs Ltd.	183,000	Margarine producer.
Israel	United Saran Enterprises, Ltd.	967,000	Plastic plant.
Israel	Matmor Central Food Mill Ltd.	733,000	Feed mill.
Israel	Palestine Milling and Trading Co., Ltd.	80,000	Rice silo.
Israel	Cargol, Ltd.	833,000	Paperboard manufacturer.
Israel	Kaiser-Ilin Industries, Ltd.	333,333	Kaiser Jeeps.
Pakistan	Shezan International, Ltd.	498,750	Beverage plant.
Pakistan	Pakistan Fabric Co., Ltd.	625,000	Jute bagging mill.
Pakistan	Arbor Acres Pakistan, Ltd.	183,823	Poultry breeding farm.
Pakistan	Pakistan Services, Ltd.	720,000	Rawalpindi hotel.
Pakistan	Rafhan Maize Products Co., Ltd.	1,050,000	Corn products plant.
Pakistan	Singer Industries, Ltd.	472,500	Machinery manufacturer.
Turkey	Turkkablo Anonim Ortakligi	800,000	Aluminum cable and extrusion plant.
Turkey	Eregli Steel/Koppers	5,556,000	Steel mill.
TOTAL NEAR EAST and SOUTH ASIA		49,906,906	
TOTAL ALL REGIONS		52,733,276	

¹ Local currency loans to U.S. firms or branches, affiliates or subsidiaries and to foreign private investors for purposes designed to increase consumption and markets for U.S. agricultural commodities.

*AID-Financed Contracts for Development of Cooperatives
for Fiscal Year 1965*

Contractor	Number of projects	Number of persons employed under co-op contracts	Amount
American Institute for Free Labor Development (AIFLD)-----	22	45	\$1, 973, 216
Cooperative League of the USA (CLUSA)-----	50	50	3, 492, 954
Credit Union National Association (CUNA)-----	25	21	1, 419, 208
Farmers Educational & Cooperative Union of America (NFU)-----	26	25	1, 657, 255
Foundation for Cooperative Housing (FCH)-----	50	34	1, 306, 150
Fund for International Development (FICD)-----	11	14	484, 000
International Cooperative Development Association (ICDA)-----	0	3	112, 183
International Cooperative Training Center (ICTC)-----	0	23	425, 694
National League of Insured Savings Associations (NLISA)-----	8	17	161, 805
National Rural Electric Cooperative Association (NRECA)-----	28	52	770, 426
Joint Commission Rural Reconstruction in China (Vietnam)-----	1	-----	568, 000
Checchi & Company (Sierra Leone)-----	1	2	886, 000
TOTAL -----	222	286	13, 256, 891

*Investment Survey Program Activity
FY 1963-1965*

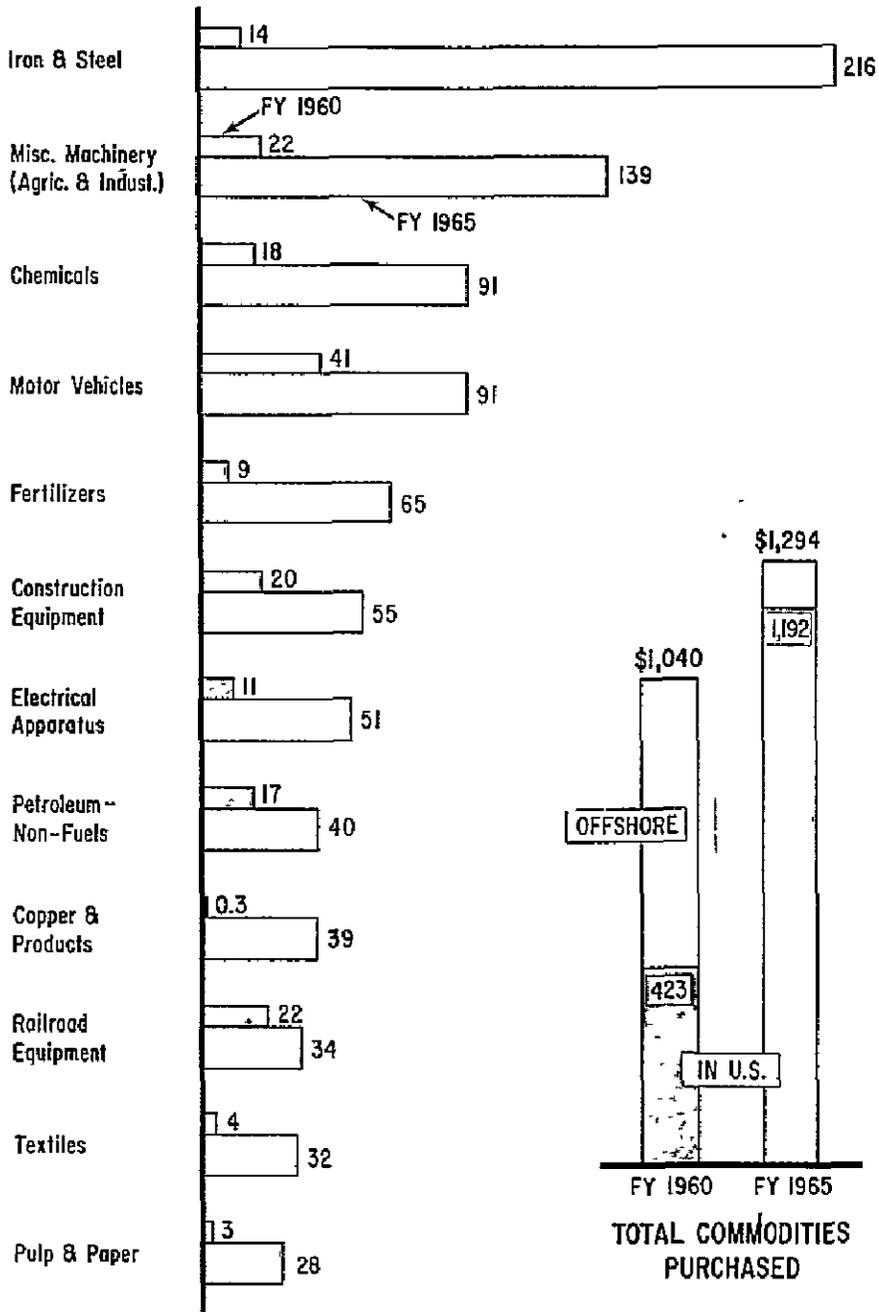
	FY 1963	FY 1964	FY 1965
Surveys authorized ¹ -----	29	59	57
Maximum AID obligation-----	\$403, 800	\$701, 300	\$586, 900
Surveys completed-----	3	18	35
Decisions to invest-----	0	4	11
Maximum potential investment-----	0	\$12, 000, 000	\$18, 000, 000

¹ One survey authorized in FY 1962.

AID - FINANCED COMMODITY EXPENDITURES

MAJOR COMMODITIES PURCHASED IN U.S.

FY 1965 VS FY 1960 - Millions of Dollars



*Obligations of U.S.-Owned PL 480, Title I Foreign Currencies
for Economic Development and Defense Support*

Fiscal Year 1965

[Thousands of Dollar Equivalents]

Field of activity	Total	Region				
		NESA	LA	FE	AFRICA	EUROPE
Total	\$767, 951	\$568, 686	\$63, 161	\$117, 823	\$16, 875	\$1, 406
Direct military support.....	118, 712	4, 674	-----	107, 371	6, 667	-----
Food and agriculture.....	88, 633	78, 745	3, 424	4, 981	384	-18
Industry and mining.....	210, 097	197, 628	11, 333	2, 665	-----	-2, 635
Transportation.....	36, 825	6, 293	27, 829	914	2, 469	-680
Labor.....	277	222	55	-----	-----	-----
Health and sanitation.....	5, 824	2, 397	3, 427	-----	-----	-----
Education.....	64, 699	52, 873	8, 383	419	3, 024	-----
Public administration.....	1, 411	1, 053	358	-----	-----	-----
Community development.....	71, 163	67, 481	3, 182	-----	-----	500
General and miscellaneous.....	170, 310	155, 105	5, 170	1, 465	4, 331	4, 239

NOTE.—Negative figures represent net deb obligations during the year. Data converted on the basis of June 30, 1965, exchange rates; excludes "Cooley" loan

*U.S. Share of AID-Financed Commodity Expenditures
Fiscal Years 1960-1965*

Fiscal year	Total expenditures for commodities	Commodities purchased in U.S.	
		Amount in millions	Percent of all commodity expenditures
1960.....	\$1, 040	\$423	41
1961.....	1, 055	466	44
1962.....	884	586	66
1963.....	1, 146	905	79
1964.....	1, 165	1, 008	87
1965.....	1, 294	1, 192	92

Organizations Registered with the Advisory Committee on Voluntary Foreign Aid Receiving AID Ocean Freight Payments¹ in FY 1965

American Friends Service Committee	Hadassah
American Jewish Joint Distribution Committee	Heifer Project
American Korean Foundation	International Educational Development
American Medical Center for Burma	Iran Foundation
American Mission to Greeks	Lutheran World Relief
American National Red Cross	Meals for Millions Foundation
American ORT Federation	Mennonite Central Committee
American Relief for Poland	People to People Health Foundation (Project HOPE)
Assemblies of God, F.S.C.	Project Concern
CARE, Inc	Salvation Army
Catholic Relief Services, NCWC	Seventh-Day Adventist Welfare Service
Christian Medical Society	Thomas A. Dooley Foundation
Christian Reformed World Relief	Tools for Freedom Foundation
Church World Service	World Relief Commission, N.A.E
Foster Parents' Plan	World Vision Relief Organization
Friends of the U.S. of L.A. (FUSLA)	YMCA, International Committee

¹ Freight payments for the overseas shipment of supplies privately donated for the overseas work of these voluntary agencies

NOTE.—The American National Red Cross is not a registered voluntary agency. It receives assistance under special agreement.

Military Assistance Program for Fiscal Year 1965

[In Thousands of Dollars]

Total.....	\$1,325,515
EUROPE.....	51,495
Belgium.....	360
Denmark.....	2,424
Italy.....	840
Netherlands.....	1,015
Norway.....	35,051
Portugal.....	1,305
Spain.....	8,877
Weapons Production Program.....	476
European Area Program.....	1,147
NEAR EAST/SOUTH ASIA.....	302,489
Afghanistan.....	68
Greece.....	63,061
India.....	(1)
Iran.....	37,187
Iraq.....	193
Jordan.....	4,436
Lebanon.....	106
Nepal.....	(1)
Pakistan.....	(1)
Saudi Arabia.....	1,474
Syria.....	25
Turkey.....	111,998
Near East/South Asia Area Program.....	87,781
MAP Assets Applied to Country Programs.....	-3,840
AFRICA.....	29,391
Congo.....	7,015
Ethiopia.....	10,015
Guinea.....	756
Liberia.....	1,283
Libya.....	2,461

See footnote at end of table.

Military Assistance Program for Fiscal Year 1965—Continued

AFRICA—Continued	
Mali.....	5566
Morocco.....	5,920
Nigeria.....	383
Senegal.....	306
Tunisia.....	339
Upper Volta.....	8
Africa Area Programs.....	339
<hr/>	
FAR EAST.....	698,431
<hr/>	
China, Republic of.....	75,149
Indonesia.....	180
Japan.....	18,531
Korea.....	129,710
Laos.....	(1)
Malaysia.....	93
Philippines.....	23,663
Thailand.....	(1)
Vietnam.....	(1)
Far East Area Program.....	502,832
MAP Assets Applied to Country Programs.....	-51,727
<hr/>	
LATIN AMERICA.....	73,333
<hr/>	
Argentina.....	12,738
Bolivia.....	2,394
Brazil.....	11,414
Chile.....	9,414
Colombia.....	9,139
Costa Rica.....	373
Dominican Republic.....	1,657
Ecuador.....	3,599
El Salvador.....	738
Guatemala.....	1,339
Honduras.....	933
Mexico.....	231
Nicaragua.....	1,206
Panama.....	220
Paraguay.....	1,005
Peru.....	9,411
Uruguay.....	2,979
Venezuela.....	1,528
Latin America Area Program.....	3,015
<hr/>	
NONREGIONAL.....	170,376
<hr/>	
Administrative Expenses.....	24,000
Other Nonregional Programs.....	146,376

¹ Data classified; included in the figure for the Area Program.

FREEDOM OF NAVIGATION AND NON-DISCRIMINATION

The following statement is provided in compliance with Section 634 (a) of the Foreign Assistance Act as amended:

Governmental practices tending to discriminate between U.S. citizens on religious grounds continued to occur in some countries in the Near East, principally with respect to travel. The extent of these restrictions has been reduced over the years but there was little progress in fiscal 1965. There has been some success in mitigating the effects of the Arab boycott on certain American firms and individuals. Recent amendments to the Export Control Act require American exporters to report to the Department of Commerce information about proposals to engage in restrictive trade practices or boycotts. The Secretary of Commerce encourages firms not to become involved in such arrangements.

The Suez Canal remained closed to Israeli ships and cargoes. The state of Arab-Israeli relations continued to be the chief barrier to progress in removing this restriction.

AID ADVISORY COMMITTEES

Advisory Committee on Economic Development

Advises the Administrator and senior staff in the fields of research, evaluation, and planning assistance, and provides a channel of communication between the Agency and professional scholars concerned with developing countries.

Edward S. Mason, Professor of Economics, Harvard University, Chairman.

Vincent Barnett, President, Colgate University.

Hollis B. Chenery, Professor, Department of Economics, Harvard University.

Emile Despres, Director, Research Center in Economic Growth, Stanford University.

Allan R. Holmberg, Professor of Anthropology, Cornell University.

Max F. Millikan, Director, Center for International Studies, Massachusetts Institute of Technology.

Lucian W. Pye, Professor of Political Science, Center for International Studies, Massachusetts Institute of Technology.

Theodore W. Schultz, Professor of Economics, University of Chicago.

Advisory Committee on Housing and Urban Development

Provides advice and guidance in the administration of its responsibility in making investment guarancies for housing projects in accordance with sections 221 and 224 of the Foreign Assistance Act of 1962, and general guidance in the development and administration of the Agency's program of housing and urban development.

Osborne T. Boyd, Deputy Director for Housing, AID, Chairman.

Charles Abrams, Housing Consultant to the United Nations.

Alexander Bookstaver, Economic Adviser for AFL-CIO.

W. Evans Buchanan, Past President, National Association of Home-Builders.

Arthur H. Courshon, Chairman of Board, Washington Federal Savings and Loan Association, Miami Beach, Florida.

Neal Hardy, Deputy Administrator, New York City Rent and Rehabilitation Agency.

Raymond P. Harold, President and Chairman of the Board, Worcester Savings and Loan Association.

Nathaniel S. Keith, President, National Housing Conference.

Frank M. Summers, Attorney at Law.

Arthur Tonsmeire, Jr., President, First Federal Savings and Loan Association, Mobile, Alabama.

Benjamin Turner, Attorney and homebuilder.

William L. C. Wheaton, Professor, University of California
Institute of Urban and Regional Development.

Advisory Committee on Private Enterprise in Foreign Aid

To review existing programs for encouraging private investment and study new proposals for guarantees, for additional means of protecting investments, and for new patterns of business-government cooperation.

Arthur K. Watson, President, IBM World Trade Corporation,
Chairman.

Ernest C. Arbuckle, Dean, Graduate School of Business, Stanford
University.

Joseph A. Beirne, President, Communications Workers of America.

William T. Golden, Chairman of Trustees, System Development
Corporation.

Henry T. Heald, President, The Ford Foundation.

Kenneth D. Naden, Executive Vice President, National Council
of Farmer Cooperatives.

Edith Sampson, Associate Judge, Circuit Court of Cook County.

Sydney Stein, Jr., Stein, Roe and Farnham.

Murray A. Wilson, Past President, National Society of Profes-
sional Engineers.

Advisory Committee on Voluntary Foreign Aid

Established as successor to the War Relief Control Board in 1946 by the President to correlate Government aid programs with those of voluntary aid agencies. Registers U.S. voluntary, nonprofit agencies for foreign aid activities and approves their programs; certifies to their eligibility to participate in the overseas freight subsidy program for the shipment of their own donated supplies or relief, rehabilitation and technical assistance abroad as well as to participate in the food distribution program under Public Law 480.

Charles P. Taft, Attorney at Law, Chairman.

Margaret Hickey, Contributing Editor, Ladies' Home Journal,
Vice Chairman.

Gordon M. Cairns, Dean, College of Agriculture, University of
Maryland.

Ugo Carusi, retired.

John B. Faegre, Jr., Faegre and Benson, Minneapolis, Minnesota.

Adelaide C. Hill, Institute of African Studies, Boston University.

Raymond F. McCoy, Dean, Graduate School, Xavier University.

James T. Nicholson, retired.

J. Edgar Rhoads, President, J. E. Rhoads & Son, Wilmington.
Lessing J. Rosenwald, Chairman, Rosenwald Fund.
Elmore R. Torn, Trans-Continental Gas Pipeline Corporation.

Aid Advisory Committee on Research

Established in December 1962 to advise on the development and administration of sound policies and programs of research on the problems of the developing countries.

Walsh McDermott, Cornell University, Chairman.
Harrison Scott Brown, California Institute of Technology.
Robert Alan Charpie, Union Carbide Company.
Merle Fainsod, Harvard University.
Allan R. Holmberg, Cornell University.
Max F. Millikan, Center for International Studies, Massachusetts Institute of Technology.
A. H. Moseman, Rockefeller Foundation.
Arthur T. Mosher, Agricultural Development Council, Inc.
Kenneth H. Parsons, University of Wisconsin.
Roger Revelle, Center for Population Studies, Harvard School of Public Health.
Eugene B. Skolnikoff, Massachusetts Institute of Technology.
F. Joachim Weyl, Office of Naval Research.
Abel Wolman, Johns Hopkins University.
Jerrold R. Zacharias, Massachusetts Institute of Technology.

Cooperative Advisory Committee

Agricultural and cooperative specialists bringing to bear the knowledge, resources and experience of non-Government organizations on the Agency's program.

Herbert J. Waters, Assistant Administrator for Material Resources, AID, ex-officio, Chairman.

James E. Bent, President, Hartford Federal Savings.

John B. Clarke, Treasurer—Chief Business and Financial Officer, Howard University.

Clyde T. Ellis, General Manager, National Rural Electric Cooperative Association.

Leon Keyserling, Economic Consultant.

Kenneth J. Marin, President, Credit Union National Association.

Kenneth D. Naden, Executive Vice President, National Council of Farmer Cooperatives.

Herschel D. Newsom, Master, National Grange.

James G. Patton, President, National Farmers Union.

Walter Reuther, President, United Auto Workers.

Charles B. Shuman, President, American Farm Bureau Federation.

Bishop Edward E. Swanstrom, Executive Director, Catholic Relief Services, National Catholic Welfare Conference.

M. W. Thatcher, President, National Federation of Grain Cooperatives.

Jerry Voorhis, President, Cooperative League of the U.S.A.

Development Loan Committee

The Committee, under the direction of the Administrator, establishes policies, standards and criteria for lending operations.

David E. Bell, AID Administrator.

Donald W. Hoagland, Assistant Administrator, Office of Development Finance and Private Enterprise, AID.

Harold F. Linder, Chairman of the Board of Directors of the Export-Import Bank of Washington.

Anthony M. Solomon, Assistant Secretary of State for Economic Affairs.

Merlyn N. Trued, Assistant Secretary of the Treasury.

General Advisory Committee on Foreign Assistance Programs

The Committee provides the Executive Branch with continuing advice on how to improve the effectiveness of our foreign assistance programs.

James A. Perkins, President, Cornell University, Chairman.

Dwayne O. Andreas, Chairman, Executive Committee, National City Bank of Minneapolis.

Eugene R. Black, former President of the IBRD.

Mrs. Everett N. Case, Chairman, Board of Trustees, Skidmore College.

Luther H. Foster, President, Tuskegee Institute.

Alfred M. Gruenther, former President of the American Red Cross.

J. George Harrar, President, The Rockefeller Foundation.

William R. Hewlett, President, Hewlett-Packard Company.

Sol M. Linowitz, Chairman of the Board, Xerox Corporation.

Edward S. Mason, Lamont University Professor, Harvard University.

George Meany, President, AFL-CIO.

Franklin D. Murphy, Chancellor, University of California at Los Angeles.

Samuel M. Nabrit, President, Texas Southern University.

David Rockefeller, President, Chase Manhattan Bank.
Arthur K. Watson, Chairman, IBM World Trade Corporation.
William J. Zellerbach, President, Zellerbach Paper Company.

The Interagency Police Group

Assists AID's Administrator in the coordination and leadership of U.S. police assistance programs.

Byron Engle, Director, Office of Public Safety, AID, Chairman.

Courtney A. Evans, Assistant Director, Federal Bureau of Investigation, Department of Justice.

Arnold Sagalyn, Director, Law Enforcement Coordination, Treasury Department.

Abe J. Moses, Officer in Charge, Internal Defense Policy, Politico-Military Affairs, Department of State.

Maj. Gen. Carl Turner, Provost Marshal of the U.S. Army.

Labor Advisory Committee on Foreign Assistance

To advise and assist AID in its labor programs, policies, and problems.

George Meany, President, AFL-CIO, Chairman.

Joseph A. Beirne, President, Communications Workers of America.

David Dubinsky, President, International Ladies Garment Workers Union.

John J. Grogan, President, Industrial Union of Marine and Shipbuilding Workers of America.

George M. Harrison, AFL-CIO, Vice President.

Albert J. Hayes, President, International Association of Machinists and Aerospace Workers.

Joseph D. Keenan, Secretary, International Brotherhood of Electrical Workers.

Joseph Kennedy, International Representative, United Mine Workers of America.

O. A. Knight, AFL-CIO, Vice President.

Ernest S. Lee, Assistant Director, Department of International Affairs, AFL-CIO.

Jay Lovestone, Director, Department of International Affairs, AFL-CIO.

David J. McDonald, AFL-CIO, Vice President.

Andrew C. McLellan, Inter-American Representative, AFL-CIO.

Lee W. Minton, President, Glass Bottle Blowers' Association of the United States and Canada.

A. Philip Randolph, President, Brotherhood of Sleeping Car Porters.

Serafino Romualdi, Executive Director, American Institute for Free Labor Development.

Walter P. Reuther, President, United Auto Workers.

Emil Rieve, AFL-CIO, Vice President.

Thomas Robles, International Affairs Department, AFL-CIO.

James A. Suffridge, President, Retail Clerks International Association.

Subcommittee on AID Matters of the Foreign Exchange Committee of New York Banks

Advises in the development of aid financing procedures and the drafting of regulations and their amendments.

Edward G. Grimm, Vice President, Bankers Trust Company, Chairman.

Arthur Bardenhagen, Assistant Vice President, Irving Trust Company.

Milton S. Coe, Assistant Vice President, The Chase Manhattan Bank.

Arthur C. Krymer, Vice President, Chemical Bank New York Trust Company.

Anthony L. Leone, Assistant Vice President, First National City Bank.

Harold T. McGrath, Assistant Secretary, Manufacturers-Hanover Trust Company.

William E. McGraw, Assistant Vice President, Morgan Guaranty Trust Company of New York.

Henry Reuter, Assistant Vice President, The Marine Midland Trust Company of New York.