
Portuguese – United States

ECONOMIC COOPERATION PROGRAM

August 17, 1976

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Summary of Portuguese - United States
Economic Cooperation Program

I. PURPOSE

The purpose of the United States program of economic cooperation with Portugal is to support efforts of the Portuguese government to provide greater opportunity for all its citizens, particularly those in the rural areas and less developed regions of the country. It is hoped that such a program may at the same time make a maximum contribution to the stimulation of employment in Portugal and to provide support for the overall balance-of-payments, according to priorities expressed by the Portuguese government.

II. AREAS OF CONCENTRATION

U.S. assistance projects are concentrated in social areas of benefit to the low-income people. Investment programs have been initiated in:

- Low Income Housing
- Secondary School Construction
- Construction of Basic Sanitation Facilities.

In addition, technical assistance is being provided in a variety of fields:

- Health Planning and Improvement of Rural and Community Health Services
- Support of Several Regional Planning Commissions in Developing Integrated Regional Plans of Economic Development
- Agricultural and Vocational Education - particularly concentrating on the newly established polytechnicos in several areas of the country
- Environmental Studies and Training in environmental protection related to the Sines industrial complex

- Training of Directors of Nationalized Enterprises and other Government Agencies in Advanced Management Practices.

Major assistance to programs of integration of the retornados have also been provided.

The attached table summarizes U.S. assistance to date and gives a brief description of specific programs underway or planned.

III. FORMS OF ASSISTANCE

U. S. assistance takes essentially three forms:

1 - Project loans which have repayment at five percent over 25 years with a five year grace period for construction of facilities or equipment related to development programs. To be of maximum benefit to the Portuguese economy maximum priority is put on procurement of goods and services in Portugal.

2- Grant assistance generally for training or consultation of Portuguese specialists in the U.S. or for employment of U.S. consultants selected by the Portuguese government in Portugal. All assistance to the refugees is also being carried out on a grant basis.

3 - Credits for importation of food products and other agricultural commodities. These may be both short-term credits of three years and longer-term credits of twenty five years.

IV. MAGNITUDE OF ASSISTANCE

U.S. economic assistance to Portugal in all forms in the respective U.S. fiscal years is given below:

	(Contos)	(\$ million)
1975		35
1976		179.5
1977 (Proposed)		135.0

V. DURATION

The U.S. economic assistance program to Portugal is a temporary short-term program designed to support the difficult transition to a democratic regime and to a more prosperous society offering greater opportunity to all of its citizens. Therefore, a time-frame of 3 to 5 years is foreseen for concessional assistance followed by normal forms of economic cooperation.

VI. TIMING

The United States Congress appropriates funds of the basis of fiscal years which until 1976 have run from 1 July through 30 June. In 1976 the U.S. fiscal year changes from 1 October through 30 September.

The normal gestation period of a project from initial discussions to final signature is 9- 11 months. Therefore, in order that funds available to Portugal not be lost projects must be developed very early in the fiscal year - October or November.

VII. FUTURE PROGRAMS

Programs are now under discussion for the coming year in the following areas:

- Construction of rural health facilities and the support of pilot health programs in several parts of the country;

- Assistance to polytechnicos in Vila Real, Covilha and University Institutes in Evora, Azores and Madeira;

- Additional lending for low-income housing;

- Additional loans for basic sanitation facilities in rural areas;

- Additional credit for the agricultural and food imports.

UNITED STATES - PORTUGAL ECONOMIC COOPERATION PROGRAM

Date: August 13, 1976

PROJECT TITLE AND No.	AMOUNT (U.S.\$000)	TERMS (Years/ Interest/ Grace Per.)	DATE AGREEMENT SIGNED	AMOUNT DISBURSED AS OF	PORTUGUESE GOVT. AGENCY RESPONSIBLE	PURPOSE
FY 1975 Technical Consultants and Training Grant (150-15-995-001)	750	grant	2/28/75	575	Various Ministries and Agencies	For short course and orientation visits to US of key GOP <u>4</u> / officials in areas such as public management, tourism, housing, health, education and for US advisors to visit Portugal.
FY 1975 Housing Investment Guaranty (HIG) (Private sector loan with AID repayment guaranty)	20,000	30/9.7%/10	11/3/75	10,000	Fundo de Fomento da Habitacao (FFH)	To finance a portion of construc- tion costs of about 5000 apart- ments in multi-unit buildings for low-income dwellers; projects located near Beja, Lisbon, Porto and Evora.
FY 1976 AID Housing Loan (150-15-005)	13,250	25/5%/5	6/30/75	4,950	F F H	Same project as immediately above.
FY 1976 Feasibility Studies (150-Z-004)	1,000	25/5%/5	2/28/75	-	Ministry of Finance	For costs of technical/economic consulting services required for project development and investment planning.
TOTAL FOR FY 1975						
FY 1976 Returnee Emergency Airlift	7,500	grant	8/75	7,500	Ministry of Social Affairs	To fund a portion of GOP airlift expenses of refugees returning from Angola.
FY 1976 Emergency Relief and Resettle- ment Grant (150-K-601)	15,000	grant	2/28/76	13,500	Ministry of Social Affairs	To assist GOP pay for refugee clothing, bedding, medical ser- vices, housewares, tools, etc.
FY 1976 Technical Consultants and Training Grant (150-15-995-001)	1,000	grant	8/13/76	-	Various Ministries and Agencies	Amendment to 1975 agreement (see above).

1/ In thousand of dollars. 2/ Projects marked "proposed" are not yet approved and information shown herein may change. 3/ Amount programmed.
4/ Government of Portugal.

PROJECT TITLE AND No.	AMOUNT (US\$000)	TERMS (Years/Interest/Grace Period)	DATE AGREEMENT SIGNED	AMOUNT DISBURSED AS OF 7/31/76 (U.S.\$000)	PORTUGUESE GOVT. AGENCY RESPONSIBLE	PURPOSE
School Construction (Loan)	11,000	25/5%/5	8/13/76	-	Ministry of Education	To finance a portion of the construction costs of about 20 preparatory/secondary schools.
Basic Sanitation (Loan)	8,000	25/5%/5	8/13/76	-	Ministry of Public Works	To finance a portion of construction costs of about 36 small town water/sewerage systems.
Housing Loan	10,000	To be determined	Proposed	-	F F H	Continuation of FY 1975 low-income apartment building construction program plus slum eradication through financial/technical support to home owner action groups.
Housing Investment Guaranty (HIG)	20,000	" "	"	-	F F H	
PL 460 Title I Commodity Sales (US Department of Agriculture)	15,000	15/4.5%/2	3/18/76	15,000	Ministry of Finance	Bulk sales on long-term credit of 54,600 metric tons of rice. All delivered.
	5,000	"	4/30/76	4,800	"	Amendment No. 1 to provide 14,000 bales of cotton. 13,500 bales purchased or being delivered.
	5,000	"	8/13/76	-	"	Amendment No. 2 to provide 20,000 metric tons of rice.
Commodity Credit Corp. (CCC) Export Credits (US Department of Agriculture)	50,000	3/9%/-	3/18/76 ^{5/}	50,000	Ministry of Finance	Provide US Govt. 3 year credit for commercial sales of US food commodities (soy beans, corn, sorghum and wheat) to Portugal. All commodities delivered or en route.
	12,000	3/9%/-	7/28/76 ^{5/}	-	"	Provide credit for commercial sales of 100 metric tons of corn.
TOTAL FCR FY 1976 & TRANSITION QUARTER	179,500			90,800		

FUNDING PERIOD: FISCAL YEAR 1976 AND TRANSITION QUARTER (7/1/75-9/30/76)

^{5/} Date authorized. Credits are drawn down by multiple transactions signed separately between U.S. suppliers and U.S. Dept. of Agriculture.

AID Representative, Lisbon
August 13, 1976

PROJECT TITLE AND No.	AMOUNT (US\$000)	TERMS (Years/ Interest/ Grace Period)	DATE AGREEMENT SIGNED	AMOUNT DISEBURSED AS OF 7/31/76 (US\$000)	PORTUGUESE GOVT. AGENCY RESPONSIBLE	PURPOSE
FY 1977			2/			
Technical Assistance Grant	2,000	grant	Proposed		Various Ministries and Agencies	Fund visits of US technical advisors to GOP and visits to US of GOP specialists.
Feasibility Studies Loan	1,000	25/5%/5	Proposed		Ministry of Finance	Finance technical/economic studies required for project development.
Rural Health Facilities Loan	10,000	25/5%/5	Proposed		Under Discussion	To finance a portion of construction and rehabilitation costs of clinics and hospitals and strengthen health services planning and delivery systems.
Agricultural and Vocational Education	10,000	25/5%/5	Proposed		Under Discussion	
Basic Sanitation	10,000	25/5%/5	Proposed		Under Discussion	Continuation of program under FY 1976 Basic Sanitation Loan.
Other projects under discussion (e.g. Regional Dev. and Agriculture)	22,000	25/5%/5	Proposed		Under Discussion	
PL 480 Title I Commodity Sales (US Department of Agriculture)	20,000	Not set	Proposed		Ministry of Finance Min. of Agriculture	Long term credits for purchase of food and non-food agricultural commodities.
Commodity Credit Corporation (CCC) Export Credits (U.S. Dept. of Agriculture)	50,000	Not set	Proposed		Ministry of Finance	Provide U.S. Govt. 3 year credit for commercial sales of U.S. agricultural commodities to Portugal.
TOTAL FOR FY 1977 (PROPOSED)	135,000					
GRAND TOTAL	349,500			106,325		

2/ Projects marked "proposed" are not yet approved and information shown herein may change.

AID Representative, Lisbon
August 13, 1976

PRINTING PERIOD FISCAL YEAR 1977

Low-Income Housing

Under an agreement signed in June 1975, the United States is providing \$33.25 million (997.500 contos) to the Fundo de Fomento da Habitacao for the construction of approximately 5,000 units in various parts of Portugal.

Housing units are intended for lowest income people particularly those presently living in bairros da lata. Thus far almost \$15 million (450.000 contos) have been disbursed under the program and some families have already moved into some of the units.

Additional contributions to low income housing are under discussion and could take the form of support to the FFH program of cooperative housing as well as direct construction of rental units.

United States' assisted housing programs are currently underway in the following localities:

Zambujal, District of Lisbon

Chelas, District of Lisbon

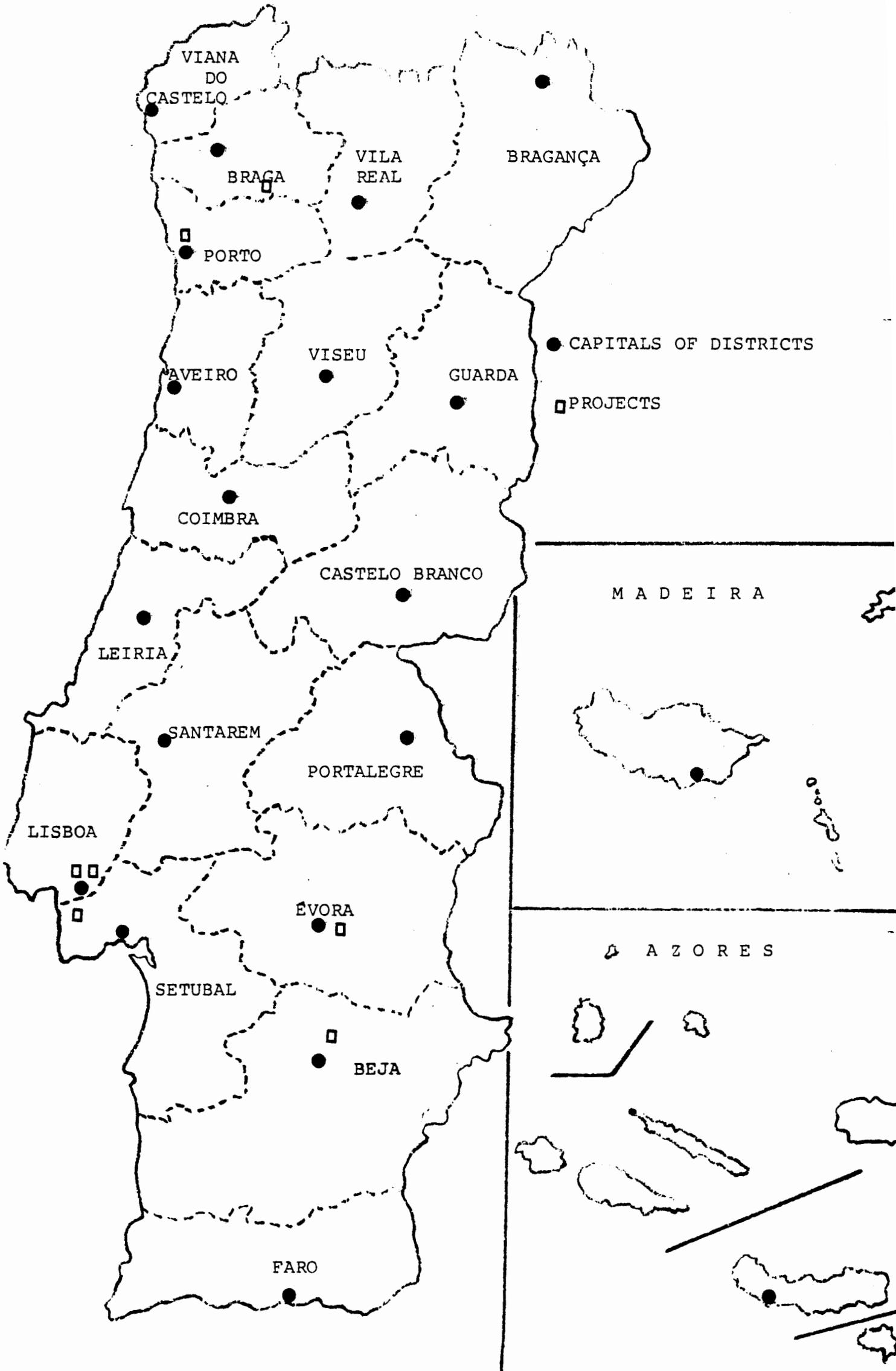
Almada, District of Setubal

Guimaraes, District of Braga

Porto-Viso, District of Porto

Evora, District of Evora

LOCATION OF UNITED STATES FINANCED HOUSING PROJECTS



Refugee Assistance

In response to urgent requests by the Portuguese government the United States transported in October and November of 1975 approximately 36,000 refugees from Angola to Portugal at a cost of 225.000 contos.

The United States Congress reflecting the concern of the American people for the difficulties of the refugees, voted to contribute \$35 million or 1.050.000 contos of grant funds for immediate help to the refugees. Those funds were applied by the Portuguese government for clothing and basic necessities, medical services, education allowances and emergency family assistance.

In addition the United States private agencies, particularly Catholic Relief Services, provided food and clothing and other essentials.

\$1.5 million or 45.000 contos of the U.S. grant was provided to the Caritas Portuguesa and other voluntary agencies.

A consultant was also provided to work with the Portuguese government in the development of a small loan program for refugees.

Training Leaders of Nationalized Enterprises
in Modern Management Techniques

In mid-1975 the then Ministry of Economic Coordination requested that up to \$250,000 (7.500 contos) of grant funds available to Portugal for technical assistance be used for the training of individuals in the nationalized enterprises and other agencies of the Portuguese government to improve the administration and management of those institutions. The program was to be carried out by the Instituto das Participacoes do Estado.

Since then about 40 specialists in various fields have either been trained in the U.S. or will soon depart for programs combining both academic studies and observational visits to enterprises in the specialists' technical field.

Programs have undertaken in general advanced management, export promotion, banking, financial management and tourism promotion.

Basic Sanitation

To support the efforts of the Portuguese government in making sanitary water and sewage facilities available to all parts of the country, the U.S. is contributing \$8 million (240,000 contos) in a loan signed August 13, 1976. The program, carried out by the Ministry of Public Works, is an essential element in improving the overall health of the rural population. Proposals for additional U.S. funds for this activity are under discussion.

Present plans call for the construction of such facilities in the following areas:

1. District of Angra do Heroismo

Cinco Ribeiras
S. Bartolomeu
S. Mateus
S. Pedro
Sta. Barbara
Sta. Luzia
Terra Cha

2. District of Beja

Sta. Clara-a-Velha
Saboia
Estacao C. F. Viradouro
Pias
Vale de Vargo
Aldeia Nova de S. Bento
A. do Pinto
Odivelas
Penedo Gordo

3. District of Braga

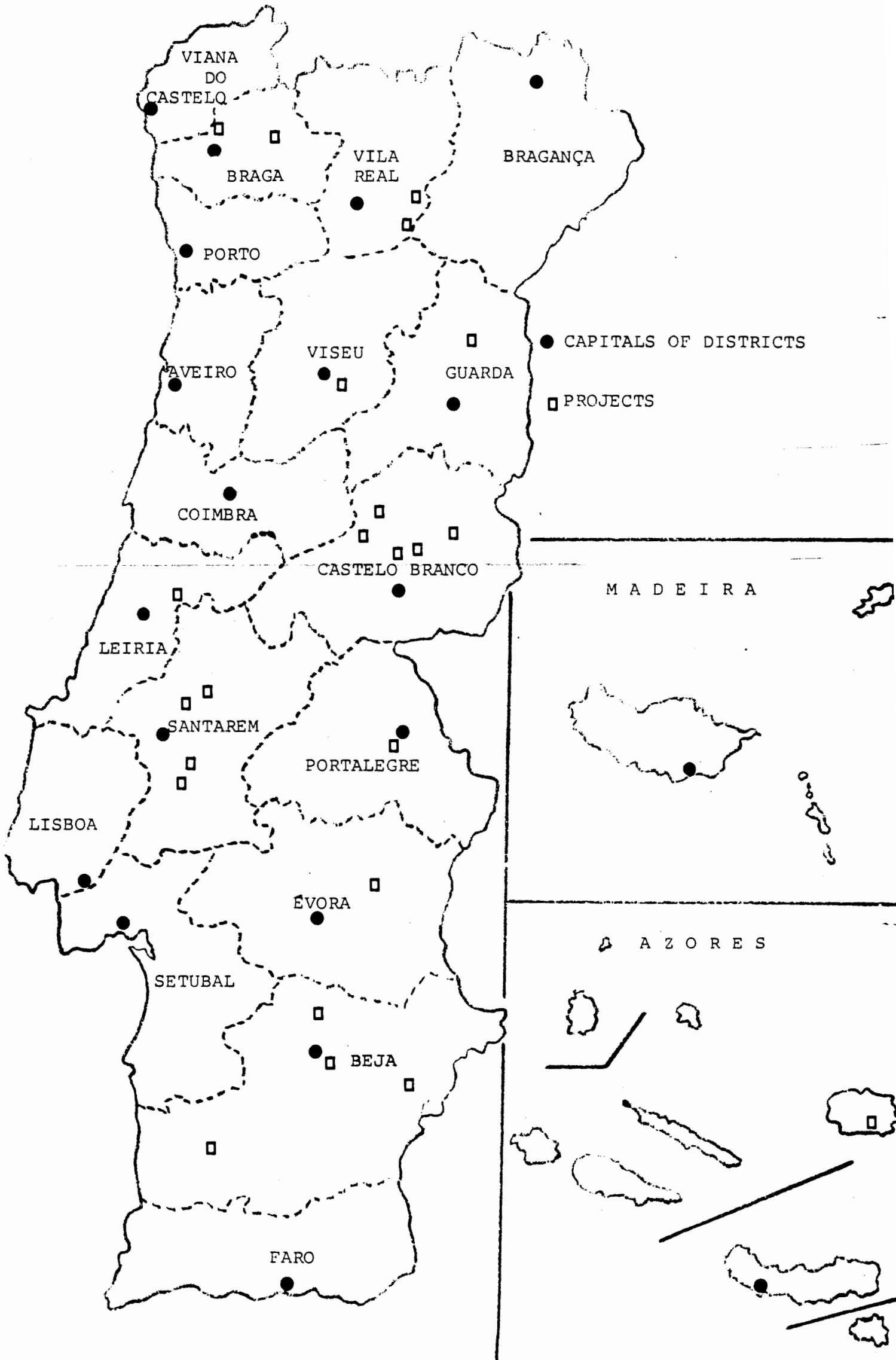
Vila Verde
Vieira do Minho

4. District of Castelo Branco

Cafede
Juncal do Campo
Freixial do Campo
Lourical do Campo
Casal da Pelota
Lardosa

5. District of Guarda
Vila Franca das Naves
Moimentinha
Granja
6. District of Leiria
Alvaiazere
7. District of Portalegre
Santo Amaro
8. District of Santarem
Amiais de Baixo
Pernes
Ferreira do Zezere
Golega
9. District of Viseu
Ranhados
Laje de Ranhados
10. District of Evora
Orada
11. District of Vila Real
Sanfins do Douro
Pinhao

LOCATION OF UNITED STATES FINANCED WATER AND BASIC SANITATION PROJECTS



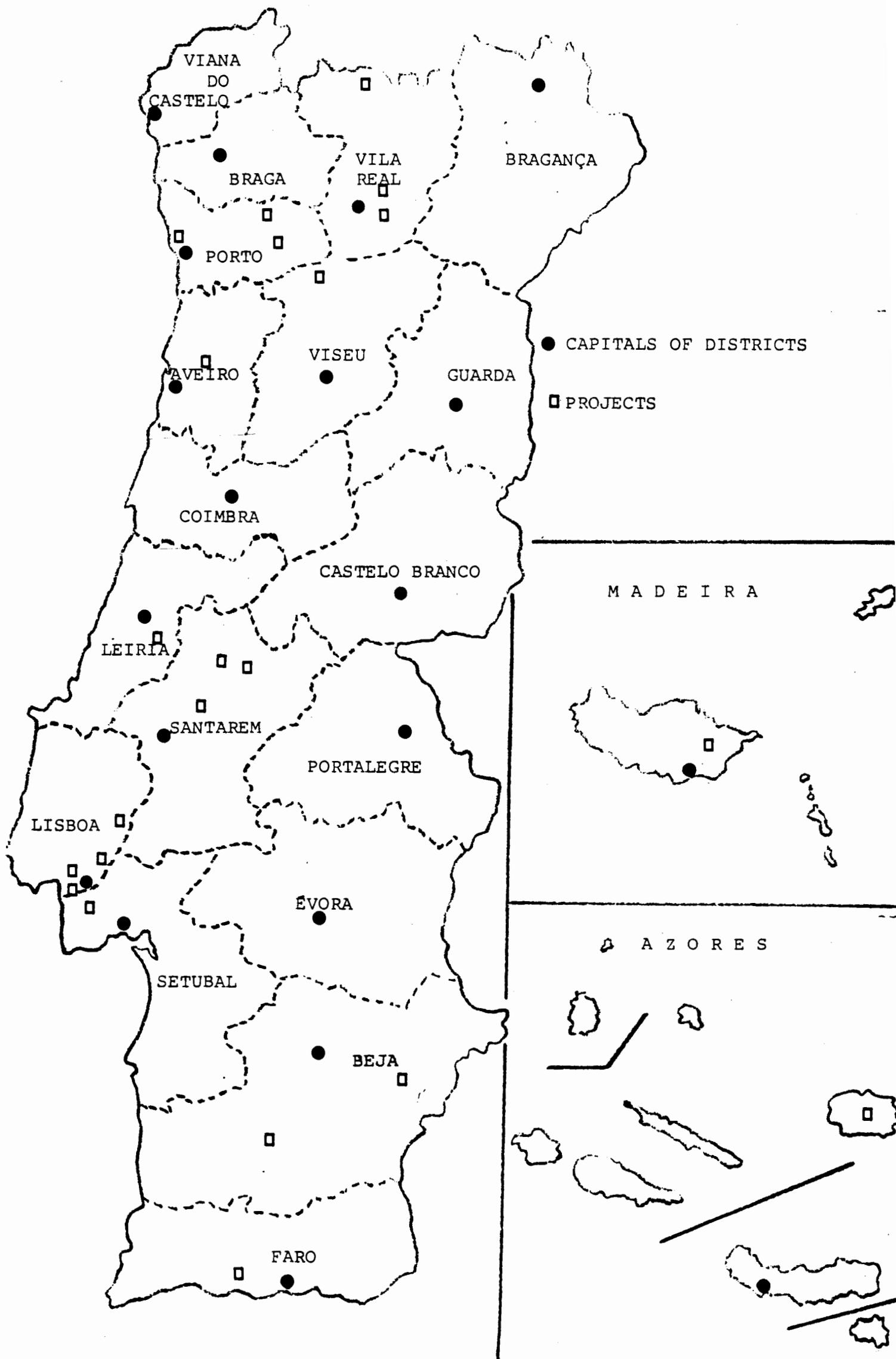
Secondary and Preparatory School Construction

Under an agreement signed August 13, 1976, the United States is providing \$11 million or 330.000 contos for the construction of secondary and preparatory schools with priority in the rural areas of the country. This program carried out by the Ministry of Education is intended to expand educational opportunities in those areas where it is now lacking. Schools to be constructed are tentatively planned for the following areas:

1. Secondary School at Vale de Cambra, district of Aveiro
2. Preparatory School at Ourique, district of Beja
3. Secondary School at Serpa, district of Beja
4. Preparatory School at Silves, district of Faro
5. Secondary School at Porto de Mos, district of Leiria
6. Secondary School at Azambuja, district of Lisboa
7. Preparatory School at Olivais (Lisboa), district of Lisboa
8. Preparatory School at Damaia (Oeiras), district of Lisboa
9. Preparatory School at Miraflores (Oeiras), district of Lisboa
10. Preparatory School at Leca da Palmeira (Matozinhos) district of Porto
11. Preparatory School at Pacos Ferreira, district of Porto
12. Preparatory School at Penafiel, district of Porto
13. Preparatory School at Tramagal (Abrantes), district of Santarem
14. Preparatory School at Alpiarca, district of Santarem
15. Preparatory School at Golega, district of Santarem
16. Secondary School at Baixa da Banheira, district of Setubal
17. Preparatory School at Alijo, district of Vila Real

18. Secondary School at Alijo, district of Vila Real
19. Preparatory School at Montalegre, district of Vila Real
20. Preparatory School at Resende, district of Viseu
21. Secondary School at Estreito (Camara de Lobos),
district of Funchal
22. Preparatory School at Acores in villages to be defined

LOCATION OF UNITED STATES FINANCED PREPARATORY AND SECONDARY SCHOOLS



Agriculture and Food Imports

Under this program credits are made available in two forms by the United States government for the importation of agricultural products by Portugal thus directly benefitting the Portuguese balance-of-payments.

The first program (identified as PL 480) involves long-term credits of 15 years at 4.5 percent. Such credits have been made available for \$25 million (750.000 contos) in 1976 and have financed the importation of about 75,000 metric tons of rice as well as 14,000 bales of cotton. Although credits are repayable by Portugal at a future date in dollars, escudos are generated at the time of the sales and these escudos are used for agricultural development projects and investment in Portugal. Investments thus far have been made in construction of grain storage facilities, wholesale fruit and vegetable markets and improved extension services to small farmers. We foresee additional credits under this program in the coming year.

Other short-term credits of three years have been made in 1976 for the importation of \$62 million (1.860.000 contos) of U.S. food commodities into Portugal. These include soybeans, corn, sorghum and wheat. All commodities have either been delivered or are enroute.

Additional credits are also foreseen under this program in the coming year.

Environmental Protection

The Ministry of Foreign Affairs on behalf of the Gabinete da Area de Sines (GAS) requested the services of U.S. consultants and the training of Portuguese specialists in environmental protection studies and programs related to the industrial complex at Sines. The results of some of these studies was seen as being of great benefit to the formulation of environmental protection measures by the Portuguese Government in other regions of the country. Thus far six individuals from GAS have been programmed for extensive periods of training in the U.S. at both academic institutions and environmental protection agencies. Up to \$1 million (30.000 contos) will be made available to GAS to finance technical consultants as requested by that agency for environmental studies in Sines over the next 18 months.

Rural and Community Health

As a result of a request of the former Secretary of State for Health a U.S. team headed by its Minister of Health visited Portugal in May 1976, to begin discussions of U.S. support for Portuguese programs of reformed and expanded health services. Particular interest was expressed in plans to improve and expand health facilities in rural Portugal. A follow-up team of U.S. specialists as requested by the Portuguese government is now scheduled to arrive in October to work out a future program of assistance in additional detail.

Thus far, several Portuguese specialists have visited the United States for consultation and training.

Further U.S. assistance under discussion includes the construction of rural health centers and providing technical expertise and training as desired by the Portuguese government in developing new programs in such areas as health education, community health, nutrition and maternal and child health and family planning.

Regional Development

To develop further the plans of the Portuguese government to decentralize responsibility and authority for economic development activities, the former Minister of Internal Administration requested the consultation of Portuguese specialists in regional development and planning with similar organizations and individuals in the United States. He also requested the visit of U.S. regional development consultants to Portugal.

Exchanges have already taken place and some training programs been developed with the Planning Commission of the Northern Region and with the Planning Commission of the Azores.

The U.S. stands ready to provide other specialists or training opportunities if requested by these as well as other regional planning commissions both on the continent and in Madeira.

Pursuant to an idea raised by the Minister of Internal Administration, the U.S. could consider the financing of regional development loans which would contribute to the construction of facilities, the furnishing of equipment, the provision of technical services and training, all forming part of an integrated plan of development for the region.

Agricultural and Vocational
Education .

The U.S. is interested in supporting programs of the Portuguese government in making education opportunities available to all of its citizens, particularly those in the rural areas which have been without adequate opportunity for relevant education in the past. We are particularly interested in supporting any programs of agricultural or vocational education in the rural areas of Portugal.

A most promising effort of recent years has been the creation of the Polytechnicos with the objective not only of providing practical education to students, but also to serve as centers of regional economic development and as centers for community extension programs for farmers and other groups within their respective regions.

In response to a request from the Ministry of Education a team of U.S. specialists recently visited the Polytechnicos of Vila Real and Covilhã as well as the University Institute of Evora to begin discussion of possible ways in which the U.S. could assist these worthy programs. Possible assistance in the form of construction of facilities, equipment for laboratories, equipment for experimental farms and extension services and equipment and facilities for agricultural and vocational education in rural villages and towns were all discussed. In addition technical assistance and training in those areas was also mentioned.

A follow-up visit to work out a possible assistance program in more detail is now scheduled for the end of August. This assistance would be to those institutes, and if desired by the Portuguese government to vocational training institutes and to the University Institutes of Azores and Madeira.

The following institutions of higher learning are currently being considered for United States financial/technical assistance:

Vila Real, District of Vila Real

Covilhã, District of Castelo Branco

Évora, District of Évora

Azores

Madeira

LOCATION OF UNITED STATES TECHNICAL/FINANCIAL SUPPORT TO HIGHER
EDUCATION

