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PD-ACE-058



# MUTUAL SECURITY PROGRAM

FISCAL YEAR 1961  
ESTIMATES

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## TECHNICAL COOPERATION FUNCTIONAL PRESENTATION

VOLUME NO. 1  
EUROPE, AFRICA, NEAR EAST  
AND SOUTH ASIA

UNCLASSIFIED

BEST AVAILABLE

MUTUAL SECURITY PROGRAM

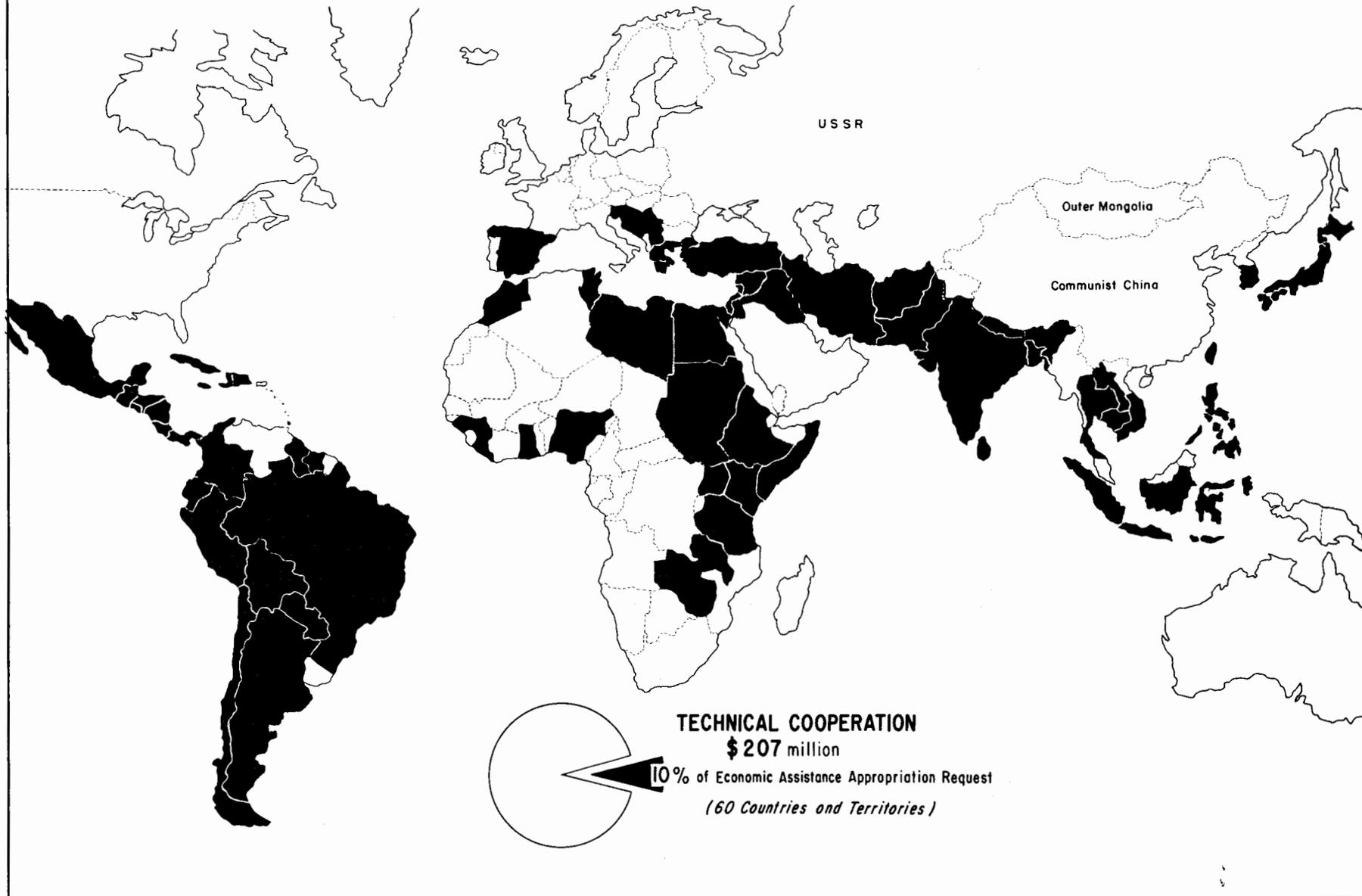
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Europe, Africa, Near East and South Asia

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# TECHNICAL COOPERATION PROPOSED PROGRAMS, FY 1961



## TECHNICAL COOPERATION

Summary of Programs by Area and Country

(In thousands of dollars)

| Area and Country                              | Program        |                  |                  |
|---|----------------|------------------|------------------|
|   | Actual FY 1959 | Estimate FY 1960 | Proposed FY 1961 |
| <u>TOTAL - TECHNICAL COOPERATION PROGRAMS</u> | 167,753        | 191,465          | 206,500          |
| <u>EUROPE - TOTAL</u>                         | 3,019          | 2,700            | 4,000            |
| Spain   | 1,100          | 1,000            | 1,000            |
| Yugoslavia                                    | 1,919          | 1,700            | 3,000            |
| <u>AFRICA - TOTAL</u>                         | 15,491         | 20,950           | 24,300           |
| <u>South of the Sahara</u>                    |                |                  |                  |
| Special Program for Africa                    |                |                  |                  |
| Ethiopia                                      | 4,023          | 4,700            | 5,000            |
| Ghana   | 988            | 1,100            | 1,200            |
| Guinea  |                | 350              | 1,000 ✓          |
| Liberia                                       | 2,308          | 2,600            | 2,600            |
| Nigeria                                       | 796            | 1,300            | 2,100 ✓          |
| Somalia                                       | 447            | 1,000            | 1,300            |
| Sudan   | 1,350          | 3,300            | 3,300            |
| Central and East Africa                       | 458            | 560              | 855              |
| Other West Africa                             |                |                  | 1,200 ✓          |
| <u>North Africa</u>                           |                |                  |                  |
| Libya   | 2,646          | 2,500            | 2,500            |
| Morocco                                       | 551            | 700              | 1,000            |
| Tunisia                                       | 1,713          | 2,000            | 2,200            |
| <u>Regional and Undistributed</u>             | 211            | 840              | 45               |
| <u>NEAR EAST AND SOUTH ASIA - TOTAL</u>       | 40,402         | 42,905           | 44,700           |
| Afghanistan                                   | 3,300          | 3,800            | 4,500            |
| Ceylon  | 1,550          | 1,500            | 1,700            |
| Greece  | 800            | 700              | 650              |
| India   | 7,400          | 8,350            | 8,900            |
| Iran  | 5,768          | 5,400            | 5,400            |
| Iraq  | 1,500          | 1,000            | 1,000            |
| Israel  | 1,687          | 1,370            | 1,100            |
| Jordan  | 1,900          | 1,750            | 1,750            |
| Lebanon                                       | 1,253          | 950              | 800              |
| Nepal   | 1,395          | 1,500            | 1,700            |
| Pakistan                                      | 5,783          | 7,050            | 7,000            |
| Turkey  | 4,500          | 4,400            | 4,400            |
| United Arab Republic                          |                | 1,505            | 1,800            |
| Central Treaty Organization                   | 124            | 230              | 400              |
| Regional and Undistributed                    | 3,442          | 3,400            | 3,600            |

+ 3,300

## TECHNICAL COOPERATION

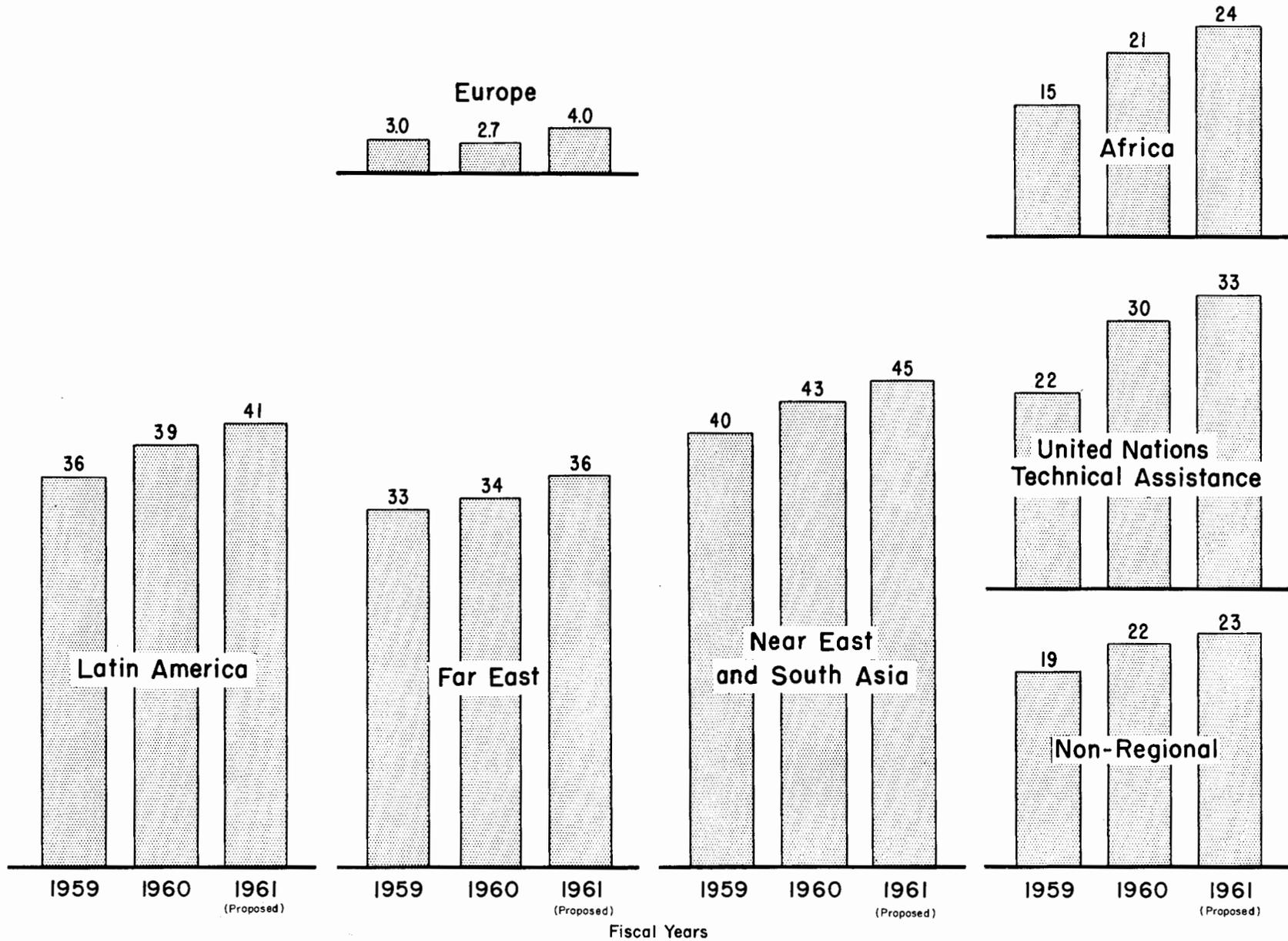
Summary of Programs by Area and Country

(In thousands of dollars)

| Area and Country                                  | Actual FY 1959 | Program<br>Estimate FY 1960 | Proposed FY 1961 |
|---|----------------|-----------------------------|------------------|
| <b>TECHNICAL COOPERATION PROGRAMS (Continued)</b> |                |                             |                  |
| <b><u>FAR EAST - TOTAL</u></b>                    | <b>32,655</b>  | <b>34,000</b>               | <b>36,000</b>    |
| Burma   |                |                             |                  |
| Cambodia  | 2,133          | 2,500                       | 2,700            |
| China (Taiwan)                                    | 2,500          | 2,400                       | 2,400            |
| Indonesia   | 6,031          | 6,500                       | 7,500            |
| Japan   | 2,491          | 2,000                       | 1,300            |
| Korea   | 6,110          | 6,500                       | 7,500            |
| Laos  | 1,698          | 1,500                       | 1,800            |
| Philippines                                       | 2,995          | 3,000                       | 3,000            |
| Thailand  | 4,000          | 4,300                       | 4,300            |
| Vietnam   | 4,300          | 4,800                       | 4,800            |
| Regional and Undistributed                        | 397            | 500                         | 700              |
| <b><u>LATIN AMERICA - TOTAL</u></b>               | <b>35,513</b>  | <b>39,000</b>               | <b>41,000</b>    |
| Argentina   | 363            | 820                         | 1,130            |
| Bolivia   | 3,337          | 2,730                       | 2,550            |
| Brazil  | 5,679          | 6,600                       | 7,500            |
| British Guiana                                    | 88             | 250                         | 430              |
| British Honduras                                  | 150            | 150                         | 150              |
| Chile   | 2,870          | 3,100                       | 2,895            |
| Colombia  | 1,683          | 1,800                       | 2,100            |
| Costa Rica  | 1,148          | 1,290                       | 1,290            |
| Cuba  | 351            | 350                         | 350              |
| Dominican Republic                                | 219            | 280                         | 280              |
| Ecuador   | 1,932          | 2,075                       | 2,300            |
| El Salvador                                       | 1,030          | 1,200                       | 1,200            |
| Guatemala   | 2,545          | 2,300                       | 2,300            |
| Haiti   | 1,634          | 2,200                       | 2,745            |
| Honduras  | 1,388          | 1,550                       | 1,550            |
| Mexico  | 718            | 720                         | 720              |
| Nicaragua   | 775            | 800                         | 800              |
| Panama  | 1,460          | 1,610                       | 1,610            |
| Paraguay  | 1,737          | 1,850                       | 1,800            |
| Peru  | 2,784          | 2,800                       | 2,800            |
| Surinam   | 344            | 415                         | 415              |
| Uruguay   | 80             | 105                         |                  |
| Venezuela   | 134            | 100                         |                  |
| West Indies and Eastern Caribbean                 | 445            | 1,015                       | 1,335            |
| Regional and Undistributed                        | 1,419          | 1,390                       | 1,250            |
| Organization of American States                   | 1,200          | 1,500                       | 1,500            |
| <b><u>NON-REGIONAL PROGRAMS - TOTAL</u></b>       | <b>40,673</b>  | <b>51,910</b>               | <b>56,500</b>    |
| <b><u>Technical Cooperation</u></b>               |                |                             |                  |
| U.N. Technical Assistance                         | 21,600         | 30,000                      | 33,000           |
| Interregional Expenses                            | 19,073         | 21,890                      | 23,500           |
| Expenses, Inspector General and Comptroller       |                | 20                          |                  |

# TECHNICAL COOPERATION PROGRAM-BY REGION

(\$ Millions)



## TECHNICAL COOPERATION

The authorization and appropriation is requested of \$172,000,000 under Section 304 for the bilateral Technical Cooperation Program and of \$34,500,000 under Section 306 for the multilateral programs in FY 1961.

### Summary

Technical Cooperation is the program for the international interchange of technical knowledge and skills through training, demonstrations, surveys and similar activities in some 60 countries and territories. Designed to aid in the balanced and integrated development of human and economic resources and productive capacities, it helps the underdeveloped countries in their attempts to meet the crucial needs and urgent demands of their people for economic and social progress. It also helps identify the United States with the aspirations of the underdeveloped countries. The program fosters the kind of Free World development essential to national interest of the United States. The accomplishments of the Technical Cooperation Program are already numerous and substantial despite the long-term nature of the problems with which it is concerned. For the first time in history, the proven skills and tested techniques of the more advanced nations are being harnessed - deliberately and effectively - to attack the economic and social problems of the less developed nations on a broad scale.

"The people of the underdeveloped areas now have a window into the 20th Century ... They are looking for a door, and we are helping them to find one ... " Dr. Henry Garland Bennett, first United States Technical Cooperation Administrator.

### The Need for Progress

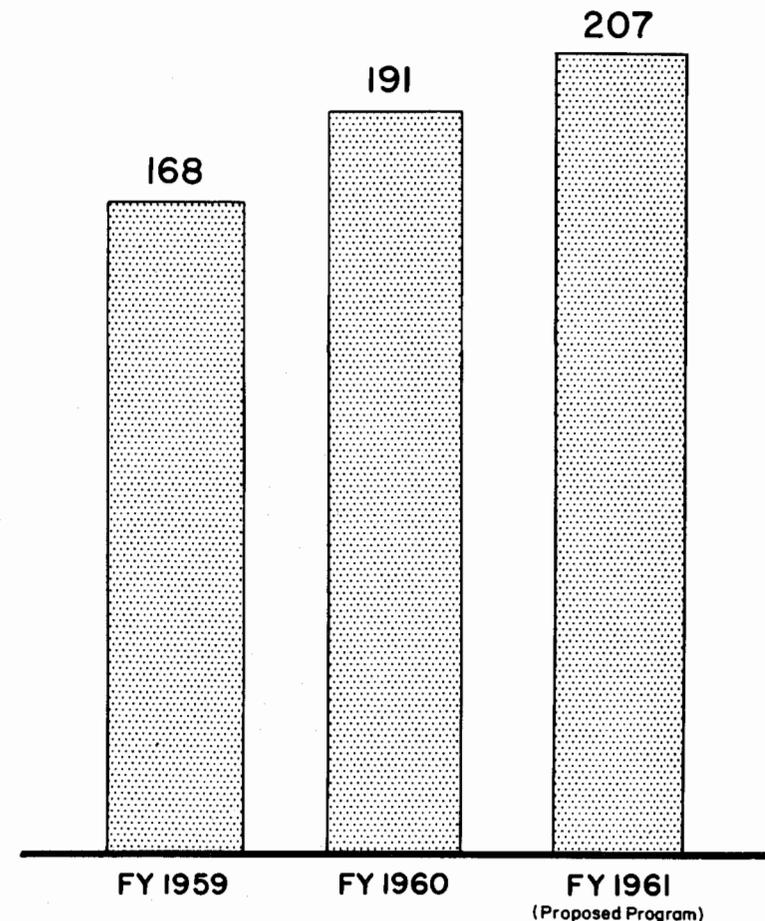
The Technical Cooperation Program is specifically designed and directed to help meet the crucial needs and urgent demands of the people in the underdeveloped countries for economic and social progress. The major objective of the program is to aid the peoples of the underdeveloped countries establish the institutions, increase the human skills, introduce the technical innovations and foster the more efficient use of their resources that are all necessary for economic and social progress.

The United States has a special understanding of the needs of underdeveloped countries. During the early part of its national

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



## TECHNICAL COOPERATION

existence, not so long ago measured in historical time, the United States was also an underdeveloped country looking to Western Europe for help. Today, the United States has achieved the greatest degree of development of any country in history and is continuing to make rapid progress.

The last 15 years have witnessed 21 new nations achieve their independence - and the next few years will witness many further additions to the community of nations. All of these new nations have a common poverty of capital and skilled human resources. The same is true for many of the older nations of Asia, Africa and Latin America. Two out of every three persons on earth live in such countries and their underdeveloped state is readily indicated by the following:

- (a) In Money - The average per capita share of the people of the United States in their Gross National Product is about \$2,700 per year. For nearly half of the Free World's population, the average share of each individual is under \$100 a year.
- (b) In Education - About 98% of the adult population of the United States can read and write; in most underdeveloped nations, less than 25%.
- (c) In Health - Life expectancy at birth in the United States has climbed to about 70 years. For the majority of the people of Asia and Africa, life expectancy is about 35 years.

Peoples of the less advanced nations are becoming increasingly insistent in their efforts and demands for economic and social progress. The differences in levels of development have been forcefully brought to their attention by newspapers, by motion pictures, by radio, by international travel, by books and by magazines. Leaders of the less developed nations are faced with the urgent necessity of improving the living conditions of their people.

Each year has seen increased recognition of the importance of the development of its institutions and human resources if a country is to progress. The major difference between the postwar economic assistance efforts in Europe under the Marshall Plan and the present development efforts in the less advanced nations is the great lack of adequate institutions and trained human resources in the latter. The urgent need of Western Europe was for physical resources; it had, in large part, the institutions and trained people required for their effective utilization. In the less developed countries, the need for help in establishing institutions and in training their people is parallel to and sometimes greater than their need for capital.

Interrelated Technical Cooperation activities in health, education, agriculture, industry, public administration and other fields provide some early and visible training and institution building as well as laying the foundation for the longer-run development so urgently needed in many countries.

### Identifying with Their Aspirations

The Technical Cooperation Program identifies the Free World with the deep-felt desires and aspirations for economic and social progress of the peoples in the underdeveloped countries.

It helps create the widespread feeling that through cooperation with the United States, methods are at hand to cope with long-standing economic and social ills. Through contact with American technicians sent abroad under the program and through training programs in this and other democratic countries, the Technical Cooperation Program also serves to give people of the underdeveloped countries a close-up picture of the workings of effective free societies. In general, the Technical Cooperation Program helps instill hopefulness into societies where in the past the outlook for the individual has been dim. It thus encourages constructive actions by the people in these countries and discourages the rash acts of desperation.

The Sino-Soviet bloc is keenly aware of the successes of Technical Cooperation in this connection, and in recent years has found it necessary to step up its own program of technical assistance. In late 1959, after five years of effort, approximately 4,900 Sino-Soviet bloc technicians were at work on economic projects outside the bloc itself. An indication of the character of the bloc effort is given by the fact that, while ICA personnel are employed worldwide and in a broad range of professional specialities, bloc personnel are, in comparison, limited to fewer specialities and are concentrated in a smaller number of countries. The bloc is active in some 19 countries but nearly 80% of their technicians are concentrated in only four countries - United Arab Republic, Yemen, Afghanistan and India. In many countries where ICA technicians also operate, the bloc technicians outnumber those under the United States programs.

The mutual interest of the United States and of cooperating countries in the Technical Cooperation Program long preceded the entry of the Soviet bloc into this field in 1954. The United States interest in the Technical Cooperation Program would continue even if the Communist efforts should cease tomorrow. Yet the increasing Soviet drive in this field makes it particularly important that we not falter in this type of program which we first introduced.

## TECHNICAL COOPERATION

The importance of United States concern with the underdeveloped countries is emphasized by the increasing interdependence of nations. The world has shrunk in terms of ease of physical communication and transportation. A traveler from Washington can reach India more quickly today than he could have reached San Francisco 30 years ago. What happens in such far away places as India, the Formosa Straits, or the Middle East is now of great importance to the United States. As a result, it is essential that the people of the United States become increasingly aware of the urgent requirements of the peoples in the less developed parts of the world and of the necessity to promote their progress for the mutual benefit and security of all.

### Helping United States Economic Growth

The Technical Cooperation Program, by aiding the peoples of the underdeveloped countries in their efforts for social and economic progress, also helps foster the kind of Free World development essential to the continued sound economic growth of the United States.

It contributes toward improving supply sources of raw materials, fosters sound markets for United States products, facilitates safe and constructive outlets for United States and foreign investment, and in general encourages a healthy expanding world economy.

The program helps improve the international communication and understanding that is essential to expanding trade. It sends abroad U.S. technicians, both U.S. Government employees and private citizens under contract to the U.S. Government, who tend to use U.S. standards and, where practicable, U.S. commodities. Even more, the innumerable personal contacts here and abroad, the training opportunities furnished thousands of foreign students and participants in the United States, and the publicity given to the United States, all contribute to form the voluntary judgments, tastes and habits which help improve communication, understanding, and trade with the United States.

### The Methods

U.S. bilateral Technical Cooperation activities are primarily organized in the form of jointly agreed projects. Such projects vary widely in size, complexity, cost-sharing and duration. They may involve simply sending one or a few people from a country to the United States for a few months to observe advanced methods in their particular field of interest; or they may involve a long-term comprehensive group of activities designed to achieve a major objective, such as the development of an agricultural extension service

or a local equivalent of our Bureau of Reclamation. Some U.S. technicians may train mechanics; others advise cabinet-level officers.

The need for and priority of different types of projects and the feasibility of implementing them varies widely from country to country. Lack of education and education techniques may be the greatest deficiency in one country; in another, increased food production and modern production methods may be the most urgent need and the field in which there will be the greatest return on the expenditure.

Technical Cooperation activities are jointly conducted by the United States and the cooperating foreign government, with the latter bearing a substantial share of the cost of the project. Consequently, projects are developed primarily in the countries where the program is being undertaken, rather than in Washington where the primary functions are policy guidance, review and support.

### Relationship with Other Programs

The ICA bilateral Technical Cooperation Program is a large-scale and many-faceted activity. However, in itself, it is and can be only a part of the much larger totality of the Free World technical and economic assistance to the newly developing countries.

It supplements, and is supplemented by, other Mutual Security programs; non-ICA United States Government programs such as the Exchange of Persons under the International Educational Exchange Service, nongovernmental activities of U.S. private institutions, organizations, and business firms. Beyond these are the multilateral programs of the Organization of the American States, the United Nations and its specialized agencies and the bilateral programs of other Free World countries such as under the auspices of the Colombo Plan. It may also be supplemented with other cooperative Free World efforts which are from time to time developed.

The Technical Cooperation Program complements Special Assistance, Defense Support and loans from such entities as the World Bank and DLF, and private capital investments. The effective use of total resources by a country is largely dependent on human resources for their use, such as for specialists to make technical surveys, or for trained personnel to operate and maintain equipment. For example, private capital loans, or Export-Import Bank, DLF or World Bank loans frequently have followed earlier Technical Cooperation activities such as preliminary economic and technical feasibility surveys. Similarly, imports under the Defense Support and Special Assistance Programs or the local currency they generate, may be

## TECHNICAL COOPERATION

closely associated with a Technical Cooperation Program in a particular field, as in providing materials for the construction of a highway or the establishment of a rural improvement program. As the principal Technical Cooperation Program in the world today, the ICA program provides a vital supporting relationship to these other programs.

In addition, underdeveloped countries may receive loans and grants of local currency generated by P.L. 480, Title I, agricultural surplus sales. These loans are frequently for projects closely associated with Technical Cooperation activities. Such funds may be used, for example, to construct highways as part of a project to which Technical Cooperation training assistance in highway design is also being provided.

Similarly, Technical Cooperation programs may often be of considerable help in promoting the flow of private capital. Technical Cooperation projects have assisted in such things as the establishment of productivity centers and local development banks, and the drafting of local investment laws.

The numerous advantages of U.S. bilateral programs such as continuity, mutual support with other forms of economic assistance in many countries, and closer identification with U.S. objectives, indicate the continuing urgent need for the bilateral U.S. Technical Cooperation Program, by itself and in partnership with other programs.

### Dimensions for FY 1961

The FY 1961 Technical Cooperation authorization and appropriation request of \$206.5 million is designed to permit an increase in funds for essential new or relatively new programs and to permit necessary expansion in selected established programs. The programs for a number of countries will be decreased.

The problem of determining the proper size of the Technical Cooperation Program is complex. Measured in terms of the needs of the less developed countries, the program is far too small. In fact, the limiting factor is frequently the supply of qualified technicians. Its costs are modest, relative to other major types of assistance under the Mutual Security Program, and its eventual returns great.

The extent to which a particular cooperating country can absorb and make good use of Technical Cooperation has been taken into consideration. The new and improved ICA programming process helps to identify established programs where increases in funds are needed to permit program adjustments to meet new conditions or to hold on

to gains already made. It highlights programs which merit increases because of special reasons. It also helps indicate where programs might properly be decreased without damage to the cooperating country. A number of such country programs will be decreased in FY 1961.

The over-all Technical Cooperation Program proposed for FY 1961 calls for total funds of \$206.5 million, of which \$172 million will be used to finance the U.S. bilateral Technical Cooperation Program in some 60 countries and territories. The remainder will be used to finance U.S. contributions to the cost of multilateral technical assistance programs operating under the auspices of the United Nations in the amount of \$33.0 million and of the Organization of American States in the amount of \$1.5 million. These over-all funds compare with a total program of \$191,345,000 in FY 1960, of which \$159,845,000 was for the U.S. bilateral activities and \$31,500,000 for the multilateral activities.

### Bilateral Technical Cooperation

The \$172 million for U.S. bilateral Technical Cooperation is tentatively divided among the regions and the interregional expenses as follows:

Europe - The FY 1961 request provides \$4.0 million for Europe, where only two country programs are planned, for Spain and Yugoslavia. This is an increase of \$1.3 million over FY 1960, all of it for Yugoslavia, attributable to the increased significance which Yugoslavia attaches to the Technical Cooperation Program and its increased progress.

Africa - The FY 1961 request of \$24.3 million for Africa is \$3.35 million above the program for the region in FY 1960. This increase is primarily for new or relatively new programs in the nations that have recently achieved independence or are in the process of achieving it, such as Guinea, Morocco, Nigeria, Somalia, Tunisia, and countries in West Africa. The importance of U.S. economic assistance to help the new African countries move in a democratic and economically rational direction and the need for encouraging their identification with the Free World has been discussed many times. Technical Cooperation is one of our principal tools for this purpose. It is essential that we work with the leaders in these countries while they are new and their attitudes are still forming. If we delay, we may either greatly increase the economic and political costs or lose the opportunity altogether.

Near East and South Asia - The FY 1961 request for the Near East and South Asia area of \$44.7 million is \$1.8 million above the

## TECHNICAL COOPERATION

program for the region in FY 1960. This total will help provide for the re-establishment of the program for the United Arab Republic. It will also help strengthen our programs in such key countries as India, Afghanistan and Nepal. Decreases are planned for Greece, Israel, and Lebanon.

Far East - The FY 1961 request for the Far East region of \$36 million is \$2 million above the program for this region in FY 1960. This additional amount is to provide for increases in several countries, primarily Korea and Indonesia. A substantial further decrease is proposed for Japan to provide for the orderly phase-out of the Technical Cooperation Program there by the end of FY 1961.

Latin America - The FY 1961 request for the Latin American region of \$39.5 million is \$2 million above the comparable program for the region in FY 1960. This will finance increases in programs in Argentina and the newly formed West Indies Federation as well as the revitalized education program in Brazil. Limited increases will also be provided for the programs in countries such as Colombia, Ecuador and Haiti so that they may continue the gains in their development efforts. Decreases are planned for some programs such as in Bolivia and Chile.

Interregional - The Interregional Program for FY 1961 is estimated to require \$23.5 million, approximately \$1.71 million more than for FY 1960. These funds which are for supporting expenses for the program in all the regions, but which cannot be assigned to any one country or region, include participant support, technical consultation and support, training and development of overseas technicians, and program support services by the State Department. The program includes funds for the broad study of Technical Cooperation begun this year and for the initiation of a continuing research and development program to further our practical operating knowledge of development in the underdeveloped countries in specific fields such as health and education.

### Multilateral Technical Cooperation

The proposed contribution to the multilateral technical assistance program for FY 1961 is \$34,500,000, about \$3 million higher than in FY 1960. It provides \$33.0 million for United Nations technical assistance activities, including the U.N. Special Projects Fund. It also provides \$1.5 million for the technical assistance activities of the Organization of American States. The operation of these valuable programs does not, however, reduce the minimum requirement for bilateral U.S. technical assistance. Experience has shown that bilateral and multilateral assistance work well together and are coordinated to avoid overlap or duplication. Both are essential.

U.N. Expanded Technical Assistance Program - The U.N. Expanded Technical Assistance Program, now in its tenth year, provides technical assistance for the economic development of underdeveloped countries. It does this by making available experts, training and small quantities of demonstration supplies and equipment to these countries at their request. The program is carefully coordinated among the specialized agencies of the U.N., such as FAO, WHO and ILO, and with the bilateral programs of the United States. The program is financed by voluntary contributions from some 80 governments to a central fund. The program has been operating at a level of about \$30 million annually.

U.N. Special Fund - The U.N. Special Fund is a result of a United States initiative taken at the Twelfth General Assembly in 1957. It began operations in January of 1959.

The objectives of the Special Fund and ETAP are basically the same. While the approaches are different, they complement each other.

ETAP provides experts, training and demonstration supplies at the request of less developed countries.

The Special Fund undertakes technical assistance projects designed to provide concentration in depth through surveys, research and training necessary for economic development. The Fund is not an international capital development fund, but rather finances pre-investment projects. Surveys of water, mineral, soil and power resources and the setting up of technological training centers are typical projects which the Fund makes possible. A combined goal of \$100 million has been set for the two programs, of which the U.S. will contribute not more than 40%.

OAS Technical Cooperation Program - The Organization of American States Technical Cooperation Program is a multilateral regional effort by the Latin American nations together with the United States to further the economic and social development of Latin America. The program consists of establishment and support of regional training centers in the Americas, in some cases through specialized organizations of the Organization of American States. OAS technical assistance funds are used to support special technical training staffs and to provide fellowships for trainees from member countries of Latin America to attend the centers. The centers have been established in conjunction with existing educational facilities, as independent centers, or as special seminars and workshops organized by projects under the program. At the end of the courses the trainees return to their own countries to assume positions utilizing their training or, in some cases, to assist in organizing similar training programs at home.

## TECHNICAL COOPERATION

### Accomplishments

The accomplishments of the Technical Cooperation Program are numerous and substantial. They can be stated in a number of ways, through successes in country programs, technical projects successfully completed, or more efficient administration of U.S. and foreign resources. In some cases, success in encouraging a foreign government to identify its real problems may be a considerable accomplishment.

The success of the program is most frequently judged by examining achievements in individual countries. Technical Cooperation has contributed substantially to the stable and productive economy in Taiwan, the recovery in Greece and the prevention of economic collapse of Vietnam. Technical Cooperation has also materially aided development in many other countries, including Peru, Ethiopia, India, and Korea. The measurement of accomplishment, however, particularly on a country level is greatly complicated by the long-run nature of the economic and social changes being dealt with and the host of factors outside the Technical Cooperation Program that greatly affect these changes.

Accomplishments also can be - and frequently are - measured in terms of concrete projects in particular fields of activity such as agriculture, health, community development, and industry. Helping in the creation of a stable productive institution - a public school system in Ethiopia or a trained indigenous civil service corps in Vietnam - builds an important foundation for progress. In other instances, satisfying indications of progress are such achievements as the effective agricultural extension services which are now provided in the 44 countries where before Technical Cooperation there were none, the substantial progress of the community development programs in India and the Philippines. The activities and substantial achievements of the Technical Cooperation Program, by country and by technical fields, are briefly discussed in the regional volumes which accompany this document.

Accomplishments can be indicated in yet another way - the identification and focusing on their underlying major problems by the host country. As a result of historical social patterns and political pressures, the people and the leaders of underdeveloped countries - faced with economic disruption or chaotic finances, or accustomed to flexible public ethical standards - often view their problems rather differently than we see them. Thus, a major step is to agree with the host country leaders on what really constitutes the basic problems even before deciding what to do about them. Progress has been made in encouraging countries to identify and concentrate on their underlying economic and social problems. Such recognition is a substantial achievement in itself.

Accomplishments also can be related to the further improvement of the U.S. administration of Technical Cooperation. Language training, personnel recruitment and in-service training, for example, have all been greatly improved. The professional development of U.S. specialists in the overseas economic assistance program is being stepped up.

Interchange of technical knowledge and skills, epitomized by the term "Technical Cooperation" in the present era of history, is as old as humanity itself. Whenever people in one place have found a better way of meeting human needs, others have been interested in taking advantage of the improved tool, the better food crop, the better way of dealing with disease. However, the great lag in the acquisition of modern skills and techniques by the people in underdeveloped countries demonstrates that this process does not take place automatically. What is new is that Technical Cooperation now is an important activity of governments and international organizations. For the first time in history, the proven skills and tested techniques, both public and private, of the more advanced nations are being harnessed - deliberately and effectively - to attack economic and social problems of the less developed nations on a broad scale.

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### Technical Cooperation in Agriculture

Food and clothing for the rapidly expanding population are major problems in the newly developing countries which are mostly agricultural. Production is inadequate and there is a shortage of foreign exchange for purchasing requirements from countries with surpluses. The possibilities of increasing production for domestic consumption are great and the rate of increase in the immediate future can be faster than the increase in population, provided positive steps are taken. Governmental policies frequently do not provide incentives for greater production, nor are returns to the farmer for the agricultural produce desired sufficient to stimulate increased effort to produce the products needed. Production requirements - quality seeds, fertilizers, insecticides, equipment, and credit - are not available in the quantity and at the time needed and at prices farmers can afford to pay. This is a major responsibility of the governments in these countries, which technical cooperation helps them address. Demonstrations to farmers of simple step-by-step measures to increase production fit into this total picture. Technical cooperation assists in the vital training of extension workers who demonstrate improved practices to farmers.

An all-out program to increase agricultural production involves correlating efforts on many fronts consistent with meeting the countries' needs and de-emphasizing commodities in world surplus. The program is not one that can be supported one year and dropped the next if effective results are to be expected. Fast growing population requires that agricultural production increase consistently, year by year, if the people are to be adequately fed and clothed. This calls for agricultural institutions to provide education, extension and research services which will solve problems and develop teachers, leaders, and extension workers. Acceptance of the philosophy that knowledge is useful only when it is put to work for people will result in information being carried right out to the farmers where it may be applied for the benefit of the total economy.

There are immediate steps that can be taken as well as longer-term developments to increase production. The urgent need is to apply information presently available. Development of institutions, which will continually turn out additional scientific information and trained technicians takes time, especially to build up the confidence and acceptance necessary for full utilization of these resources.

The land grant college concept of integrated education, research and extension has proved most effective in the translation of

laboratory discoveries to the farmers. Development in cooperating countries could be faster than it was in the U.S. if the cooperating countries would put knowledge to work, establish an economic climate favorable to agriculture and utilize the assistance available to them from the U.S. and other free nations able and willing to help them.

Approximately 1,200 U.S. agricultural technicians are assisting and training country technicians in 56 countries. About 70% of the U.S. technicians are direct ICA employees. The balance are on contracts financed by ICA. Most of the 1,200 U.S. technicians are graduates of land grant colleges with experience working directly with U.S. farmers as county agents or specialists in their technical field.

The U.S. land grant colleges and the U.S. Department of Agriculture have been very cooperative in providing technicians for overseas work. They have been equally cooperative in training nearly 10,000 foreign agricultural participants - currently 1,500 per year. The land grant college system, with its unique cooperation and support from the Department of Agriculture, gives participants the opportunity to see how problems are solved in experiment stations and how knowledge is disseminated to farmers by the extension service. In addition, there are approximately 800 participants from cooperating countries who received training in third countries in 1959.

Examples of Accomplishments - Achievements of the ICA Agricultural Technical Cooperation Program through 1959 are impressive, as shown by the following examples: Agricultural extension, which began in the United States and has been a vital force in the development of our Nation's agriculture is now functioning in nearly two-thirds of the 56 cooperating countries. Over one-half million boys and girls are members of about 20,000 rural youth clubs engaged in farm and home projects overseas.

Women's home improvement clubs have increased to 2,800 with 62,000 members. Seventy (70) livestock technicians in 35 countries are assisting livestock groups and training nationals in improvement practices and disease control. About 100 soil conservation and irrigation technicians are helping to increase the productive capacity of 17 million acres of non-irrigated and six million acres of irrigated land. Others are cooperating in developing improved marketing practices to reduce loss of food from spoilage. Thirty-seven (37) forestry advisors have given important help to the forestry programs in 21 countries. One U.S. forestry technician in Turkey introduced practices which doubled the timber harvest, provided new employment for 6,000 persons, and saved \$80 million in foreign exchange.

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Training and assistance have been provided to thousands of credit cooperatives and banks offering agricultural credit to 20 million members. For example, the new National Agricultural Bank of Libya in its second year had a two-fold increase in applications and approved 4,916 loans for 1.6 million dollar equivalent to help meet farming expenses such as fertilizer, seeds, fuel and labor.

Assistance to agricultural institutions to provide training facilities is a major ICA activity. The new National School of Vocational Agriculture in El Salvador is a good example. Financed by the local government, it is training 150 students per year with only advisory assistance from two U.S. technicians and some occasional help. The accomplishment is typical of one kind of institutional development undertaken with limited ICA assistance.

ICA contracts with 22 U.S. land grant institutions for assistance to agricultural educational and research institutions in 18 countries. For example, the University of Nebraska is assisting Ataturk University in Turkey which is well on the way to becoming a land grant type of university emphasizing agriculture, home economics, forestry and engineering. The 22 U.S. universities on contract have about 250 agricultural technicians from their staffs overseas and are giving U.S. training annually to approximately 300 participants from the cooperating country colleges.

Realizing that contented landowning agricultural people usually produce more than those under a tenancy system, eight countries are now attempting improved land tenure with ICA help. In Iran, the initiative was undertaken by the Shah when in 1951 he issued a decree calling for the division into ownership plots of all crown land. The Bank Omran was established to administer the program and to provide credit facilities for the farmers. About 25% of land with clear title has been distributed. In 1956 Iran initiated distribution of public lands estimated at 4.5 million acres. After land distribution, guidance and education for the new owners in better farming practices are of paramount importance.

### Technical Cooperation in Communications Media

The ICA Communications Media Program provides technical assistance in development, production, and use of the means by which knowledge and information are communicated within cooperating countries in support of their economic development.

Lack of, or serious limits on, the ability to communicate knowledge is one of the characteristics of underdeveloped areas. There is need for increasing communications at all levels, person to person, in groups, institutions, communities, and at mass levels. Many

factors make communication difficult. The level of literacy in many underdeveloped countries is low, and the channels of communication are poorly developed. In underdeveloped areas from two to as many as 500 people must be taught a new practice to produce the economic growth that teaching one person in the United States produces. Populations are dominated by tradition and are extremely cautious in accepting change.

To meet these conditions, ICA helps develop the channels of communication by assisting audio-visual media production centers, educational and technical film production and utilization, radio, graphic arts production including silkscreen and other types of printing. ICA also trains personnel in the skills and professions involved in the foregoing operations. It provides program support for the subject matter fields, U.S. technicians, and their counterparts through the development and use of training aids. Emphasis is given to audio-visual techniques to overcome illiteracy and limited experience.

Examples of Accomplishments - The Communications Media Program has helped develop audio-visual production centers in 29 countries, introduced silkscreen techniques for inexpensive color-poster reproduction in 31 countries and has helped improve printing in 17 countries. Each year more than 1,200 titles of technical books, pamphlets, leaflets, posters, etc., with a total press run of 15 to 20 million copies have been published in more than a hundred languages, and are read by many times that number of people. About 100 technical movies are produced and used in 21 countries each year. These films are seen by tens of millions of people.

Simple inexpensive communications techniques have been developed, including a cheap hand roller mimeograph, the re-use of old newspapers to print posters and a sunlight filmstrip projector. For a total cost of \$3 to \$5, a schoolroom can be equipped with this projector to provide a screen larger and brighter than a television screen whenever and wherever the sun shines.

### Technical Cooperation in Community Development

ICA is assisting 26 countries with their community development programs which serve as a means of identifying governments with their people and involving village people in achieving economic, social and political objectives through voluntary self-help activities. ICA support now includes assistance to four African countries. This program provides people with experience in the use of democratic process in the achievement of improved living conditions, helping governments to make more constructive use of their greatest resource - their people.

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ICA assists in advising on methods of organizing and administering programs, in the training of key community development personnel, and in helping evaluate programs.

In addition to ICA assistance, support of community development endeavors is being provided to several countries by U.S. non-governmental organizations such as the Ford Foundation and the Council for Economic and Cultural Affairs. U.S. international voluntary agencies continue to support this activity. Currently, the Near East Foundation is working under ICA-financed contracts in Ghana, Jordan and Korea. There is also an ICA-financed International Voluntary Service program in Laos.

Examples of Accomplishments - A significant development during the past year has been the increased emphasis on the use of community development as a means of building local autonomy and establishing local government. Recent Philippine legislation, sponsored by the government's community development organization which is assisted by ICA, provides for the retention of some taxes at the local level for development purposes. Factors influencing this accomplishment in the Philippines included an increase in the establishment of locally elected barrio councils from 6,000 in 1958 to more than 12,000 in 1959; the training of more than 20,000 volunteer village leaders and studies revealing the capacity of barrio people to govern themselves.

The existing community development organization in Pakistan, which is assisted by ICA, is being used to help establish partially elected local councils, in line with an October 1959 Presidential Order setting up "basic democracy."

### Technical Cooperation in Education

The development of human resources, upon which depends a nation's economic growth, is achieved in large part through an effective national educational system. Many of the underdeveloped countries do not have such a system. They lack trained teachers, suitable educational materials, semiskilled and skilled workers, functional educational curricula, adequate school facilities, trained educational administrators. Most of the people are illiterate.

As a result, ICA has received requests from developing countries to assist in alleviating these conditions. About 350 direct-hire ICA technicians, plus members of 26 ICA/University Contract Teams, are furnishing technical assistance in education as advisors to host country counterparts. Teacher education institutions have been established to train elementary and secondary teachers, vocational industrial and agricultural schools have been organized,

textbooks have been written, literacy training programs have been initiated, English language training courses developed and educational administrators trained as means of assisting in structuring sound national systems of education.

A significant element of technical assistance in education is that of participant training, through which educators in countries where technical assistance is furnished, are brought to the United States or third countries for training. These educators return to their own countries to assume leadership roles in key positions in their respective ministries of education and educational institutions. The U.S. Office of Education in the Department of Health, Education and Welfare cooperates with ICA in the recruitment of overseas technicians, the programming of participants in the U.S., and the provision of advice and materials.

Examples of Accomplishments - Thailand - The effort to improve education in Thailand has been an outstanding example of U.S.-Thailand cooperation. Achievements to date include the training of 11,000 teachers in regional centers, 12 country-wide conferences with 1,800 educators participating and 60 workshops and seminars. Approximately 20,000 teachers received in-service training, a large number of which had only a seventh grade education prior to entering the teaching field.

Ethiopia - Ethiopia has developed the foundation for the first modern public school system in the nation's 5,000-year history as a consequence of stimulation and joint planning with the ICA Education Program. In 1953, there were fewer than 500 qualified teachers to cope with a school population of 72,000 crowded into 718 makeshift classrooms. The only teacher training institution in that year graduated the total supply of 18 teachers. Today there is a teaching and supervisory force of 4,300 in the nation's 3,910 classrooms holding classes for an enrollment of 210,107. Four teacher training institutions now have an accelerated output of 500 teachers annually. Assisted by ICA, 75% of all teachers receive summer school training for professional upgrading. Opportunities for education in rural areas have been improved and expanded by the establishment of 148 new self-help village schools. Operating in all provinces, 37 postelementary, academic, and special schools graduate yearly about 1,300 skilled workers for employment in 23 critical manpower areas.

One of Turkey's major problems is illiteracy. Since 50% of the conscripts for military service are unable to read and write, the Turkish Ministry of National Defense and the U.S. Military Mission were seriously handicapped in efforts to develop modern military units. A project for literacy training in the armed forces was

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launched in 1959 under joint effort of the Turkish Ministries of Education and Defense and the U.S. Military Mission. ICA technicians were furnished from the USOM education staff and the Georgetown University Contract Team; temporary housing by the U.S. Military Mission. Every two months 11,000 recruits enter the literacy training programs. Four such groups have completed the two months' course. Materials have been developed and produced for use in literacy education.

Science and Education - The dependence of industrialization, economic development and national defense upon science is gradually coming into focus in Asian and Far Eastern countries where ICA Education programs are in operation. There are few science laboratories to be found in any of the schools of this region and very few trained to use laboratory equipment or laboratory methods of teaching. This problem is being attacked in several countries. Science education specialists were sent to Ceylon and Vietnam to assist educators in equipping science laboratories and training teachers in laboratory techniques. In Vietnam assistance has been given with the planning and operation of 16 laboratories in secondary schools and equipment and supplies furnished. Working drawings have been prepared for 38 additional science laboratories.

The development of an in-service teacher training program as a means of upgrading rural elementary teachers in Honduras is providing better educational services to rural school children. Twenty-four workshops with ICA assistance have been conducted in which 900 rural teachers have received training. The program which initially covered six regions has now expanded to serve 10 of the 18 regions of Honduras. Two hundred teachers are now selected annually for the workshops which are conducted during the summer and other vacation periods.

### Technical Cooperation in Health

The fundamental objective of a health program is to assist a host government develop effective health organizations commensurate with its needs and ability to finance. The ICA health programs in many countries have aided the development of such institutions such as the profession of sanitary engineering and of high-caliber nursing, of improved organization and effectiveness of national, state and local health services, and better career services in public health. The result should be better health for increasing numbers of the population. All programs give emphasis to training and education. Two formal devices are used: (1) strengthening academic institutions within the host country, (2) study by participant trainees in recognized centers of graduate schools. Informally, field teams of U.S. and host country nationals share "know-how."

ICA's programs put particular stress on cooperation in preventive medicine and public health, areas paying greatest dividends for the least investment. Such programs are coordinated with those of the World Health Organization and, in this hemisphere, with the Pan American Health Organization.

Examples of Accomplishments - Contractual arrangements with U.S. universities have improved medical, nursing, and sanitary engineering education abroad. For example, the University of California has helped develop a medical school at the University of Djakarta. The first group of Indonesians trained by U.S. methods graduated last year. A contract with the University of North Carolina has developed faculty and facilities for the teaching of sanitary engineering at the National School of Engineering in Peru at Lima.

More than 4,000 persons will receive formal health educational training in their own countries through cooperative programs this year. Others will be working with U.S. technicians in "in-service training" programs.

During the past year over 300 American professional and technical health specialists served in 44 countries. In addition to training, they were engaged in adapting health technology to local conditions, demonstrating procedures, and aiding the national authorities in preventing and combating disease. During the past fiscal year, 450 foreign participants arrived in the U.S. for graduate studies; 200 received training in regional centers.

Local Training of Health Experts - Postgraduate courses for nurses, sanitarians, tuberculosis control officers, and others have been established in China. These courses make Taiwan independent of third country training for all but key nursing personnel. Local training of laboratory and other technicians has expanded and improved following training of medical faculty abroad and the provision of modern laboratory equipment. To date, 131 individuals have received training for periods of three months or more, and 624 for a lesser time. Since 1952, ICA has contributed to the cost of training participants, of providing technical consultants in the field of medical education, and in providing teaching equipment for the National Taiwan University College of Medicine and other teaching colleges and institutions.

Trachoma - An eye disease which causes blindness to millions of persons, particularly in the Middle East, trachoma can be treated with antibiotic ointment. Iran, with U.S. assistance, has organized teams to combat the disease. In 1958 in eight villages in Khuzistan, a southwestern province, 72% of persons examined had trachoma; those found infected were treated and cured. In Libya,

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a school program for trachoma treatment resulted in reducing incidence of the disease from 71% to 34% among school children in 1958.

Smallpox - With the improvement in public health organization in many countries, smallpox is being eradicated. Improved communications are enabling medical personnel to move quickly to the area of an outbreak. Improved public health organization facilitates mass immunizations.

In 1957, a severe outbreak was reported in Cochabamba, Bolivia. In four days the joint U.S.-Bolivian health servicio prepared 24 teams of medical students to vaccinate families house to house. Five teams of nurses worked at schools and factories. Clinics were set up at the health center, Red Cross headquarters, government agencies, and industrial offices. The entire resident and transient population was vaccinated by the close of a seven-day campaign - a total of 105,548 vaccinations. In March 1958, mass vaccination was undertaken in La Paz and the campaign was terminated after 10 days, with 367,863 persons vaccinated. An eradication campaign continued in 1958, with about 200,000 vaccinations each month; a total of 2,432,186 persons were vaccinated - about three-fourths of the population. In 1957 there were 1,310 cases of smallpox; in the first half of 1958, only 193 cases. From July 1958 to June 1959 no further cases had been reported.

Health for Industrial and Land Development - The ICA cooperative health programs have served an important role in the development of new land areas for economic development. Working side by side with national health organizations, communicable and tropical diseases have been controlled and medical, hospital, and health facilities established where none existed before. These services removed the fears of jungle and other areas which previously existed among the people. In 1943, Chimbote, Peru, was a disease-infested swamp with a population of about 2,000. It has one of the best natural harbors on the western coast of South America. The cooperative health service began disease control programs in 1944 through drainage of swampland, insecticides, immunizations, and improvement of environmental sanitation. Later a small hospital was constructed and public health services established. Today Chimbote is a rapidly growing industrial center with a population of 40,000. The only steel plant in the country, 15 fish packing factories, pottery plants, and other industries are located here. Agricultural development has rapidly expanded with the production of rice, corn, and other products.

Environmental Sanitation in India - In 1952 the first U.S. help in public health engineering was provided to the Government of India. In 1954 an operational agreement was signed, setting up the Central

Public Health Engineering Organization. The Mission was able to turn much of the operation over in 1957 when the Indian Deputy Director General (Public Health Engineering) became available for duty. This organization developed a national basic sanitation program. By June 1, 1959, 228 rural projects had been approved, covering a total of 9,871 villages; and 244 urban projects (GOI loans) had been approved. Technical consultation has been a continuing U.S. contribution.

University Contract with North Carolina - ICA contracted in 1954 with the University of North Carolina School of Public Health to assist the National School of Engineering in Peru with its sanitary engineering courses. In Peru, 80% of the people are not served with water from public supplies. Of public water supply systems in 30 larger cities of the country, less than one-third are regarded as adequate. The National School of Engineering in Peru, established in 1876, provides most of Peru's engineers. The first graduates in sanitary engineering in 1943 numbered only five, and the annual average until 1954 was six. Now, aided by the assistance provided by the contract, second-year students in 1958 numbered 32.

Field Trials and Medical Research - It is ICA policy to cooperate in research only when new research is essential to solve specific field problems. As a result, there have been few research projects. Two current medical research projects are illustrative of the type of this activity in which ICA is active: American Foundation for Tropical Medicine project on control of African sleeping sickness, and support of a SEATO research project on the control of cholera.

Development in the Nursing Profession - Schools of nursing are necessary to provide well-qualified nurses for the various health services in all countries. In 24 countries, ICA has helped to establish nursing institutions.

### Technical Cooperation in Housing

In the next 40 years it is estimated that the world's population will double from about three to six billion. In most underdeveloped areas of the world, present rates of housing construction are far from sufficient to cope with the existing housing deficit plus massive urban immigration, let alone additional requirements due to population growth.

Confronted with such population and urban growth, ICA restricts its housing programs to aid and assistance in the techniques of planning, training, the development of national institutions and some demonstration to show feasibility of certain types of programs.

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Examples of Accomplishments - ICA's modest programs of technical assistance are principally concerned with organizing and developing aided self-help housing projects. These are "do-it-yourself" projects with substantial components of advance planning, organizing, instructing, and technical guidance to groups of low-income families to help them build and own their own homes on a cooperative basis. In these undertakings much of the labor of constructing the houses is furnished by the families in their spare time. It is generally required that the families pay back the full cost of land, materials, supervision, and any paid labor costs, with the repayments going into a revolving fund which permits the financing of additional projects on a continuing self-supporting basis. Our successful aided self-help housing programs are showing underdeveloped countries how low-income families who could not otherwise own decent homes of their own can achieve home ownership on an unsubsidized basis. For example, in Chile a successful ICA demonstration self-help project has persuaded the Government of Chile to take over and enlarge the program to the extent that this year 5,000 families from the slums of Santiago are being relocated and building homes of their own.

Another field in which ICA has provided technical assistance and which has a great potential, is the creation of savings and loan-type institutions, such as we have in the United States. Such institutions are practically unknown in the underdeveloped areas of the world. Their potential contribution to economic development through new accumulations of capital is as significant as their contribution in financing the construction of housing. As the result of ICA advice, two such institutions were started last year, one in Ethiopia and the other in Peru.

A third area to which ICA is giving increasing attention is city and regional planning. In Nicaragua, for example, ICA's city planning advisor has shown government officials how many of their traffic and other problems could be solved at relatively little cost by sound analysis of the problems.

During the past year, as the result of ICA encouragement, the National Association of Home Builders has persuaded home builder teams to furnish voluntary self-financed technical assistance in the housing field. Teams of home builders have visited Guatemala and Mexico and made studies of the housing problems of those countries and furnished public and private officials in both countries with practical recommendations.

### Technical Cooperation in Industry

A rising national per capita real income derived from gainful employment of an increasing proportion of these peoples under

competent leadership is the practical objective toward which technical cooperation efforts in industry are directed.

Soundly conceived plans and programs for industrial development (including power, communications and mineral resources development) play an important role in promoting economic viability and political stability in these emerging countries. TC in industry aims to advise and assist in the development of such programs and provide training toward their accomplishment.

Technical Cooperation Programs in industry are under way in many of these countries in the Free World. Notable among these are countries such as India, Pakistan, Taiwan, Korea and Colombia.

Shorter term assistance is being provided to advise and train key managerial and technical personnel in the planning and execution of specific major projects and the improved operation of existing enterprise; longer term aid is helping to advise and train personnel in the organization and programs of nationwide institutions such as national bureaus of mines, geological survey departments, central power planning agencies, post, telephone and telegraph agencies, and of central banking institutions concerned with expanding the availability of commercial and industrial credit.

Assistance may take the form of training of host country personnel in their home country through the services of U.S. technicians, or in the U.S. or a third country where appropriate facilities exist to accomplish the training objectives.

It may involve overseas advisory services of a U.S. firm, an American university or other nonprofit institution, or of a team of specialists provided and backstopped by another U.S. government agency - most often the Department of Interior or the Department of Commerce.

In summary, technical cooperation in industry directs its principal emphasis to the identification of available natural and human resources and their maximum utilization through industrial programs in both the public and private sectors to enable the host country to achieve effective and sustained progress toward national economic development and a higher standard of living for its people.

Examples of Accomplishments - The Indian Power Commission requested ICA assistance in the maintenance and repair of electric power transmission lines. Particular emphasis was placed on competence in handling "hot lines" to avoid costly power cuts. Two specialists, during approximately 30 months, assisted in establishment and operation of two maintenance schools. Forty-two hot line crew chiefs were trained and an additional group of 25 selected. The

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result of this and other training was a sharp decrease in power line "downtime" and less costly maintenance. It is anticipated that Hot Line Operation Departments will be established in 12 Indian States.

In order to help accelerate balanced industrial development, the Costa Rica Industry Center was established by the Government of Costa Rica and ICA in 1956. It has provided short-term U.S. contract consultants in such industries as shoes, clothing, textiles, foundries, metal trades, lumber, ceramics, food processing, and meat cutting, and such fields as food retailing, and retail sales management. For example, as a result of the recommendations of a U.S. technician to the Costa Rican clothing industry, practically all of the participating companies reported improvements in pattern making, reduction of waste in cutting room practices, and increased production in sewing. The outstanding improvement reported was that of a manufacturer of men's suits who increased production from 200 suits per month to approximately 200 suits per week and was able to make a reduction in retail prices of from 12 to 15%.

Twenty-three participant teams have studied such subjects as economic development planning, industrial credit, economic research, production statistics, and formation and flow of capital, in addition to specific industry studies, thus developing trained personnel both in and out of Government to provide necessary skills for industrial planning and evaluation and to improve industrial management. Management seminars have included courses in production, finance, marketing and industrial relations.

Promising to be of great significance to the future development of the Ethiopian economy, are the land, water and other natural resources of the Ethiopian Blue Nile River Basin. An American firm has completed aerial photography covering 113,000 square miles. Mosaics and site maps are being prepared for more detailed project potential studies. A 12-man team from the U.S. Coast and Geodetic Survey has completed about 65% of the work involved in establishing geodetic horizontal and vertical position over this area. This group is training 60 Ethiopians who are co-responsible for this work and who will continue and enlarge the geodetic survey of Ethiopia after withdrawal of the American group.

The U.S. Bureau of Reclamation's 12-man team will soon be increased to a 25-man team of specialists assigned to the study of land and water in the river basin. This team will assist the Ethiopian Government in organizing and training about 200 Ethiopian technicians in the engineering technology of water resource study. The geology of the basin has been more than 1/3 mapped and defined. Studies of

the soils have been completed in the Lake Tana subbasin and are continuing over the remaining areas of potential interest.

The results of these intensive studies will identify to the Ethiopian Government the most feasible potentials for developing irrigation, power and industrial projects.

As early as 1948 Turkey's Electrical Resources Planning Administration (EIE) started to take stock of water resources. By 1955 there were 244 stream-gaging stations but only 72 were able to report daily and monthly flow. Moreover, there was uncertainty as to the reliability of the hydrological data EIE furnished engineering firms engaged for specific studies. Two American technicians are showing EIE how to improve its hydrologic data development program and how to develop statistics as a basis for estimating markets and loads. Concurrently, five Turks are receiving one-year training in the U.S. in hydrology, power planning, dam construction and related matters.

When the Republic of Tunisia won independence in 1956 it was faced with the necessity of checking declining industrial activity at a time when it was necessary to expand existing enterprises and stimulate investment in new industrial development. In line with these needs a special revolving loan fund was established in 1958 under the administration of a newly created Tunisian Bank and was allotted the local currency equivalent of \$3 million generated by sale of U.S. surplus agricultural commodities. ICA technical guidance and training has prepared the Bank to make more than 50 carefully considered loans in the first 16 months of its operations.

Through the services of an American contractor, over a period of two years, American and Iranian designer-craftsmen developed some 50 new designs in fields such as apparel, building materials, furniture and ceramics. They have worked with some 40 small manufacturers on the job, a new experience for these businessmen which was well received. Particularly effective has been the new design in the field of men's clothing, glass building tiles, wrought iron and commercial furniture. Sales have already increased in the field of men's shirts and building tiles. One of the tile manufacturers obtained an International Finance Corporation loan of \$300,000 to re-equip his plant.

### Technical Cooperation in Labor

One of the most complex and disturbing problems in most underdeveloped countries is labor unrest. Labor is demanding immediate improvement in its living standards. Mass illiteracy and lack of productive skills coupled with other prevailing inadequacies

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impede economic improvement. The workers, often under extremist pressures, threaten the flow of production and political stability of the countries.

The Technical Cooperation Program as a whole is designed to ameliorate conditions that give rise to these tensions. The labor phase aims to assist the recipient countries to (1) encourage, through labor education, the growth of free democratic labor unions, where such growth will provide an orderly means for asserting labor's rights and for recognizing its responsibilities; (2) develop appropriate labor policies and effective labor administration services, conducive to efficient utilization of human resources under acceptable working conditions, and (3) raise labor productivity through development of skills.

Examples of Accomplishments - Technical Cooperation in labor provides the specialized know-how which the countries lack. During FY 1960, some 40 ICA labor technicians were assigned in 20 countries. About 750 participants came for training to U.S. under FY 1959 funds. Results of Technical Cooperation in labor are reflected mainly in changing attitudes and capabilities, not apparent within a short time period. Nevertheless, some accomplishment is evident.

1. Industrial relations and trained work force are increasingly recognized as prerequisites to economic development and political stability. For example, in Turkey where until some three years ago the Government viewed labor organizations with reservation, one of the most comprehensive workers education and apprenticeship training programs is under way.

2. Permanent labor institutions have come into existence, such as the Labor Education Center in the Philippines established in 1954, and recently converted into a regional center and now operated by the Philippine Government; the Labor Relations Institute of the University of Puerto Rico; and the industrial relations and skill training programs operated at two leading Chilean universities under contracts with U.S. universities.

3. New leadership is emerging at the worker level. ICA labor participants almost invariably assume positions of responsibility and are able to provide constructive policies in their labor organizations. As for example, the conspicuous nonparticipation of labor in the last political upheaval in Lebanon.

### Technical Cooperation in Public Administration

The leaders of underdeveloped countries are giving increased attention to strengthening the organization and operations of

their government departments. The ICA program of technical cooperation in public administration is designed to assist governments to make more effective use of their resources. Upon the request of country officials advisory services are provided in a joint effort to modernize the organization and procedures of government and to develop managerial personnel.

The programs in public administration are not concerned with changing the basic form of government or with substituting the judgment of U.S. technicians for those of the responsible host country officials. There is no encroachment upon the sovereignty of the country. The American technical advisors assist in the improvement of the government agencies involved in activities related to economic development. Improved administration checks mismanagement of resources and helps to create an atmosphere in which the people may develop increased confidence in the government structure. The emerging governments of Africa will face many administrative problems - especially the training of a corps of civil servants.

Examples of Accomplishments - The Government of Ecuador, as a result of advisory assistance, has established a new budget and accounting system which for the first time, will provide a complete picture of the country's fiscal operations.

In the ancient city of Isfahan, the Iranian Government, with the assistance of ICA advisors, is establishing a model for the administration of large cities including a planned fiscal program and extensive training to develop skilled employees for municipal activities.

Two American universities, under ICA contract, are helping Korea to produce trained managers through help to a revitalized National Officers Training Institute, a school of public administration at Korea National University, and through newly established schools of business administration at two private universities as well as an executive development program for Korean businessmen.

At the end of the 1959 calendar year there were 309 American experts in public administration abroad with ICA (136 direct hire and 173 serving under university and other contracts); 656 foreign officials received training in public administration under ICA auspices during the year.

### Technical Cooperation in Public Safety

The maintenance of law, order and internal security is a prerequisite to economic and social development in the underdeveloped countries. The police forces in these areas need assistance in matters of administration, training and operational techniques and

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particularly require greater mobility and more adequate systems of communications. ICA assists the civil police forces of 24 countries of the Free World by providing technical advice, establishing training programs in the host countries, by bringing police officers to the U.S. for study and on-the-job training with federal, state and city law enforcement agencies, and by furnishing minimum amounts of transportation, communications and scientific equipment for training and demonstration purposes.

Examples of Accomplishments - In FY 1959 nearly 400 officers were trained in the U.S. Training programs embracing thousands of police officers have been improved in such matters as curricula and teaching methods in Greece, Iran, Turkey, Ceylon, Indonesia, Thailand, Cambodia, Laos, El Salvador, Libya and Ethiopia. Modern police academies have been established in Korea, Vietnam and Liberia. In Indonesia and Iran ICA technical assistance in police administration helped establish planning boards which enable the forces to more intelligently program their operations and development. In Greece, the completion of a survey of the security records of the police and Gendarmerie by ICA technicians has resulted in establishment of a modern central system in the newly created National Security Organization. Police mobility and patrol effectiveness have generally increased through technical guidance in the use of vehicles including bicycles, airplanes and sea craft. ICA experts have helped combat rising traffic problems through technical advice in traffic engineering and enforcement running from drafting of modern traffic codes to spearheading safety drives. Public safety telecommunications projects are under way or completed with ICA technical guidance in a number of countries, e.g., Indonesia, Korea, Turkey, Greece, Lebanon, Iran, Libya and Liberia, running from introduction of simple two-way radio patrol systems to nationwide nets in Turkey, Iran, Indonesia and Korea. In some countries special technical guidance has been given, e.g., narcotics control (Iran), riot handling techniques (in Latin America and the Far East), and crime study techniques (in Ceylon). While difficult to appraise there also appears to be ample evidence of general greater understanding of the important concept of the public service nature of law enforcement resulting in increased public support.

### Technical Cooperation in Transportation

Transportation is a prerequisite to the development of a country. No country can raise its industrial, agricultural, educational and economic life without first providing facilities to move and exchange raw and finished materials, foodstuffs, persons and ideas.

A transportation system employs all available modes of transport; rivers and other inland waterways, coastal shipping, roads, air,

railroads, port and terminal facilities, harbors, navigational aids and ocean shipping for trade with all parts of the world. In general, all modes are interrelated and supplement one another.

ICA activities in transportation are geared to help achieve proper balance of modes of transport in a cooperating country. Emphasis is placed on the improvement of existing facilities through better maintenance and organization.

U.S. technical assistance is furnished in two major ways: by U.S. technicians in the host countries and by the training of host country personnel in the U.S. and other selected countries. Technicians for all fields of transportation are utilized as appropriate. Agreements exist between ICA and the Federal Aviation Agency, Maritime Administration, and the Bureau of Public Roads for providing technical expertise as required in the implementation of ICA cooperative projects. Similarly, working arrangements exist with private railroad, highway, air and marine organizations.

### Examples of Accomplishments

A demonstration road was recently built in Thailand with the assistance of an American engineering firm. This road, 20 kilometers in length, has served as a classroom for engineers during its construction. It was built to demonstrate the art of organizing men and mobilizing equipment effectively to rehabilitate existing roads, making use of personnel of the Highway Department and utilizing locally available materials. In addition to the demonstration highway, the firm is advising and assisting the Thai Highway Department in developing and improving all phases of Highway Department operations.

An Airlines Training Program in Ethiopia has resulted in the replacement of nine foreign pilots formerly employed by the Ethiopian Airlines. To replace the nine, three Ethiopians have been trained and promoted to captain and six others have received ground and flight training and are now flying as copilots. The project includes training of primary-secondary advanced pilots, mechanics, flight instructors, link trainer instructor-technicians and supervisory personnel. When the project is completed in 1963 it is anticipated that the Airlines will have sufficient trained personnel to take over operations.

In Honduras, American technicians have written a Soils Investigation Manual, now being published in English and Spanish, for use on Honduras road projects. It will be made available to other Latin American countries.

## TECHNICAL COOPERATION

Summary of Project Assistance by Major Cost Component  
(Bilateral Programs)

(In thousands of dollars)

| Program -<br>Area and Fiscal Year | Program by Major Cost Components |                                      |                   |                      |                              |  |                | Number of People                                |   |   |          |
|-----------------------------------|----------------------------------|--------------------------------------|-------------------|----------------------|------------------------------|--|----------------|---|---|---|----------|
|                                   | Total<br>Cost                    | U.S.<br>Employed<br>Tech-<br>nicians | Partici-<br>pants | Contract<br>Services | Supplies<br>and<br>Equipment | Contribu-<br>tions to<br>Coop.<br>Services | Other<br>Costs | Technicians                                     |   | Participants<br>(Programmed<br>during Year) |          |
|                                   |                                  |                                      |                   |                      |                              |  |                | U.S.<br>Employed<br>On Duty<br>Close<br>of Year | Contract<br>On Duty<br>Close<br>of Year | Non-<br>Contract                            | Contract |
| <u>U.S. Dollar Program</u>        |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| <u>Europe</u>                     |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 3,019                            | 608                                  | 1,635             | 553                  | 151                          |  | 72             | 39  | 21                                      | 1,037                                       |          |
| 1960                              | 2,700                            | 592                                  | 1,277             | 696                  | 50                           |  | 85             | 45  | 45                                      | 695   | 8        |
| 1961                              | 4,000                            | 637                                  | 1,588             | 1,608                | 76                           |  | 91             | 45  | 76                                      | 641   | 33       |
| <u>Africa</u>                     |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 15,491                           | 5,859                                | 2,187             | 3,873                | 1,347                        | 766  | 1,459          | 394   | 151                                     | 677   | 14       |
| 1960                              | 20,950                           | 8,554                                | 2,981             | 5,400                | 1,271                        | 957  | 1,787          | 511   | 189                                     | 851   | 23       |
| 1961                              | 24,300                           | 10,107                               | 4,253             | 5,006                | 1,713                        | 889  | 2,332          | 605   | 234                                     | 1,005                                       | 22       |
| <u>Near East and South Asia</u>   |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 40,402                           | 16,645                               | 5,734             | 11,154               | 2,891                        |  | 3,978          | 895   | 504                                     | 1,552                                       | 906      |
| 1960                              | 42,905                           | 16,314                               | 7,420             | 13,667               | 2,833                        |  | 2,671          | 925   | 525                                     | 1,772                                       | 904      |
| 1961                              | 44,700                           | 17,124                               | 7,397             | 14,412               | 2,810                        |  | 2,957          | 993   | 497                                     | 1,783                                       | 1,014    |
| <u>Far East</u>                   |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 32,655                           | 9,805                                | 9,015             | 9,838                | 3,170                        |  | 827            | 664   | 405                                     | 3,187                                       | 274      |
| 1960                              | 34,000                           | 11,990                               | 10,371            | 7,820                | 2,783                        |  | 1,036          | 692   | 415                                     | 3,014                                       | 234      |
| 1961                              | 36,000                           | 13,172                               | 10,085            | 8,401                | 3,137                        |  | 1,205          | 779   | 402                                     | 2,720                                       | 138      |
| <u>Latin America</u>              |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 35,513                           | 13,590                               | 5,353             | 3,977                | 996                          | 7,207                                      | 4,390          | 808   | 120                                     | 2,109                                       | 148      |
| 1960                              | 39,000                           | 15,852                               | 6,580             | 3,447                | 1,077                        | 6,644                                      | 5,400          | 830   | 188                                     | 2,106                                       | 103      |
| 1961                              | 41,000                           | 15,750                               | 7,564             | 4,956                | 1,048                        | 6,228                                      | 5,454          | 889   | 208                                     | 2,475                                       | 79       |
| <u>TOTAL ALL AREAS</u>            |                                  |                                      |                   |                      |                              |  |                |   |   |   |          |
| 1959                              | 127,080                          | 46,507                               | 23,924            | 29,395               | 8,555                        | 7,973                                      | 10,726         | 2,800   | 1,201                                   | 8,562                                       | 1,342    |
| 1960                              | 139,555                          | 53,302                               | 28,629            | 31,030               | 8,014                        | 7,601                                      | 10,979         | 3,003   | 1,362                                   | 8,438                                       | 1,272    |
| 1961                              | 150,000                          | 56,790                               | 30,887            | 34,383               | 8,784                        | 7,117                                      | 12,039         | 3,311   | 1,417                                   | 8,624                                       | 1,286    |

NOTE: Excludes funds for UNTA and Interregional Expenses as follows: (Also excludes number of personnel charged to Interregional Expenses)

| Item                   | Fiscal Year |        |        |
|------------------------|-------------|--------|--------|
|                        | 1959        | 1960   | 1961   |
| UNTA                   | 21,600      | 30,000 | 33,000 |
| Interregional Expenses | 19,073      | 21,910 | 23,500 |
| TOTAL                  | 40,673      | 51,910 | 56,500 |

## TECHNICAL COOPERATION <sup>a/</sup>

Summary of Mutual Security Project Assistance by Field of Activity

(In thousands of dollars)

| Program -<br>Area and<br>Fiscal Year | Total<br>Cost | A C T I V I T I E S                          |                           |                     |       |                                  |                |                               |  |                                      |
|--------------------------------------|---------------|--|---------------------------|---------------------|-------|----------------------------------|----------------|-------------------------------|--|--------------------------------------|
|                                      |               | Agriculture,<br>Forestry<br>and<br>Fisheries | Industry<br>and<br>Mining | Transpor-<br>tation | Labor | Health<br>and<br>Sanita-<br>tion | Educa-<br>tion | Public<br>Adminis-<br>tration | Community<br>Development,<br>Soc. Welfare<br>and Housing | General<br>and<br>Miscel-<br>laneous |
| <u>U.S. Dollar Program</u>           |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| <u>Europe</u>                        |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 3,019         | 771  | 944                       | 407                 |       | 28                               | 60             | 107                           | 120  | 582                                  |
| 1960                                 | 2,700         | 705  | 810                       | 316                 |       | 50                               | 15             | 191                           | 20   | 593                                  |
| 1961                                 | 4,000         | 1,000  | 1,038                     | 762                 |       | 122                              | 60             | 330                           | 45   | 643                                  |
| <u>Africa</u>                        |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 15,491        | 4,646  | 1,225                     | 729                 | 318   | 798                              | 2,821          | 674                           | 64   | 4,216                                |
| 1960                                 | 20,950        | 6,036  | 2,368                     | 1,002               | 132   | 1,033                            | 4,442          | 1,082                         | 268  | 4,587                                |
| 1961                                 | 24,300        | 7,073  | 2,889                     | 1,137               | 70    | 1,210                            | 5,308          | 1,227                         | 325  | 5,061                                |
| <u>Near East and<br/>South Asia</u>  |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 40,402        | 7,771  | 4,233                     | 3,438               | 487   | 2,196                            | 8,920          | 2,945                         | 1,079  | 9,333                                |
| 1960                                 | 42,905        | 7,784  | 5,468                     | 2,493               | 609   | 2,811                            | 10,984         | 2,840                         | 798  | 9,118                                |
| 1961                                 | 44,700        | 8,467  | 5,251                     | 2,354               | 591   | 3,144                            | 11,648         | 2,606                         | 739  | 9,900                                |
| <u>Far East</u>                      |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 32,655        | 5,832  | 4,518                     | 1,570               | 685   | 2,021                            | 6,477          | 4,564                         | 659  | 6,329                                |
| 1960                                 | 34,000        | 5,509  | 4,443                     | 1,984               | 657   | 2,200                            | 7,751          | 3,995                         | 859  | 6,602                                |
| 1961                                 | 36,000        | 5,962  | 4,169                     | 1,977               | 545   | 2,426                            | 7,877          | 5,203                         | 742  | 7,099                                |
| <u>Latin America</u>                 |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 35,513        | 10,541                                       | 2,470                     | 2,180               | 961   | 5,296                            | 4,969          | 2,972                         | 551  | 5,573                                |
| 1960                                 | 39,000        | 10,124                                       | 3,136                     | 2,481               | 1,272 | 5,312                            | 6,258          | 3,322                         | 586  | 6,509                                |
| 1961                                 | 41,000        | 10,667                                       | 3,499                     | 2,381               | 1,354 | 5,099                            | 6,783          | 3,766                         | 672  | 6,779                                |
| <u>Non-Regional</u>                  |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1960                                 |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1961                                 |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| <u>TOTAL ALL AREAS</u>               |               |  |                           |                     |       |                                  |                |                               |  |                                      |
| 1959                                 | 127,080       | 29,561                                       | 13,390                    | 8,324               | 2,451 | 10,339                           | 23,247         | 11,262                        | 2,473  | 26,033                               |
| 1960                                 | 139,555       | 30,158                                       | 16,225                    | 8,276               | 2,670 | 11,406                           | 29,450         | 11,430                        | 2,531  | 27,409                               |
| 1961                                 | 150,000       | 33,169                                       | 16,846                    | 8,611               | 2,560 | 12,001                           | 31,676         | 13,132                        | 2,523  | 29,482                               |

<sup>a/</sup> Excludes distribution of contributions to UNTA and Interregional Expenses as follows:

| Item                   | Fiscal Year |        |        |
|------------------------|-------------|--------|--------|
|                        | 1959        | 1960   | 1961   |
| UNTA                   | 21,600      | 30,000 | 33,000 |
| Interregional Expenses | 19,073      | 21,910 | 23,500 |
| Total                  | 40,673      | 51,910 | 56,500 |

## TECHNICAL COOPERATION

### Composition of Non-Project Assistance

(In thousands of dollars)

| Commodities and Other        | Actual<br>FY 1959 | P R O G R A M<br>Estimate<br>FY 1960 | Proposed<br>FY 1961 |
|------------------------------|-------------------|--------------------------------------|---------------------|
| <u>Contributions</u>         | 21,600            | 30,000                               | 33,000              |
| U.N. Technical Assistance    | 21,600            | 30,000                               | 33,000              |
| <u>Other</u>                 | 19,073            | 29,910                               | 23,500              |
| Interregional Expenses       | 19,073            | 29,910                               | 23,500              |
| Total Non-Project Assistance | 40,673            | 59,910                               | 56,500              |

## TECHNICAL COOPERATION

### EXPENDITURE ANALYSIS

#### TECHNICAL COOPERATION PROGRAM, BY REGION

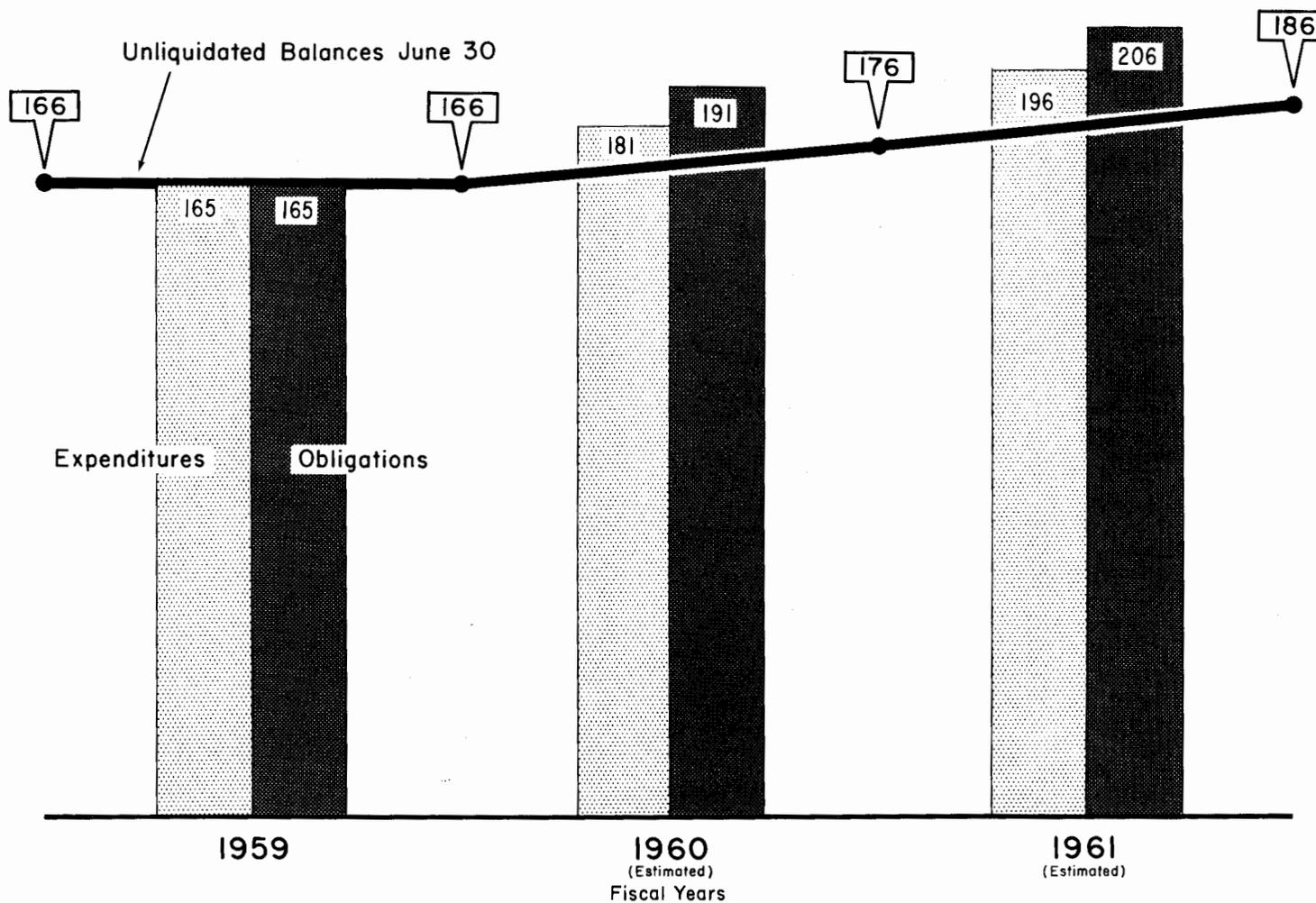
(In thousands of dollars)

|  | Unliq.<br>Oblig.<br>6/30/58 | FY 1959          |                   | Unliq.<br>Oblig.<br>6/30/59 | Estimate FY 1960 |                   | Est.<br>Unliq.<br>Oblig.<br>6/30/60 | Estimate FY 1961 |         | Est.<br>Unliq.<br>Oblig.<br>6/30/61 |
|--|-----------------------------|------------------|-------------------|-----------------------------|------------------|-------------------|-------------------------------------|------------------|---------|-------------------------------------|
|  |                             | Obliga-<br>tions | Expendi-<br>tures |                             | Obliga-<br>tions | Expendi-<br>tures |                                     |                  |         |                                     |
| <u>ALL TECHNICAL COOPERATION COUNTRIES - TOTAL</u> | 165,708                     | 164,984          | 165,177           | 165,515                     | 191,465          | 180,869           | 176,111                             | 206,500          | 196,470 | 186,141                             |
| <u>Europe - Total</u>                              | 4,013                       | 2,563            | 2,763             | 3,813                       | 2,700            | 3,313             | 3,200                               | 4,000            | 3,300   | 3,900                               |
| <u>Africa - Total</u>                              | 10,059                      | 15,468           | 11,849            | 13,678                      | 20,950           | 16,078            | 18,550                              | 24,300           | 20,500  | 22,350                              |
| <u>Near East and South Asia - Total</u>            | 61,169                      | 38,364           | 45,717            | 53,816                      | 42,905           | 44,495            | 52,226                              | 44,700           | 46,314  | 50,612                              |
| <u>Far East - Total</u>                            | 52,870                      | 32,927           | 33,104            | 52,693                      | 34,000           | 36,374            | 50,319                              | 36,000           | 37,060  | 49,259                              |
| <u>Latin America - Total</u>                       | 23,814                      | 34,594           | 32,773            | 25,635                      | 39,000           | 35,897            | 28,738                              | 41,000           | 39,341  | 30,397                              |
| <u>Non-Regional - Total</u>                        | 13,783                      | 41,068           | 38,971            | 15,880                      | 51,910           | 44,712            | 23,078                              | 56,500           | 49,955  | 29,623                              |

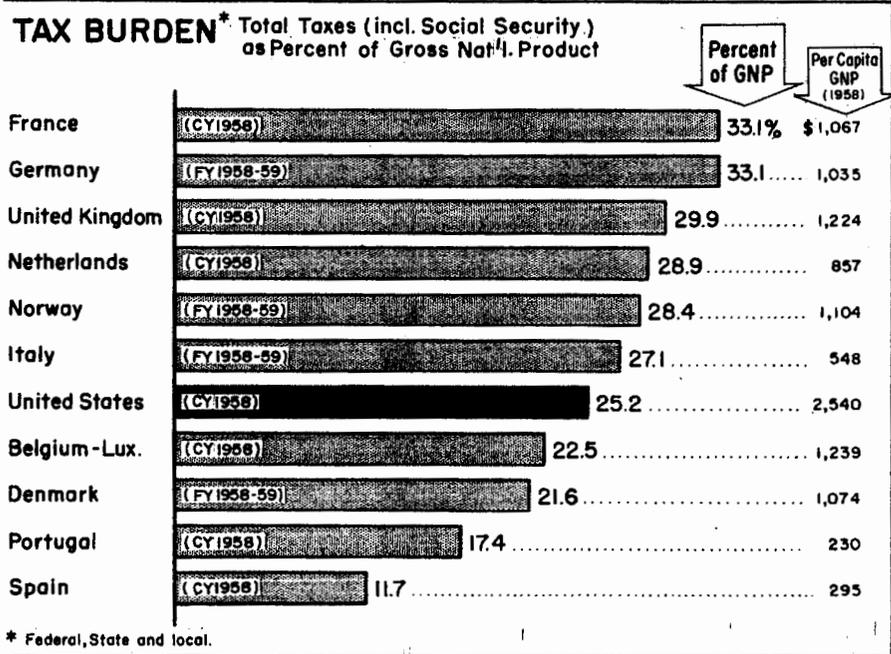
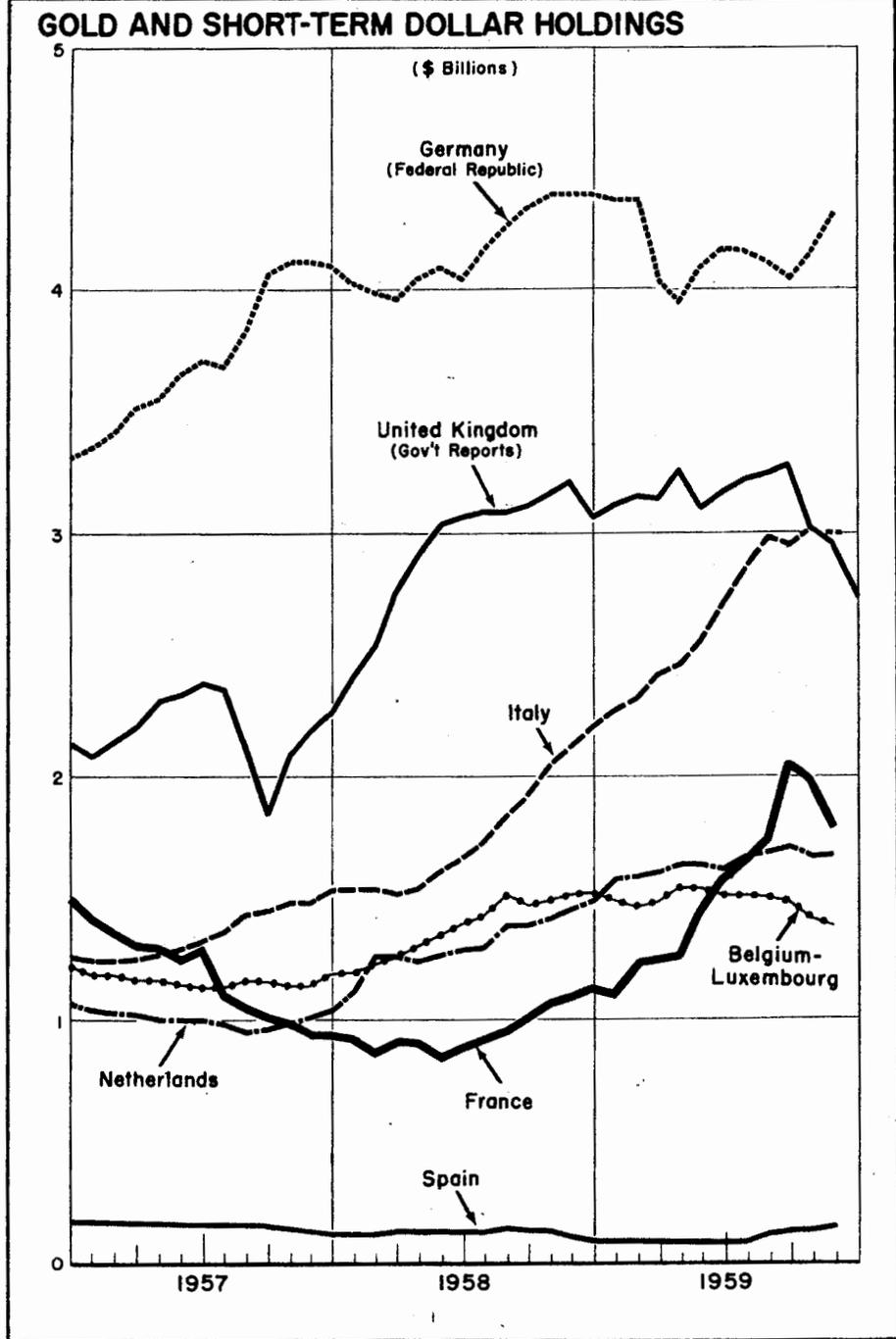
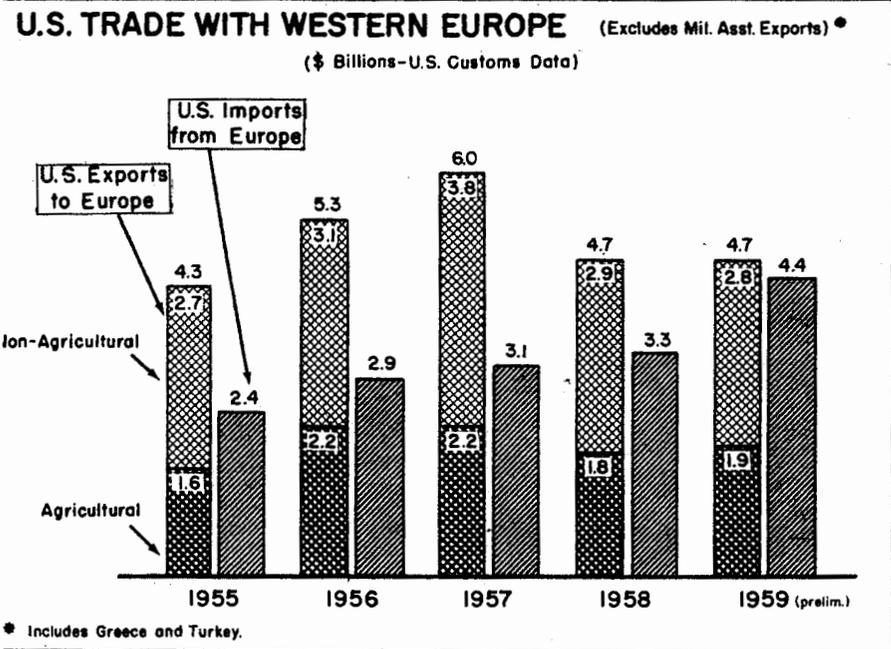
# TECHNICAL COOPERATION

Expenditures, Obligations and Unliquidated Balances

(\$ Millions)



# EUROPE-BASIC DATA



## SPAIN - GENERAL ECONOMIC DATA



|   |             | Calendar Years                 |       |       |            |
|---|-------------|--------------------------------|-------|-------|------------|
|   |             | 1956                           | 1957  | 1958  | 1959 Est.  |
| <b>GROSS NATIONAL PRODUCT*</b>                      |             |                                |       |       |            |
| Total GNP (In 1958 Prices).....                     | \$ Millions | 7,800                          | 8,350 | 8,750 | 8,990      |
| Per Capita GNP.....                                 | Dollars     | 267                            | 284   | 295   | 301        |
| <b>PRODUCTION</b>                                   |             |                                |       |       |            |
| Agricul. Prod. Index <sup>a/</sup> .....            | 1952-54=100 | 100                            | 106   | 109   | 118        |
| Wheat .....   | 1,000 MT    | 4,218                          | 4,899 | 4,436 | 5,170      |
| Olive oil .....                                     | "           | 390                            | 340   | 318   | 480        |
| Industrial Prod. Index .....                        | 1953=100    | 123                            | 132   | 146   | 155        |
| <b>FOREIGN TRADE</b>                                |             |                                |       |       |            |
| Total Exports (f.o.b).....                          | \$ Millions | 442                            | 476   | 486   | 475        |
| Total Imports (c.i.f).....                          | "           | 767                            | 862   | 849   | 825        |
| Trade Balance.....                                  | "           | -325                           | -386  | -363  | -350       |
| Trade with United States (U.S. Data)                |             |                                |       |       |            |
| Exports to U. S. (f.o.b).....                       | \$ Millions | 68                             | 58    | 55    | 75         |
| Imports from U. S. (f.o.b).....                     | "           | 263                            | 200   | 215   | 170        |
| Trade Balance.....                                  | "           | -195                           | -142  | -160  | -95        |
| GOLD & SHORT-TERM DOLLAR HOLDINGS (end of year)     | "           | 176                            | 126   | 93    | 134 (Nov)  |
| COST OF LIVING INDEX .....                          | 1953=100    | 111                            | 123   | 140   | 150        |
|   |             | - Million Dollar Equivalents - |       |       |            |
| <b>CENTRAL GOVERNMENT FINANCES*</b>                 |             | FY ending Dec. 31              | 1957  | 1958  | 1959 (Bud) |
| Domestic Revenues.....                              |             |                                | 782   | 977   | 1,155      |
| Total Expenditures.....                             |             |                                | 1,185 | 1,333 | 1,399      |
| Deficit(-) or Surplus Before All Foreign Aid....    |             |                                | -403  | -356  | -244       |
| Budget Receipts from Non-U.S. Foreign Aid.....      |             |                                | -     | -     | -          |
| Budget Receipts from U.S. Aid & PL 480.....         |             |                                | 11    | 21    | 86         |
| Remaining Deficit(-) or Surplus(+)                  |             |                                | -392  | -335  | -158       |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |             |                                | 291   | 296   | 309        |
| U.S.-Financed (excl. M.A.P. end-items)...           |             |                                | -     | -     | -          |
| Defense Expend. as % of Total Gov't Expend...       |             |                                | 24.6% | 22.2% | 22.1%      |
| Defense Expenditures as % of GNP .....              |             |                                | 3.8%  | 3.4%  | 3.4%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |             |                                | 894   | 1,037 | 1,090      |
| U.S.-Financed.....                                  |             |                                | (11)  | (21)  | (86)       |

n.a. - Not available. \* / Converted at 60 pesetas per U.S. \$.

<sup>a/</sup> Crops harvested in crop years beginning in year stated: excludes food produced from imported feedstuffs.

Country: SPAIN

**MUTUAL SECURITY PROGRAM**

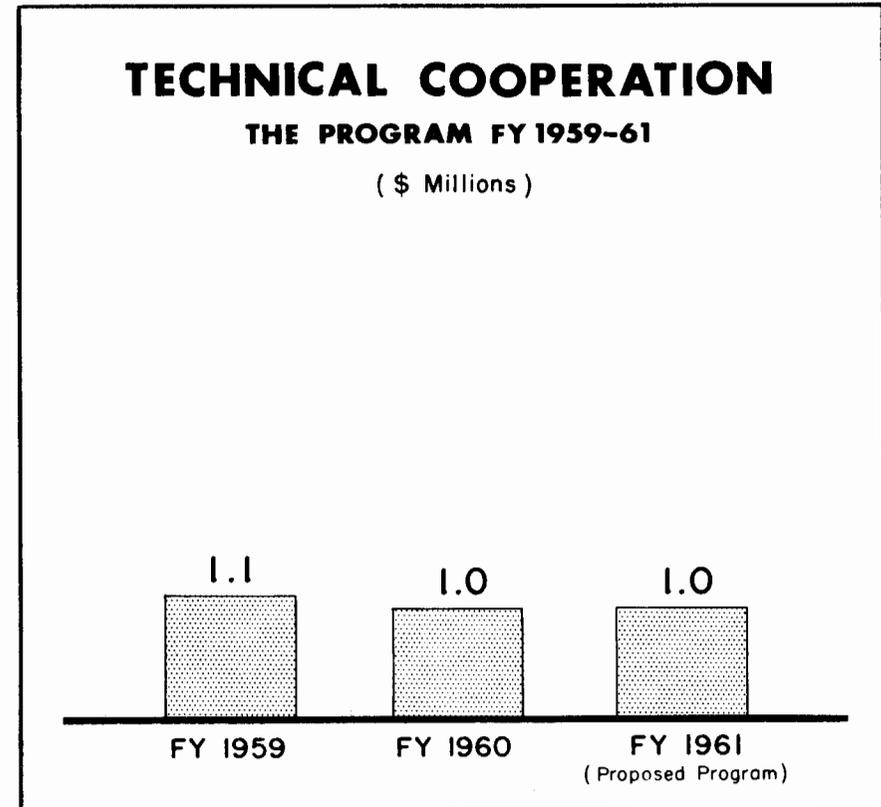
Spain provides important bases for the U.S. Strategic Air Command which contribute to its vital deterrent mission. Facilities in Spain are also significant for operations of elements of U.S. fleets in the Eastern Atlantic and Mediterranean areas. Construction of the U.S. base complex in Spain will be finished when the harbor facilities at the naval base at Rota near Cadiz are completed in 1960. The Rota base will be one of our largest naval installations in foreign territory. The air bases, the petroleum pipeline serving them, and certain auxiliary installations, are now all operational.

Our economic assistance programs in Spain have concentrated on assisting the Spanish economy to the extent necessary to permit continued Spanish cooperation in carrying out our base program. U.S. military assistance, by aiding the modernization of selected units of all three branches of the Spanish armed forces, has increased Spain's ability to contribute to the defense of the joint use bases and of the Iberian Peninsula.

The United States has a further interest in encouraging Spain to improve its relations with NATO countries as a means of strengthening the defense capabilities of Europe. Moreover, continued Spanish economic growth, combined with closer trade and political relations with the other countries of Western Europe, will add measurably to the total economic strength of the area.

During the past year, Spain made further progress away from its traditional isolation. In July 1959, it joined the OEEC as a full member, and simultaneously undertook an economic stabilization program designed to check inflation, stabilize the currency, and liberalize foreign trade and investment. This program is still in its beginning stages. There are a number of economic weaknesses which Spain will require considerable time to cure.

If the economic stabilization program substantially succeeds, Spain will have made an important stride toward modernization of its economy and improved living standards. U.S. economic assistance in 1959 was one of the sources of external financing that made it possible for Spain to undertake this stabilization program.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,100           | 1,130        |              |
| Cumulative 6/30/59                          | 4,904           | 3,632        | 1,272        |
| Estimate FY 1960                            | 1,000           | 1,272        |              |
| Cumulative 6/30/60                          | 5,904           | 4,904        | 1,000        |
| Estimate FY 1961                            | 1,000           | 1,200        |              |

Current Economic Situation and Problems

Spain's economy, poor in basic economic resources, has made substantial progress under the Government's industrialization policy which began in the early fifties. With a per capita GNP equivalent of about \$300 per year, less than one-third that of neighboring France, it is one of the poorest countries in Europe.

The year 1959 was a period of transition for the Spanish economy. After five years of expansion achieved at the price of inflation, growing balance of payments deficits and near exhaustion of foreign exchange reserves, the Spanish Government in July 1959 adopted an economic stabilization program worked out in conjunction with the IMF and the OEEC. The U.S. Government encouraged this cooperation and participated in a multilateral "aid package" in support of the new program, the main provisions of which are corrective internal credit and fiscal measures, simplification and liberalization of trade and exchange, devaluation of the peseta, and a new law removing many restrictions over foreign investment.

The magnitude of the change which has taken place can best be illustrated by selected financial and economic indicators. Private bank credits, which had expanded by about 16% per year in 1957 and 1958, showed no net increase by the end of 1959. The cost-of-living index was up only slightly since the end of 1958 as compared with an increase of about 11% in 1957 and 14% in 1958. Budget reform during 1959 resulted in a substantial reduction in the deficit to about \$250 million (in pesetas), after deficits of about \$400 million in 1957 and \$350 million in 1958. The heavy balance of payments deficit on current and capital account (about \$250 million per year in 1957 and 1958 before aid and special receipts from the U.S.) was eliminated in 1959, mainly as a result of an increase in tourism earnings and remittances encouraged by devaluation of the peseta and exchange liberalization in July 1959. Net foreign exchange earnings for 1959 amounted to more than \$100 million.

Thus the stabilization program has been successful in financial terms. On the other hand, it has materially slowed economic growth and brought about cutbacks in production. Industrial production in 1959 has increased at a much lower rate than in recent years, even though the stabilization program was formally in effect for only half of the year. There has been a marked decline in certain industrial sectors which have given rise to considerable criticism of the stabilization program by business interests. Moreover, although recorded unemployment has not increased substantially, due to restrictive effects of Spanish legislation

on the discharge of workers, there has been widespread elimination of customary overtime work. Thus, even though the cost-of-living was stabilized, a decline in workers' real income apparently took place.

A resumption of economic growth which would serve to alleviate these pressures appears possible without incurring inflationary risks, provided that proper economic policies are followed. Devaluation and the reduction of inflation have resulted in a substantial foreign exchange surplus in 1959. Some increase in imports associated with renewed growth could thus be supported without incurring a foreign exchange crisis though Spain would continue to need external assistance for any substantial growth.

Assistance from Non-ICA Sources

Upon adoption of the economic stabilization program, an "aid package" was drawn up for Spain. In addition to the U.S. Defense Support commitment in FY 1960 (\$45 million) stand-by credits were made available as follows: IMF \$75 million; OEEC \$100 million; and U.S. private banks \$71 million. By the end of CY 1959 virtually none of these credits had been required to finance imports. The U.S. portion of stabilization aid also included \$30 million for Ex-Im Bank projects and \$60 million for U.S. agricultural sales under P.L. 480, if required. The DLF had approved loans for Spain in the amount of \$26.5 million through January 1960. If stabilization is achieved, it is expected that the IBRD will consider loans to Spain.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars)                |         |         |                    |
|---|---------|---------|--------------------|
|   | FY 1958 | FY 1959 | FY 1960            |
| ICA - obligations . . . . .                                     | 54.6    | 51.1    | 46.0               |
| DLF - Loan Approvals . . . . .                                  |         | 23.8    | 2.7 <sup>1/</sup>  |
| P.L. 480, Title I - Country Use . . . . .                       | 44.5    | 49.1    | 15.5               |
| (Total Sales)   | (99.0)  | (109.0) | (34.5)             |
| P.L. 480, Title II - obligations . . . . .                      |         | 2.1     | <sup>2/</sup>      |
| P.L. 480, Title III - obligations . . . . .                     | 38.9    | 11.6    | 3.3 <sup>2/</sup>  |
| EX-IM Bank - Long-term Loans Approved . . . . .                 | 37.8    | 4.4     | 18.3 <sup>2/</sup> |
| TOTAL . . . . .   | 175.8   | 142.1   | XXXX               |
| <sup>1/</sup> Actual 1st 7 mos. <sup>2/</sup> Actual 1st 6 mos. |         |         |                    |

Country: SPAIN

## TECHNICAL COOPERATION

### Objectives - Technical Cooperation

- (a) To contribute to better economic conditions by assisting Spain to improve agricultural and industrial productivity, promote export capabilities, and to improve government administration by encouraging more progressive business practices.
- (b) To help create an improved civil aviation system by providing assistance in the operation of an airway system.
- (c) To encourage Spanish contacts and ties with the United States and other Free World countries through the exchange of persons, techniques and ideas.

### Accomplishments - Technical Cooperation

About 1,400 Spanish participants have visited the United States in connection with Technical Cooperation projects.

As a result of demonstration projects under the Technical Cooperation Program, 177,989 acres have been reforested, 112 miles of access roads have been built, and 79 forest shelters have been constructed.

Technical Cooperation projects in agricultural extension work have assisted in the expansion of the Spanish Extension Service, created in 1956, from five field offices, in as many provinces, to 60 field offices in 36 provinces. At the beginning of 1959, the service was manned by 134 agents and assistant agents.

The Madrid Management School, made possible more than two years ago through the Technical Cooperation Program, has graduated 130 middle-management level trainees from Spanish industry. Six similar schools financed from private funds, and another Spanish Government-sponsored school in Barcelona, have been established.

Participants in management study teams established a Spanish Management Association in the private sector consisting of 114 company memberships and 288 private memberships. This association promotes improved management practices through arrangement of seminars, provision of management information to industry and research. One hundred and twenty-five self-service food stores opened throughout Spain as a result of basic work done by an American consultant.

A U.S. consultant in the Bureau of Administrative Reform in the Spanish Office of the Presidency has been working with Spanish officials in a Public Administration Improvement project. New laws have been drafted, new procedures developed and other government officials have been trained in a newly-established training center for civil servants.

Summary of Program \$ in thousands

| Function                        | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
|---------------------------------|------------------|--------------------|--------------------|
| Technical Cooperation . . . . . | 1,100            | 1,000              | 1,000              |

Several Spanish returnees from study trips to the U.S. now work on the staff manning the reactor provided to Spain under the U.S. Atoms for Peace program.

A well-organized Spanish staff made possible by the Civil Aviation project is now providing leadership in establishing vastly improved civil aviation communications and traffic control facilities in Spain.

### Composition of FY.1961 Technical Cooperation Program - \$1,000,000

The program for FY 1961 includes projects in the fields of agriculture, industry, transportation, education, public administration, community development and housing, as well as a group of projects including training in nuclear energy work. The majority continue earlier successful projects strongly encouraged by the Spanish Government in areas important to economic development.

For the agricultural sector, Technical Cooperation funds will be used for projects which relate to increases in agricultural output under the economic stabilization program. Major projects in this field cover agricultural extension, soil conservation, irrigation, food processing, forestry development, and livestock improvement.

In the nonagricultural sector, Technical Cooperation funds will be used for the civil aviation project. A nuclear energy project in line with President Eisenhower's program for the peaceful use of atomic energy is also being continued. Continued support will be given to the Madrid Management School to provide American professors. Another important continuing activity is a separate group of projects in the field of Industrial Management which provide for American consultants, visits of teams of Spanish executives to the United States, and projects covering special studies on specific management problems.

The reform of public administration in Spain which is moving ahead fairly rapidly is being helped through the provision of both consulting services and training abroad.

The detailed project composition appears in Table E-IV.

Country: SPAIN

## TECHNICAL COOPERATION

TABLE E-1-A

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <u>PROJECT ASSISTANCE</u>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 366                                 | 349                  | 361                 |
| Participants . . . . .                                      | 479                                 | 483                  | 361                 |
| Contractual Services . . . . .                              | 113                                 | 112                  | 230                 |
| Supplies and Equipment . . . . .                            | 104                                 | 18                   | 10                  |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       | 38                                  | 38                   | 38                  |
| Total Project Assistance . . . . .                          | 1,100                               | 1,000                | 1,000               |
| <u>NUMBER OF PEOPLE</u>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 24                                  | 25                   | 25                  |
| Contract . . . . .  | 7                                   | 14                   | 21                  |
| Total Technicians . . . . .                                 | 31                                  | 39                   | 46                  |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      | 354                                 | 253                  | 174                 |
| Contract . . . . .  |                                     |                      |                     |
| Total Participants . . . . .                                | 354                                 | 253                  | 174                 |
| <u>FIELD OF ACTIVITY</u>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 216                                 | 200                  | 200                 |
| Industry and Mining . . . . .                               | 207                                 | 134                  | 180                 |
| Transportation . . . . .                                    | 263                                 | 192                  | 150                 |
| Labor . . . . .   |                                     |                      |                     |
| Health and Sanitation . . . . .                             |                                     |                      |                     |
| Education . . . . .   | 18                                  |                      |                     |
| Public Administration . . . . .                             | 55                                  | 101                  | 100                 |
| Community Development, Social Welfare and Housing . . . . . |                                     | 10                   | 10                  |
| General and Miscellaneous . . . . .                         | 341                                 | 363                  | 360                 |
| Total by Field of Activity . . . . .                        | 1,100                               | 1,000                | 1,000               |

Country: SPAIN

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u> | Activity and Projects                              | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|--|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  |  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
|  | <u>Agriculture, Forestry and Fisheries - Total</u> |                   | 200   |                  | 128                       | 72        |             |             |  |                         |
|  | Agricultural Extension                             | C                 | 51  |                  | 15                        | 36        |             |             |  |                         |
|  | Soil Conservation and Improvement                  | C                 | 12  |                  | 12                        |           |             |             |  |                         |
|  | Irrigation, Reclamation and Resettlement           | C                 | 40  |                  | 15                        | 25        |             |             |  |                         |
|  | Crop Improvement                                   | C                 | 4   |                  | 4                         |           |             |             |  |                         |
|  | Agricultural Economics                             | C                 | 15  |                  | 15                        |           |             |             |  |                         |
|  | Dairy Production, Processing and Distribution      | C                 | 23  |                  | 12                        | 11        |             |             |  |                         |
|  | Food Processing and Commerce                       | C                 | 20  |                  | 20                        |           |             |             |  |                         |
|  | Forestry Development                               | C                 | 20  |                  | 20                        |           |             |             |  |                         |
|  | Inland Fisheries Development                       | C                 | 3   |                  | 3                         |           |             |             |  |                         |
|  | Atomic Energy in Agriculture                       | C                 | 6   |                  | 6                         |           |             |             |  |                         |
|  | Land Consolidation                                 | C                 | 6   |                  | 6                         |           |             |             |  |                         |
|  | <u>Industry and Mining - Total</u>                 |                   | 180   |                  | 52                        | 118       | 10          |             |  |                         |
|  | Marketing and Distributing Practices               | C                 | 15  |                  | 8                         | 7         |             |             |  |                         |
|  | Export Promotion Consultant                        | C                 | 20  |                  |                           | 20        |             |             |  |                         |
|  | Shoe Industry Consultant                           | C                 | 20  |                  |                           | 20        |             |             |  |                         |
|  | Management Seminars                                | C                 | 20  |                  |                           | 20        |             |             |  |                         |
|  | Executive Management Studies                       | C                 | 20  |                  | 14                        | 6         |             |             |  |                         |
|  | Industrial Consulting Service                      | C                 | 30  |                  |                           | 30        |             |             |  |                         |
|  | Foundry Consultant                                 | C                 | 15  |                  |                           | 15        |             |             |  |                         |
|  | Expansion of Spanish Productivity Commission       | C                 | 10  |                  | 10                        |           |             |             |  |                         |
|  | Industrial Productivity Study                      | C                 | 20  |                  | 20                        |           |             |             |  |                         |
|  | Technical Aids Services                            | C                 | 10  |                  |                           |           | 10          |             |  |                         |
|  | <u>Transportation - Total</u>                      |                   | 150   | 69               | 81                        |           |             |             |  |                         |
|  | Civil Aviation Mission                             | C                 | 110   | 69               | 41                        |           |             |             |  |                         |
|  | American Highway Practices Study                   | C                 | 40  |                  | 40                        |           |             |             |  |                         |

Country: SPAIN

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u> | Activity and Projects  | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|--|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  |  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
|  | <u>Public Administration - Total</u>                             |                   | 100   |                  | 60                        | 40        |             |             |  |                         |
|  | Public Administration Improvement                                | C                 | 70  |                  | 45                        | 25        |             |             |  |                         |
|  | Industrial Management School                                     | C                 | 20  |                  | 8                         | 12        |             |             |  |                         |
|  | Spanish Economic Statistics                                      | C                 | 10  |                  | 7                         | 3         |             |             |  |                         |
|  | <u>Community Development, Social Welfare and Housing - Total</u> |                   | 10  |                  | 10                        |           |             |             |  |                         |
|  | Housing Studies  | C                 | 10  |                  | 10                        |           |             |             |  |                         |
|  | <u>General and Miscellaneous - Total</u>                         |                   | 360   | 292              | 30                        |           |             | 38          |  |                         |
|  | Training in Nuclear Energy                                       | C                 | 30  |                  | 30                        |           |             |             |  |                         |
|  | TC Support Costs   | C                 | 330   | 292              |                           |           |             | 38          |  |                         |
|  | <u>Total Technical Cooperation</u>                               |                   | 1,000   | 361              | 361                       | 230       | 10          | 38          |  |                         |

## YUGOSLAVIA - GENERAL ECONOMIC DATA



|  | Unit        | Calendar Years |       |           |           |
|--|-------------|----------------|-------|-----------|-----------|
|  |             | 1956           | 1957  | 1958      | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT*</b>                                   |             |                |       |           |           |
| Total GNP (In 1958 Prices).....                                  | \$ Millions | 3,000          | 3,600 | 3,700     | 4,190     |
| Per Capita GNP.....  | Dollars     | 169            | 200   | 203       | 227       |
| <b>PRODUCTION</b>  |             |                |       |           |           |
| Agricul. Prod. Index <sup>a/</sup> .....                         | 1952-54=100 | 104            | 140   | 114       | 154       |
| Wheat .....  | 1,000 MT    | 1,760          | 3,103 | 2,449     | 4,030     |
| Industrial Prod. Index .....                                     | 1953=100    | 146            | 171   | 190       | 210       |
| Electricity .....  | Mill. KWH   | 5,052          | 6,252 | 7,356     | 8,200     |
| <b>FOREIGN TRADE</b>   |             |                |       |           |           |
| Total Exports (f.o.b).....                                       | \$ Millions | 323            | 395   | 441       | 470       |
| Total Imports (c.i.f).....                                       | "           | 474            | 661   | 685       | 670       |
| Trade Balance.....   | "           | -151           | -266  | -244      | -200      |
| <b>Trade with United States (U.S. Data)</b>                      |             |                |       |           |           |
| Exports to U. S. (f.o.b).....                                    | \$ Millions | 31             | 35    | 29        | 40        |
| Imports from U. S. (f.o.b).....                                  | "           | 108            | 150   | 115       | 125       |
| Trade Balance.....   | "           | -77            | -115  | -86       | -85       |
| GOLD & SHORT-TERM DOLLAR HOLDINGS <sup>(end of year)</sup> ..... | "           | 34             | 24    | 26        | 15(Nov)   |
| COST OF LIVING INDEX .....                                       | 1953=100    | 116            | 120   | 123       | 125       |
| - Million Dollar Equivalents -                                   |             |                |       |           |           |
| <b>CENTRAL GOVERNMENT FINANCES*</b> FY ending Dec. 31            |             | 1957           | 1958  | 1959(Bud) |           |
| Domestic Revenues.....   |             | 1,065          | 1,284 | 1,488     |           |
| Total Expenditures.....  |             | 1,213          | 1,444 | 1,655     |           |
| Deficit(-) or Surplus Before All Foreign Aid....                 |             | -148           | -160  | -167      |           |
| Budget Receipts from Non-U.S. Foreign Aid.....                   |             | 96             | 117   | 48        |           |
| Budget Receipts from U.S. Aid & PL 480.....                      |             | 2              | 91    | 64        |           |
| Remaining Deficit(-) or Surplus(+)                               |             | -50            | +48   | -55       |           |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....                        |             | 235            | 269   | 287       |           |
| U.S.-Financed (excl. M.A.P. end-items).....                      |             | -              | -     | -         |           |
| Defense Expend. as % of Total Gov't Expend...                    |             | 19.4%          | 18.6% | 17.3%     |           |
| Defense Expenditures as % of GNP .....                           |             | 6.5%           | 7.3%  | 6.8%      |           |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> .....              |             | 978            | 1,175 | 1,368     |           |
| U.S.-Financed.....   |             | (2)            | (91)  | (64)      |           |

n.a. - Not available. \* / Converted at 600 dinars per U.S.\$.

a / Crops harvested in crop years beginning in year stated; excludes food produced from imported feedstuffs. b / Includes regional and local governments.

Country: YUGOSLAVIA

MUTUAL SECURITY PROGRAM

United States aid to Yugoslavia is designed to promote the national interests and security of this country by assisting it to carry out economic development which will strengthen its independent position outside the Soviet bloc. Its independence contributes to U.S. interests as follows: (1) It deprives the U.S.S.R. of important strategic positions in Southeastern Europe and thus contributes to the political and military security of the U.S. and its NATO allies in this area. (2) It poses a serious problem for the Soviet leadership as it seeks to maintain the monolithic unity of international Communism and control of the Soviet Union's Eastern European satellites. (3) An independent Yugoslavia is able to lend useful and persuasive advice to the Arab-Asian nations concerning the danger of becoming overly dependent on the Soviet Union and the political motivation of Soviet economic assistance. (4) Finally Yugoslavia's independence has made possible closer association with the West and has resulted in amelioration of many of the harsher aspects of Communist control in Yugoslavia.

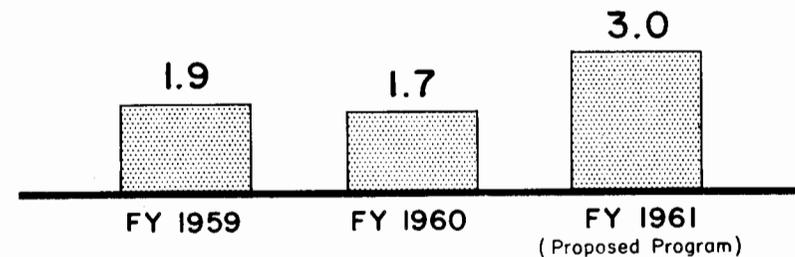
To isolate the international Communist movement from Yugoslav influence, the Soviet bloc leaders have mounted a campaign against Yugoslav "revisionism," labeling it "the main danger" to world Communism. The U.S.S.R. blames Yugoslav influence for contributing to the Hungarian revolution and to the events in Poland in 1956. U.S. assistance to Yugoslavia serves to demonstrate to the Soviet-dominated nations of Eastern Europe that Communist countries which free themselves from Soviet control can enjoy mutually advantageous relations with the United States and the West.

Despite considerable increases in GNP during recent years, Yugoslavia remains an underdeveloped country with one of the lowest standards of living in Europe. In the last year Yugoslavia has achieved notable gains in agricultural production and is approaching agricultural self-sufficiency. As a result, its need for agricultural commodities, which have formed the bulk of U.S. aid in the past, has greatly lessened and its major need now is for investment capital in order to correct its balance of payments deficit, expand employment and raise its standard of living.

**TECHNICAL COOPERATION**

**THE PROGRAM FY 1959-61**

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,919           | 1,633        |              |
| Cumulative 6/30/59                          | 6,982           | 4,441        | 2,541        |
| Estimate FY 1960                            | 1,700           | 2,041        |              |
| Cumulative 6/30/60                          | 8,682           | 6,482        | 2,200        |
| Estimate FY 1961                            | 3,000           | 2,100        |              |

Current Economic Situation and Problems

Since World War II Yugoslavia has been engaged in an intensive effort to develop its economic potential with particular emphasis upon industrialization. As a result of the relatively high industrial investment during this period, industrial production and productivity have increased rapidly in recent years. Gross investment will continue at a very high level under the current Five-Year Social Plan. Under this Plan, however, increased emphasis will be given consumer-good industries and agriculture as well as the social services-housing, education and health. Somewhat more than one-third of total output will be earmarked for investment. The level of GNP, however, is quite low. In 1959 on a per capita basis, it amounted to only \$227.

Exports have not kept pace with the rise in imports, and large and persistent deficits on goods and services in the balance of payments have characterized the economy (\$170 million in CY 1959). Yugoslavia may be able to meet most of its food requirements from domestic production in CY 1960, a marked improvement in the balance of payments appears likely.

Yugoslavia's economic problems have been compounded by the dictates of Communist doctrine, by the pressures put upon the country by the Soviet Bloc and by damages suffered during the war. Great disparities exist between the growth rates and income of the depressed agricultural areas of the South and those of the more industrialized areas of the North. Notwithstanding the growth of recent years, Yugoslavia still has one of the lowest standards of living in Europe. The problems of low productivity and production must be solved to create a base for greater economic and political liberalization. The speed with which Yugoslavia can resolve these problems will depend in part upon the additional resources which the country can obtain from abroad.

Progress to Date

While the problems of the balance of payments deficits and inadequate reserves of foreign exchange continue, the Yugoslavian economy made substantial economic progress in 1959. Crops were exceptionally large, and industrial production and exports increased steadily. Some growth in personal consumption undoubtedly occurred, although the current levels are probably not more

than 5-10% above those of pre-war. In recent years, progress has also been made in reducing suspicion and hostility in Yugoslavian relations with the West. Restrictions on the movement of persons have been reduced. The Technical Cooperation Program is receiving greater acceptance and appreciation. These changes in attitude are also reflected in the more liberal trade policies being adopted by the government.

Assistance from Non-ICA Sources

Sales under P.L. 480, formerly the largest single component of American aid, are expected to fall from the average annual level of \$90 million in FYs 1957-59 to about \$13 million in FY 1960. Yugoslavia's requirement for investment capital from abroad is growing, a development which has enabled the DLF to play a significant part in helping Yugoslavia. Through December 31, 1959, the DLF had approved four loans for Yugoslavia in a total value of \$51.5 million. The loans include financing of railway equipment, two power plants and a fertilizer plant.

Assistance from Western sources other than the U.S. include a \$3 million Technical Assistance Revolving Credit from France and an annual \$500,000 U.N. Technical Assistance Program. The U.N. Special Fund has also approved a project in the amount of \$950,000 for the establishment of a series of trade vocational training centers in Yugoslavia.

With the cancellation of the Soviet bloc credits in 1958, neither receipts under earlier credits nor the extension of new bloc credits is projected for FYs 1960 and 1961.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 11.7    | 11.9    | 7.0     |
| DLF - Loan Approvals . . . . .                  |         | 51.5    | 1/      |
| P.L. 480, Title I - Country Use . . . . .       | 54.8    | 83.4    | 11.6    |
| (Total Sales)                                   | (73.0)  | (94.8)  | (13.2)  |
| P.L. 480, Title II - Obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 28.8    | 27.0    | 7.7 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 95.3    | 173.8   | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.       |         |         |         |

Country: YUGOSLAVIA

## TECHNICAL COOPERATION

### Role of Program

The ICA program is designed to assist Yugoslavia in its economic problems in order to maintain and strengthen its national independence. In the past, this assistance has taken the form of commodities, raw materials, industrial equipment and technical assistance to provide short-term emergency needs as well as to assist the long-term economic development. However, reflecting the recent improvement in Yugoslavia's economic progress and the resultant shift in aid requirements to foreign investment credits of the type available through the DLF, the FY 1961 ICA program eliminates non-project assistance in the Special Assistance category.

The ICA program, while now confined to Technical Cooperation and Special Assistance in direct support thereof, will as in the past contribute to all the major U.S. objectives in Yugoslavia. It is one of the most effective instruments in drawing Yugoslavia closer to the U.S. and the West.

### Objectives

To contribute to Yugoslav economic development by enhancing the technical competence of key individuals in important sectors and by building and improving institutions for research and dissemination of knowledge for long-run economic growth through which technological advances can become self-generating.

### Accomplishments

U.S. assistance in the past has made it possible for Yugoslavia to avoid undue economic dependence on the Soviet bloc, and has thereby strengthened the foundation on which Yugoslav independence rests. The Yugoslav success in its moves for national independence and in its economic development efforts has demonstrated to Soviet-dominated countries not only the advantages of economic ties with the West but also that they are able to do business with the U.S. on fair terms without interference in their internal affairs.

U.S. programs have made it easier for Yugoslavia to undertake a number of liberalizing measures in the past few years. Agricultural collectivization as such has been abandoned and forced deliveries terminated. Decentralization has in fact been carried out in all sectors of the economy, allowing freer play of market forces. While increasing its level of trade, Yugoslavia has also reoriented its trade pattern away from Eastern markets to Free World countries. This shift to Western markets has engendered closer political, cultural and economic ties; e.g., exchange of persons and ideas is much more extensive, as evidenced by the

Summary of Program \$ in thousands

| Function                        | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
|---------------------------------|------------------|--------------------|--------------------|
| Technical Cooperation . . . . . | 1,919            | 1,700              | 3,000              |

Yugoslav Government's formal request for an expansion of the Technical Cooperation Program and by its participation in the Organization for European Economic Cooperation, the European Productivity Agency, and in the General Agreement on Trade and Tariffs. Progress has been made in reducing the hostility and suspicion with which relations with the United States and the West in general were formerly regarded by the Yugoslavs.

With the steady improvement which has taken place in the Yugoslav economy, there has come a much greater ability to finance raw materials and basic commodities from domestic resources. It has been possible therefore to terminate ICA assistance under the Special Assistance category, except for limited amounts for demonstration equipment directly and specifically connected with the continuing Technical Cooperation Program.

Coal production has increased. A model coal mine is being established in Serbia, where U.S. equipment will permit the carrying out of seminars and demonstrations in modern mining techniques. In the field of engineering, courses of industrial technology have been established in seven cities to provide increased numbers of better trained instructors for vocational schools.

Today, English is fast becoming the second language of Yugoslavia. As a result of the English Language Training Project, English Language Training Centers have been established in all of the six republics. In addition, Yugoslav participation in any Technical Cooperation project encourages the study of English and other Western languages.

Through the Technical Inquiry Service and distribution of industrial information and translations, individual industrial plant managers and returned participants throughout the country are provided with a wide range of up-to-date technical information. These projects not only emphasize the free availability of all forms of technical information from the developed countries of the West, but serve as a most effective tool in promoting increased exposure to U.S. ideas and methods.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 242                                 | 243                  | 276                 |
| Participants .....                                      | 1,156                               | 794                  | 1,227               |
| Contractual Services .....                              | 440                                 | 584                  | 1,378               |
| Supplies and Equipment .....                            | 47                                  | 32                   | 66                  |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs .....                                       | 34                                  | 47                   | 53                  |
| <b>Total Project Assistance..</b>                       | <b>1,919</b>                        | <b>1,700</b>         | <b>3,000</b>        |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 15                                  | 20                   | 20                  |
| Contract .....  | 14                                  | 31                   | 55                  |
| <b>Total Technicians .....</b>                          | <b>29</b>                           | <b>51</b>            | <b>75</b>           |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 683                                 | 442                  | 467                 |
| Contract .....  |                                     | 8                    | 33                  |
| <b>Total Participants .....</b>                         | <b>683</b>                          | <b>450</b>           | <b>500</b>          |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               |                                     |                      |                     |
| Industry and Mining .....                               | 555                                 | 505                  | 800                 |
| Transportation .....                                    | 737                                 | 676                  | 858                 |
| Labor .....   | 144                                 | 124                  | 612                 |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education .....   | 28                                  | 50                   | 122                 |
| Public Administration .....                             | 42                                  | 15                   | 60                  |
| Community Development, Social Welfare and Housing ..... | 52                                  | 90                   | 230                 |
| General and Miscellaneous ...                           | 120                                 | 10                   | 35                  |
|   | 241                                 | 230                  | 283                 |
| <b>Total by Field of Activity..</b>                     | <b>1,919</b>                        | <b>1,700</b>         | <b>3,000</b>        |

In the field of Agriculture and Forestry there are many examples of direct impact on Yugoslavia by U.S. assistance. A new pure seed law is being enacted to better regulate crop improvement and seed production activities. Ten pilot seed drying and processing plants have been established as a result of ICA assistance. These plants plus others recently erected produced 8,290 tons of hybrid seed in 1958 for the 1959 planting. A mutually profitable exchange of various crop breeding material (corn, grasses, etc.) and seed exchange has been established between U.S. and Yugoslavia. A meat inspection law patterned after American legislation has been enacted and is being enforced by the Veterinary Services. Hoof and mouth disease and Newcastle disease have been brought under control. The application of artificial breeding to improve the productivity and quality of cattle and sheep is being greatly increased and much improvement in the livestock population has resulted. The processing facilities for meats, milk, fruit and vegetables have been greatly modernized.

Two Agricultural Engineering Schools have been established. Machinery supplied by ICA is being widely used to reduce cost of drainage and leveling. The introduction of modern forestry demonstration tools is resulting in the speeding up of harvesting and forestry operations and will help to lower cost of production. The Gypsy Moth, a serious forestry problem, is being better controlled as a result of general application of American control procedures.

Composition of FY 1961 ICA ProgramTechnical Cooperation Program - \$3 million

Projects are designed to train the key personnel of basic agricultural institutions in modern agricultural and forestry research methods and extension techniques. One of these projects includes a contract with a U.S. agricultural college which should establish continuing Western ties with Yugoslav agricultural institutions. Special Assistance funds allocated to the Agricultural program will furnish teaching aids, and field and laboratory research and demonstration equipment to make the participant training and technical services most effective.

Country: YUGOSLAVIA

## TECHNICAL COOPERATION

Assistance will be provided to train and equip staffs of such Yugoslav industrial institutions as the Pulp and Paper Institute, Industrial Productivity Centers, and training institutes to enable them to develop and to introduce throughout the country technical improvements, industry-wide training activities, and the exchange of technical know-how. In the field of mining and minerals, effective development in the use of Yugoslavia's mineral resources is equally as important as the efficient mining of the ore. Technical Cooperation projects are directed to these basic aims, as well as to creating a base for future technological progress. A training and research institute will be established in conjunction with a model coal mine. Training also will be provided to improve minerals development and research. Laboratory and research equipment will be furnished to several already established research centers. The Technical Inquiry Service and the Industrial Information Service will be continued; these activities are designed to give Yugoslav industrial enterprises specific answers to their technical questions and to keep them generally informed of new technological processes in the United States.

Participant training under the railways project will continue at a higher level than in 1960 (meanwhile, new Diesel locomotives are being procured under DLF financing). The expansion of the air transportation project reflects increased Yugoslav interest in

improving the quality of its civil aviation establishment and their desire for ICA assistance in the organization and equipping of a modern civil aviation training center. Another project will assist in establishing a Highway Institute for the training of Yugoslav engineers and technicians. The air transportation and highways projects will involve training of selected participants in the U.S. or Western Europe, a consultant contract with an American institution, and basic laboratory and training equipment.

Under a Public Health Improvement Program, projects are designed to improve the teaching of basic medical courses in physiology and pharmacology. Local community sanitation will be improved through the establishment of a demonstration station to show the economic feasibility and health value of modifying existing facilities for bringing safe, potable water to the smaller communities of the country. Assistance will be continued to the successful English Language Training Institutes. Besides helping to make more effective ICA participant training in all TC activities, these various institutes will continue their important role in exposing Yugoslavs more frequently and effectively to Western thoughts and practices.

The FY 1961 program will continue the effort to encourage and facilitate the development of foreign tourism in Yugoslavia through participant training programs and by bringing contract technicians to Yugoslavia to provide on-the-spot-advice.

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                          |                               |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|--------------------------|-------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counter-part | P.L. 480 Adminis-tered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 800   | 32               | 390                       | 378       |             |             |  |                          |                               |
|  | Agriculture Training, Research and Extension                  | C                 | 300   | 32               |                           | 268       |             |             |  |                          |                               |
|  | Agricultural Policies and Practices                           | C                 | 300   |                  | 300                       |           |             |             |  |                          |                               |
|  | Forestry Institute Organization and Extension Practices       | C                 | 100   |                  | 60                        | 40        |             |             |  |                          |                               |
|  | Inland Fisheries Research Institutes                          | C                 | 100   |                  | 30                        | 70        |             |             |  |                          |                               |
| <u>Industry and Mining - Total</u>                 |   |                   | 858   | 20               | 483                       | 295       | 32          | 28          |  |                          |                               |
|  | Coal Production and Utilization                               | C                 | 58    | 20               | 14                        | 24        |             |             |  |                          |                               |
|  | Minerals Development Plan                                     | C                 | 127   |                  | 104                       | 23        |             |             |  |                          |                               |
|  | Leather and Shoe Industry Research                            | C                 | 51    |                  | 31                        | 20        |             |             |  |                          |                               |
|  | Tool and Die Production                                       | C                 | 63    |                  | 44                        | 19        |             |             |  |                          |                               |
|  | Cotton Textiles Central Institute                             | C                 | 69    |                  | 39                        | 30        |             |             |  |                          |                               |
|  | Pulp and Paper Research Institute                             | C                 | 42    |                  | 22                        | 20        |             |             |  |                          |                               |
|  | Wool Textiles Production                                      | C                 | 55    |                  | 26                        | 29        |             |             |  |                          |                               |
|  | Foundry Operations  | C                 | 63    |                  | 38                        | 25        |             |             |  |                          |                               |
|  | Tourism   | C                 | 70    |                  | 50                        | 20        |             |             |  |                          |                               |
|  | Industrial Management Development                             | C                 | 200   |                  | 115                       | 85        |             |             |  |                          |                               |
|  | Technical Inquiry Service                                     | C                 | 10    |                  |                           |           |             | 10          |  |                          |                               |
|  | Industrial Information, Translation and Distribution          | C                 | 50    |                  |                           |           | 32          | 18          |  |                          |                               |
| <u>Transportation - Total</u>                      |   |                   | 612   |                  | 112                       | 500       |             |             |  |                          |                               |
|  | Highway Materials Testing and Research Laboratory             | C                 | 300   |                  |                           | 300       |             |             |  |                          |                               |
|  | Railroad Operations   | C                 | 32    |                  | 32                        |           |             |             |  |                          |                               |
|  | Civil Aviation Training Center                                | C                 | 280   |                  | 80                        | 200       |             |             |  |                          |                               |
| <u>Health and Sanitation - Total</u>               |   |                   | 122   |                  | 72                        | 50        |             |             |  |                          |                               |
|  | Public Health Improvement                                     | C                 | 85    |                  | 60                        | 25        |             |             |  |                          |                               |
|  | Local Community Sanitation                                    | C                 | 37    |                  | 12                        | 25        |             |             |  |                          |                               |

Country: YUGOSLAVIA

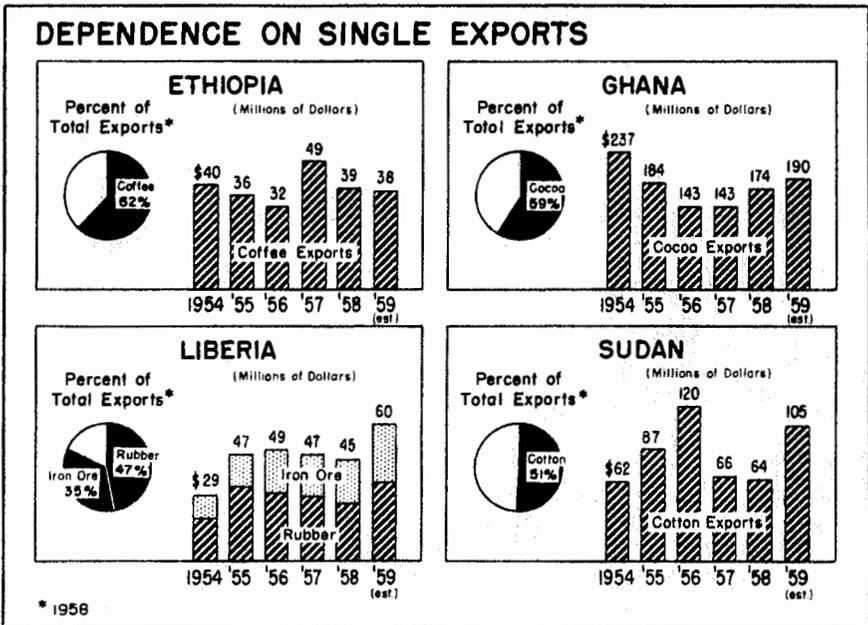
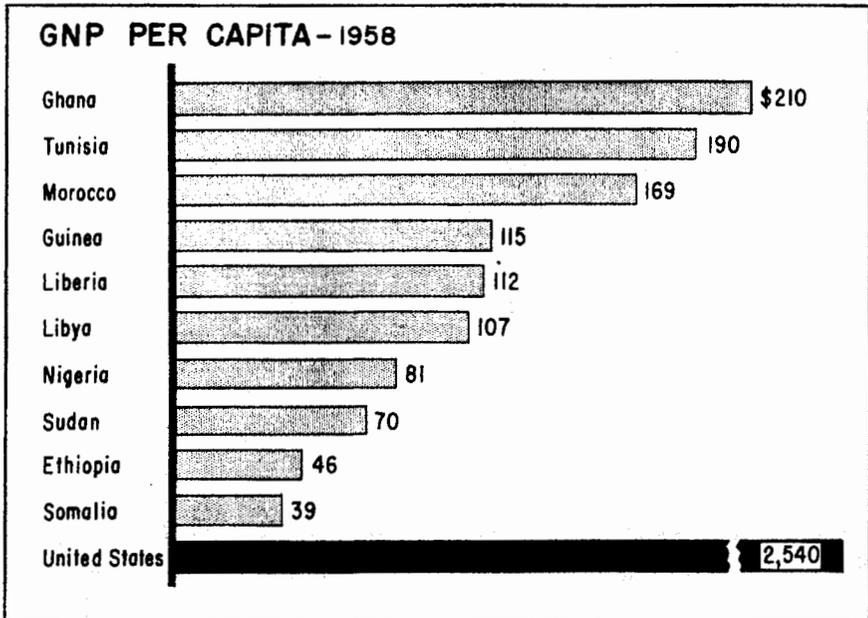
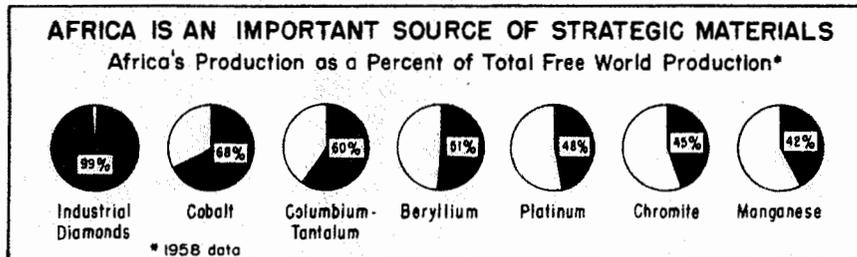
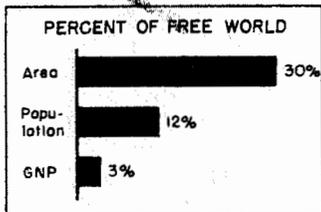
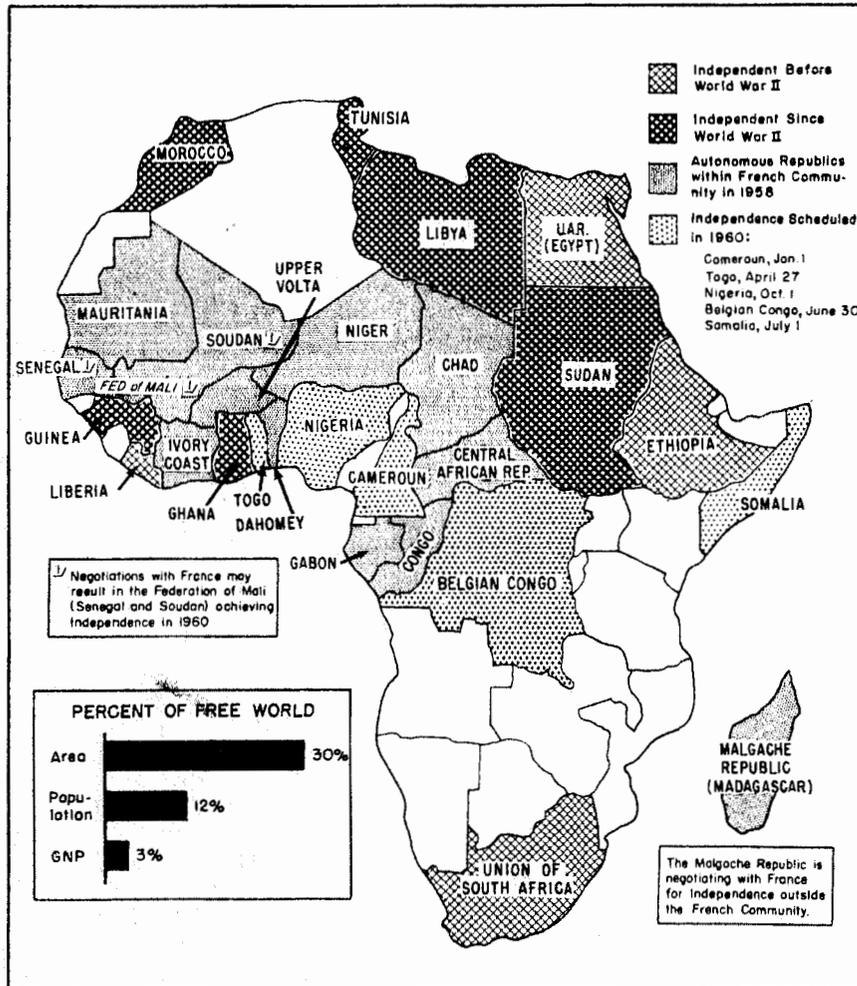
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u> | Activity and Projects                     | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  |   |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
|  | <u>Education - Total</u>                  |                   | 60  |                  | 45                        | 15        |             |             |  |                         |
|  | English Language Training                 | C                 | 45  |                  | 30                        | 15        |             |             |  |                         |
|  | Higher Vocational Education               | C                 | 15  |                  | 15                        |           |             |             |  |                         |
|  | <u>Public Administration - Total</u>      |                   | 230   |                  | 110                       | 120       |             |             |  |                         |
|  | Public Administration University Contract | C                 | 230   |                  | 110                       | 120       |             |             |  |                         |
|  | <u>Housing - Total</u>                    |                   | 35  |                  | 15                        | 20        |             |             |  |                         |
|  | Housing                                   | C                 | 35  |                  | 15                        | 20        |             |             |  |                         |
|  | <u>General Program Support - Total</u>    |                   | 283   | 224              |                           |           | 34          | 25          |  |                         |
|  | General Program Support                   | C                 | 283   | 224              |                           |           | 34          | 25          |  |                         |
|  | <u>Total Technical Cooperation</u>        |                   | 3,000   | 276              | 1,227                     | 1,378     | 66          | 53          |  |                         |

# AFRICA - ECONOMIC DATA





A geographic location along the main lines of sea and air communications between the Eastern Mediterranean, East Africa and the Indian Ocean gives Ethiopia strategic importance. Moreover, Ethiopia's moderating influence in Pan African and Afro-Asian Conferences, particularly its support of U.N. collective security, are important contributions to the position of the Free World.

The Government under Emperor Haile Selassie is stable and has been a firm supporter of Free World interests. Recent Ethiopian acceptance of large scale Soviet bloc economic assistance and increased Soviet activity in Ethiopia may, however, neutralize this policy.

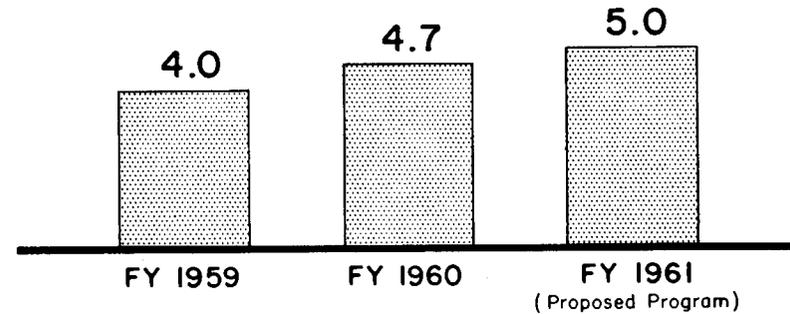
During state visits to the USSR and Czechoslovakia last summer, the Emperor accepted loan offers of \$100 million and \$10 million respectively in those countries. While no projects to utilize these credits have as yet been reported, Soviet and Czech delegations have been discussing a number of proposals with the Ethiopian Government.

United States relations with Ethiopia continue to be close, but relations are often ruffled by the Ethiopian impression that the U.S. fails to extend the political support and economic and military assistance which it needs. Unless the U.S. is reasonably responsive to Ethiopian needs, the threat of a serious Soviet bloc penetration is very real.

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 4,023           | 2,943        |              |
| Cumulative 6/30/59                          | 23,050          | 19,590       | 3,460 ✓      |
| Estimate FY 1960                            | 4,700           | 3,760        |              |
| Cumulative 6/30/60                          | 27,750          | 23,350       | 4,400        |
| Estimate FY 1961                            | 5,000           | 4,800        |              |

## ECONOMIC SITUATION

Current Economic Situation and Problems

While progress has been made in establishing the conditions necessary for economic development, Ethiopia today remains a very poor country in which a tribal subsistence agriculture predominates. An illiteracy rate of over 95% seriously limits the development of technical skills and management experience. Less than 1% of youths of secondary school age are in school. This low level of education coupled with low agricultural productivity, inadequate internal transportation and communications and little domestic investment capital has barred the nation from making use of its good natural resources.

The shortage of skilled Ethiopian technicians and trained administrators continues to be the major impediment to Ethiopia's development. This shortage along with an ancient and tradition-bound culture represents a heavy drag on efforts to capitalize on Ethiopia's resources and to move the economy into a phase of vigorous growth.

The fall in the world price of coffee, which accounts for about 60% of Ethiopia's exports, and rising imports have resulted in balance of payments deficits in 1958 and 1959. Furthermore, growing expenditures for social services, military forces and the domestic costs of development projects, at a time when revenues from export taxes on coffee have dropped, have resulted in internal budget deficits in those same years for the first time since World War II. These gross deficits amounted to an estimated \$14 million and \$13 million, compared to total domestic revenues of \$57 million and \$70 million.

Progress to Date

While the task in education and training remains enormous, Ethiopia has made some of its most significant progress in this area. Over the past decade there has been a major expansion of the government's education system. Teacher training has been greatly increased and recently established specialized schools and colleges are now turning out well-trained Ethiopian technicians and artisans. With the appearance of serious government budgetary deficits, fewer trained technicians are being put to effective use.

Considerable accomplishments have been made in the development of the transportation and communications network. The road system now contains about 3,000 miles of primary roads, and new construction of 500 miles of roads in the coffee region of the southwest and the area of the Blue Nile is pushing ahead. The inability to provide local currency support has, however, slowed down the use of sizeable foreign credits for major development projects, especially in this critical field. Particularly affected are a 1957 IBRD loan for highway construction and a 1955 Ex-Im Bank loan for the purchase

of aircraft and airport construction, neither of which is likely to be fully expended until 1964.

Assistance from Non-ICA Sources

The IBRD has made loans of \$23,500,000 for road building and telecommunications. Italian war reparations of \$16,000,000 and Yugoslav credits of \$15,200,000 provide funds for a hydroelectric plant on the Awash River, port installations at Assab and various industrial developments.

U.N. agencies' work in Ethiopia has extended into the fields of education, health, agriculture, telecommunications, airlines operation, and public administration. Help has also been given to Ethiopia by Swedish, British, French, German, and Indian agencies, mainly in education, health and agriculture.

The most significant new development was Ethiopian acceptance in 1959 of Russian and Czech offers of credits totaling \$110,000,000. The Soviet loans are expected to cover the local currency costs as well as the foreign exchange needs of the projects they finance and to be repayable largely in agricultural commodities over a period of 17 years at 2 1/2% interest.

U.S. economic aid from other than ICA sources has consisted of loans and agricultural commodities. A 1955 Ex-Im Bank loan of \$24,700,000 is being used for civil airport construction and aircraft purchases; and a \$500,000 DLF loan has been extended for a textile weaving mill in Asmara which processes U.S. cotton. Some 46,000 metric tons of surplus grains were supplied in 1959 under Title II of P.L. 480, and powdered milk and flour were made available under Title III of P.L. 480.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 4.9     | 5.9     | 5.0     |
| DLF - Loan Approvals . . . . .                  |         | 0.5     | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         |         |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - Obligations . . . . .      | 3/      | 3.1     | 4.2 2/  |
| P.L. 480, Title III - Obligations . . . . .     |         | 0.2     | 0.1 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . | 0.7     |         | 2/      |
| TOTAL . . . . .                                 | 5.6     | 9.7     | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.         |         |         |         |

3/ Less than \$.05 million.

Role of Program - Technical Cooperation

The Technical Cooperation Program serves to maintain the close association of the Ethiopian officials and people with the United States by assisting the Ethiopian Government to develop and expand training institutions and programs basic to the economic, political and social development of the country. Through close cooperation with the Ethiopian Government in the implementation of all projects the Technical Cooperation Program also seeks to promote improvements in governmental organization and operations. The need for special efforts to intensify and accelerate the development of Ethiopia's skilled manpower will be met by the Special Program for Tropical Africa.

Objectives - Technical Cooperation

- (a) To build up the technical, professional and administrative skills needed for the country's development by helping to establish training institutions, provide on-the-job training, participant training, and educational services to the Ministry of Education.
- (b) To minimize or eliminate those preventable and debilitating diseases which hinder economic progress by helping in the development of a national public health service, in the malaria eradication program and by helping to strengthen the administrative competence of the Ministry of Health.
- (c) To help increase agricultural productivity and diversify exports through programs of agricultural research and extension, livestock improvement, and technical assistance to the Ministry of Agriculture.
- (d) To provide basic data and technical advice for planning the development of Ethiopia's natural resources and industry by a study of the Blue Nile River Basin and surveys of industrial development opportunities.

Accomplishments - Technical Cooperation

The ICA program in Ethiopia as a whole reflects encouraging progress in all fields, notably in agriculture, education and health. Significant results are reflected particularly in the operation of training institutions, and in providing the basic data and training for future development of the land and water resources of the country.

The Agricultural Technical School at Jimma, established in 1952, is now a well-established permanent institution as is the College of Agricultural and Mechanical Arts opened at Alem Maya in 1956.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 988              | 4,700              | 5,000              |

The latter is the only institution of its kind in Africa being patterned after the U.S. land grant college. Enrollment at the Technical School is currently approximately 200 students. Upon graduation, many of them will transfer to the Agricultural and Mechanical College, where enrollment is about 180 students. To date 53 students have been awarded Bachelor of Science degrees at the College and an additional 24 students are expected to graduate in 1960. In livestock improvement a training center is well established at which 92 field vaccinators have been trained in the recognition of livestock diseases and in vaccinating techniques. An Agricultural Extension Service has been created and now includes 74 extension workers, 51 of whom are working out of 22 field posts demonstrating new methods and techniques.

In education, considerable progress has been made in teacher training. The number of students enrolled in the teacher training institutions has increased from 118 in 1954 to 680 in 1959. These institutions will provide 500 new teachers by the end of 1961. Teachers enrolled in vacation courses totaled 3,000 in 1959. Under a curriculum development program, major emphasis is directed towards preparing instructional materials including textbooks and teacher guides. Fifty-nine textbooks and 13 teacher guides have been developed. Plans for FY 1961 call for an additional 15 textbooks and 12 teacher guides, not including pamphlets and education journals. The vocational trade schools in Asmara and Addis Ababa have graduated 250 and 346 students respectively. Ethiopian teachers for these schools have been trained by American advisors and placed on the teaching staffs.

In the field of public health, a Division of Health Education has been successfully established in the Ethiopian Ministry of Public Health. Pharmacy and medical supply advisory services which began in 1955 have now resulted in the establishment of a pharmacy/medical supply department. This department is now staffed by four Ethiopian pharmacists, trained through ICA, under the guidance of one American advisor. By the end of FY 1960, the Public Health College and Training Center at Gondar will have graduated a total of 49 health officers, 28 community nurses, and 31 sanitarians. Advisory services in hospital administration have encouraged the Ethiopian Government to embark on a program of planning and construction of health centers and hospitals. Under the ICA program two hospitals of approximately fifty beds each have been planned and will be under construction by the end of FY 1960. Four health centers are

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity              | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                   |                  |
| Technicians .....                                       | 1,418                               | 1,992             | 2,154            |
| Participants .....                                      | 311                                 | 460               | 463              |
| Contractual Services .....                              | 1,446                               | 1,026             | 1,212            |
| Supplies and Equipment .....                            |                                     |                   |                  |
| Contrib. to Coop. Services .....                        | 634                                 | 957               | 889              |
| Other Costs .....                                       | 214                                 | 265               | 282              |
| <b>Total Project Assistance ..</b>                      | <b>4,023</b>                        | <b>4,700</b>      | <b>5,000</b>     |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                   |                  |
| Technicians (On duty close of yr.)                      |                                     |                   |                  |
| U.S. Employed .....                                     | 78                                  | 105               | 110              |
| Contract .....  | 71                                  | 55                | 55               |
| <b>Total Technicians .....</b>                          | <b>149</b>                          | <b>160</b>        | <b>165</b>       |
| Participants (Programmed during year) .....             |                                     |                   |                  |
| Non-Contract .....                                      | 52                                  | 71                | 72               |
| Contract .....  |                                     |                   |                  |
| <b>Total Participants .....</b>                         | <b>52</b>                           | <b>71</b>         | <b>72</b>        |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                   |                  |
| Agriculture, Forestry and Fisheries .....               | 1,598                               | 1,416             | 1,414            |
| Industry and Mining .....                               | 282                                 | 1,204             | 1,086            |
| Transportation .....                                    | 310                                 | 199               | 140              |
| Labor .....   |                                     |                   |                  |
| Health and Sanitation .....                             | 351                                 | 512               | 707              |
| Education .....   | 876                                 | 674               | 840              |
| Public Administration .....                             | 109                                 | 117               | 99               |
| Community Development, Social Welfare and Housing ..... |                                     | 12                | 22               |
| General and Miscellaneous .....                         | 497                                 | 566               | 692              |
| <b>Total by Field of Activity ..</b>                    | <b>4,023</b>                        | <b>4,700</b>      | <b>5,000</b>     |

scheduled to commence operations during FY 1960. Both hospitals and health centers are to be staffed in part by graduates of the - Public Health College and Training Center at Gondar.

The National Airlines training project has made considerable progress in the training of Ethiopians as pilots and for skilled jobs in the maintenance and operation of the Ethiopian Airlines. Three Ethiopian co-pilots have been promoted to captain and six other Ethiopian pilots have received ground and flight training and are now flying as co-pilots. They have replaced nine American pilots. Currently undergoing training are 20 student pilots, 32 mechanics, 12 metal working specialists and 12 supervisors. Three Ethiopians received training in the United States in airport administration, airport management and radio-equipment installation. Four additional participants are scheduled for U.S. training during FY 1960 in aviation administration.

Initiated during FY 1956, the Blue Nile River basic investigation program, covering an area of approximately 113,000 square miles, has maintained satisfactory progress. The preliminary general reconnaissance has been more than 80% completed and geological reconnaissance is about 50% completed. The major task of obtaining water resources data has begun with the installation of eight recording stream gauges and about seventeen staff gauges. In Geodetic Control work, triangulation work covering 63,000 square miles has been completed. All remaining Geodetic Control work is scheduled for completion in FY 1961. A permanent Department of Water Resources has been established within the Ethiopian Ministry of Public Works and Ethiopian personnel are being trained in specialized fields of water resources development.

American technicians in the Community Water Supply project have trained five Ethiopian well-drilling crews and two water supply construction and repair crews. One hundred and twelve productive wells have been drilled since the beginning of the program in 1954.

The ICA Program has made significant contributions to the Malaria Eradication Program in Ethiopia. Pilot malaria control projects have freed over 1,400 square miles of farm land from the threat of malaria and over 300 Ethiopians have been trained in malaria control techniques.

Eighty Ethiopians have received training in the field of Public Administration at the American University of Beirut and in the United States.

Country: ETHIOPIA

## TECHNICAL COOPERATION

### Composition of FY 1961 Technical Cooperation Program - \$5.0 million

The Technical Cooperation Program for Ethiopia in FY 1961 continues to emphasize training, research and demonstration activities begun in past years. In addition, the Industrial Development Surveys and Public Health Evaluation projects, undertaken in FY 1960, will be continued and a contract for Teacher Training will be arranged with a U.S. university.

The survey of the land and water resources of the Blue Nile River Basin will continue. This work, along with ground water explorations and surveys of industrial development possibilities, will take nearly one quarter of the funds requested for FY 1961.

Another fourth of the total Technical Cooperation Program will be devoted to agriculture, with primary attention continuing to be given to the agricultural education, research and extension work so successfully carried on by Oklahoma State University. Technical advice and demonstrations in poultry and livestock improvement, crop processing and marketing, and the development of implements and machinery particularly adapted to Ethiopian farming conditions, will also continue.

In the field of education, teacher training activities, general advisory services to the Ministry and the introduction of modern educational methods and materials to provincial schools will be continued.

The new Public Health Demonstration and Evaluation project, begun in FY 1960 as a means of coordinating and augmenting the favorable impact of ICA-sponsored activities in health, will continue as an important undertaking in this field. Support of the Gondar Public Health College and Training Center, the Asmara Nursing School, malaria eradication and the provision of technical advice to the Ministry of Health will also continue.

Other ICA-supported activities will include training and advice in airlines operation, public administration, communications media, geography and mapping, and in the establishment of an Ethiopian low-cost housing agency.

Country: ETHIOPIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

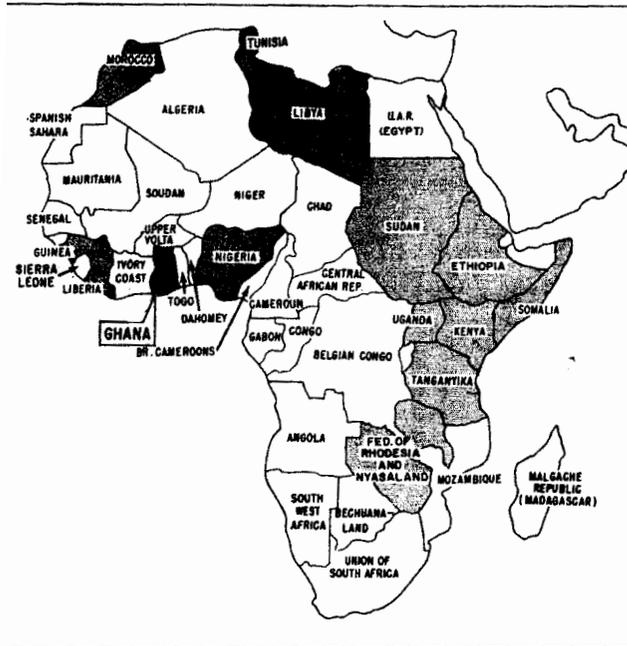
| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   | 1,414             | 258   | 191              | 637                       |           | 15          | 313         |  |                         |
| Agriculture Cooperative Service                    | C   | 313               |       |                  |                           |           |             | 313         |  |                         |
| Agriculture General Support                        | C   | 82                | 67    |                  |                           |           | 15          |             |  |                         |
| Farm Machinery                                     | C   | 35                | 35    |                  |                           |           |             |             |  |                         |
| Livestock Improvement                              | C   | 135               | 74    | 61               |                           |           |             |             |  |                         |
| Agriculture Education, Research and Extension      | C   | 711               |       | 74               | 637                       |           |             |             |  |                         |
| Crop Production, Processing and Marketing          | C   | 138               | 82    | 56               |                           |           |             |             |  |                         |
| <u>Industry and Mining - Total</u>                 |   | 1,086             | 870   | 33               | 150                       |           | 11          | 22          |  |                         |
| Water Resources Cooperative Service                | C   | 22                |       |                  |                           |           |             | 22          |  |                         |
| Water Resources General Support                    | C   | 113               | 91    | 11               |                           |           | 11          |             |  |                         |
| Blue Nile River Basin Investigation                | C   | 667               | 645   | 22               |                           |           |             |             |  |                         |
| Community Water Supply                             | C   | 134               | 134   |                  |                           |           |             |             |  |                         |
| Industrial Development Surveys                     | C   | 150               |       |                  | 150                       |           |             |             |  |                         |
| <u>Transportation - Total</u>                      |   | 140               |       | 25               | 75                        |           |             | 40          |  |                         |
| Transportation Cooperative Service                 | C   | 40                |       |                  |                           |           |             | 40          |  |                         |
| National Airlines Training                         | C   | 100               |       | 25               | 75                        |           |             |             |  |                         |
| <u>Health and Sanitation - Total</u>               |   | 707               | 400   | 45               | 50                        |           | 10          | 202         |  |                         |
| Public Health Cooperative Service                  | C   | 252               |       |                  | 50                        |           |             | 202         |  |                         |
| Public Health General Support                      | C   | 64                | 54    |                  |                           |           | 10          |             |  |                         |
| Nurses Training (And Advisory Services) Eritrea    | C   | 78                | 66    | 12               |                           |           |             |             |  |                         |
| Public Health Advisory Services                    | C   | 117               | 90    | 27               |                           |           |             |             |  |                         |
| Public Health College and Training Center - Gondar | C   | 96                | 90    | 6                |                           |           |             |             |  |                         |
| Public Health Demonstration and Evaluation         | C   | 100               | 100   |                  |                           |           |             |             |  |                         |

## TECHNICAL COOPERATION

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: TECHNICAL COOPERATION (Continued) | Activity and Projects  | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |              |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|---|--|-------------------|---|------------------|---------------------------|--------------|-------------|-------------|--|-------------------------|
|   |  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts    | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
|   | <u>Education - Total</u>   |                   | 840   | 323              | 42                        | 300          |             | 12          | 163  |                         |
|   | Education Cooperative Service                                    | C                 | 163   |                  |                           |              |             |             | 163  |                         |
|   | Education General Support  | C                 | 101   | 62               | 27                        |              |             | 12          |  |                         |
|   | Vocational and Trades Education                                  | C                 | 88  | 88               |                           |              |             |             |  |                         |
|   | Curriculum Development   | C                 | 52  | 52               |                           |              |             |             |  |                         |
|   | Provincial Education   | C                 | 69  | 69               |                           |              |             |             |  |                         |
|   | Teacher Education  | C                 | 67  | 52               | 15                        |              |             |             |  |                         |
|   | Teacher Training (Contract)                                      | N                 | 300   |                  |                           | 300          |             |             |  |                         |
|   | <u>Public Administration - Total</u>                             |                   | 99  |                  | 99                        |              |             |             |  |                         |
|   | Public Administration Advisory Services                          | C                 | 99  |                  | 99                        |              |             |             |  |                         |
|   | <u>Community Development, Social Welfare and Housing - Total</u> |                   | 22  | 22               |                           |              |             |             |  |                         |
|   | Low-Cost Urban Housing   | C                 | 22  | 22               |                           |              |             |             |  |                         |
|   | Community Development Training                                   | C                 |   |                  |                           |              |             |             |  |                         |
|   | <u>General and Miscellaneous - Total</u>                         |                   | 692   | 281              | 28                        |              |             | 234         | 149  |                         |
|   | Communications Media Cooperative Service                         | C                 | 69  |                  |                           |              |             |             | 69   |                         |
|   | Communications Media Center                                      | C                 | 70  | 50               | 16                        |              |             | 4           |  |                         |
|   | Mapping and Geography Cooperative Service                        | C                 | 80  |                  |                           |              |             |             | 80   |                         |
|   | Mapping and Geography Institute                                  | C                 | 160   | 118              | 12                        |              |             | 30          |  |                         |
|   | Technical Support  | C                 | 313   | 113              |                           |              |             | 200         |  |                         |
|   | <u>Total Technical Cooperation</u>                               |                   | <u>5,000</u>  | <u>2,154</u>     | <u>463</u>                | <u>1,212</u> |             | <u>282</u>  | <u>889</u>   |                         |

# GHANA - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 4.9 million    |              |
| Annual Growth.....                             | 1.6 percent    |              |
| Area.....                                      | 92,000 sq. mi. |              |
| Agricultural Land.....                         | 22% of area    |              |
| Agri. Land per Capita.....                     | 2.6 acres      |              |
| Literacy Rate.....                             | 25 percent     |              |
|  | <u>Ghana</u>   | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | 23,000         | 760          |
| Road Miles per 1,000 sq.mi..                   | 200            | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 65             | 4,500        |

Calendar Years

|  | Unit         | 1956  | 1957  | 1958  | 1959 Est. |
|--|--------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT *</b>                |              |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions  | 880   | 940   | 1,010 | 1,050     |
| Per Capita GNP.....                            | Dollars      | 187   | 196   | 210   | 214       |
| <b>PRODUCTION</b>                              |              |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100  | 103   | 108   | 102   | 110       |
| Cocoa <sup>a/</sup> .....                      | 1,000 MT     | 241   | 268   | 215   | 260       |
| Gold .....                                     | 1,000 Tr.oz. | 637   | 790   | 853   | 900       |
| Manganese ore (exports) .....                  | 1,000 LT     | 636   | 641   | 514   | 500       |
| <b>FOREIGN TRADE</b>                           |              |       |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions  | 243   | 257   | 293   | 320       |
| Cocoa .....                                    | "            | 143   | 143   | 174   | 190       |
| Timber (logs & sawn) .....                     | "            | 27    | 28    | 31    | 38        |
| Total Imports (c.i.f).....                     | "            | 249   | 270   | 237   | 300       |
| Trade Balance.....                             | "            | -6    | -13   | +56   | +20       |
| <b>Trade with United States (U.S. Data)</b>    |              |       |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions  | 47.4  | 45.2  | 63.2  | 65        |
| Imports from U. S. (f.o.b).....                | "            | 8.6   | 10.1  | 10.5  | 13        |
| Trade Balance.....                             | "            | +38.8 | +35.1 | +52.7 | +52       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "            | 550   | 512   | 528   | n.a.      |
| COST OF LIVING INDEX (Accra) .....             | 1953=100     | 108   | 109   | 109   | 113       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES * FY ending June 30     | 1958 | 1959 | 1960 (Bud) |
|---|------|------|------------|
| Domestic Revenues.....                              | 168  | 176  | 194        |
| Total Expenditures.....                             | 165  | 208  | 238        |
| Deficit(-) or Surplus Before All Foreign Aid....    | +3   | -32  | -44        |
| Budget Receipts from Non-U.S. Foreign Aid.....      | -    | -    | -          |
| Budget Receipts from U.S. Aid & PL 480.....         | -    | -    | -          |
| Remaining Deficit(-) or Surplus(+)                  | +3   | -32  | -44        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           | 10   | 10   | 12         |
| U.S.-Financed .....                                 | -    | -    | -          |
| Defense Expend. as % of Total Gov't Expend...       | 6.1% | 4.8% | 5.0%       |
| Defense Expenditures as % of GNP .....              | 1.0% | 0.9% | n.a.       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... | 155  | 198  | 226        |
| U.S.-Financed.....                                  | -    | -    | -          |

n.a. - Not available. \* / Converted at \$2.80 per Ghana pound. a/ Crops harvested in crop-year ending in year stated.

Country: GHANA

MUTUAL SECURITY PROGRAM

Ghana was the first nation in Africa south of the Sahara to gain independence during the present historic era of the awakening of Africa. Under the ambitious leadership of Prime Minister Nkrumah, Ghana acts as a powerful example to the emerging nations and to the still dependent African territories. The United States desires to encourage this key nation in its political development and economic growth and to support the preservation of its basically Western orientation.

With the recent establishment of a Soviet Embassy in Accra, and the visits from trade missions originating from the Soviet bloc, Ghana's neutralism in foreign affairs has become more pronounced. In spite of these overtures on the part of the Soviet bloc, Ghana remains Western in outlook and it is not believed likely that the government will turn to the bloc for major assistance in its economic development.

Although there has been criticism from the West regarding the authoritarian measures adopted by the government against its political opposition, Ghana has a stable government operated by competent African civil servants. In Ghana, as in other African countries, Western parliamentary democracy has not yet satisfactorily become adapted to African traditions and tribal culture. Continued contacts between the Ghanaian people and the U.S. will help insure that Western principles of political and social democracy will remain predominating forces in Ghana's evolution.

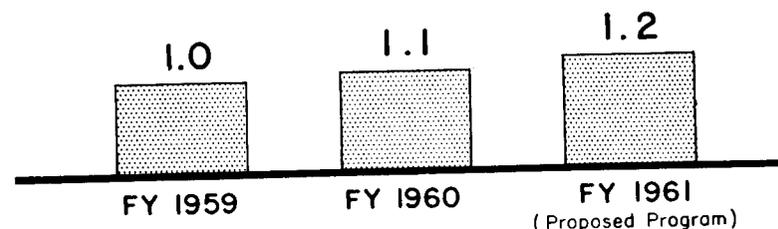
In its efforts to gain what the Prime Minister has often referred to as its economic independence, the government has requested technical assistance from Western Europe and the United States. The economy is basically dependent upon one crop - cocoa, a commodity notoriously subject to wide price fluctuations. Although cocoa prices remain high and Ghana is thus relatively prosperous by African standards, the government is set upon diversifying its economy in order to avoid its vulnerability as a one-crop country. Through technical assistance, the U.S. is helping Ghana to broaden its agricultural production and to raise food output.

In the industrial field, Ghana is still preoccupied with the ambitious Volta River project. Progress toward establishing a consortium of aluminum companies to build and operate the necessary smelter has been extremely encouraging. The success of this major project will greatly reinforce Western and U.S. interests in Ghana.

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 988             | 789          |              |
| Cumulative 6/30/59                          | 1,907           | 959          | 948          |
| Estimate FY 1960                            | 1,100           | 1,298        |              |
| Cumulative 6/30/60                          | 3,007           | 2,257        | 750          |
| Estimate FY 1961                            | 1,200           | 1,200        |              |

Current Economic Situation and Problems

Ghana is a country of some five million inhabitants with an area about the size of Oregon. Although well ahead of many other African nations in terms of trained manpower, Ghana has seen its economic development since independence limited by the shortage of trained engineers, technicians and administrators. Technical assistance has helped to meet this problem in part, but the chronic lack of skilled manpower inhibits both social and economic development. In 1958, half of the key posts of the Civil Service were occupied by British and other foreign nationals. From 1950 to 1958, school enrollment rose from 272,000 to very close to 600,000. But even with this startling advance, it is estimated that only half of the school-age population was attending school in 1958. Notwithstanding the rapid expansion of the educational system in the past decade, with its increasing emphasis upon technical and vocational training, the next five years will be marked by an inadequate number of technicians to undertake planning and supervision of development projects.

Compared to other less developed countries south of the Sahara, Ghana's per capita GNP in 1958 of about \$210 is relatively high. Ghana's relative prosperity, however, is heavily dependent on one crop, cocoa, which accounts for approximately 60% of the country's export earnings. Other important exports are timber, gold, diamonds, and manganese. With no known deposits of coal or petroleum, Ghana's only likely source of industrial energy is its hydroelectric power potential. It is estimated that three-quarters of Ghana's people are dependent upon agriculture for their livelihood. The remainder derive their income from mining, transportation and services.

Ghana in 1958 had a favorable balance of payments with a surplus of about \$30 million on goods and services. The high prices for cocoa and the drop in Ghanaian imports explain this development. However, this situation may be expected to change over the next few years as activity under the Second Development Plan forces an increase in imports. An annual drawdown at the rate of \$30 to \$40 million in Ghana's sterling balances may be anticipated.

Ghana's lack of agricultural diversification, its shortage of trained and experienced government and business executives and the lack of entrepreneurs willing to invest in light manufacturing continue to pose handicaps to the country's balanced economic development.

Progress to Date

The first five-year development plan was concluded in June 1959 with an expenditure of nearly \$300 million financed entirely from internal sources (largely taxes on exports). Roads, schools, universities, and electric power plants have been completed. The new town and port of Tema, together with rail connections, have been financed under the first development plan. Both of these undertakings are close to completion; the port will be completed in 1961. The industrial park which is tied in with the port of Tema has already attracted considerable interest on the part of foreign investors.

The second five-year development plan was begun on the first of July 1959. One of the first projects which was gotten under way was an extension of the runways at Accra to accommodate jet aircraft. This project, which is expected to cost over \$5 million, will be completed by April 1960. Basically, the second development plan is emphasizing those projects which are likely to attract and encourage private business enterprises to Ghana and to stimulate and diversify agricultural development.

Assistance from Non-ICA Sources

Ghana receives technical assistance from a number of specialized agencies of the U.N., the U.K., Israel, Canada and Australia. The FAO program is providing important assistance in range management, agricultural economics, fish marketing, home economics and food technology. The U.N. Special Fund is financing a survey of the lower Volta flood plain. WHO is concentrating its efforts on the problems of malaria, tuberculosis, bilharziasis and onchocerciasis (river blindness). The U.K. provides 13 technicians who, for the most part, have operational responsibility within the various Ministries of the Ghana Government. Israeli capital and technical management have been provided in the establishment of two companies jointly owned by the Governments of Israel and Ghana, the Black Star Steamship Line and the Ghana Construction Company.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                      | 0.2     | 1.0     | 1.1     |
| DLF - Loan Approvals . . . . .                   |         |         | 1/      |
| P.L. 480, Title I - Country use . . . . .        |         |         |         |
| (Total Sales)                                    |         |         |         |
| P.L. 480, Title II - Obligations . . . . .       |         | 0.6     | 2/      |
| P.L. 480, Title III - Obligations . . . . .      |         | 0.1     | 0.1 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . .  |         |         | 2/      |
| TOTAL . . . . .                                  | 0.2     | 1.7     | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.          |         |         |         |

**TECHNICAL COOPERATION**

Role of Program - Technical Cooperation

The basic purpose of ICA assistance to Ghana is to demonstrate in a tangible and constructive manner the genuine U.S. interest in Ghana's future development under African leaders and technicians. U.S. Technical Cooperation is making an important contribution to Ghana's efforts to bridge the serious gap in the human skills required to advance the nation. Skilled technicians provided by the U.S. are much appreciated by Ghana. In addition to the Technical Cooperation Program, efforts to intensify and accelerate the development of Ghana's skilled manpower will be assisted by the Special Program for Tropical Africa, primarily through special education and training programs. The Western technical aid provided Ghana has permitted this new nation to resist thus far any bloc overtures to provide such assistance.

Objectives - Technical Cooperation

- (a) To raise the level of competence in the government service by helping train key Ghanaian professional personnel through on-the-job guidance and demonstration and overseas training courses.
- (b) To assist in the improvement of agricultural methods to help increase production of crops consumed locally to a level adequate to feed the growing population and reduce the necessity for the importation of food crops which can be produced economically in Ghana.
- (c) To assist in the efforts to increase production of selected export commodities.
- (d) To assist Ghana attain greater economic viability by encouraging mineral and industrial development through private investment.

Accomplishments - Technical Cooperation

As a result of the joint U.S.-Ghanaian Volta River reassessment project which was terminated following the publication of the engineering report, renewed interest has been generated among private business groups in the implementation of the Volta River Project which has as its ultimate objective the annual production of approximately 210,000 tons of aluminum. On December 16, 1959 the Prime Minister of Ghana reported to Parliament that several foreign aluminum companies had organized a firm in Ghana to negotiate with the Ghanaian Government on the establishment of a smelter at the new port of Tema. He went on to say that he had contracted for additional engineering work to enable his government to

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 988              | 1,100              | 1,200              |

prepare tenders by September 1960 for the construction of the hydroelectric dam.

In the agricultural field, construction of 64 demonstration ponds to provide water for livestock and human consumption has been enthusiastically received by the people of the Northern and Volta Regions. Ghana's Parliament praised this particular work of ICA and passed a motion of appreciation of U.S. aid to Ghana.

In other areas of agriculture ICA's efforts have for the most part been concentrated in the most depressed area of Ghana, the Northern Region. Here American know-how is being absorbed and applied with increasing effectiveness. Besides ponds constructed, thousands of trees have been planted, hundreds of dry farm gardens planted, many hundred of miles of simple dirt roads constructed on a self-help basis. Perhaps most important, the American agricultural extension concept has led Ghanaian farmers to employ improved vegetable gardening methods, better equipment, new pest control measures and better poultry and livestock practices.

Considerable progress has been made in upgrading the competence of the technical field units under the Community Development Project, which is being implemented through a contract with the Near East Foundation. Twenty-four construction foremen have received advanced courses. Other such courses have been held for surveyors, draftsmen and bulldozer operators. On-the-job training was a key element in numerous projects including the construction of 15 community centers, nine markets, 24 schools, 17 bridges and 128 miles of roads.

Ghanaians have received specialized training in the United States to help prepare them for increased responsibilities in policy making positions in their government.

Nine trade union leaders and two Ghanaian Government Labor officials have been trained in the United States. One of the latter is presently Acting Commissioner of Labor while the other is chief of a regional labor office.

A number of the participants in the field of agriculture who have returned to Ghana following their specialized training in the United States have advanced to superior positions in the Ministry of Food and Agriculture.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 435                                 | 690                  | 740                 |
| Participants .....                                      | 100                                 | 112                  | 125                 |
| Contractual Services .....                              | 285                                 | 125                  | 170                 |
| Supplies and Equipment .....                            | 142                                 | 72                   | 76                  |
| Contrib. to Coop. Services .....                        |                                     |                      |                     |
| Other Costs .....                                       | 26                                  | 101                  | 89                  |
| Total Project Assistance ..                             | 988                                 | 1,100                | 1,200               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 29                                  | 36                   | 40                  |
| Contract .....  | 16                                  | 17                   | 15                  |
| Total Technicians .....                                 | 45                                  | 53                   | 55                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 31                                  | 29                   | 33                  |
| Contract .....  |                                     |                      |                     |
| Total Participants .....                                | 31                                  | 29                   | 33                  |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 442                                 | 651                  | 653                 |
| Industry and Mining .....                               | 284                                 | 84                   | 249                 |
| Transportation .....                                    |                                     |                      |                     |
| Labor .....   | 97                                  | 53                   | 20                  |
| Health and Sanitation .....                             | 3                                   | 27                   | 33                  |
| Education .....   | 3                                   |                      |                     |
| Public Administration .....                             |                                     | 8                    |                     |
| Community Development, Social Welfare and Housing ..... | 2                                   | 80                   |                     |
| General and Miscellaneous .....                         | 157                                 | 197                  | 245                 |
| Total by Field of Activity ..                           | 988                                 | 1,100                | 1,200               |

## Composition of FY 1961 Technical Cooperation Program - \$1,200,000

In FY 1961, as in prior years, the Technical Cooperation Program will have its major emphasis in the agricultural sector. Over half of the planned financing is in this field. The remainder is in industry, labor and health and sanitation. The program is designed to complement Ghana's own efforts and the efforts of other nations and international agencies furnishing assistance.

Of the five agricultural projects proposed for FY 1961, two address country-wide problems and three deal with specific problems of Ghana's poorest agricultural areas. Included in the first category are the Agricultural Education Training Project and the Agricultural Extension Project.

The Agricultural Extension Project, like most of ICA's projects proposed for FY 1961, is intimately related to the aims of Ghana's Second Development Plan - specifically, in this instance, the expansion of extension services in 13 of the 40 agricultural stations. Under this project, the United States is supplying 16 extension specialists and providing training in the United States to 15 Ghanaian participants.

The Northern Region with the highest concentration of people on available arable land is the most depressed and primitive area in Ghana. It is the purpose of the Land Planning and Soil Conservation Project staffed with U.S. contract technicians to help these people with their land use and land management problems through assistance in reforestation, irrigation, farm-to-market road construction, horticulture, and animal husbandry.

The southwestern section of the Trans-Volta Togoland is savannah country and well suited to the development of a cattle industry except for the shortage of water and sound range management practices. ICA's project in this area, in collaboration with the Ministry of Agriculture and FAO, is designed to provide water, to teach the people sound animal husbandry practices, to aid in the development of markets, and generally to assist in the agricultural development of the area. This project has been visited by many members of parliament, the cabinet and recently the Prime Minister. The latter voiced his enthusiastic approval by describing the progress he saw as excellent.

Other activities will be directed toward assisting the Ghana Government with the implementation of that phase of the Second Development Plan which calls for the establishment of a number of new industries in Ghana. U.S. technicians will provide guidance and training to small entrepreneurs already engaged in business ventures or contemplating their establishment.

Country: GHANA

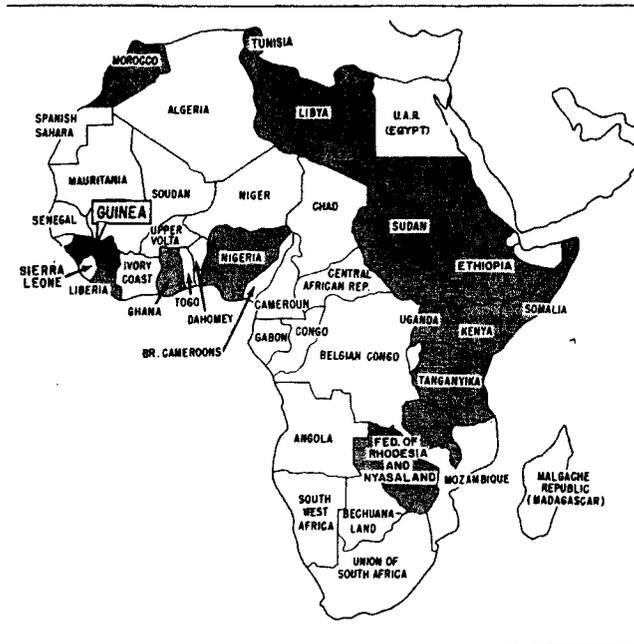
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>  | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |
|---|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|
|   | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u>  |   |                   | 653   | 524              | 75                        | 20        | 24          | 10   |                                       |                         |
| Land Planning and Soil Conservation Demonstration and Control of Blood Diseases in Cattle (IDS) | C   |                   | 10    |                  | 10                        |           |             |  |                                       |                         |
| Trans-Volta and Accra Plains Crop and Livestock Project   | C   |                   | 110   | 80               | 15                        |           | 10          | 5  |                                       |                         |
| Northwest Ashanti and Northern Territories Agricultural (Livestock and Crop) Surveys            | C   |                   | 31    | 30               |                           |           | 1           |  |                                       |                         |
| Agricultural Extension  | C   |                   | 374   | 306              | 40                        | 20        | 8           |  |                                       |                         |
| Agricultural Education  | C   |                   | 128   | 108              | 10                        |           | 5           | 5  |                                       |                         |
| <u>Industry and Mining - Total</u>  |   |                   | 249   | 76               | 20                        | 150       |             | 3  |                                       |                         |
| Industrial Development Project  | C   |                   | 200   | 40               | 10                        | 150       |             |  |                                       |                         |
| Rural Public Works Development Project  | C   |                   | 49    | 36               | 10                        |           |             | 3  |                                       |                         |
| <u>Labor - Total</u>  |   |                   | 20    |                  | 20                        |           |             |  |                                       |                         |
| Labor Participants Project  | C   |                   | 20    |                  | 20                        |           |             |  |                                       |                         |
| <u>Health and Sanitation - Total</u>  |   |                   | 33    | 20               | 10                        |           | 2           | 1  |                                       |                         |
| Health Education Project  | C   |                   | 33    | 20               | 10                        |           | 2           | 1  |                                       |                         |
| <u>General and Miscellaneous - Total</u>  |   |                   | 245   | 120              |                           |           | 50          | 75   |                                       |                         |
| Technical Support   | C   |                   | 245   | 120              |                           |           | 50          | 75   |                                       |                         |
| <u>Total Technical Cooperation</u>  |   |                   | 1,200 | 740              | 125                       | 170       | 76          | 89   |                                       |                         |

# GUINEA - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 2.6 million    |              |
| Annual Growth.....                             | 2.9 percent    |              |
| Area.....                                      | 95,000 sq. mi. |              |
| Agricultural Land.....                         | n.a.           |              |
| Agri. Land per Capita.....                     | n.a.           |              |
| Literacy Rate.....                             | 1-4 percent    |              |
|  | <u>Guinea</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | n.a.           | 760          |
| Road Miles per 1,000 sq.mi..                   | 70             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 7              | 4,500        |

Calendar Years

|   | Unit        | 1956 | 1957          | 1958                | 1959 Est. |
|---|-------------|------|---------------|---------------------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>                              |             |      |               |                     |           |
| Total GNP (In 1958 Prices).....                             | \$ Millions | n.a. | n.a.          | 300 <sup>Est.</sup> | n.a.      |
| Per Capita GNP.....   | Dollars     | n.a. | n.a.          | 115 <sup>Est.</sup> | n.a.      |
| <b>PRODUCTION</b>   |             |      |               |                     |           |
| Agricul. Prod. Index <sup>a/</sup> .....                    | 1952-54=100 | n.a. | 102           | 106                 | 108       |
| Rice milled.....  | 1,000 MT    | n.a. | 185           | 190                 | 195       |
| Citrus fruits.....  | "           | n.a. | 72            | 74                  | 75        |
| Bauxite.....  | "           | 452  | 366           | 330                 | 300       |
| <b>FOREIGN TRADE</b>  |             |      |               |                     |           |
| Total Exports (f.o.b).....                                  | \$ Millions | 29.0 | 28.4          | 23.2                | n.a.      |
| Coffee.....   | "           | 8.6  | 8.0           | 8.3                 | n.a.      |
| Iron ore.....   | "           | 4.2  | 4.2           | 1.2                 | n.a.      |
| Total Imports (c.i.f).....                                  | "           | 37.9 | 50.9          | 61.9                | n.a.      |
| Trade Balance.....  | "           | -8.9 | -22.5         | -38.7               |           |
| <b>Trade with United States (Guinea data)</b>               |             |      |               |                     |           |
| Exports to U. S. (f.o.b).....                               | \$ Millions | 0.6  | 0.5           | 0.8                 | n.a.      |
| Imports from U. S. (f.o.b).....                             | "           | 1.7  | 4.1           | 4.2                 | n.a.      |
| Trade Balance.....  | "           | -1.1 | -3.6          | -3.4                |           |
| <b>GOLD &amp; FOREIGN EXCHANGE HOLDINGS (end of year)</b> " |             |      |               |                     |           |
|   |             |      | Not available |                     |           |
| <b>COST OF LIVING INDEX (Conakry) .... 1949=100</b>         |             |      |               |                     |           |
|   |             | 175  | 189           | 225                 | n.a.      |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES* FY ending Dec. 31     | 1958(Bud)        |
|--|------------------|
| Domestic Revenues.....                             | 22               |
| Total Expenditures.....                            | 45               |
| Deficit(-) or Surplus Before All Foreign Aid....   | -23              |
| Budget Receipts from Non-U.S. Foreign Aid.....     | 23 <sup>b/</sup> |
| Budget Receipts from U.S. Aid & PL 480.....        | -                |
| Remaining Deficit(-) or Surplus(+)                 | -                |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>           |                  |
| U.S.-Financed.....                                 | n.a.             |
| Defense Expend. as % of Total Gov't Expend...      | -                |
| Defense Expenditures as % of GNP.....              | -                |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL.....</b> |                  |
| U.S.-Financed.....                                 | n.a.             |

n.a. - Not available. <sup>a/</sup> Converted at 2.47 CFA francs per U.S.\$.. <sup>b/</sup> Crops harvested in crop-year beginning in year stated. <sup>c/</sup> Consists of \$8 million budget subsidy of the Federation of French West Africa and \$15 million development contribution from France.

Country: GUINEA

MUTUAL SECURITY PROGRAM

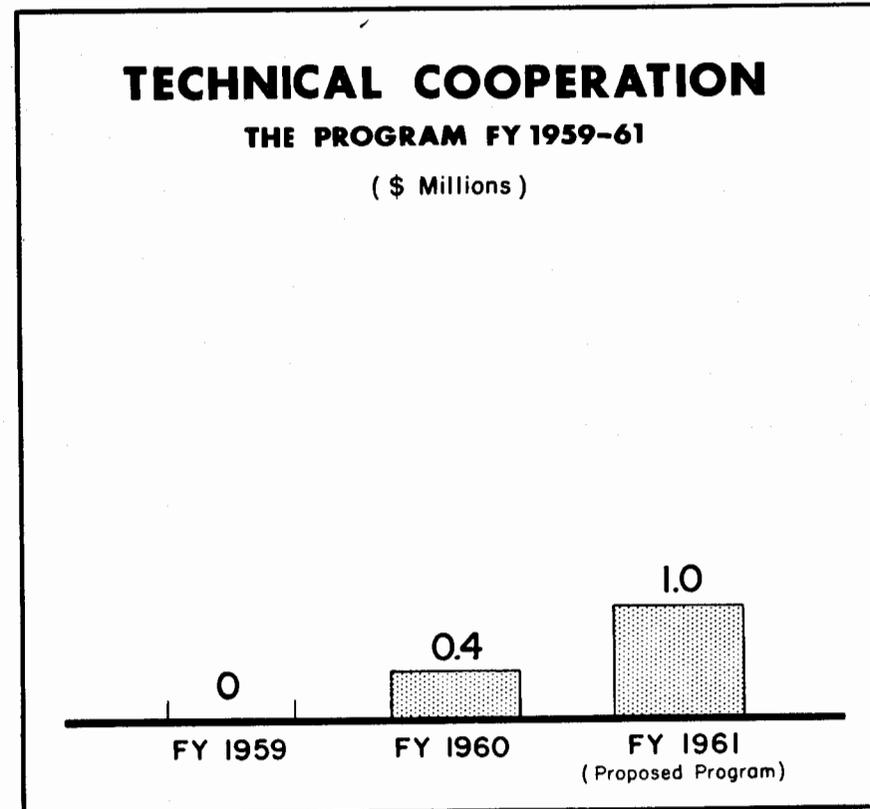
As the first of France's tropical African territories to gain independence, Guinea's evolution is the focus of attention of the fifteen other French-speaking states in Africa South of the Sahara. Guinea's political differences with France and by extension with other colonial powers are reflected in its willingness to accept large-scale Soviet bloc aid. Nevertheless, Guinea wishes to cooperate with the U.S. and hopes that we will help it fulfill its economic and social aspirations. U.S. interest in Guinea, exhibited by assistance towards sound economic growth, will bolster moderate elements in the country and lessen the risk that Guinea will pursue a policy of closer association with the Sino-Soviet bloc.

Although economically poor, Guinea possess potential mineral wealth, represented mainly by huge bauxite deposits under development by an international company in which an American aluminum company holds a large share.

France withdrew all further economic and technical aid to Guinea in 1958, when the country became independent. The USSR and other bloc nations immediately moved in to fill the vacuum created by the French withdrawal. In addition to prompt recognition, the bloc extended military and economic aid -- including large numbers of technicians -- thus achieving for the Soviet bloc a prominent position in an area where access had previously been denied them. The USSR has granted a \$35 million, long-term, low-interest loan; the Communist Chinese gave 5,000 tons of rice; the Czechs and East Germans presented military equipment and a radio station.

The United States has granted surplus commodities under the P.L. 480 program and has offered technical assistance, initially in the field of education.

Despite the preponderance of Soviet bloc aid over Western efforts to date, the Government of Guinea is attempting to pursue a policy of neutrality between East and West. When President Sekou Toure visited the United States and later the Soviet Union, he reaffirmed this policy.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              |                 |              |              |
| Cumulative 6/30/59                          |                 |              |              |
| Estimate FY 1960                            | 350             | 50           |              |
| Cumulative 6/30/60                          | 350             | 50           | 300          |
| Estimate FY 1961                            | 1,000           | 600          |              |

Current Economic Situation and Problems

Since independence was abruptly achieved on October 2, 1958, the Guinean economy has been adjusting to the sudden withdrawal of French assistance, investment, and administration. The magnitude of the adjustment is indicated by considering former French activities in this country. Over the past ten years France provided 80% of all funds for public investment in Guinea. This flow has ceased entirely. Large-scale plans of two private, international aluminum syndicates were predicated on a \$70 million IBRD loan and French public expenditures of approximately \$150 million, both of which have been suspended. French military and administrative expenditures (approximately \$17 million in 1957) have stopped. Most French technicians, administrators, and businessmen have withdrawn.

On the basis of one year of independence, the balance sheet for Guinea is still unclear. It has become apparent, however, that pessimistic predictions of economic and political chaos have not been borne out. For example, Guinea has offset the loss of French aid to its ordinary operating budget by reducing government services drastically. The lack of financial resources and trained personnel to make up for the loss of French aid for development purposes has been compensated, in part, by other sources - mainly from Communist bloc countries. Unfortunately, this large-scale use of Communist aid plus increased government intervention in the economy have resulted in the discouragement of continued private enterprise development of Guinea's mining, industrial and agricultural potential.

Despite its good long-range prospects, Guinea is currently a relatively poor country. Ninety-five per cent of its 2.6 million population is engaged in subsistence or plantation agriculture. Productivity is low and severely limited by malnutrition, disease, and very high adult illiteracy. Other preconditions for development, such as manual and supervisory skills and training institutions, are lacking. The country is not self-sufficient in basic foodstuffs and must import rice, sugar, and wheat flour. However, a fairly good transportation network exists, and numerous resources offer a good basis for diversified development.

Assistance from Non-ICA Sources

To date the principal foreign assistance activities in Guinea have been carried out by Soviet bloc countries. Russia, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and the Peoples Republic of China have all supplied or committed themselves to supply a wide variety of aid, ranging from military and financial assistance to trained government experts. At the end of 1959 it

was estimated that between 120 and 150 bloc personnel were in Guinea. Through a series of barter and trade agreements, the bloc countries are taking a considerable portion of Guinea's exports and supplying a large share of its imports.

Western aid to date has largely been given by the United Nations, which is supplying a sizable contingent of consultants and government officials. Such positions as Administrator of the Civil Service, Chief of Telecommunications, Public Health Administrator, and Director of Foreign Service are to be filled by U.N. personnel. The specialized U.N. agencies, such as WHO and UNESCO, will also supply technicians.

Guinea has signed a number of bilateral trade, cultural, and technical assistance agreements with such Western countries as France, West Germany and the U.K., and offers for specific project aid have been made by Sweden and Denmark. Actual assistance is only now getting under way. Finally, the loose political Federation with Ghana has resulted in a \$28,000,000 loan by Ghana to Guinea, approximately half of which had been drawn down by the end of 1959.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars)            |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                                |         |         | 0.4     |
| DLF - Loan Approvals . . . . .                             |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - Obligations . . . . .                 |         | 2.2     | 2/      |
| P.L. 480, Title III - Obligations . . . . .                |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  |         | 2.2     | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.                  |         |         |         |

Country: GUINEA

### TECHNICAL COOPERATION

#### Role of Program

A three-man ICA survey team was dispatched to Guinea during the summer of 1959 in response to a request from the Government of Guinea for U.S. assistance. A number of recommendations for possible ICA programs were made by the survey team, including one based on the apparently unanimous desire of Guineans at all levels to learn English.

The Guineans have recognized that their hopes for early federation with neighboring countries are handicapped because of the language barrier between the French and English-speaking states, and that this barrier will handicap their absorption of U.S. technical assistance. Accordingly, a priority project designed to help train Guinean English teachers, as well as adults who are potential participants in ICA projects, is being launched in FY 1960. A contract with a U.S. university or firm, calling for five English teacher trainers and two English teachers, will meet the formally-expressed desire on the part of the Government of Guinea to make English the second language of the country.

On the occasion of President Sekou Toure's visit to the United States in October-November 1959, announcement was made of the U.S. offer to provide Guinea with 150 scholarships. Under this program training is to be provided in U.S. universities and technical schools in such key areas as Public Administration, Public Health, and Agriculture to qualified Guineans.

The U.S. Technical Cooperation Program in Guinea will be formally launched with the signature of the bilateral agreement. Negotiation of the bilateral agreement has been complicated by the allegedly easier terms and conditions of assistance, provided by the bloc.

The U.S. aid program in Guinea is not designed to substitute for the large-scale economic and technical assistance programs heretofore provided by the French. It is intended to demonstrate to Guinea that the United States is sympathetic to the fulfillment of Guinea's long-range economic and social aspirations and willing to assist in their fulfillment.

In addition to the Technical Cooperation Program, special efforts to accelerate the training of Guinean administrative and technical personnel will be assisted through projects financed from the Special Program for Tropical Africa.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    |                  | 350                | 1,000              |

#### Objectives

The launching of a Technical Cooperation program in Guinea, as presently conceived, will help to:

- (a) Develop the human resources required to operate and maintain public and private services by developing local educational facilities as well as financing training in United States, European and African institutions.
- (b) Create a climate attractive to private investment, while at the same time encouraging the emergence of an entrepreneurial class capable of organizing Guinea's natural and human resources into productive enterprises.
- (c) Increase the ability of the Guineans to feed themselves through improved seed and land use, distribution and marketing of their food produce, resulting in balanced diets and lessened dependence on external sources for basic foods. Improvement in the quantity and quality of Guinean cash export crops such as pineapples and bananas would contribute to mutual U.S.-Guinea goals.

#### Composition of FY 1961 Technical Cooperation Program \$1.0 million

Agricultural projects to meet Guinea's most pressing needs are planned in forestry development, agricultural credit, extension and home economics, agronomy and tropical horticulture development.

In the field of Education, projects will be started to increase the numbers and quality of elementary school teachers and vocational trainers and to aid the Guinean Government in its efforts to reorganize the national school system.

A survey will be undertaken to determine the feasibility of creating a small industries complex on the outskirts of Conakry, the capital city. With virtually all consumer goods still being imported from France, a large portion of Guinean foreign exchange resources are devoted to the importation of goods which might be manufactured locally.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity              | Major Cost Component by Fiscal Year |                      |                     |
|--|-------------------------------------|----------------------|---------------------|
|  | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                  |                                     |                      |                     |
| Technicians .....  |                                     | 15                   | 160                 |
| Participants .....   |                                     |                      | 180                 |
| Contractual Services .....                                 |                                     | 250                  | 429                 |
| Supplies and Equipment .....                               |                                     |                      | 95                  |
| Contrib. to Coop. Services .....                           |                                     | 85                   | 136                 |
| Other Costs .....  |                                     |                      |                     |
| Total Project Assistance ..                                |                                     | 350                  | 1,000               |
| <b>NUMBER OF PEOPLE</b>                                    |                                     |                      |                     |
| Technicians (On duty close of yr.)                         |                                     |                      |                     |
| U.S. Employed .....  |                                     | 1                    | 10                  |
| Contract .....   |                                     | 7                    | 10                  |
| Total Technicians .....                                    |                                     | 8                    | 20                  |
| Participants (Programmed<br>during year) .....             |                                     |                      |                     |
| Non-Contract .....   |                                     |                      | 35                  |
| Contract .....   |                                     |                      |                     |
| Total Participants .....                                   |                                     |                      | 35                  |
| <b>FIELD OF ACTIVITY</b>                                   |                                     |                      |                     |
| Agriculture, Forestry and<br>Fisheries .....               |                                     |                      | 335                 |
| Industry and Mining .....                                  |                                     |                      | 150                 |
| Transportation .....                                       |                                     |                      |                     |
| Labor .....  |                                     |                      |                     |
| Health and Sanitation .....                                |                                     |                      |                     |
| Education .....  |                                     | 250                  | 348                 |
| Public Administration .....                                |                                     |                      |                     |
| Community Development, Social<br>Welfare and Housing ..... |                                     | 100                  | 167                 |
| General and Miscellaneous .....                            |                                     |                      |                     |
| Total by Field of Activity ..                              |                                     | 350                  | 1,000               |

The project will also attempt to bring into play the forces of private enterprise through the attraction of private capital and entrepreneurs.

In a further effort to encourage individual initiative on both the farm and in industry, it is planned to assist Guinea in the organization and expansion of its credit facilities and loan services through the provision of U.S. credit specialists.

Country: GUINEA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

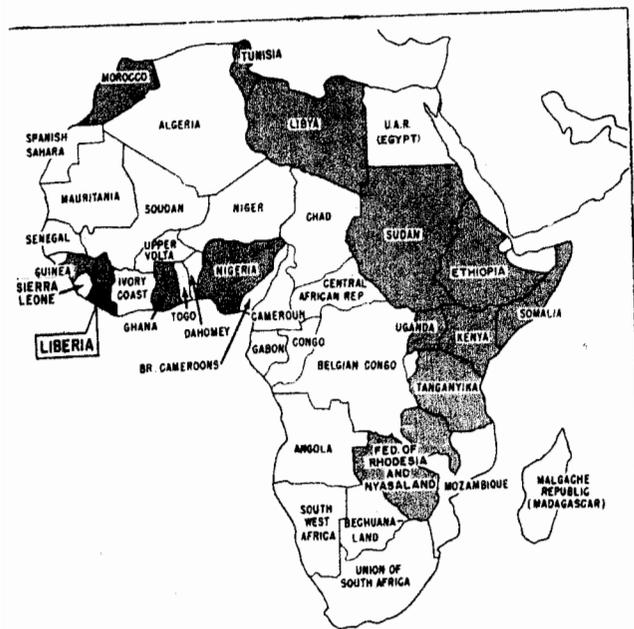
Function: TECHNICAL COOPERATION

DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands)

LOCAL CURRENCY COST  
(In thousands of dollar equivalent)

| Activity and Projects                              | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |            |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|-------------------|---|------------------|---------------------------|------------|-------------|-------------|--|-------------------------|
|  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u> |                   | 335   | 120              | 95                        | 15         | 60          | 45          |  |                         |
| Agronomy - Seed Improvement                        | N                 | 115   | 40               | 10                        |            | 50          | 15          |  |                         |
| Forestry Development                               | N                 | 45  | 20               | 25                        |            |             |             |  |                         |
| Agricultural Extension and Home Economics          | N                 | 115   | 40               | 40                        | 15         |             | 20          |  |                         |
| Tropical Horticulture Development                  | N                 | 60  | 20               | 20                        |            | 10          | 10          |  |                         |
| <u>Education - Total</u>                           |                   | 348   | 20               | 85                        | 200        | 5           | 38          |  |                         |
| Elementary School Teacher Training                 | N                 | 85  |                  | 60                        |            | 5           | 20          |  |                         |
| Education Planning                                 | N                 | 63  | 20               | 25                        |            |             | 18          |  |                         |
| Vocational Training                                | N                 | 200   |                  |                           | 200        |             |             |  |                         |
| <u>Industry and Transportation - Total</u>         |                   | 150   |                  |                           | 150        |             |             |  |                         |
| Industrial District                                | N                 | 150   |                  |                           | 150        |             |             |  |                         |
| <u>Miscellaneous - Total</u>                       |                   | 167   | 20               |                           | 64         | 30          | 53          |  |                         |
| Agricultural and Industrial Credit                 | N                 | 64  |                  |                           | 64         |             |             |  |                         |
| Technical Support                                  | N                 | 103   | 20               |                           |            | 30          | 53          |  |                         |
| <b>Total Technical Cooperation</b>                 |                   | <b>1,000</b>  | <b>160</b>       | <b>180</b>                | <b>429</b> | <b>95</b>   | <b>136</b>  |  |                         |

# LIBERIA - GENERAL ECONOMIC DATA



## BASIC DATA

|                            |                |
|----------------------------|----------------|
| Population.....            | 0.9 million    |
| Annual Growth.....         | 0.95 percent   |
| Area.....                  | 43,000 sq. mi. |
| Agricultural Land.....     | 43% of area    |
| Agri. Land per Capita..... | 13.1 acres     |
| Literacy Rate.....         | 5 percent      |

|  | <u>Liberia</u> | <u>U. S.</u> |
|--|----------------|--------------|
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | 16,300         | 760          |
| Road Miles per 1,000 sq.mi..                   | 40             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 75             | 4,500        |

|   |             | Calendar Years |       |       |           |
|---|-------------|----------------|-------|-------|-----------|
|   |             | 1956           | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT*</b>  |             |                |       |       |           |
| Total GNP (In 1958 Prices).....                                       | \$ Millions | 98             | 98    | 101   | 110       |
| Per Capita GNP.....   | Dollars     | 109            | 109   | 112   | 121       |
| <b>PRODUCTION</b>   |             |                |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....                              | 1952-54=100 | 106            | 106   | 110   | 113       |
| Rice (milled) .....   | 1,00 MT     | 112            | 115   | 115   | 115       |
| Palm oil .....  | "           | 41             | 40    | 40    | 45        |
| Rubber <sup>b/</sup> .....  | "           | 39             | 39    | 43    | 44        |
| <b>FOREIGN TRADE</b>  |             |                |       |       |           |
| Total Exports (f.o.b.).....   | \$ Millions | 64             | 58    | 55    | 70        |
| Rubber .....  | "           | 30             | 28    | 26    | 35        |
| Iron ore .....  | "           | 19             | 19    | 19    | 25        |
| Total Imports (c.i.f.).....   | "           | 49             | 46    | 44    | 55        |
| Trade Balance.....  | "           | +15            | +12   | +11   | +15       |
| <b>Trade with United States (U.S. Data)</b>                           |             |                |       |       |           |
| Exports to U. S. (f.o.b.).....  | \$ Millions | 43.3           | 38.4  | 33.2  | 40        |
| Imports from U. S. (c/f.o.b.).....                                    | "           | 17.1           | 21.1  | 18.4  | 22        |
| Trade Balance.....  | "           | +26.2          | +17.3 | +14.8 | +18       |
| <b>GOLD &amp; SHORT-TERM DOLLAR HOLDINGS</b> <sup>(end of year)</sup> | "           | 24             | 23    | 13    | 13 (Nov)  |
| <b>RUBBER EXPORT PRICE INDEX</b> <sup>d/</sup> .....                  | 1953=100    | 142            | 129   | 117   | 145       |

- Million Dollar Equivalents -

| <b>CENTRAL GOVERNMENT FINANCES*</b>                 |  | FY ending Sept. 30 |      |            |
|---|--|--------------------|------|------------|
|   |  | 1957               | 1958 | 1959 (Bud) |
| Domestic Revenues.....                              |  | 20                 | 19   | 25         |
| Total Expenditures.....                             |  | 21                 | 29   | 33         |
| Deficit(-) or Surplus Before All Foreign Aid....    |  | -1                 | -10  | -8         |
| Budget Receipts from Non-U.S. Foreign Aid.....      |  | 1                  | 1    | 1          |
| Budget Receipts from U.S. Aid & PL 480.....         |  | 4                  | 6    | 5          |
| Remaining Deficit(-) or Surplus(+)                  |  | +4                 | -3   | -          |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |  | 1                  | 1    | 1          |
| U.S.-Financed (excl. M.A.P. end-items)...           |  | -                  | -    | -          |
| Defense Expend. as % of Total Gov't Expend...       |  | 4.3%               | 2.8% | 3.3%       |
| Defense Expenditures as % of GNP .....              |  | 1.0%               | 0.8% | 0.8%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |  | 20                 | 28   | 28         |
| U.S.-Financed.....                                  |  | (4)                | (6)  | (5)        |

n.a. - Not available. <sup>a/</sup> Liberian currency is the U. S. \$. <sup>b/</sup> Crops harvest in crop-year ending in year stated. <sup>c/</sup> Excludes vessels transferred to Liberian registry. <sup>d/</sup> #1 ribbed smoked sheets, New York.

Country: LIBERIA

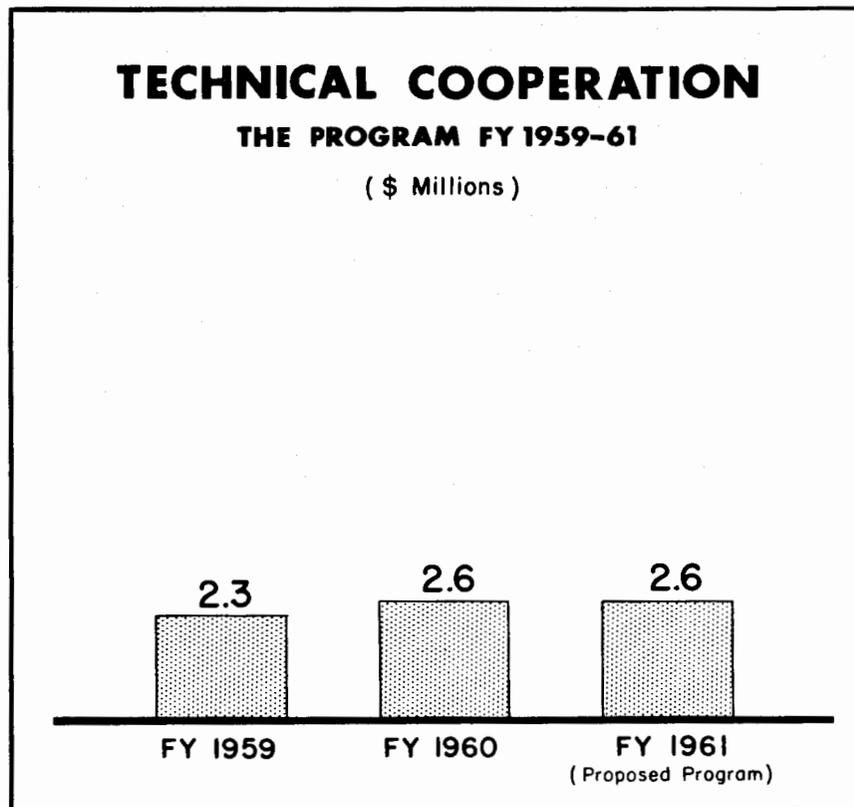
**MUTUAL SECURITY PROGRAM**

Liberia, founded by freed American slaves, has had close ties with the United States for more than a century and was until recently the only independent country in West Africa. Continuance of political stability and a reasonable rate of economic growth for Liberia are increasingly essential amid the highly charged atmosphere of new freedom, high economic aspirations and rising nationalism in West Africa. Liberia stands as a stabilizing element in this politically turbulent area.

Liberia has supported the United States position in international forums in disputes with the Soviet bloc and it has advocated in discussions with its neighbors a policy of moderation on issues involving African nationalism. Although Liberia no longer furnishes almost automatic support to the U.S. on international issues, its more independent course in foreign policy lends Liberia greater weight in African councils.

A source of strength for Liberia has been the nearly \$100 million of U.S. private capital invested under the nation's "open door" policy. The success of the "open door" for foreign investments provides the new countries of Africa a persuasive example as they choose between policies of encouraging private initiative and private foreign investment and policies of almost total reliance on government initiative and financing of economic development.

Although Liberia was able to increase its revenues sufficiently in 1959 to avert a threatened financial crisis, the economy continues vulnerable because of its heavy dependence on rubber. The U.S. has sought to encourage continued economic growth through development loans and, through technical assistance, to encourage higher health and educational standards and agricultural diversification. A small U.S. Army mission helps Liberia in training its constabulary force.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 2,308           | 2,311        |              |
| Cumulative 6/30/59                          | 13,684          | 11,416       | 2,268        |
| Estimate FY 1960                            | 2,600           | 2,368        |              |
| Cumulative 6/30/60                          | 16,284          | 13,784       | 2,500        |
| Estimate FY 1961                            | 2,600           | 2,700        |              |

Current Economic Situation and Problems

Liberia's prospects for economic growth are limited largely by the lack of development of its human resources. The country, striving to keep pace with the rapid changes of the twentieth century, has a population of some 900,000. Probably not more than 5% of the population is literate, and only a small fraction of school-age children attends primary school. There is particular lack of vocational training tailored to the needs of the country, notably in agriculture. Between half and two-thirds of all infants die before their second birthday, and diseases reduce the effectiveness of the labor force.

These problems are made more difficult by the social and economic differences between the Liberians of the coastal areas, originally settled by American emigrants, and the primitive tribes in the hinterland. The Liberian Government now recognizes the importance of creating economic opportunities which will draw the hinterland tribes into a productive role in the national economy and into a positive role in the political and social life of the nation. Liberia does not lack natural resources for economic development. The key to economic advancement rather lies in raising the levels of education and health and developing a corps of skilled technicians and experienced, conscientious administrators. Without rapid improvement in these areas Liberia's capacity to absorb investment capital and undertake major development will be severely limited.

In order to develop its human skills, Liberia must depend heavily for a number of years on technical help from abroad and must also find the funds needed to build schools and other institutions as well as to pay teachers and government staffs. At the present time, Liberia is having great difficulty in raising the necessary funds internally to cover these expenditures - funds that are needed to obtain maximum benefit from technical help.

In attempting to insure economic progress Liberia has relied heavily on an "open door" policy towards foreigners wishing to invest in the development of the country. By refusing to erect barriers to the flow of investment capital, Liberia has encouraged several major enterprises to operate in the country. One unique aspect of this policy has been the decision to utilize the American dollar for its money supply. At the moment the Firestone Rubber Company is the largest employer of Liberian labor in the country, and the Goodrich Company is also active. The Liberian Mining Company has developed iron ore deposits with production totaling somewhat under three million tons a year. A second firm, LAMCO, plans to develop large-scale deposits that should help raise total annual production of iron ore to 12 to 15 million tons

within the next decade. As a result of such developments, Liberia has been able to increase its exports nearly twenty-fold in twenty years, from roughly \$3 million in 1938 to \$55 million in 1958, and Federal budget revenue increased from less than \$1 million to \$19 million during the same period.

Despite these developments, only about 80,000 people work regularly for wages and salaries. GNP on a per capita basis amounted to about \$121 in 1959. Liberia also faces a serious agricultural problem. Well-balanced economic development requires that Liberian farmers move from a subsistence farm pattern to one that includes raising at least some cash crops as well as those foods needed for a more balanced diet. Finally, new types of economic activity need to be found to lessen dependence on rubber plantations and iron ore mining.

Assistance from Non-ICA Sources

External assistance to Liberia has come from a variety of sources. In 1959 the Export-Import Bank loaned \$7.3 million to improve and expand the electric power system in Monrovia, and an additional \$1.3 million in FY 1960. The DLF has signed a \$3 million telecommunications loan and is establishing a reserve fund to guarantee one-half of a \$1 million small-loan program of the Bank of Monrovia. The DLF has also loaned \$190,000 for a sawmill. An additional \$15 million for roads is coming from an Italian loan and a German firm interested in plantation crops has loaned \$5 million for a port at Sinoe. Israel has opened a \$10 million line of credit to finance building construction.

Several United Nations organizations are giving technical aid to Liberia. In addition, various missionary societies spend roughly \$1 million a year on educational and medical facilities in Liberia.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |               |         |                   |
|--|---------------|---------|-------------------|
|  | FY 1958       | FY 1959 | FY 1960           |
| ICA - obligations . . . . .                      | 2.4           | 2.9     | 3.1               |
| DLF - Loan Approvals . . . . .                   |               | 3.2     | 0.2 <sup>1/</sup> |
| P.L. 480, Title I - Country Use . . . . .        |               |         |                   |
| (Total Sales)                                    |               |         |                   |
| P.L. 480, Title II - Obligations . . . . .       |               |         | <sup>2/</sup>     |
| P.L. 480, Title III - Obligations . . . . .      | <sup>3/</sup> | 0.3     | 0.2 <sup>2/</sup> |
| EX-IM Bank - Long-term Loans Approved . . . . .  |               | 7.3     | 1.3 <sup>2/</sup> |
| TOTAL . . . . .                                  | 2.4           | 13.7    | XXXX              |

<sup>1/</sup>Actual 1st 7 mos. <sup>2/</sup>Actual 1st 6 mos.

<sup>3/</sup> Less than \$.05 million.

Role of Program

The U.S. Technical Cooperation Program seeks to help the Liberian Government unify and advance the country through a program of economic progress based on liberal economic policies and cooperation with the Free World. The Technical Cooperation Program is related directly to the U.S. interest in insuring the success of Liberia's "open door" foreign investment policy. The Technical Cooperation Program is primarily directed towards the training and development of the Liberian people, to permit a more effective absorption of foreign investment and a greater participation of Liberians in the economic activity of the country.

The rapid economic development of this country has not been adequately reflected in better social services and higher living standards for the majority of Liberians. In response to this, the ICA program is entering a new phase with an increase in program activities in the hinterland. Technical assistance and demonstration activities at the district and tribal levels will become a major element of the program "up-country."

Objectives - Technical Cooperation

- (a) To increase the educational level of Liberia by assisting in the training of teachers for the primary schools, helping to develop vocational education and training and helping to upgrade the teaching staff of the University of Liberia.
- (b) To combat the spread of debilitating diseases.
- (c) To increase and diversify Liberia's agriculture by developing suitable cash crops for farmers as well as crops for home consumption that will provide Liberians with a more balanced diet.
- (d) To support the development of the basic road network by training the Liberians to maintain the highways being constructed with foreign loans and to construct farm-to-market roads.

Accomplishments - Technical Cooperation

In the field of education, U.S. technicians have improved the quality of instruction at the Booker Washington Institute vocational school for which Liberian teachers have been trained and at which enrollment has increased from 195 in 1954 to 450 in 1958. Nine shops for auto mechanics, electricity, plumbing and other trades also have been established and equipped. Approx-

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 2,308            | 2,600              | 2,600              |

mately 1,500 Liberian teachers over a period of years have received in-service training, some 3,000 teacher guide books have been distributed and 20,000 copies of pamphlets and textbooks have been printed and distributed. In the area served by the new road leading into the interior of the country, a total of 24 schools have been developed in the three new school districts. Adult education classes have been established in 80% of the villages in this area. For the country as a whole, school enrollment has jumped from 25,000 in 1950 to 55,000 in 1957.

Fifteen aides have been trained at the agricultural research station and experiments have been conducted on twenty different tree crops and thirty different grasses and legumes. A considerable amount of planting stock has also been distributed: 760,000 rubber trees, 189,000 citrus trees and 69,000 coffee trees. Partly as a result of ICA assistance, a number of Liberians have been able to establish their own rubber plantations. It is estimated that the acreage planted in rubber by Liberians may be equal to roughly two-thirds of Firestone's although the Liberians' production is currently only 10% of Firestone production because of the time needed before trees are large enough to be tapped. A fresh water fisheries project has been initiated. Nine fish production ponds have been established and 27 privately owned ponds have been completed and are in operation. Thirteen farm youth clubs have been organized with a total membership of nearly a thousand.

Some of the most impressive agricultural accomplishments have been in the field of forestry. With the encouragement of U.S. technicians, the Government passed a forest conservation law that provides for the use of Liberia's forests on a sustained-yield basis. Liberian surveyors have been trained and the Government has been able to incorporate 4,500,000 acres, or roughly 18% of the entire land area, in a national forest system. Recently, the first concessions have been given for the development of Liberia's forests by a Liberian and an American firm.

Another important accomplishment is in the field of electric power generation. On the basis of an ICA-sponsored survey of Liberia's electric power needs, the Export-Import Bank recently made a \$7.3 million loan for the expansion and improvement of electric power facilities.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity              | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                   |                  |
| Technicians .....                                       | 899                                 | 950               | 1,059            |
| Participants .....                                      | 142                                 | 161               | 253              |
| Contractual Services .....                              | 832                                 | 892               | 372              |
| Supplies and Equipment .....                            | 306                                 | 239               | 381              |
| Contrib. to Coop. Services ...                          |                                     |                   |                  |
| Other Costs .....                                       | 129                                 | 358               | 535              |
| <b>Total Project Assistance..</b>                       | <b>2,308</b>                        | <b>2,600</b>      | <b>2,600</b>     |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                   |                  |
| Technicians (On duty close of yr.)                      |                                     |                   |                  |
| U.S. Employed .....                                     | 60                                  | 50                | 60               |
| Contract .....  | 27                                  | 42                | 27               |
| <b>Total Technicians .....</b>                          | <b>87</b>                           | <b>92</b>         | <b>87</b>        |
| Participants (Programmed during year) .....             |                                     |                   |                  |
| Non-Contract .....                                      | 48                                  | 60                | 86               |
| Contract .....  |                                     | 8                 |                  |
| <b>Total Participants .....</b>                         | <b>48</b>                           | <b>68</b>         | <b>86</b>        |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                   |                  |
| Agriculture, Forestry and Fisheries .....               | 365                                 | 470               | 634              |
| Industry and Mining .....                               | 87                                  | 1                 | 8                |
| Transportation .....                                    | 298                                 | 268               | 386              |
| Labor .....   |                                     |                   |                  |
| Health and Sanitation .....                             | 79                                  | 122               | 109              |
| Education .....   | 644                                 | 712               | 337              |
| Public Administration .....                             | 129                                 | 347               | 415              |
| Community Development, Social Welfare and Housing ..... |                                     |                   |                  |
| General and Miscellaneous ...                           | 706                                 | 680               | 711              |
| <b>Total by Field of Activity..</b>                     | <b>2,308</b>                        | <b>2,600</b>      | <b>2,600</b>     |

## Composition of FY 1961 Technical Cooperation Program - \$2,600,000

Under a program now being developed at Zorzor in the interior of Liberia, teachers will be trained by U.S. instructors who are expected to be supplied by the Tuskegee Institute. U.S. technicians will continue to help the government establish new schools in the interior. The education program will also provide assistance in industrial arts and vocational education programs in selected elementary schools and all of the Liberian high schools.

The major focal point of agricultural activity in FY 1961 will be experimentation and extension work, with greater emphasis on training programs and the development of a satisfactory supply of protein. Considerable training of extension workers and aides, voluntary community leaders, and farm youth leaders will continue. About 100 family-sized demonstration farms producing local foods such as peanuts, cassava and poultry as well as cash tree crops will be utilized in training programs. U.S. technicians will continue to assist in improving the Forestry School and the Liberian Bureau of Forest and Wildlife Conservation as well as to encourage a greater utilization of Liberian woods.

The ICA health program is primarily directed to preventive medicine. Assistance will be provided for the development of better water supplies and improved sanitation as well as for public health education. Assistance in malaria control will continue to be provided in cooperation with the World Health Organization. In curative medicine, an American doctor and a nurse will work with health personnel in a number of hospitals and clinics in Liberia.

All of the funds in the transportation program will be used in a project staffed by the U.S. Bureau of Public Roads to train Liberians in road maintenance work. This training is essential to the maintenance of roughly 1,700 miles of roads under difficult conditions. In addition to training Liberians in road repair, this project also provides assistance in the construction of farm-to-market roads.

Assistance to the Liberian Government in selected areas of public administration is being expanded. This increase reflects the Liberian Government's growing recognition of the importance of a more efficient civil service to the success of Liberia's unification policy. An economic survey to be carried out by Northwestern University will be continued. Assistance in improving Liberia's fiscal management and accounting methods will also be provided.

Country: LIBERIA

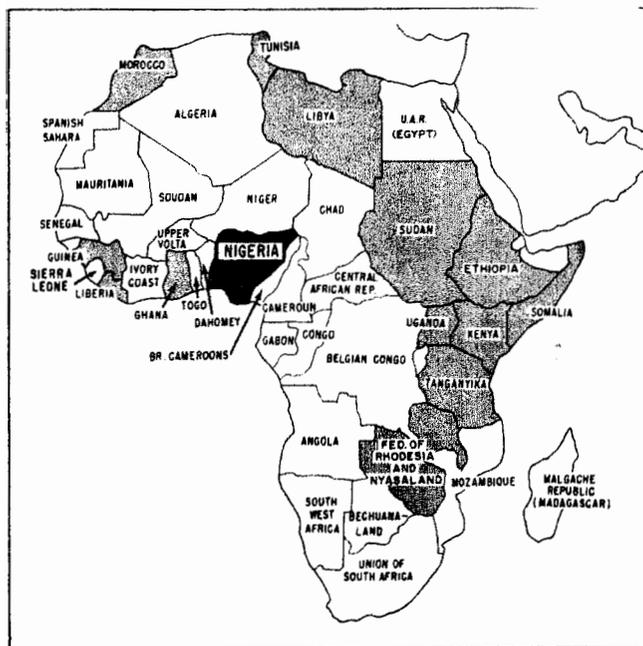
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|--------------|------------------|---------------------------|------------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 634          | 279              | 67                        |            | 92          | 196  |                                       |                         |                              |
| Agricultural Experimentation                       | C   |                   | 152          | 70               | 26                        |            | 24          | 32   |                                       |                         |                              |
| Agricultural Extension                             | C   |                   | 347          | 119              | 25                        |            | 54          | 149  |                                       |                         |                              |
| Forest Conservation                                | C   |                   | 89           | 60               | 8                         |            | 9           | 12   |                                       |                         |                              |
| Fresh Water Fisheries                              | C   |                   | 46           | 30               | 8                         |            | 5           | 3  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 8            |                  | 8                         |            |             |  |                                       |                         |                              |
| Geological Assistance                              | N   |                   | 8            |                  | 8                         |            |             |  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   | 386          | 212              | 36                        |            | 120         | 18   |                                       |                         |                              |
| Highways   | C   |                   | 386          | 212              | 36                        |            | 120         | 18   |                                       |                         |                              |
| <u>Health and Sanitation - Total</u>               |   |                   | 109          | 78               | 12                        |            | 7           | 12   |                                       |                         |                              |
| Public Health Education                            | C   |                   | 26           | 16               | 7                         |            | 2           | 1  |                                       |                         |                              |
| Public Health Nursing                              | C   |                   | 23           | 20               |                           |            | 1           | 2  |                                       |                         |                              |
| Improvement Rural Clinics                          | N   |                   | 20           | 16               |                           |            | 1           | 3  |                                       |                         |                              |
| Improvement Nursing Services                       | N   |                   | 22           | 13               | 5                         |            | 1           | 3  |                                       |                         |                              |
| Environmental Sanitation                           | N   |                   | 18           | 13               |                           |            | 2           | 3  |                                       |                         |                              |
| Malaria Control (world-wide S.A.)                  | C   |                   | (93)         | (59)             | (7)                       |            | (25)        | (2)  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 337          | 97               | 38                        | 100        | 46          | 56   |                                       |                         |                              |
| Teacher Training                                   | C   |                   | 210          | 34               | 38                        | 100        | 34          | 4  |                                       |                         |                              |
| Rural School Development                           | C   |                   | 84           | 63               |                           |            | 12          | 9  |                                       |                         |                              |
| Local Scholarship Assistance                       | N   |                   | 43           |                  |                           |            |             | 43   |                                       |                         |                              |
| <u>Public Administration - Total</u>               |   |                   | 415          | 85               | 72                        | 200        | 18          | 40   |                                       |                         |                              |
| Public Safety (Police Training)                    | C   |                   | 100          | 70               | 10                        |            | 15          | 5  |                                       |                         |                              |
| Public Services Management                         | C   |                   | 205          | 15               | 62                        | 120        | 3           | 5  |                                       |                         |                              |
| Economic Research and Statistics                   | C   |                   | 110          |                  |                           | 80         |             | 30   |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 711          | 308              | 20                        | 72         | 98          | 213  |                                       |                         |                              |
| Communications Media                               | C   |                   | 182          | 98               | 20                        |            | 39          | 25   |                                       |                         |                              |
| Technical Support                                  | C   |                   | 529          | 210              |                           | 72         | 59          | 188  |                                       |                         |                              |
| <b>Total Technical Cooperation</b>                 |   |                   | <b>2,600</b> | <b>1,059</b>     | <b>253</b>                | <b>372</b> | <b>381</b>  | <b>535</b>   |                                       |                         |                              |

## NIGERIA - GENERAL ECONOMIC DATA



### BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 35.0 million    |              |
| Annual Growth.....                             | 2.0 percent     |              |
| Area.....                                      | 373,250 sq. mi. |              |
| Agricultural Land.....                         | 23% of area     |              |
| Agri. Land per Capita.....                     | 1.6 acres       |              |
| Literacy Rate.....                             | 10 percent      |              |
|  | <u>Nigeria</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.            | 70           |
| Inhabitants per Physician...                   | 64,500          | 760          |
| Road Miles per 1,000 sq.mi..                   | 100             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 10              | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT</b> *                |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 2,450 | 2,652 | 2,808 | 2,850     |
| Per Capita GNP.....                            | Dollars     | 73    | 78    | 81    | 81        |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | n.a.  | 120   | 128   | 129       |
| Palm oil .....                                 | 1,000 MT    | n.a.  | 570   | 544   | 540       |
| Peanuts, unshelled .....                       | "           | n.a.  | 771   | 1,261 | 1,025     |
| Tin .....                                      | "           | 9.3   | 9.8   | 9.4   | 6.0       |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b.).....                    | \$ Millions | 377   | 354   | 380   | 490       |
| Palm kernels & oil .....                       | "           | 99    | 89    | 92    | 100       |
| Cocoa .....                                    | "           | 67    | 73    | 75    | 120       |
| Total Imports (c.i.f.).....                    | "           | 428   | 427   | 467   | 485       |
| Trade Balance.....                             | "           | -51   | -73   | -87   | +5        |
| Trade with United States (U.S. Data)           |             |       |       |       |           |
| Exports to U. S. (f.o.b.).....                 | \$ Millions | 42    | 26    | 33    | 35        |
| Imports from U. S. (f.o.b.).....               | "           | 13    | 18    | 23    | 20        |
| Trade Balance.....                             | "           | +29   | +8    | +10   | +15       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 718   | 681   | 592   | n.a.      |
| COST OF LIVING INDEX (Lagos) .....             | 1953=100    | 119   | 119   | 120   | 125       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES                         | * FY ending Mar. 31 | 1958 | 1959 | 1960 (Bud) |
|---|---------------------|------|------|------------|
| Domestic Revenues.....                              |                     | 191  | 196  | 222        |
| Total Expenditures.....                             |                     | 209  | 253  | 313        |
| Deficit(-) or Surplus Before All Foreign Aid....    |                     | -18  | -57  | -91        |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                     | 2    | 15   | 17         |
| Budget Receipts from U.S. Aid & PL 480.....         |                     | -    | -    | -          |
| Remaining Deficit(-) or Surplus(+)                  |                     | -16  | -42  | -74        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                     | 8    | 13   | 14         |
| U.S.-Financed .....                                 |                     | -    | -    | -          |
| Defense Expend. as % of Total Gov't Expend...       |                     | 3.8% | 5.1% | 4.5%       |
| Defense Expenditures as % of GNP .....              |                     | 0.3% | 0.5% | 0.5%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                     | 201  | 240  | 299        |
| U.S.-Financed.....                                  |                     | -    | -    | -          |

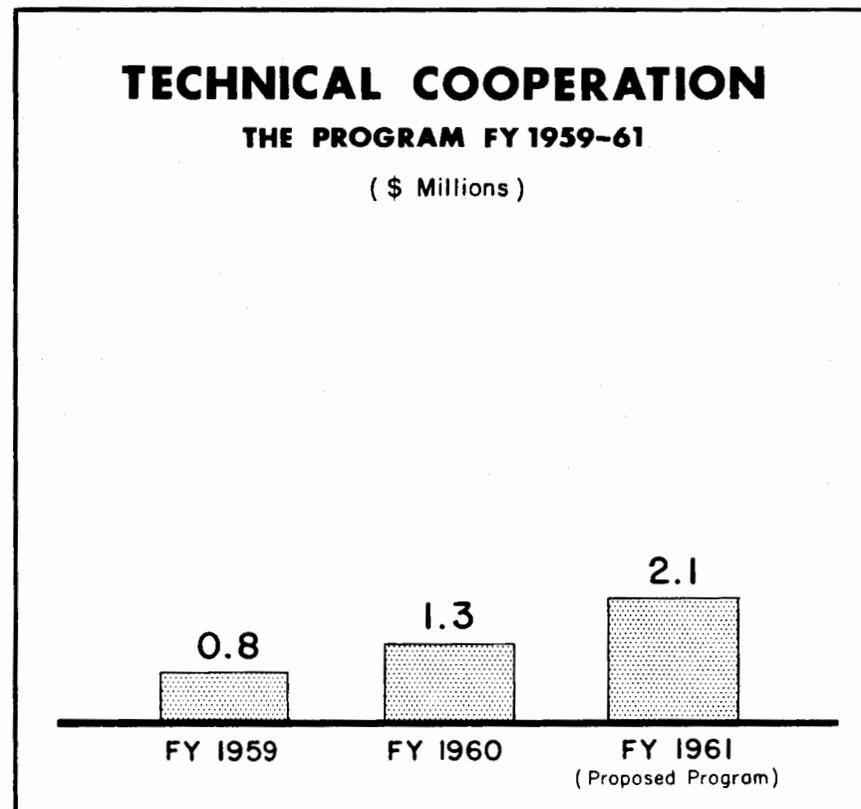
n.a. - Not available. \* / Converted at \$2.80 per pound. a / Crops harvested in crop-year ending in year stated. NOTE: Data include British Cameroons.

Nigeria will become fully independent on October 1, 1960. By far the most populous country in Africa, with energetic, ambitious leadership and valuable resources and development potential, Nigeria will become a potent force among the free countries of Africa. If the hopes of the people of Nigeria are not to be frustrated, independence must be accompanied by rapid economic, social and political development. The United Kingdom has a major stake in Nigeria and will continue to fulfill a principal role in assisting its economic development. It is important to the U.S., however, that, with independence, Nigeria remain stable and united, and that the U.S. be identified with Nigeria's economic progress.

The national election of December 12, 1959 returned to power a government dominated by the Moslem traditionists of the Northern Region. The election has not smoothed over the age-old ethnic and religious differences splitting the country and, with the guiding hand of Britain removed, the stresses may become much more pronounced.

An independent Nigeria may be expected to follow a largely pro-Western policy, although it is certain to be under great pressure from other independent African states and from the Afro-Asian bloc to follow a neutralist course. All Nigerian leaders, however, are strongly anti-Communist and conservative in their political and economic policies.

Nigeria has a reasonably diversified economy and is an important producer of many tropical agricultural products. Industrial development, however, has not progressed beyond primary processing and simple manufacturing. American capital has begun to show definite signs of interest in Nigeria, particularly in the wake of a highly successful U.S. trade mission during 1959. Nigeria is highly receptive to foreign investment and welcomes U.S. technical cooperation activities. A major problem facing Nigeria is the absence of trained technicians, administrators and managers. By helping Nigeria to meet this serious shortage, the U.S. promotes economic and social development in harmony with U.S. interests.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 796             | 550          |              |
| Cumulative 6/30/59                          | 2,080           | 582          | 1,498        |
| Estimate FY 1960                            | 1,300           | 766          |              |
| Cumulative 6/30/60                          | 3,380           | 1,348        | 2,032        |
| Estimate FY 1961                            | 2,100           | 1,275        |              |

**ECONOMIC SITUATION**

Current Economic Situation and Problems

With independence next October, Nigeria will emerge as the most populous and potentially one of the more powerful states in Africa. Its natural resources are abundant. Its land is of good quality. Its people are industrious and vigorously pressing for economic and social progress. Three valuable agricultural products - cocoa beans, palm products and peanuts - make up about 60% of total exports. Nigeria also produces tin and petroleum and is the major world source of columbite. A beginning has been made in light manufacturing industry although industrial output, at perhaps 3-4% of Gross National Product, is well below its economic potential. In recent years, Nigeria's GNP is estimated to have increased in real terms about 4% per year.

In the long run Nigeria's stability and unity as a nation will depend upon the achievement of a reasonable rate of economic progress. Widespread illiteracy, estimated at 90%, low agricultural productivity, and the wide prevalence of malnutrition and debilitating diseases will severely retard the government's most earnest efforts. Although Nigeria is able to feed its population, agricultural output must increase substantially to keep pace with a population growth of 2% per year. The need for increased foreign exchange earnings to pay for rising imports will require a still greater expansion of agricultural output.

While Nigeria, like Ghana, is ahead of other African countries in developing its trained manpower, the shortage of skilled personnel of all types - administrative, technical, professional and trades people - continues to be a major impediment to the country's economic advance. Indicative of the need for training is the fact that of a total of more than 90,000 teachers in primary and secondary schools and teacher training centers, 73% are uncertificated or probationary. In 1959 the government had 4,600 senior posts in the Civil Service. Of these, Nigerians filled 1,850, foreign nationals occupied 1,530, and there were 1,220 vacancies.

Nigeria's economic development plans, in which improvement of educational facilities is an important element, envisage a total capital outlay of approximately \$950 million during the seven years 1955/56 to 1961/62. Of this amount some \$740 million will have come from domestic resources. The U.K. Colonial Development and Welfare Fund will have provided some \$65 million in grants. The \$145 million balance, which does not include private investment, is expected to come from other external sources.

Assistance from Non-ICA Sources

Nigeria's balance of payments shows net foreign investment in Nigeria of about \$55-60 million per annum in recent years. In addition to private investment there have been private donations and official aid from the U.K. and other countries amounting to another \$20-30 million a year.

External assistance other than private foreign investment comes from a large number of sources, the most important of which is the U.K. Colonial Development and Welfare Fund which has granted aid for social overhead projects. Over a period of eight years from 1955 through 1962, assistance from the U.K. Government, including loans, will have averaged at least \$12 million a year. Although Nigeria will not be eligible to receive additional grants from the Colonial Development and Welfare Fund after October 1960, the funds which have been allotted will still be available, and it is expected that they will not be entirely expended for several years. Although the U.K. intends to continue on a substantial scale to help fill shortages in Nigeria's supply of capital and know-how, with political independence, Nigeria will be turning more and more to other sources of assistance.

The IBRD has made only one loan to Nigeria: \$28 million was committed in 1958 for the extension of the Bornu Railroad. DLF has approved a loan of \$800,000 to assist in the construction of the Apapa Warehouse in Lagos.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars)           |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                                | 0.1     | 0.8     | 1.3     |
| DLF - Loan Approvals . . . . .                             |         | 0.8     | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - Obligations . . . . .                 |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .                |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  | 0.1     | 1.6     | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.                  |         |         |         |

Country: NIGERIA

## TECHNICAL COOPERATION

### Role of ICA Program

As Nigeria approaches independence, ICA assistance becomes of increasing importance in the manifestation of U.S. interest in this prospective leader among the independent countries of Sub-Saharan Africa. The program proposed for FY 1961 reflects the desire to respond to Nigeria's requests for assistance at this decisive point in the formation of the new nation.

ICA assistance can have an important role in helping to strengthen Nigeria's national cohesion and stability through technical assistance activities with the new federal government, and by encouraging regional coordination in economic planning and operations. It can also help develop institutions and attitudes which strengthen the democratic orientation of Nigeria through training programs for Nigerian leaders, the encouragement of private enterprise and the establishment of close ties with American institutions.

Because of its size and major importance in the African setting and because of the enormity of its problems and the need to accelerate and intensify the training of Nigerian administrative and technical leaders, Nigeria will be a focal point for activity financed from the Special Program for Tropical Africa.

### Objectives - Technical Cooperation

- (a) To assist Nigeria increase the number and quality of its administrators, technicians and teachers by helping to organize and develop vocational and professional level schools and teacher training programs.
- (b) To promote increased agricultural productivity and diversification through agricultural research and extension programs in each region and pest control activities.
- (c) To help create a more favorable climate and new opportunities for private investment and the development of light industry through assistance in organizing industrial technical services and credit facilities.
- (d) To strengthen government operations by providing training and guidance in public administration and advisory services in education and agriculture and economic planning.

### Accomplishments - Technical Cooperation

U.S. assistance to Nigeria, which has been made available since FY 1955 on a contract basis through the United Kingdom, has laid the groundwork for an effective Technical Cooperation Program. As

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 796              | 1,300              | 2,100              |

independence approaches, ICA operations are gradually being shifted to a regular Mission organization.

While work in agriculture has been in effect for only two years, worthwhile accomplishments have been achieved. Research and tests have brought to light 12 grasses and six legumes suitable for use in pasture improvement. Planting stock production is under way and grazing trials have been established. Superior-yielding corn varieties have been found capable of 50% higher yields. The seed storage problem has been solved by drying seed and storing it in airtight oil drums. Work in soil and water conservation has progressed, particularly in the development of stock ponds.

Virus diseases cause heavy losses in almost all crops in Nigeria. Work has been conducted to determine insect vectors of each disease and recommendations have been made for the additional facilities needed.

Over a period of four years, all of the approximately 500 instructors in the Western Region primary school teacher training colleges will be upgraded through a one-year course developed by an Ohio University contract group. Forty-six Nigerian instructors have now completed this training. In addition, a group of commercial teachers in the Western Region has completed the first year of a teacher training course.

A Trade Industry Education Advisor, in Nigeria since April, 1958, has done an outstanding job in the development of manual arts training for primary schools. The first group of 10 manual arts teachers is being trained in a demonstration shop established at the Kumba Teacher Training College. They will direct 10 manual arts workshops now being built with Nigerian funds.

In May 1958, President Hannah and Dean Taggart of Michigan State University undertook a survey to determine the practicability of plans for establishing a University of Nigeria in the Eastern Region. The British were represented in the survey by Dr. James Cook of Exeter University. The Eastern Region has officially approved the recommendations of the survey team's report and has appointed a Provisional Council for the University which includes British and American membership.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 72                                  | 427                  | 803                 |
| Participants .....                                      | 44                                  | 117                  | 354                 |
| Contractual Services .....                              | 509                                 | 616                  | 788                 |
| Supplies and Equipment .....                            | 81                                  | 52                   | 35                  |
| Contrib. to Coop. Services .....                        |                                     |                      |                     |
| Other Costs .....                                       | 90                                  | 88                   | 120                 |
| Total Project Assistance ..                             | 796                                 | 1,300                | 2,100               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 4                                   | 22                   | 42                  |
| Contract .....  | 17                                  | 20                   | 40                  |
| Total Technicians .....                                 | 21                                  | 42                   | 82                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 15                                  | 38                   | 87                  |
| Contract .....  | 2                                   |                      | 22                  |
| Total Participants .....                                | 17                                  | 38                   | 109                 |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 350                                 | 256                  | 434                 |
| Industry and Mining .....                               | 3                                   | 5                    | 76                  |
| Transportation .....                                    | 7                                   | 10                   | 10                  |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education .....   | 229                                 | 702                  | 986                 |
| Public Administration .....                             | 15                                  | 30                   | 54                  |
| Community Development, Social Welfare and Housing ..... |                                     | 5                    | 20                  |
| General and Miscellaneous .....                         | 192                                 | 292                  | 520                 |
| Total by Field of Activity ..                           | 796                                 | 1,300                | 2,100               |

## Composition of FY 1961 Technical Cooperation Program - \$2,100,000

The main line of program activities under the FY 1961 Technical Cooperation Program will be technical education. Two Ohio University specialists will continue training the Nigerian teaching staff at nine handicraft centers in the Eastern Region. Another advisor will be added to provide assistance in the organization of a secondary technical school at Port Harcourt and in the training of its teaching staff. In the Western Region, contract assistance to the Technical Institute at Ibadan will continue to help develop a teaching staff for post secondary technical education in mechanical, electrical and civil engineering. Assistance will also be given the Federal Centers in the development of staff training (all levels) for Trade Industry Education.

In the Western Region, the teacher training staff will continue to provide elementary and commercial school teacher training, and a pilot project in elementary teacher training will be initiated in the North. Advisory services on the planning, administration and organization for the development of a National University at Nsukka in the Eastern Region will be expanded.

Work will continue in all regions on agricultural research, extension and training, with subprojects concentrating on the problems of the production of urgently needed protein foods. A pilot demonstration on tsetse fly eradication will be continued.

Assistance will be provided to the Nigerian Government toward developing and improving facilities for attracting foreign investment to Nigeria. In addition credit facilities and associated technical services to small and medium industry and commerce will be established. Both phases will build on the considerable number of existing Nigerian lending and development promotion institutions. Other main lines of the Technical Cooperation Program are to include public and business administration; the collection and analysis of basic economic and social data; transportation training; audio-visual techniques for agriculture, education, health and other programs.

Country: NIGERIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: TECHNICAL COOPERATION | Activity and Projects  | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                          |
|---------------------------------|--|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|--|--------------------------|
|                                 |  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counter-part |
|                                 | <u>Agriculture, Forestry and Fisheries - Total</u>               |                   | 434   | 282              | 152                       |           |             |             |  |                          |
|                                 | Western Region Research, Education, Extension                    | C                 | 100   | 60               | 40                        |           |             |             |  |                          |
|                                 | Eastern Region Research, Education, Extension                    | C                 | 122   | 72               | 50                        |           |             |             |  |                          |
|                                 | Northern Region Research, Education, Extension                   | C                 | 130   | 80               | 50                        |           |             |             |  |                          |
|                                 | Tsetse Fly Eradication   | C                 | 30  | 30               |                           |           |             |             |  |                          |
|                                 | Agriculture Statistics   | C                 | 52  | 40               | 12                        |           |             |             |  |                          |
|                                 | <u>Industry and Mining - Total</u>                               |                   | 76  | 55               | 21                        |           |             |             |  |                          |
|                                 | Investment and Industrial Development                            | C                 | 76  | 55               | 21                        |           |             |             |  |                          |
|                                 | <u>Transportation - Total</u>                                    |                   | 10  |                  | 10                        |           |             |             |  |                          |
|                                 | Highway Engineering Training                                     | C                 | 10  |                  | 10                        |           |             |             |  |                          |
|                                 | <u>Education - Total</u>   |                   | 986   | 184              | 90                        | 677       | 35          |             |  |                          |
|                                 | Trade Industrial Education                                       | C                 | 10  | 10               |                           |           |             |             |  |                          |
|                                 | Vocational Education   | C                 | 244   | 44               |                           | 185       | 15          |             |  |                          |
|                                 | Elementary Teacher Training, Western Region                      | C                 | 292   |                  |                           | 292       |             |             |  |                          |
|                                 | Elementary Teacher Training, Northern Region                     | C                 | 107   | 47               | 60                        |           |             |             |  |                          |
|                                 | University of Nigeria, Eastern Region                            | C                 | 210   | 10               |                           | 200       |             |             |  |                          |
|                                 | Education Planning   | C                 | 104   | 54               | 30                        |           | 20          |             |  |                          |
|                                 | Communications Training  | C                 | 19  | 19               |                           |           |             |             |  |                          |
|                                 | <u>Public Administration - Total</u>                             |                   | 54  | 18               | 36                        |           |             |             |  |                          |
|                                 | Economic and Financial Statistics                                | C                 | 24  | 18               | 6                         |           |             |             |  |                          |
|                                 | Public Administration Training                                   | C                 | 30  |                  | 30                        |           |             |             |  |                          |
|                                 | <u>Community Development, Social Welfare and Housing - Total</u> |                   | 20  |                  | 20                        |           |             |             |  |                          |
|                                 | Community Development Training                                   | C                 | 20  |                  | 20                        |           |             |             |  |                          |

Country: NIGERIA

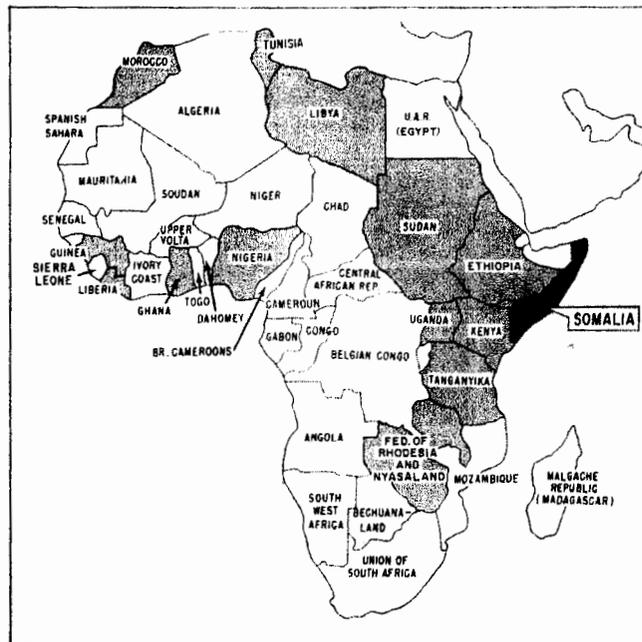
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u> | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>General and Miscellaneous - Total</u>           |   | 520               | 264   | 25               | 111                       |           |             | 120         |  |                         |
| Audio-Visual Aids Programs                         | C   | 131               | 20    |                  | 111                       |           |             |             |  |                         |
| Development of Industrial and Agricultural Credit  | C   | 25                |       | 25               |                           |           |             |             |  |                         |
| Technical Support                                  | C   | 364               | 244   |                  |                           |           |             | 120         |  |                         |
| Total Technical Cooperation                        |   | 2,100             | 803   | 354              | 788                       | 35        |             | 120         |  |                         |

# SOMALIA - GENERAL ECONOMIC DATA



| BASIC DATA                                     |                 |              |
|--|-----------------|--------------|
| Population.....                                | 1.3 million     |              |
| Annual Growth.....                             | 0.9 percent     |              |
| Area.....                                      | 178,000 sq. mi. |              |
| Agricultural Land.....                         | 28% of area     |              |
| Agri. Land per Capita.....                     | 24 acres        |              |
| Literacy Rate.....                             | 1 percent       |              |
|  | <u>Somalia</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.            | 70           |
| Inhabitants per Physician...                   | 33,000          | 760          |
| Road Miles per 1,000 sq.mi..                   | 33              | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 5               | 4,500        |

Calendar Years

|  | Unit        | 1956 | 1957 | 1958 | 1959 Est. |
|--|-------------|------|------|------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>                               |             |      |      |      |           |
| Total GNP (In 1958 Prices).....                              | \$ Millions | 48   | 54   | 52   | 55        |
| Per Capita GNP.....  | Dollars     | 37   | 41   | 39   | 41        |
| <b>PRODUCTION</b>  |             |      |      |      |           |
| Agricul. Prod. Index <sup>a/</sup> .....                     | 1952-54=100 | 129  | 178  | 160  | 179       |
| Bananas .....  | 1,000 MT    | 65   | 60   | 83   | 90        |
| Durra (Sorghum) .....  | "           | 50   | 118  | 65   | 100       |
| Corn .....   | "           | 50   | 49   | 47   | 48        |
| <b>FOREIGN TRADE</b>   |             |      |      |      |           |
| Total Exports (f.o.b) <sup>b/</sup> .....                    | \$ Millions | 9.2  | 10.8 | 13.5 | 14        |
| Bananas <sup>b/</sup> .....                                  | "           | 5.4  | 6.6  | 8.4  | n.a.      |
| Hides and skins .....  | "           | 1.1  | 0.9  | 0.7  | n.a.      |
| Total Imports (c.i.f.).....                                  | "           | 16.2 | 16.4 | 14.3 | 15        |
| Trade Balance.....   | "           | -7.0 | -5.6 | -0.8 | -1        |
| <b>Trade with United States (U.S. Data)</b>                  |             |      |      |      |           |
| Exports to U. S. (f.o.b.).....                               | \$ Millions | 0.8  | 0.4  | 0.4  | 0.6       |
| Imports from U. S. (f.o.b.).....                             | "           | 2.9  | 1.8  | 0.9  | 0.9       |
| Trade Balance.....   | "           | -2.1 | -1.4 | -0.5 | -0.3      |
| GOLD & FOREIGN EXCHANGE HOLDINGS <sup>c/</sup> (end of year) | "           | 5.0  | 5.6  | 5.8  | 5.5       |
| COST OF LIVING INDEX <sup>d/</sup> .....                     | 1953=100    | 109  | 101  | 102  | n.a.      |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending Dec. 31 | 1957 | 1958 | 1959 (Bud) |
|---|-------------------|------|------|------------|
| Domestic Revenues.....                              |                   | 7    | 8    | 8          |
| Total Expenditures.....                             |                   | 13   | 15   | 15         |
| Deficit(-) or Surplus Before All Foreign Aid....    |                   | -6   | -7   | -7         |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                   | 6    | 5    | 5          |
| Budget Receipts from U.S. Aid & PL 480.....         |                   | -    | 1    | 2          |
| Remaining Deficit(-) or Surplus(+)                  |                   | -    | -1   | -          |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                   | 1    | 1    | 1          |
| U.S.-Financed .....                                 |                   | -    | -    | -          |
| Defense Expend. as % of Total Gov't Expend...       |                   | 6.4% | 6.8% | 6.6%       |
| Defense Expenditures as % of GNP .....              |                   | 1.5% | 1.9% | 1.8%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                   | 12   | 14   | 14         |
| U.S.-Financed.....                                  |                   | -    | (1)  | (2)        |

n.a. - Not available. \* / Converted at 7.1 somalos per U.S. \$. a / Crops harvested in crop-year beginning in year stated. b / Somalia customs data; does not reflect actual (higher) prices received for banana exports from the Italian State Banana Monopoly. c / Italian lire, sterling currencies, and U. S. dollars held by the Currency Circulation Fund of Somalia at the Bank of Italy to cover the note issue, which is backed 100% by foreign currencies. d / For Somalis in Mogadiscio.

Country:

SOMALIA

MUTUAL SECURITY PROGRAM

The Trust Territory of Somaliland will become independent Somalia on July 1, 1960. Immediate problems of national and economic stability confront Somali leaders as they assume administrative problems formerly borne by Italy. In working with other Free World nations to support Somalia as it joins the ranks of free African nations, the U.S. can contribute to the orientation of the country to the West and to continued peace and stability in the Horn of Africa. U.S. concern for Somalia's political and economic evolution is heightened by that country's geographic location along the main lines of sea and air communication between the Mediterranean, East Africa, and the Indian Ocean.

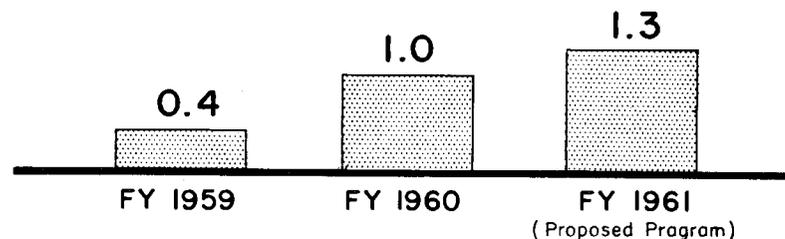
Although substantial progress has been made in developing the country's limited resources, there is little prospect that Somalia will achieve viability in the near future. Italy has agreed to continue its assistance after independence, while the U.K. has promised an additional \$280,000. The U.S. has assured the Somali Government that it would continue its interest in Somalia's economic future and would be willing, subject to the availability of funds, to supplement with technical and economic assistance the aid provided by other friendly countries.

Through its assistance, the U.S. helps in training the Somali people to meet their growing administrative and technical responsibilities and in developing agricultural and water resources.

**TECHNICAL COOPERATION**

**THE PROGRAM FY 1959-61**

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 447             | 456          |              |
| Cumulative 6/30/59                          | 1,787           | 1,379        | 408          |
| Estimate FY 1960                            | 1,000           | 708          |              |
| Cumulative 6/30/60                          | 2,787           | 2,087        | 700          |
| Estimate FY 1961                            | 1,300           | 1,100        |              |

**ECONOMIC SITUATION**

Current Economic Situation and Problems

Somalia is one of the poorest countries in Africa. Natural resources are lacking, and irregular, scanty rainfall and primitive methods of cultivation limit agricultural production. The major export crop, bananas, accounts for 60% of Somalia's foreign exchange earnings. Apart from the natural disadvantages of adverse climate and lack of resources, Somalia suffers from a severe shortage of trained manpower. Of the 1.3 million total population, 70% are nomadic. Even among settled inhabitants, the country has almost none of the administrators, technicians and skilled laborers essential to economic development, and the prospects for a rapid increase in such trained manpower are dim in view of the depressed state of education. There are few college graduates in the country; at present approximately 100 students are at foreign universities; this year roughly 50 students will graduate from secondary schools. Literacy is estimated at 1% and only 7% to 8% of school-age children are in school.

Annual per capita GNP in Somalia approximates \$40. There is little industry of any type. Major economic activities are agriculture and retail trade although expenditures by foreign oil companies for petroleum exploration have been substantial. Lack of water is a major deterrent to increasing agricultural output. Approximately 70% of the country's area is arid and unusable for agriculture. Uncontrolled grazing and inadequate water supplies reduce effective use of the remaining land.

Although Somalia's economic resources are meager, there are a few areas which could be developed. The area between the Juba and Shibeli Rivers can probably support, with proper land use and irrigation techniques, a considerably expanded agricultural and livestock production. Exports of livestock, which have already increased, appear to be one of Somalia's best opportunities for increased foreign exchange earnings.

Since becoming a U.N. Trust Territory in 1950, Somalia has depended mainly on assistance from Italy to finance a chronic ordinary budget deficit and underwrite a public investment program. Italian assistance since 1950 has totaled about \$100 million. In 1959, the Somali Government budgeted \$11.7 million for ordinary expenditures alone against estimated total revenues from domestic sources of \$8.1 million. Public investment was estimated at \$3.5 million.

The major emphasis in Somalia's public investment program of 1954-1958 has been upon agriculture, communications, roads, and housing. During 1959, many of the projects financed from this program were well advanced including the development of irrigation facilities, livestock watering systems, and work on improvement of the

telephone system and the highways. There has been an increase of the country's GNP during this five-year period; but the annual increases have been erratic, with an actual decline from 1957 to 1958 reflecting the effects of drought upon crops. Approximately two-fifths of the increase has come from the expansion of retail and wholesale trade. The deficit on foreign trade has been declining. Increased levels of trade have yielded higher customs receipts, the major factor in rising total government revenues from domestic sources.

Assistance from Non-ICA Sources

Since assuming responsibility for the administration of the country in 1950, Italy has given almost \$100 million to Somalia. The United Kingdom provides English language training and plans annual grants equivalent to \$280,000 when Somalia is independent. Since 1950 the Desert Locust Control Organization of the British East African High Commission has spent some \$75,000 per year in Somalia. Egypt operates nine schools with 65 teachers and sends more than 150 Somalis to Egypt on scholarships every year.

U.N. specialized agencies have provided over \$2 million in services since 1953. The Common Market Development Fund has earmarked \$5 million for capital development projects over five years, of which \$2.0 million has already been budgeted for a hospital in Mogadiscio.

During FY 1959 the DLF established a \$2 million industrial loan fund with Credito Somalo, a Somali banking institution for relending to local enterprises. The USIS offers English language instruction to Government officials and leadership and training grants.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars)            |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                                | 0.6     | 1.1     | 2.7     |
| DLF - Loan Approvals . . . . .                             |         | 2.0     | 1/      |
| P.L. 480, Title I - country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - obligations . . . . .                 |         |         | 2/      |
| P.L. 480, Title III - obligations . . . . .                | 0.1     |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  | 0.7     | 3.1     | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.                    |         |         |         |

Country: SOMALIA

## TECHNICAL COOPERATION

### Role of Program

The ICA program serves as a principal instrument of U.S. policy in Somalia to maintain and strengthen mutually friendly relations, encourage Somalia's development as a member of the Free World, and support efforts of the Somali Government to maintain political and economic stability, develop free institutions, progress toward a higher standard of living for the country, and work toward eventual termination of the need for external assistance.

With independence and concomitant increased pressure for placing Somalis in administrative and technical positions, there will be urgent needs for intensified programs for the development of skilled African manpower.

### Objectives - Technical Cooperation

- (a) In view of the scarcity of trained technical and administrative personnel within the Government of Somalia, to assist in assuring that such economic development funds as are provided are efficiently and effectively used by providing U.S. technical guidance, surveys of needs, and assistance in planning.
- (b) To train Somali technicians and administrators and help establish essential institutions, so that eventually Somali technicians and administrators will be able to plan and execute their own development programs.
- (c) To increase productivity in agriculture and other sectors through training, demonstration and education projects.

### Accomplishments - Technical Cooperation

Two U.S. advisors have supervised and trained Somali well drilling technicians in coordinated programs with other agricultural activities. A geological service is being set up within the Government of Somalia.

Under the water resources development program, pilot projects continued to show the advantages of controlled water storage and distribution to Somali farmers, and correct the native system of breaking open river walls during flood stage.

Improved slaughtering, skinning and tanning have been demonstrated throughout the country. Exporters and the government have been advised on grading and pricing of hides, with the ultimate aim of establishing quality standards which will produce a greater return on sales of hides.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 447              | 1,000              | 1,300              |

Sixty-day courses in practical agriculture are now being given at the Bonka School of Agriculture. Instruction includes matters of interest to dryland farmers, with emphasis on training of oxen.

Demonstrations of nylon nets and other modern equipment have been given southern fishermen. Most fishermen in the area are now purchasing their own materials for making improved nets.

Development of governmental institutions was advanced by ICA technical assistance, notably in the establishment of an Agricultural Extension Service, a hides and skins section within the Ministry of Agriculture, and an organization within the Credito Somalo, a banking institution, for dealing with industrial and agricultural credit. Legislation for a Port Authority was drafted with the assistance of a U.S. port specialist. Training in Public Administration was continued.

During 1959 preliminary surveys of the fishery potential and small industrial development possibilities of Somalia were completed, with resulting activity in the search for means and sources of private investment and setting of guidelines for additional technical assistance in these areas, such as the marketing survey now being undertaken for the benefit of private industrial enterprise.

A team was organized to carry out a reconnaissance of the area between the country's two main rivers to determine the economic potential of the area and the feasibility of constructing a port at Chisimaio which would serve the area.

### Composition of FY 1961 Technical Cooperation Program - \$1,300,000

The proposed \$1.3 million FY 1961 Technical Cooperation Program addresses attention to continuing projects in agriculture, education, transportation, public administration and trade promotion. In the field of agriculture, work will continue to center on developing and strengthening the Agricultural Extension Service and the two agricultural schools. Research stations and other agricultural programs will be tied more closely into extension and educational work. Water resources development will continue to occupy major attention and include significant training related to work in irrigation development, well drilling, stock water ponds and small

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 206                                 | 575                  | 650                 |
| Participants .....                                      | 105                                 | 113                  | 144                 |
| Contractual Services.....                               |                                     | 115                  | 235                 |
| Supplies and Equipment.....                             | 104                                 | 106                  | 171                 |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs.....  | 32                                  | 91                   | 100                 |
| Total Project Assistance..                              | 447                                 | 1,000                | 1,300               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 14                                  | 32                   | 38                  |
| Contract.....   |                                     | 3                    | 5                   |
| Total Technicians .....                                 | 14                                  | 35                   | 43                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 29                                  | 34                   | 36                  |
| Contract .....  |                                     |                      |                     |
| Total Participants .....                                | 29                                  | 34                   | 36                  |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               |                                     |                      |                     |
|   | 170                                 | 314                  | 517                 |
| Industry and Mining .....                               | 13                                  | 210                  | 104                 |
| Transportation .....                                    |                                     | 28                   | 56                  |
| Labor.....  |                                     |                      |                     |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education.....  | 27                                  | 22                   | 240                 |
| Public Administration .....                             | 67                                  | 75                   | 83                  |
| Community Development, Social Welfare and Housing ..... |                                     | 10                   | 30                  |
| General and Miscellaneous ...                           | 170                                 | 341                  | 270                 |
| Total by Field of Activity..                            | 447                                 | 1,000                | 1,300               |

conservation works. Self-help programs in water conservation are being encouraged.

The agricultural credit program, under way in the Bullo Mererta area, will need continued guidance and training of Somali field personnel and credit supervisors. Further attention will be given to improving methods of commercial fish processing. Demonstrations of use of new equipment will continue and the possibility developed of constructing it in Somalia, rather than continuing to depend on imports.

Investors and potential investors will continue to be provided with industrial data, market information, guidance on financing and management advice. A trade promotion and foreign marketing potential survey to begin in FY 1960 will continue.

Training of professional and subprofessional engineering personnel due to be initiated in FY 1960 will carry on in FY 1961.

Attention will be devoted to strengthening the road maintenance program, both through technical guidance and experiments in soil stabilization techniques.

An advisor will supervise improvements in port administration. Additional engineering work may be undertaken on the port at Chisimaio if the current survey team recommends its construction.

Technical supervision will be provided for educational and community development activities. Participant training will continue in public administration. The Public Safety program will provide an advisor and a communications specialist.

Country: SOMALIA

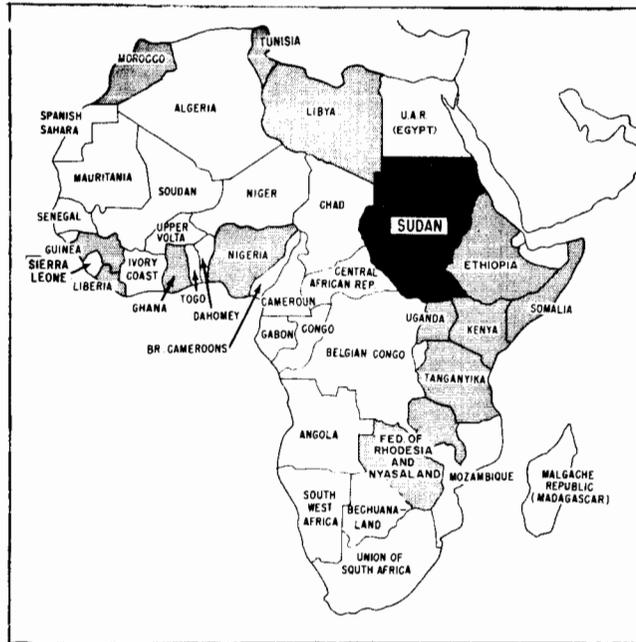
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>                              | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                          |
|---|---|-------------------|--------------|------------------|---------------------------|------------|-------------|--|---------------------------------------|--------------------------|
|   | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counter-part |
| <u>Agriculture, Forestry and Fisheries - Total</u>                  |   |                   | 517          | 400              | 37                        | 25         | 45          | 10   |                                       |                          |
| Agricultural Extension and Training                                 | C   |                   | 140          | 115              | 10                        |            | 15          |  |                                       |                          |
| Soil and Surface Water Conservation                                 | C   |                   | 50           | 45               |                           |            | 5           |  |                                       |                          |
| Water Resources Development   | C   |                   | 125          | 105              | 10                        |            | 10          |  |                                       |                          |
| Livestock Production, Marketing and Processing                      | C   |                   | 70           | 35               | 10                        | 25         |             |  |                                       |                          |
| Agricultural Credit   | C   |                   | 28           | 20               | 3                         |            |             | 5  |                                       |                          |
| Forest Resource Development   | C   |                   | 24           | 15               | 4                         |            | 5           |  |                                       |                          |
| Fishery Operations and Marketing Improvement                        | C   |                   | 35           | 20               |                           |            | 10          | 5  |                                       |                          |
| Agricultural Program Support  | C   |                   | 45           | 45               |                           |            |             |  |                                       |                          |
| <u>Industry - Total</u>   |   |                   | 104          | 60               | 28                        |            | 11          | 5  |                                       |                          |
| Industry and Marketing Development                                  | C   |                   | 55           | 40               | 10                        |            | 5           |  |                                       |                          |
| Development of Professional and Sub-Professional Engineering Skills | C   |                   | 49           | 20               | 18                        |            | 6           | 5  |                                       |                          |
| <u>Transportation - Total</u>                                       |   |                   | 56           | 40               | 11                        |            | 5           |  |                                       |                          |
| Highway Construction and Improvement of Maintenance Practices       | C   |                   | 29           | 20               | 4                         |            | 5           |  |                                       |                          |
| Port Rehabilitation and Development                                 | C   |                   | 27           | 20               | 7                         |            |             |  |                                       |                          |
| <u>Education - Total</u>  |   |                   | 240          | 35               | 30                        | 150        | 20          | 5  |                                       |                          |
| Teacher Training and Educational Institution Development            | C   |                   | 240          | 35               | 30                        | 150        | 20          | 5  |                                       |                          |
| <u>Public Administration - Total</u>                                |   |                   | 83           | 35               | 38                        |            | 10          |  |                                       |                          |
| Civil Service Training  | C   |                   | 28           |                  | 28                        |            |             |  |                                       |                          |
| Police Training   | C   |                   | 55           | 35               | 10                        |            | 10          |  |                                       |                          |
| <u>Community Development - Total</u>                                |   |                   | 30           | 20               |                           |            | 5           | 5  |                                       |                          |
| Community Self-Help Development                                     | C   |                   | 30           | 20               |                           |            | 5           | 5  |                                       |                          |
| <u>General and Miscellaneous - Total</u>                            |   |                   | 270          | 60               |                           | 60         | 75          | 75   |                                       |                          |
| Inter-River Economic Survey   | C   |                   | 45           | 15               |                           | 30         |             |  |                                       |                          |
| Somalia Development Fund Support                                    | C   |                   | 45           | 15               |                           | 30         |             |  |                                       |                          |
| Technical Support   | C   |                   | 180          | 30               |                           |            | 75          | 75   |                                       |                          |
| <b>Total Technical Cooperation</b>                                  |   |                   | <b>1,300</b> | <b>650</b>       | <b>144</b>                | <b>235</b> | <b>171</b>  | <b>100</b>   |                                       |                          |

## SUDAN - GENERAL ECONOMIC DATA



| <b>BASIC DATA</b>                              |                 |              |
|--|-----------------|--------------|
| Population.....                                | 11.4 million    |              |
| Annual Growth.....                             | 3.2 percent     |              |
| Area.....                                      | 967,500 sq. mi. |              |
| Agricultural Land.....                         | 13% of area     |              |
| Agri. Land per Capita.....                     | 6.7 acres       |              |
| Literacy Rate.....                             | 5 percent       |              |
|  | <u>Sudan</u>    | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 28              | 70           |
| Inhabitants per Physician...                   | 47,000          | 760          |
| Road Miles per 1,000 sq.mi..                   | 45              | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 6               | 4,500        |

|   |             | <i>Calendar Years</i> |             |             |                  |
|---|-------------|-----------------------|-------------|-------------|------------------|
|   |             | <u>1956</u>           | <u>1957</u> | <u>1958</u> | <u>1959 Est.</u> |
| <b>GROSS NATIONAL PRODUCT*</b>  |             |                       |             |             |                  |
| Total GNP (In 1958 Prices).....   | \$ Millions | 825                   | 834         | 776         | 850              |
| Per Capita GNP.....   | Dollars     | 79                    | 78          | 70          | 74               |
| <b>PRODUCTION</b>   |             |                       |             |             |                  |
| Agricul. Prod. Index <sup>a/</sup> .....                                | 1952-54=100 | 129                   | 111         | 135         | 138              |
| Cotton .....  | 1,000 MT    | 130                   | 50          | 125         | 135              |
| Gum Arabic .....  | "           | 46                    | 43          | 45          | 45               |
| <b>FOREIGN TRADE</b>  |             |                       |             |             |                  |
| Total Exports (f.o.b.).....   | \$ Millions | 192                   | 148         | 125         | 180              |
| Cotton .....  | "           | 120                   | 66          | 64          | 105              |
| Gum Arabic .....  | "           | 15                    | 13          | 15          | 15               |
| Total Imports (c.i.f.).....   | "           | 130                   | 194         | 170         | 160              |
| Trade Balance.....  | "           | <u>+62</u>            | <u>-46</u>  | <u>-45</u>  | <u>+20</u>       |
| <b>Trade with United States (U.S. Data)</b>                             |             |                       |             |             |                  |
| Exports to U. S. (f.o.b.).....  | \$ Millions | 4.0                   | 3.8         | 4.2         | 5.5              |
| Imports from U. S. (f.o.b.).....  | "           | 1.1                   | 4.5         | 2.1         | 2.1              |
| Trade Balance.....  | "           | <u>+2.9</u>           | <u>-0.7</u> | <u>+2.1</u> | <u>+3.4</u>      |
| <b>GOLD &amp; FOREIGN EXCHANGE HOLDINGS <sup>b/</sup> (end of year)</b> |             | "                     | 79          | 34          | 14               |
|   |             |                       |             |             | 92 (Oct)         |
| <b>COST OF LIVING INDEX</b>   |             | 1953=100              | 106         | 107         | 116              |

|   |  | <i>- Million Dollar Equivalents -</i> |             |                   |
|---|--|---------------------------------------|-------------|-------------------|
| <b>CENTRAL GOVERNMENT FINANCES*</b> FY ending June 30 |  | <u>1958</u>                           | <u>1959</u> | <u>1960 (Bud)</u> |
| Domestic Revenues.....                                |  | 122                                   | 125         | 99                |
| Total Expenditures.....                               |  | 107                                   | 148         | 127               |
| Deficit(-) or Surplus Before All Foreign Aid....      |  | +15                                   | -23         | -28               |
| Budget Receipts from Non-U.S. Foreign Aid.....        |  | -                                     | -           | 8                 |
| Budget Receipts from U.S. Aid & PL 480.....           |  | -                                     | -           | 1                 |
| Remaining Deficit(-) or Surplus(+)                    |  | <u>+15</u>                            | <u>-23</u>  | <u>-19</u>        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....             |  | 10                                    | 17          | 17                |
| U.S.-Financed .....                                   |  | -                                     | -           | -                 |
| Defense Expend. as % of Total Gov't Expend...         |  | 9.3%                                  | 11.5%       | 13.4%             |
| Defense Expenditures as % of GNP .....                |  | 1.2%                                  | 2.2%        | 2.0%              |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> .....   |  | 97                                    | 131         | 110               |
| U.S.-Financed.....                                    |  | -                                     | -           | (9)               |

n.a. - Not available. \* / Converted at \$2.872 per S. L. a / Crops harvested in crop-year beginning in year stated. b / Uncommitted free reserves, excluding claims against Egypt, blocked securities, and holdings of the Currency Board.

Country: SUDAN

## MUTUAL SECURITY PROGRAM

As a major link between Africa and the Arab World, it is important that this newly independent state maintain its freedom and sovereignty. A steady rate of economic development will contribute to that end. The Soviet bloc offers of aid have demonstrated the increasing interest of the bloc in extending its influence in the Sudan as a step toward an expanded position in Africa.

The present military regime of Lt. Gen. Ibrahim Abboud assumed power by a bloodless coup d'etat in November 1958 for the publicly stated purpose of providing the Sudan with a more effective government to develop the country than the deposed parliamentary regime. General Abboud has assumed a vigorously anti-Communist posture and has demonstrated his firm intention to control Communist subversive efforts within the Sudan's borders. Despite political instability during the past year, the government has succeeded in bringing about a marked improvement in the Sudanese economic position. Sudan has adopted a wise cotton marketing policy and has furthered plans for Nile River development by concluding an agreement for apportionment of these vital water resources between the Sudan and the United Arab Republic.

The Sudan has maintained cordial relations with the United States. It has made effective use of U.S. assistance as well as credits from certain Western European countries and the IBRD. In keeping with its declared position of neutrality, the Sudan maintains diplomatic and trade relations with most Communist countries, but has not accepted Soviet aid.

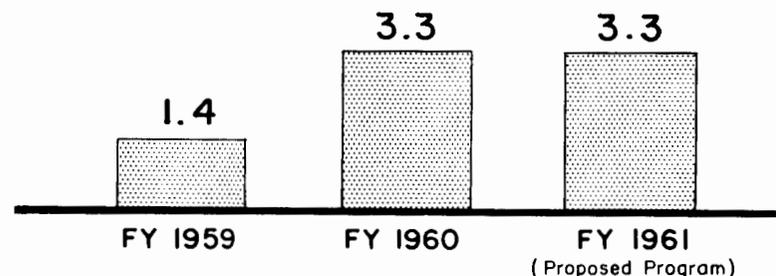
Although the Sudan has good economic potential, it faces impressive problems because of the vast size and undeveloped status of the country, the lack of an adequate supply of technical and professional personnel and the country's continued heavy dependence on the cotton crop. The Sudan is approaching these problems with energy and determination but urgently requires outside human and material resources to help do the job. U.S. assistance, together with that of other Free World countries, is intended to support the Sudan in meeting its economic problems.

On December 3, 1959, the President made the required determination under MSA Sec. 451(a) to permit the furnishing of grant military assistance training to Sudan. A program for FY 1960 in the amount of \$7,000 has been approved for training of three Sudanese officers in U.S. Military Department schools.

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

(\$ Millions)



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,350           | 641          |              |
| Cumulative 6/30/59                          | 1,453           | 641          | 812          |
| Estimate FY 1960                            | 3,300           | 1,612        |              |
| Cumulative 6/30/60                          | 4,753           | 2,253        | 2,500        |
| Estimate FY 1961                            | 3,300           | 2,200        |              |

Current Economic Situation and Problems

Development problems in the Sudan are closely tied to the general low level of agricultural productivity and in particular the almost complete dependence on the production and sale of cotton. Approximately 90% of Sudan's 11 million people obtain their livelihood from agriculture. Long staple cotton is the principal crop and normally accounts for about half of total exports. In turn, the government obtains half of its total revenue from the production and sale of cotton. Although only seven million acres of land are under cultivation, estimates have been made that Sudan may have as much as 180 million acres of arable land. In the central rainlands alone there may be as much as 75 million acres. Known mineral resources are limited. Surveys of deposits of iron, copper, manganese, and magnesite are not yet adequate to determine their economic value.

The severe shortage of Sudanese technicians and experienced administrators and the general low educational level of the Sudanese population also are major impediments to Sudan's economic advancement. Less than 1% of the entire population of 11 million have school certificates and probably no more than 5% are literate. Sudan's educational system presently produces only about 100 university graduates annually, while 1,200 are graduated from secondary schools. The shortage of trained Sudanese in government is particularly acute.

In addition, the basic capital infrastructure of the country is inadequate to support development. Essential transportation and communication facilities are lacking. Industry is rudimentary. There are a few modern processing facilities for agricultural production in the cities, but most industry that does exist is of a handicraft type.

In 1957 and 1958 the economy experienced a recession as a consequence of a drop in cotton exports. With a modification of the Cotton Board's price policies in early 1959 cotton once again became competitive on world markets which permitted the disposition of cotton stocks from previous years as well as the harvest of 1959. It is presently estimated that Sudan will have a surplus in its balance of trade in 1959 of at least \$20 million as against a deficit of \$45 million in 1958. The improvement, however, conceals inherent instability which can be corrected only by development of other sectors of the economy.

Progress to Date

This past year foreign exchange earnings showed a marked improvement as a result of the disposal abroad of Sudan's cotton crop and improved sales of other products. Sudan's balance of payments crisis, therefore, appears to have abated.

A most hopeful recent development has been the agreement reached by the Sudan and UAR on the use of the waters of the River Nile, upon which both countries depend for their livelihood. The Nile problem has been the major stumbling block to Sudan's ability to obtain financing for major irrigation and dam construction projects which are of prime importance to long-run economic development.

Assistance from Non-ICA Sources

During and following the balance of payments crisis of 1958, the Sudan received pledges of assistance from Western sources totaling more than \$100 million. These included a loan of \$39 million from the IBRD for railroad development, commercial credits of \$24 million from Germany, \$16 million from Yugoslavia and \$14 million from the United Kingdom, a commercial loan of \$8 million from Barclay's Bank and drawing rights of \$6 million from the IMF. This assistance, which was in addition to American aid, helped the Sudan Government meet its foreign exchange crisis until it was able to restore earnings by selling all old cotton stocks and the new crop.

The DLF extended a \$10 million credit in 1959 for construction of a cotton mill.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                     | 0.4     | 20.8    | 13.3    |
| DLF - Loan Approvals . . . . .                  |         | 10.0    | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         | 1.3     |
| (Total Sales)                                   |         |         | (3.5)   |
| P.L. 480, Title II - Obligations . . . . .      |         | 2/      | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 3/      | 2/      | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 0.4     | 30.8    | XXXX    |

1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.

3/ Less than \$50,000.

## TECHNICAL COOPERATION

Role of Program - Technical Cooperation

The major emphasis of the Technical Cooperation Program is on the long-term task of building a strong foundation for Sudan's economic growth. Sudan's basic problem of low agricultural production is being attacked on the several fronts of poor communications, inadequate water, and too few skilled people. The Technical Cooperation Program in conjunction with Special Assistance helps to provide the catalysts for building up Sudanese development institutions and services. In addition, the need for special efforts to intensify the development of skilled manpower will be met by the Special Program for Tropical Africa, primarily through new education and training programs.

Objectives - Technical Cooperation

- (a) To provide guidance and training in developing a functional education program designed to meet Sudan's needs through the introduction of crafts and trades skills into the school system, and assistance to elementary and secondary school and teacher training programs.
- (b) To enlarge the corps of Sudanese technicians, engineers, entrepreneurs and administrators by providing advanced instruction through an expanded participant program.
- (c) To expand the pace and area of economic development through research, credit, extension and other activities designed to bring about agricultural diversification.
- (d) To assist in the establishment and expansion of private investment in the industrial sector through the provision of credit facilities, promotion of banking activities and an Industrial Development Center.
- (e) To assist in improving the organization and operations of Government of Sudan ministries in the highway, geologic, natural resources, statistical and public information fields by continued training and technical guidance.

Accomplishments - Technical Cooperation

In the brief history of Technical Cooperation in Sudan, a broad range of activities has been undertaken, with some initial successes.

In embarking upon these activities, ICA has had to begin an extensive participant training program to train counterparts for U.S. technicians and future leaders of projects. Plans were prepared for training 174 Sudanese in the U.S. and other countries in FY 1959, primarily in the fields of education, agriculture and health.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,350            | 3,300              | 3,300              |

The favorable conclusions of a sugar production feasibility study has prompted a search for foreign private investors interested in establishing milling facilities. In conjunction with these activities, a U.S. industrial banking team has been devising plans for an industrial center to mobilize local investment capital.

Other activities of the 37 U.S. technicians who arrived in Sudan in FY 1959 also reflected the recognition of the critical shortage of skilled persons. A comprehensive survey of manpower needs was made as a basis for planning the technical education program. Intermediate level vocational trade teachers are now receiving instruction from U.S. technicians. In FY 1960, the first stages of elementary and intermediate school programs were completed.

In agriculture, assistance was given to the development of a national poultry breeding center and preparation of plans for dairy construction plants. A demonstration of agriculture extension work has led to its acceptance and the development of plans by the Sudanese Government for a national service, reversing the original reaction to this program. Research programs oriented to advance the development of agricultural diversification by the Sudanese Government are being expanded under the guidance of U.S. technicians.

An initial ground-water survey was completed as a first step in the inventory and evaluation of the country's natural resources. A five-man water drilling instruction team will shortly be training Sudanese in well drilling.

Composition of FY 1961 Technical Cooperation Program - \$3,300,000

The major emphasis of the Technical Cooperation projects continues on vocational and teacher training, agriculture and highway organization and maintenance and rural water development. To adapt further the present poorly oriented technical education system to Sudan's needs, 12 more vocational subjects are to be introduced in the technical schools and the teacher training program will be expanded to the secondary education level. The planned pilot secondary teacher training school will introduce a more functional curriculum with emphasis in agriculture, small industries, health, shop work, and home economics.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 492                                 | 1,133                | 1,465               |
| Participants .....                                      | 530                                 | 877                  | 885                 |
| Contractual Services .....                              | 87                                  | 930                  | 595                 |
| Supplies and Equipment .....                            | 32                                  | 360                  | 355                 |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs .....                                       | 209                                 |                      |                     |
| Total Project Assistance ..                             | 1,350                               | 3,300                | 3,300               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 34                                  | 64                   | 75                  |
| Contract .....  |                                     | 5                    | 16                  |
| Total Technicians .....                                 | 34                                  | 69                   | 91                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 174                                 | 207                  | 146                 |
| Contract .....  |                                     |                      |                     |
| Total Participants .....                                | 174                                 | 207                  | 146                 |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 256                                 | 985                  | 650                 |
| Industry and Mining .....                               | 69                                  | 118                  | 485                 |
| Transportation .....                                    | 89                                  | 385                  | 505                 |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             | 114                                 | 130                  | 100                 |
| Education .....   | 349                                 | 927                  | 915                 |
| Public Administration .....                             |                                     |                      | 55                  |
| Community Development, Social Welfare and Housing ..... |                                     |                      | 25                  |
| General and Miscellaneous ...                           | 473                                 | 755                  | 565                 |
| Total by Field of Activity ..                           | 1,350                               | 3,300                | 3,300               |

Projects concerned with the problem of diversifying the agricultural economy will be continued primarily through livestock resources development and agricultural research, training and extension activities. The agriculture development work initiated in four provinces is to be extended to two additional regions including an extension service, experimental research stations, and farm youth training projects. A survey of agricultural research facilities is planned by the U.S. Department of Agriculture. Livestock improvement and range management activities are to be added to the initial project activity in improved poultry and chick breeding and improved dairy practices. Approximately 40 Sudanese agriculturists are scheduled for overseas training.

Increased aid to the Sudanese highway department in road design and location and equipment maintenance will be continued in preparation for the comprehensive Sudanese road construction program.

An additional 13 Sudanese will be trained in land use, soil conservation, and hydrology as part of the rural water development program and will provide the additional staff needed to conduct this expanding program. U.S. technicians will continue to provide on-the-job training of drilling crews.

In the industrial field, an Industrial Development Bank to provide loans to small industries is to be established with the assistance of U.S. industrial engineering consultants.

The internal radio communications project started in FY 1960 will be augmented. Two U.S. specialists will assist the Sudanese Government in linking the entire country with medium wave coverage. A new project of public administration training for junior level Sudanese will also be started.

Country: SUDAN

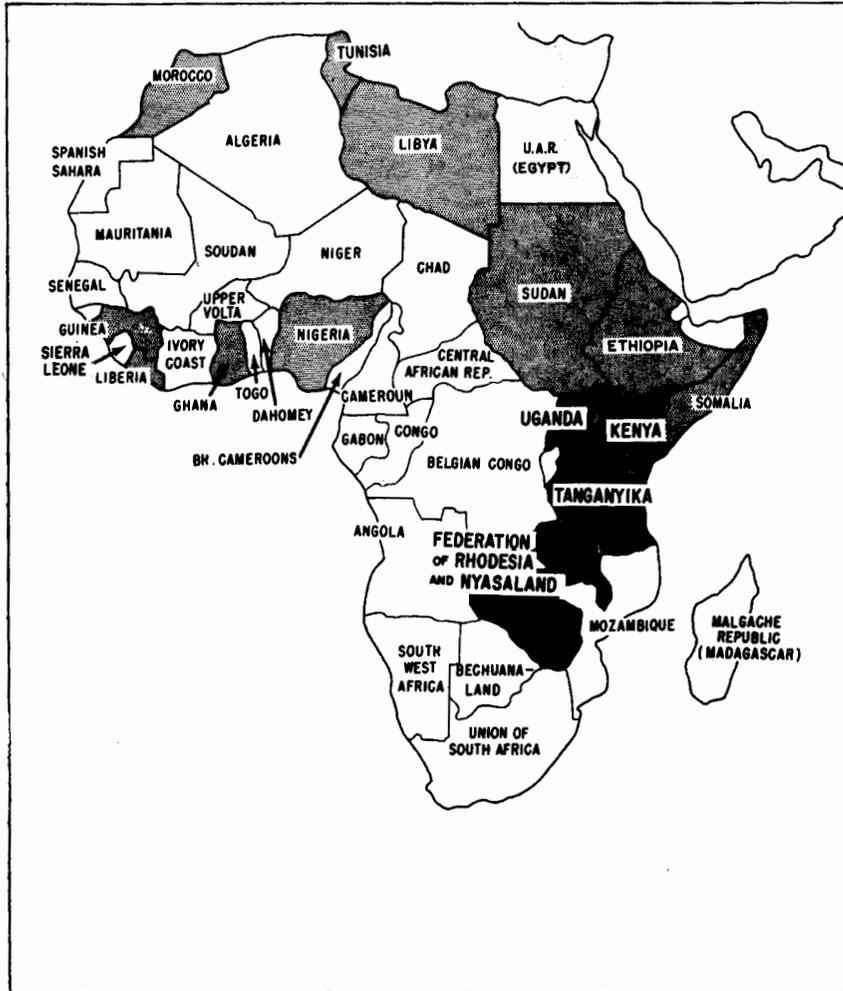
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>                           | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|--------------|------------------|---------------------------|------------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u>               |   |                   | 650          | 450              | 200                       |            |             |  |                                       |                         |                              |
| Livestock Improvement Centers                                    | C   |                   | 150          | 80               | 70                        |            |             |  |                                       |                         |                              |
| Agriculture Credit Bank  | C   |                   | 65           | 45               | 20                        |            |             |  |                                       |                         |                              |
| Agriculture Development  | C   |                   | 435          | 325              | 110                       |            |             |  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                               |   |                   | 485          | 75               | 75                        | 335        |             |  |                                       |                         |                              |
| Industrial Development Bank                                      | C   |                   | 40           | 15               | 25                        |            |             |  |                                       |                         |                              |
| Cartographic Surveys   | C   |                   | 50           | 30               | 20                        |            |             |  |                                       |                         |                              |
| Geological Surveys   | N   |                   | 60           | 30               | 30                        |            |             |  |                                       |                         |                              |
| Engineer Consultant Services                                     | C   |                   | 335          |                  |                           | 335        |             |  |                                       |                         |                              |
| <u>Transportation - Total</u>                                    |   |                   | 505          | 205              | 100                       | 200        |             |  |                                       |                         |                              |
| Highway Planning and Organization                                | C   |                   | 505          | 205              | 100                       | 200        |             |  |                                       |                         |                              |
| <u>Health and Sanitation - Total</u>                             |   |                   | 100          | 25               | 75                        |            |             |  |                                       |                         |                              |
| Rural Water Development  | C   |                   | 100          | 25               | 75                        |            |             |  |                                       |                         |                              |
| <u>Education - Total</u>   |   |                   | 915          | 465              | 305                       | 60         | 85          |  |                                       |                         |                              |
| Technical Education  | C   |                   | 520          | 245              | 215                       | 60         |             |  |                                       |                         |                              |
| Elementary Education Teacher Training                            | C   |                   | 310          | 170              | 55                        |            | 85          |  |                                       |                         |                              |
| Secondary Education Teacher Training                             | N   |                   | 85           | 50               | 35                        |            |             |  |                                       |                         |                              |
| <u>Public Administration - Total</u>                             |   |                   | 55           | 10               | 35                        |            | 10          |  |                                       |                         |                              |
| Public Administration Statistics                                 | N   |                   | 55           | 10               | 35                        |            | 10          |  |                                       |                         |                              |
| <u>Community Development, Social Welfare and Housing - Total</u> |   |                   | 25           | 15               | 10                        |            |             |  |                                       |                         |                              |
| Housing Development  | N   |                   | 25           | 15               | 10                        |            |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>                         |   |                   | 565          | 220              | 85                        |            | 260         |  |                                       |                         |                              |
| Audio-visual Training Aids                                       | C   |                   | 165          | 60               | 45                        |            | 60          |  |                                       |                         |                              |
| Internal Radio Communications                                    | C   |                   | 70           | 30               | 40                        |            |             |  |                                       |                         |                              |
| Technical Support  | C   |                   | 330          | 130              |                           |            | 200         |  |                                       |                         |                              |
| <b>Total Technical Cooperation</b>                               |   |                   | <b>3,300</b> | <b>1,465</b>     | <b>885</b>                | <b>595</b> | <b>355</b>  |  |                                       |                         |                              |

## CENTRAL and EAST AFRICA



|                                     | Unit        | Federation of Rhodesia & Nyasaland | Uganda | Tanganyika | Kenya   |
|-------------------------------------|-------------|------------------------------------|--------|------------|---------|
| <b>POPULATION</b> .....             | Millions    | 8.0                                | 5.9    | 9.1        | 6.5     |
| Annual Growth .....                 | Percent     | 2.8%                               | 1.5%   | 1.8%       | 1.7%    |
| <b>AREA</b> .....                   | Sq. Miles   | 487,770                            | 94,005 | 362,780    | 225,020 |
| <b>AGRICULTURAL LAND</b> .....      | % of Area   | 32%                                | 11%    | n.a.       | 5%      |
| Agri. Land per Capita ....          | Acres       | 13                                 | 1      | n.a.       | 1       |
| <b>GROSS NATIONAL PRODUCT</b>       |             |                                    |        |            |         |
| Total GNP .....                     | \$ Mill.    | 1,207                              | 335    | 463        | 540     |
| Per Capita GNP .....                | Dollars     | 155                                | 58     | 52         | 85      |
| <b>LITERACY RATE</b> .....          | Percent     | 20-25                              | 25-30  | 5-10       | 20-25   |
| <b>ELECTRIC POWER per CAPITA</b> .. | KWH per yr. | 304                                | 47     | 2          | 33      |
| <b>TRADE</b>                        |             |                                    |        |            |         |
| Exports .....                       | \$ Mill.    | 380                                | 130    | 121        | 93      |
| Imports .....                       | "           | 497                                | 44     | 80         | 216     |
| Trade Balance .....                 | "           | -117                               | +86    | +41        | -123    |

The evolution of British East Africa (Kenya, Tanganyika, Uganda) and the Federation of Rhodesia and Nyasaland towards full independence is complicated by the multi-racial character of their societies. The overwhelming African majority which is still under non-African political and economic control is drawn by the powerful tides of nationalism and economic awakening of the rest of Africa. Their latent energies fired by a handful of articulate leaders, and inspired by the examples of their newly free neighbors, these peoples are pushing toward independence. Ultimately this African majority will determine the course of events in the area.

Comprising an area that extends from Sudan to South Africa, with mineral wealth and great potential for development, the path which these nations eventually adopt in their drive for political expression and for economic advance will be of profound importance for the U.S. and the free world. By laying the foundation for fruitful cooperation now, the likelihood of moderate, western-oriented political and economic institutions developing in this area will be enhanced.

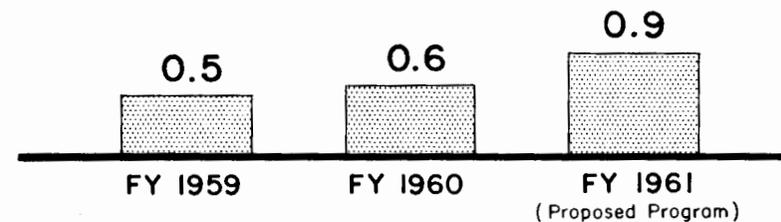
Although overt Communist influences are not strong in the area, the nationalist movements are increasingly exposed to subversion by anti-Western elements. If frustrated, there is the danger that extreme nationalists will resort to force to achieve their ends. Consequently, Great Britain is faced with the problem of trying to accommodate African demands while retaining European standards of government. This problem is naturally most acute in areas of substantial white settlement, e.g., the Rhodesias and Kenya.

U.S. assistance in these areas complements British efforts to teach Africans the skills needed for their development, helps to conserve and develop natural resources, and improves the climate for private foreign investment. By our presence we encourage the people of this region, particularly the African leaders, to continue to look for guidance and assistance to Free World sources in working toward their economic goals.

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 458 ✓           | 96           |              |
| Cumulative 6/30/59                          | 1,440           | 414          | 1,026        |
| Estimate FY 1960                            | 560 ✓           | 458          |              |
| Cumulative 6/30/60                          | 2,000           | 872          | 1,128        |
| Estimate FY 1961                            | 855 ✓           | 485          |              |

**ECONOMIC SITUATION**BRITISH EAST AFRICA

Primitive subsistence agriculture largely characterizes the economies of British East Africa except for areas of white settlement. The three countries comprise an area about 2 1/2 times the size of Texas, with a population of about 21 million. Agricultural conditions and techniques are generally poor and progress is impeded by a lack of capital. While there has been a slow growth in manufacturing and mining, particularly in Kenya, in recent years, the rate is far too slow to bring significant increases in income to the area. GNP amounted to roughly \$60 per capita in 1958. The number of skilled African technical personnel is totally inadequate to meet the needs of development programs, and the existing educational facilities for Africans give no promise of solving this problem in the near future. Illiteracy rates run from 75% in Uganda to 95% in Tanganyika. The key to economic progress in the East African territories lies in upgrading the educational level of the Africans and diversifying agriculture.

Coffee, cotton, tea and sisal are the area's major exports; all of these are highly vulnerable to fluctuations in world commodity prices. Since 1955 falling prices have more than offset the increased volume of these exports and have led to a diminished amount of capital available for investment. In consequence, the rate of growth in the area has slowed down. It seems highly unlikely that future export earnings, even assuming no further decline in world prices, will be sufficient to provide resources needed to maintain the current pace of development, and East Africa will require substantial external resources for its development.

FEDERATION OF RHODESIA AND NYASALAND

In the Federation, the basic economic situation is considerably different from that of East Africa. The mining sector of the economy is well developed, copper accounting for about 60% of total exports. The Kariba hydroelectric project on the Zambesi River is scheduled to begin operating this year and will provide adequate power for a substantial expansion of production throughout the area. But both in Southern Rhodesia and the other areas most of the Africans are still largely dependent upon subsistence agriculture. Nyasaland is relatively the poorest of the Federation's members as it lacks any significant industry and relies upon a low level of agriculture for its income. As in East Africa, the need for more skilled technicians and administrators is the major factor in the depressed level of development. In the Federation, with a population of 8 million, there are only 80

Africans who have graduated from college. In the 1959-1960 school year, 12 Africans are preparing for university work and three for their college examinations.

Beyond overcoming the problems of utilizing more effectively the human potential of the area, realization of the Federation's economic potential will require continued inflow of substantial amounts of overseas capital. Continued racial tension and political instability will tend to discourage foreign investment in the Federation and, accordingly, hinder economic development. Increased opportunity for the African to achieve status and a position in the developing economy through education and training for skilled work for entrance into trade and industry is basic to stability and increased prosperity.

Assistance from Non-ICA Sources

East Africa relies very heavily upon external loans and grants to finance its capital development programs. Grant assistance from the U.K. Colonial Development and Welfare Fund in 1958 amounted to \$8.5 million. In 1955 the IBRD extended a loan of \$24 million to the United Kingdom for railroad development in the area. The IBRD recently completed an economic survey of Tanganyika and the local government is hopeful this study will lead to additional loans.

External assistance plays a crucial role in the development of the Federation's economy. By far the greatest proportion of this assistance has taken the form of development loans floated on the world market, primarily in London and to some extent in New York. Almost half the present federal development plan is to be financed from internal and external loans. Nyasaland and Northern Rhodesia have received grant assistance from the Colonial Development and Welfare Fund, the amount in 1958 reaching \$1.4 million. The World Bank has made three loans totaling \$141 million to the Federation for railroad and power development.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars)            |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                                | 0.2     | 0.5     | 0.6     |
| DLF - Loan Approvals . . . . .                             |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - obligations . . . . .                 |         |         | 2/      |
| P.L. 480, Title III - obligations . . . . .                | 0.2     | 0.2     | 0.1 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  | 0.4     | 0.7     | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.                    |         |         |         |

Country: CENTRAL AND EAST AFRICA

## TECHNICAL COOPERATION

### Role of Program - Technical Cooperation

U.S. activities in East and Central Africa are directed to supplementing development programs of the United Kingdom to promote sound economic and social development as a basis for long-term political stability under independent governments. Program emphasis will be directed toward Tanganyika which will receive self-governing status this year, and which will probably be the first British East African territory to achieve independence. Technical Cooperation projects have been initiated in certain fields where U.S. technicians are especially well qualified and the needs most urgent such as in agriculture, technical and vocational education, "self-help" housing, and community development. In addition to the Technical Cooperation programs in these areas, the Special Program for Tropical Africa will assist in efforts to accelerate the development of skilled African manpower, primarily through special education and training programs.

### Objectives - Technical Cooperation

- (a) To assist through technical and vocational education in producing more and better trained Africans for teaching, skilled and semi-skilled work in industry, agriculture, trades and government services.
- (b) To help increase agricultural productivity and improve the African diet through land use planning and agricultural extension and research.
- (c) To promote sound social development within the area by assisting the African to acquire better housing and to ease the transition from tribal life.

### Accomplishments - Technical Cooperation

Despite the modest size and scope of the U.S. Technical Cooperation programs in East and Central Africa, they have been well received and have provided fresh approaches to the solution of development problems.

**KENYA:** One of the principal economic and social aims of the Government of Kenya has been to introduce a land tenure system which would encourage individual ownership of land and which

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 458              | 560                | 855                |

would give the African an incentive to farm in an efficient and systematic manner. ICA's agricultural program has made an important contribution in this area. U.S. technicians have helped in a soil survey now covering 230,000 acres and have instructed several Kenyan technicians in land classification and photogrammetry techniques. Assistance in soil chemistry has helped the Kenya Government increase the capacity of its soil testing laboratory by over 400%. In addition, U.S. advisors in agricultural research, hydrology and range management have contributed to furthering the long-range task of assessing and solving Kenya's agricultural problems. A U.S. technician has been a major factor in expanding and improving Kenya's literacy program. During the past two years, 47 new adult literacy centers were opened, and a number of Africans have been given responsibilities for administration of the program. Libraries for new literates have been established, and in-service training of teachers has begun. Two revolving local currency loan funds have been established to make small loans to Africans to increase their productivity.

**UGANDA:** U.S. technicians during the past several years have been training teachers of technical subjects for Uganda's secondary schools. Textbooks in basic technical fields have been developed for use in the schools. This year about 30 well-qualified teachers will be ready to take up teaching assignments. New teaching methods have been introduced by the U.S. technicians into the curriculum of the important Kampala Technical Institute.

**FEDERATION OF RHODESIA AND NYASALAND:** As a consequence of participant training, the agricultural services of the Federation have adopted the American approach to land use planning, and they consider it a major device for improving the country's agriculture. U.S. farm planning techniques have been adopted, and the U.S. system of using aerial photographs and land capability classification techniques has been installed. Assistance in irrigation and water resource development has resulted in improvement of the layout of irrigation schemes and improved management of soil and water resources. A U.S. technician has developed a well drilling program which will make possible the opening of thousands of acres of new lands in the Sabi and Limpopo Valleys for the settlement of African families.

## SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE

(\$ in thousands)

| MAJOR COST COMPONENT                               | ACTUAL FY 1959 |          |             |       | ESTIMATE FY 1960 |          |             |       | PROPOSED FY 1961 |          |             |
|--|----------------|----------|-------------|-------|------------------|----------|-------------|-------|------------------|----------|-------------|
|  | Total          | DS or SA | Tech. Coop. | Other | Total            | DS or SA | Tech. Coop. | Other | Total            | DS or SA | Tech. Coop. |
| <u>PROJECT ASSISTANCE BY COUNTRY</u>               |                |          |             |       |                  |          |             |       |                  |          |             |
| Kenya .....  | 342            |          | 342         |       | 141              |          | 141         |       | 205              |          | 205         |
| Tanganyika .....                                   |                |          |             |       | 72               |          | 72          |       | 403              |          | 403         |
| Uganda .....                                       | 65             |          | 65          |       | 156              |          | 156         |       | 47               |          | 47          |
| Total Project Assistance .                         | 407            |          | 407         |       | 369              |          | 369         |       | 655              |          | 655         |
| <u>PROJECT ASSISTANCE BY MAJOR COST COMPONENTS</u> |                |          |             |       |                  |          |             |       |                  |          |             |
| Technicians .....                                  | 5              |          | 5           |       | 93               |          | 93          |       | 115              |          | 115         |
| Participants .....                                 | 35             |          | 35          |       | 17               |          | 17          |       | 38               |          | 38          |
| Contractual Services .....                         | 357            |          | 357         |       | 153              |          | 153         |       | 459              |          | 459         |
| Supplies .....                                     | 10             |          | 10          |       | 83               |          | 83          |       | 13               |          | 13          |
| Contrib. to Coop. Services .                       |                |          |             |       |                  |          |             |       |                  |          |             |
| Other Costs .....                                  |                |          |             |       | 23               |          | 23          |       | 30               |          | 30          |
| Total Project Assistance .                         | 407            |          | 407         |       | 369              |          | 369         |       | 655              |          | 655         |
| TOTAL COUNTRY PROGRAMS                             | 407            |          | 407         |       | 369              |          | 369         |       | 655              |          | 655         |
| <u>NUMBER OF PEOPLE</u>                            |                |          |             |       |                  |          |             |       |                  |          |             |
| Technicians (On duty close of year) . .            |                |          |             |       |                  |          |             |       |                  |          |             |
| U.S. Employed .....                                | 1              |          | 1           |       | 5                |          | 5           |       | 9                |          | 9           |
| Contract .....                                     | 14             |          | 14          |       | 14               |          | 14          |       | 28               |          | 28          |
| Total Technicians .....                            | 15             |          | 15          |       | 19               |          | 19          |       | 37               |          | 37          |
| Participants (Programmed during year) .....        |                |          |             |       |                  |          |             |       |                  |          |             |
| Non-Contract .....                                 | 9              |          | 9           |       | 6                |          | 6           |       | 12               |          | 12          |
| Contract .....                                     |                |          |             |       |                  |          |             |       |                  |          |             |
| Total Participants .....                           | 9              |          | 9           |       | 6                |          | 6           |       | 12               |          | 12          |

Composition of FY 1961 Technical Cooperation Program - \$855,000

The proposed FY 1961 Technical Cooperation Program of \$855,000 is focused on activities through which the U.S. interest in the welfare of the African peoples can be widely demonstrated. The activities are those in which the U.S. has special skills and experience.

EAST AFRICA: In Kenya the Technical Cooperation Program will consist primarily of teacher training at the newly-established Kenya Technical Institute and secondarily of participant training in the U.S. A small community development program will be continued.

The Technical Cooperation Program in Uganda will concentrate on introducing vocational agricultural education into Uganda's primary schools to provide a firm basis for advancing rural development in the country. The establishment of a model farm school and a demonstration primary school will be important new adjuncts to this program.

The newly-initiated Technical Cooperation Program in Tanganyika, the least developed economically yet the furthest advanced toward self-government of the three territories will be expanded. Assistance in the field of education will be emphasized. Programs of trade and teacher training are proposed along with providing advisory services in the establishment of a University College of

Tanganyika. A participant program in agricultural information, extension and cooperatives will be initiated.

FEDERATION OF RHODESIA AND NYASALAND: Principal assistance to the Federation of Rhodesia and Nyasaland will be in the field of aided self-help housing. Programs are contemplated in Northern Rhodesia, Southern Rhodesia and Nyasaland to encourage and provide guidance for the construction of badly needed housing facilities. On the strength of the enthusiasm already shown and in view of the possibilities for building homes at less cost and with greater African participation, the program should have a major impact. Participant training in agricultural research, education, and extension is planned to continue in the Federation. Community development advisory services will be continued in Southern Rhodesia.

Education projects will be of primary importance in Northern Rhodesia. The U.S. will provide for training in home economics at vocational schools and training in adult education. A small continuing health program involves experimental sewage treatment.

Principal program emphasis in Nyasaland will be in the field of technical education. The U.S. will provide advice on training methods and on the use of teaching materials and equipment at the Artisan Training Center in Blantyre/Limbe.

PROJECT ASSISTANCE PROGRAMS BY FIELD OF ACTIVITY (\$ in thousands)

TABLE E-II

| FISCAL YEAR   | TOTAL COST | AGRICULTURE, FORESTRY AND FISHERIES | INDUSTRY AND MINING | TRANSPORTATION | LABOR | HEALTH AND SANITATION | EDUCATION | PUBLIC ADMINISTRATION | COMMUNITY DEVELOP., SOCIAL WELFARE & HOUSING | GENERAL AND MISCELLANEOUS |
|---|------------|-------------------------------------|---------------------|----------------|-------|-----------------------|-----------|-----------------------|--|---------------------------|
| ACTUAL FY 1959<br>Technical Cooperation . . . . .   | 458        | 112                                 | 15                  |                |       |                       | 330       |                       |  | 1                         |
| ESTIMATE FY 1960<br>Technical Cooperation . . . . . | 560        | 163                                 |                     | 10             |       | 6                     | 230       | 11                    | 89   | 51                        |
| PROPOSED FY 1961<br>Technical Cooperation . . . . . | 855        | 186                                 |                     |                | 4     | 4                     | 456       |                       | 135  | 70                        |

Country: CENTRAL AND EAST AFRICA

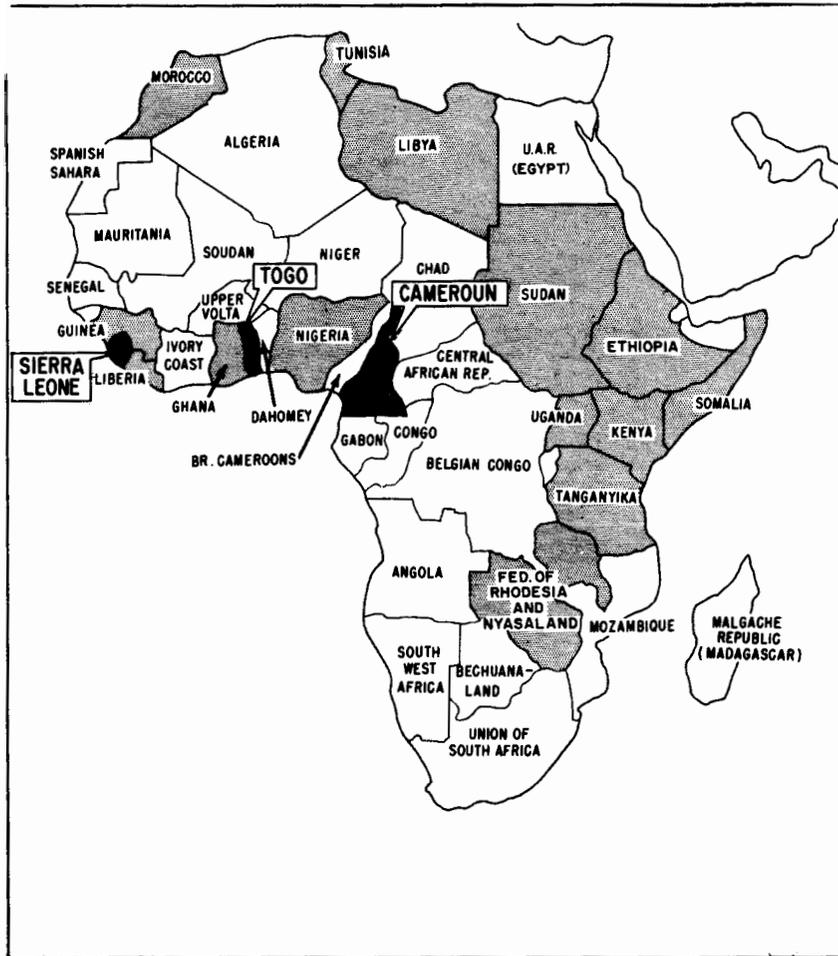
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>               | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>KENYA</u>   |   |                   |       |                  |                           |           |             |             |  |                         |
| Agricultural Investigation, Development and Training | C   | 50                |       |                  | 10                        | 39        | 1           |             |  |                         |
| Technical Education                                  | N   | 85                |       |                  |                           | 80        | 5           |             |  |                         |
| Training in Community Development                    | C   | 10                | 10    |                  |                           |           |             |             |  |                         |
| <u>UGANDA</u>  |   |                   |       |                  |                           |           |             |             |  |                         |
| Agricultural, Education and Rural Development        | N   | 47                |       |                  |                           | 47        |             |             |  |                         |
| <u>TANGANYIKA</u>                                    |   |                   |       |                  |                           |           |             |             |  |                         |
| Agricultural Development                             | C   | 63                | 45    |                  | 18                        |           |             |             |  |                         |
| Trade Training                                       | C   | 85                |       |                  |                           | 80        | 5           |             |  |                         |
| Teacher Training                                     | C   | 200               |       |                  |                           | 198       | 2           |             |  |                         |
| University College of Tanganyika                     | N   | 15                |       |                  |                           | 15        |             |             |  |                         |
| Training in Community Development                    | N   | 36                | 30    |                  | 6                         |           |             |             |  |                         |
| Training in Trade Union Leadership                   | N   | 4                 |       |                  | 4                         |           |             |             |  |                         |
| <u>FEDERATION OF RHODESIA AND NYASALAND</u>          |   |                   |       |                  |                           |           |             |             |  |                         |
| Agricultural Research, Education and Extension       | C   | 26                |       |                  | 26                        |           |             |             |  |                         |
| Training in Adult Education                          | N   | 5                 |       |                  | 5                         |           |             |             |  |                         |
| Training in Home Economics                           | N   | 25                |       |                  |                           | 23        | 2           |             |  |                         |
| Technical Education                                  | N   | 41                |       |                  |                           | 36        | 5           |             |  |                         |
| Urban Sanitation                                     | C   | 4                 | 4     |                  |                           |           |             |             |  |                         |
| Community Development                                | C   | 14                | 14    |                  |                           |           |             |             |  |                         |
| Aided Self-help Housing (Rhodesia)                   | C   | 55                | 38    |                  | 17                        |           |             |             |  |                         |
| Aided Self-help Housing (Nyasaland)                  | N   | 20                | 15    |                  | 5                         |           |             |             |  |                         |
| <u>MISCELLANEOUS</u>                                 |   |                   |       |                  |                           |           |             |             |  |                         |
| Technical Support                                    |   | 70                | 30    |                  |                           |           | 40          |             |  |                         |
| Total Technical Cooperation                          |   | 855               | 186   | 91               | 518                       | 20        | 40          |             |  |                         |

# OTHER WEST AFRICA



|                            | Unit        | Sierra Leone | Cameroun | Togo   |
|----------------------------|-------------|--------------|----------|--------|
| POPULATION.....            | Millions    | 2.2          | 3.2      | 1.1    |
| Annual Growth.....         | Percent     | 1.2%         | 0.5%     | 1.3%   |
| AREA.....                  | Sq. Miles   | 27,934       | 166,795  | 22,015 |
| AGRICULTURAL LAND.....     | % of Area   | 80%          | 35%      | 40%    |
| Agri. Land per Capita....  | Acres       | 7            | 12       | 5      |
| GROSS NATIONAL PRODUCT     |             |              |          |        |
| Total GNP.....             | \$ Mill.    | 120          | n.a.     | n.a.   |
| Per Capita GNP.....        | Dollars     | 55           | n.a.     | n.a.   |
| LITERACY RATE.....         | Percent     | 5-10         | 5-10     | 5-10   |
| ELECTRIC POWER per CAPITA. | KWH per yr. | n.a.         | 78       | n.a.   |
| TRADE                      |             |              |          |        |
| Exports.....               | \$ Mill.    | 57           | 106      | 13     |
| Imports.....               | "           | 67           | 102      | 15     |
| Trade Balance.....         | "           | -10          | +4       | -3     |

Country: OTHER WEST AFRICA

### MUTUAL SECURITY PROGRAM

#### NEW WEST AFRICAN COUNTRIES

The West African states, now or soon to become independent, share common aspirations and problems. They want to maintain their historic ties with the West, while moving toward economic independence and viability. Although other Free World nations have responsibilities greater than the U.S. in the welfare of these new countries, a demonstration of U.S. interest in the successful establishment of self-government will help insure their continued Western orientation. The U.S. can contribute significantly to the economic progress of these nations during the difficult and crucial early years of independence by supplementing the primary role of other countries with modest assistance programs.

From these countries come many important materials, such as industrial diamonds, tantalite, and manganese, as well as extremely large quantities of high-grade bauxite and iron ore.

Formerly a U.N. Trust Territory under French administration, Cameroun achieved independence January 1, 1960. Some Soviet-supported terrorist activity has been conducted in an effort to discredit the government now in office. Although French financial and technical aid will continue on a substantial if somewhat diminished scale, the strong desire of the Camerounian people to expand and develop their economy has led them to approach the U.S. with an informal request for aid.

Another U.N. Trust Territory, Togo, will become independent April 27, 1960. The Togolese have informally requested U.S. assistance. This very small country, until now largely subsidized by the French, has a relatively stable and Western inclined government.

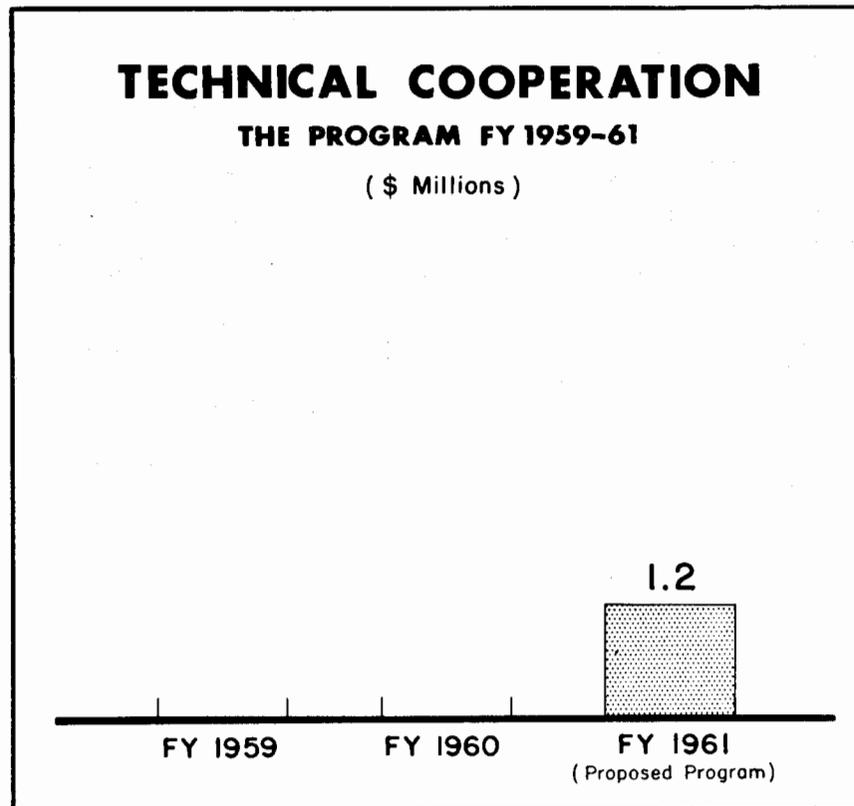
Future U.S. assistance to Sierra Leone in training personnel will contribute to tangible economic progress and to the maintenance of political stability and Western orientation of the country. The United Kingdom which is continuing its economic support, has promised independence to the Colony and Protectorate of Sierra Leone and, while no final date has been established, the Colony is expected to achieve autonomy in 1961.

*Sierra Leone  
Togo  
Cameroun*

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              |                 | 1            |              |
| Cumulative 6/30/59                          | 1,384           | 1,347        | 37           |
| Estimate FY 1960                            |                 | 37           |              |
| Cumulative 6/30/60                          | 1,384           | 1,384        |              |
| Estimate FY 1961                            | 1,200           | 300          |              |

Current Economic Situation and Problems

The West African countries share with the rest of the continent the common economic disabilities of low per-capita income, underdeveloped if potentially large natural resources, and a lack of trained nationals capable of assuming the responsibilities accompanying the achievement of independence.

For example, Cameroun is a relatively underpopulated, underdeveloped African country presently engaged mainly in subsistence agriculture. Half the size of neighboring Nigeria, it has only one tenth of Nigeria's population. Levels of education, literacy, health, labor skills and agricultural techniques are very low (there is only one doctor per 15,000 inhabitants). The country has been largely dependent on French investment, trade, aid, and administration. Development has been largely restricted to an aluminum smelter and to four export crops - cocoa, coffee, bananas, and cotton. France has indicated it hopes to continue its past close relationship, including an annual grant which, while on a declining trend, was at about the \$10 million level in 1958. The Common Market Development Fund is considering project submissions from Cameroun totaling nearly \$5 million, largely for port improvement at Douala. As a former U.N. Trusteeship, Cameroun will undoubtedly receive U.N. Technical Assistance.

The need for external assistance is great and the new government has indicated it intends actively to seek such assistance. Soviet bloc activity prior to independence was limited to increased purchases of exports; Russia, for example, took 19% of Cameroun's cocoa exports in 1958. On the basis of experience elsewhere in Africa, increased bloc interest and activity is to be expected in the current post-independence period.

Togo has only about one-fifth the population and area of neighboring Ghana. Like Ghana, Togo has prospered relative to other African countries on the basis of export crops (chiefly cocoa and coffee) produced by peasant farmers on relatively small holdings. In addition, the current development of a large, rich phosphate deposit promises further to increase foreign exchange earnings.

Despite these favorable factors, Togo is not well equipped in human terms for rapid, general economic development. Education, health and labor skills are at low levels and government administration has been largely dependent on key French personnel. As in the case of Cameroun, France hopes to continue its close relationship after independence, including annual grants and loans of about \$3 million. U.N. Technical Assistance should similarly be

readily available to Togo. Although there are no indications to date of the economic policies to be adopted after independence, Togo can be expected to seek additional technical and economic assistance to aid its development.

Sierra Leone is a relatively poor African country with apparently good potential for further development. Its population of a little over two million is largely engaged in subsistence agriculture; per capita GNP was estimated to be about \$55 in 1958. Foreign investment, however, has resulted in striking gains in mineral output in recent years. Minerals principally iron ore, chrome ore, and diamonds, now account for about three-fourths of exports. Government development efforts have so far been concentrated mainly on the dominant occupation of agriculture, particularly on improvement of the principal export crops of palm kernels, cocoa, coffee, piassava, ginger, and kola.

Public development efforts to date have been financed largely from the U.K. Colonial Development and Welfare Fund. In addition to the continuation of U.K. assistance Sierra Leone officials have expressed strong interest in the U.S. technical assistance to help them solve their pressing needs in the fields of education, agriculture, and the training of skilled workers. The U.S. recently completed a single project in the field of education in Sierra Leone. U.N. agencies are making small contributions in the fields of health and education.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     |         |         |         |
| DLF - Loan Approvals . . . . .                  |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         |         |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - Obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 |         |         | XXX     |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.         |         |         |         |

Country: OTHER WEST AFRICA

## TECHNICAL COOPERATION

### Role of Program

The ICA program is designed to supplement the efforts of the United Kingdom and of France to increase the numbers of Africans qualified to fill positions of national responsibility. Through technical cooperation and the Special Program for Tropical Africa, sympathetic and effective assistance from the United States can help increase, the number of trained nationals and basic training institutions, thereby, demonstrating to these emerging African states that the U.S. is concerned with their economic and political development.

The schedule for the achievement of independence in Africa is as unpredictable as the eventual form and even names of some of the new countries. While this impedes precise planning, the funds requested for the prospective new West African countries are necessary to insure the basis for a response to their requests for U.S. assistance. Several have already inquired as to possibilities for economic and technical assistance. In West Africa, international sovereignty has been or will be attained by several countries including Sierra Leone, Cameroun, Togo, and the Mali Federation (Republics of Senegal and Soudan).

### Objectives - Technical Cooperation

- (a) To support the efforts of emerging African states to broaden and raise the level of education and technical skills.
- (b) To demonstrate and teach improved methods of land cultivation so that dependence on external sources for basic food supplies will be lessened and levels of health and well-being will be raised.
- (c) To encourage entrepreneurial activities in the exploitation of natural resources, the development of services and the manufacture of goods.

### Composition of FY 1961 Technical Cooperation Program - \$1,200,000

As in neighboring African countries with U.S. Technical Cooperation programs already under way, the programs in the New West African countries will emphasize education and agriculture. Prior to actual program commitments, surveys will be undertaken, in cooperation with the host governments, for the purpose of pinpointing those high priority project activities which in each country will make the maximum contribution to economic development progress. The programs will vary from country to country.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    |                  |                    | 1,200              |

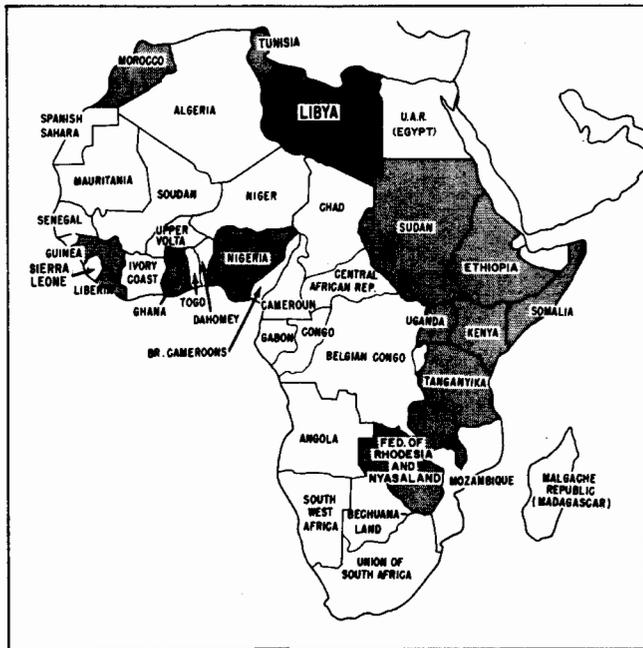
English Language programs will be started in response to numerous requests for such training. Vocational training will be stressed in Cameroun. Togo has requested help in agriculture and education. The task immediately ahead is that of selecting projects which have the greatest impact, since the manifest needs are so great and the available skills and resources are so limited.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       |                                     |                      | 350                 |
| Participants . . . . .                                      |                                     |                      | 500                 |
| Contractual Services . . . . .                              |                                     |                      |                     |
| Supplies and Equipment . . . . .                            |                                     |                      | 150                 |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       |                                     |                      | 200                 |
| Total Project Assistance . . . . .                          |                                     |                      | 1,200               |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     |                                     |                      | 20                  |
| Contract . . . . .  |                                     |                      |                     |
| Total Technicians . . . . .                                 |                                     |                      | 20                  |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      |                                     |                      | 100                 |
| Contract . . . . .  |                                     |                      |                     |
| Total Participants . . . . .                                |                                     |                      | 100                 |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               |                                     |                      | 400                 |
| Industry and Mining . . . . .                               |                                     |                      |                     |
| Transportation . . . . .                                    |                                     |                      |                     |
| Labor . . . . .   |                                     |                      |                     |
| Health and Sanitation . . . . .                             |                                     |                      |                     |
| Education . . . . .   |                                     |                      | 500                 |
| Public Administration . . . . .                             |                                     |                      |                     |
| Community Development, Social Welfare and Housing . . . . . |                                     |                      | 300                 |
| General and Miscellaneous . . . . .                         |                                     |                      |                     |
| Total by Field of Activity . . . . .                        |                                     |                      | 1,200               |

# LIBYA - GENERAL ECONOMIC DATA



| <b>BASIC DATA</b>                              |                        |                   |
|--|------------------------|-------------------|
| Population.....                                | 1.2 million            |                   |
| Annual Growth.....                             | 1.5 percent            |                   |
| Area.....                                      | 680,000 sq. mi.        |                   |
| Agricultural Land.....                         | 8% of area             |                   |
| Agri. Land per Capita.....                     | 29 acres <sup>a/</sup> |                   |
| Literacy Rate.....                             | 10 percent             |                   |
| Life Expectancy (Years).....                   | <u>Libya</u><br>n.a.   | <u>U.S.</u><br>70 |
| Inhabitants per Physician...                   | 6,900                  | 760               |
| Road Miles per 1,000 sq.mi..                   | 3                      | 870               |
| Electric Power per Capita...<br>(KWH per Year) | 60                     | 4,500             |

Calendar Years

|   | Unit        | 1956       | 1957  | 1958  | 1959 Est. |
|---|-------------|------------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT</b> <sup>*</sup>                              |             |            |       |       |           |
| Total GNP (In 1958 Prices).....   | \$ Millions | 100        | 114   | 124   | 130       |
| Per Capita GNP.....   | Dollars     | 89         | 100   | 107   | 111       |
| <b>PRODUCTION</b>   |             |            |       |       |           |
| Agricul. Prod. Index <sup>b/</sup> .....                                | 1952-54=100 | n.a.       | 136   | 110   | 149       |
| Barley .....  | 1,000 MT    | 110        | 61    | 54    | 110       |
| Dates .....   | "           | 40         | 51    | 44    | 51        |
| Olive Oil .....   | "           | 8.0        | 13.0  | 2.5   | 7.3       |
| <b>FOREIGN TRADE</b>  |             |            |       |       |           |
| Total Exports (f.o.b).....  | \$ Millions | 12         | 15    | 17    | 20        |
| Peanuts .....   | "           | 2.3        | 2.4   | 2.9   | n.a.      |
| Livestock .....   | "           | 2.1        | 1.4   | 2.3   | n.a.      |
| Total Imports (c.i.f).....  | "           | 46         | 79    | 97    | 110       |
| Trade Balance.....  | "           | -34        | -64   | -80   | -90       |
| <b>Trade with United States (U.S. Data)</b>                             |             |            |       |       |           |
| Exports to U. S. (f.o.b).....   | \$ Millions | Negligible | 0.1   | 0.1   | 0.4       |
| Imports from U. S. (f.o.b).....   | "           | 8.0        | 14.0  | 20.2  | 30.0      |
| Trade Balance.....  | "           | -8.0       | -13.9 | -20.1 | -29.6     |
| <b>GOLD &amp; FOREIGN EXCHANGE HOLDINGS</b> <sup>c/</sup> (end of year) |             |            |       |       |           |
|   | "           | 33         | 43    | 52    | 64(Oct)   |
| <b>COST OF LIVING INDEX</b> <sup>d/</sup> 1953=100                      |             |            |       |       |           |
|   | "           | 109        | 104   | 109   | 113       |

|   | - Million Dollar Equivalents - |      |           |
|---|--------------------------------|------|-----------|
| CENTRAL GOVERNMENT FINANCES <sup>* e/</sup> FY ending Mar. 31 | 1958                           | 1959 | 1960(Bud) |
| Domestic Revenues.....  | 27                             | 34   | 40        |
| Total Expenditures.....                                       | 51                             | 59   | 69        |
| Deficit(-) or Surplus Before All Foreign Aid....              | -24                            | -25  | -29       |
| Budget Receipts from Non-U.S. Foreign Aid.....                | 13                             | 13   | 12        |
| Budget Receipts from U.S. Aid & PL 480.....                   | 15                             | 14   | 21        |
| Remaining Deficit(-) or Surplus(+)                            | +4                             | +2   | +4        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....                     | 3                              | 4    | 5         |
| U.S.-Financed (excl. M.A.P. end-items)...                     | -                              | -    | -         |
| Defense Expend. as % of Total Gov't Expend... 5.7%            | 7.1%                           | 7.7% | 7.7%      |
| Defense Expenditures as % of GNP ..... 2.6%                   | 3.4%                           | 4.0% | 4.0%      |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> .....           | 48                             | 55   | 64        |
| U.S.-Financed.....  | (15)                           | (14) | (21)      |

n.a. - Not available. <sup>e/</sup> Converted at \$2.80 per Libyan pound. <sup>a/</sup> Mostly semi-arid grazing land.  
<sup>b/</sup> Crops harvested in crop-year beginning in year stated. <sup>c/</sup> National Bank holdings. <sup>d/</sup> Retail price of food for Libyans in Tripoli. <sup>e/</sup> Consolidated statement of Federal and Provincial Government.

Country: LIBYA

**MUTUAL SECURITY PROGRAM**

U.S. military facilities in Libya, particularly Wheelus Air Base, represent an aggregate U.S. investment of over \$100 million. Wheelus, a major military installation, of great value as a training and staging center.

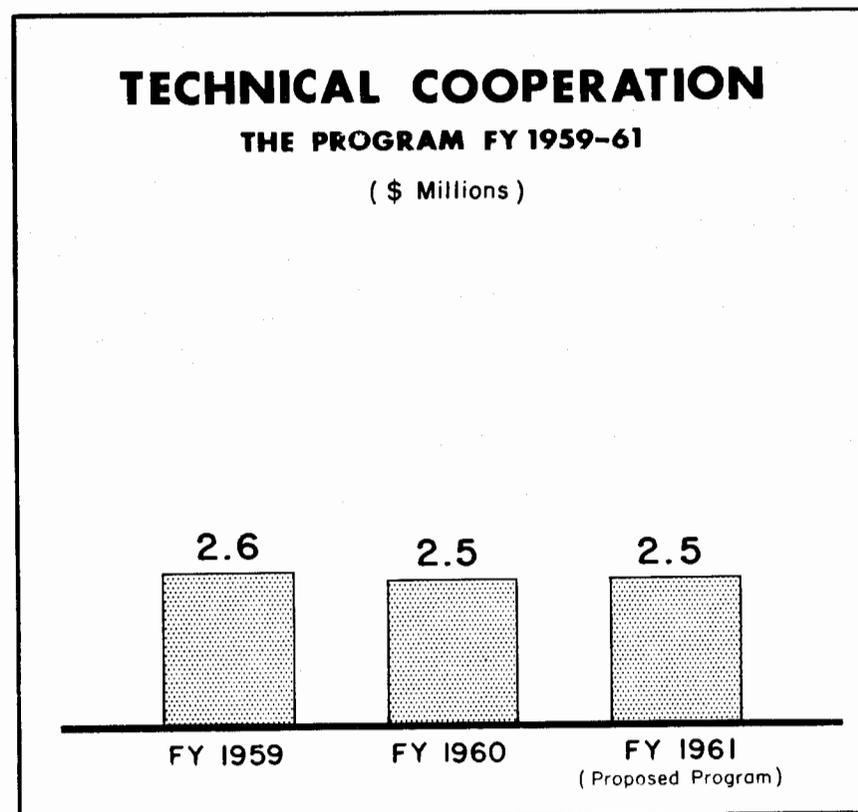
The sudden emergence of Libya as a potential source of oil close to European customers has greatly magnified the economic importance of Libya and raises hopes that within a few years Libya will be able to finance on its own a high level of development activity. However, capital will be needed to fill the gap until sizable oil revenues begin to be realized.

The Libyan Government continues its policy of cooperation with the West while maintaining friendly ties with other Arab states. The prospect of financial independence as a result of oil developments reinforces Libyan determination to avoid foreign entanglements and to maintain its independence status. Libya and the USSR have diplomatic relations and they have been negotiating for some time over the details of a Soviet offer to provide two hospitals.

Past U.S. assistance to Libya has focused on raising agricultural production. The dramatic change in Libya's outlook makes it necessary to help prepare the country to absorb petroleum revenues without political disruption or economic dislocation. Stepped up programs to train Libyans in the technical and administrative skills needed to cope with an oil-based economy and assistance to the proposed new Libyan economic development agency which will supervise the rational utilization of oil revenues now become priority requirements in the U.S. technical and economic assistance program.

U.S. economic assistance, by contributing to improved economic conditions in Libya, is an important factor in the continued acceptance of American military installation.

The U.S. supplements, by supplying limited amounts of equipment, the primary British role of assisting the small Libyan Army to become an effective internal security force.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 2,646           | 2,549        |              |
| Cumulative 6/30/59                          | 15,748          | 14,880       | 868          |
| Estimate FY 1960                            | 2,500           | 2,468        |              |
| Cumulative 6/30/60                          | 18,248          | 17,348       | 900          |
| Estimate FY 1961                            | 2,500           | 2,500        |              |

## ECONOMIC SITUATION

Current Economic Situation and Problems

The discovery of large oil deposits during the past year has dramatically changed the outlook for Libya's economy. The probability that the government will receive substantial revenues from the production and sale of Libyan oil by 1965 or 1966 means that the country will no longer be dependent upon foreign assistance to finance its development program and normal governmental operations. Until that time, however, external financial assistance will continue to be required.

Oil revenues alone will not solve all of Libya's problems. The country, with a population of 1.2 million and an area of 680,000 square miles, is generally poverty-ridden. The bulk of the Libyans must continue to depend on traditional economic activities, primarily subsistence agriculture, for their livelihood; 65% of the population is rural. Water resources are meager, even for the 1% of the land that is suitable for settled agriculture; the country experiences droughts in large areas almost every year. Custom and ignorance hinder development in every field, and professionally-trained Libyans are desperately scarce. Development capital for needed small industry or agricultural improvement is generally not available. Government leadership and legislation in many critical problem areas, e.g., land tenure, have not developed. Although progress is being made, external technical assistance and advice will be required by Libya for many years. The World Bank report on Libya should provide a plan for that country's economic development over the next few years which will be of major assistance to the Government of Libya in its planning.

During the past year the acceleration of exploration and drilling by foreign oil companies has stimulated economic activity throughout the country -- through additional direct employment and by increasing requirements of the oil companies' operations and personnel for all types of goods and services. The country's per capita GNP was \$111 in 1959, compared with \$107 in 1958. In the same period a severe drought struck Cyrenaica and parts of Tripolitania. Heavy livestock losses were avoided only by large relief shipments of American grain.

Both its budget and its balance of payments reveal Libya's great dependence upon foreign resources to sustain current levels of economic activity. In the Libyan FY 1958-1959 about 95% of the government's total revenues came from foreign sources. Libya's visible trade deficit in 1958 reached an all-time high of \$80 million as exports paid for only 18% of total imports. The latter included, however, a large element of imports for the oil companies, for expatriate personnel, and for development programs. The deficit was covered with foreign exchange provided by foreign

government assistance programs, foreign military forces and foreign oil companies.

Assistance from Non-ICA Sources

The U.K. is the largest single contributor to Libya after the U.S., providing an annual cash grant of \$9.1 million for budgetary support. As part of its indemnification payments for war damages, Italy has agreed to finance certain Libyan imports from Italy in an amount of \$4.9 million over a three-year period. Technical assistance of \$620,000 was again provided in 1959 by the United Nations specialized agencies -- primarily in technical advice and training. The U.N. Special Fund has approved a contribution of \$750,000 towards an Institute for Higher Technology. The DLF authorized a loan agreement in the amount of \$5 million for the Tripoli Power project in FY 1959.

The U.S. Department of Defense has since 1954 provided \$4 million per year in conjunction with the Base Rights Agreement, but the annual payment will drop to \$1 million in 1961.

A Czech trade mission visited Libya during 1959 reviewing several prospective development projects, particularly a sugar beet processing factory. The USSR has offered to build, equip and staff two hospitals. The Libyans have announced acceptance of this offer, although agreement on important details has not yet been reached. The UAR continues to furnish Egyptian teachers to Libyan schools.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                     | 17.7    | 17.6    | 17.5    |
| DLF - Loan Approvals . . . . .                  | 5.0     |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         |         |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - Obligations . . . . .      | 0.6     | 6.8     | 1.1 2/  |
| P.L. 480, Title III - Obligations . . . . .     | 1.7     | 1.0     | 0.8 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL 3/ . . . . .                              | 29.0    | 29.4    | XXXX    |

1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.

3/ Total includes "other U.S. Economic Programs" of \$4.0 million in FY 1958 and \$4.0 million in FY 1959.

Country: LIBYA

## TECHNICAL COOPERATION

### Role of Program - Technical Cooperation

The Technical Cooperation Program is an integral part of the overall economic development program in Libya financed by the U.S. The technicians and participants financed from these funds aid significantly in overcoming Libya's scarcest resource - a trained and educated citizenry. The need for a technically proficient labor force in Libya is becoming more urgent than ever because of the stepped-up economic activity and opportunity since the 1959 discovery of large oil reserves. Past activities under Technical Cooperation have stressed improvements in agriculture, health and education. Increasing stress will be placed on commercial and industrial training to take advantage of the opportunities developing from the oil discoveries, and on sound utilization of anticipated revenues from oil production.

### Objectives - Technical Cooperation

- (a) Through technical advice and on-the-job training, to provide the assistance required to enable the Libyan Government to operate its development program.
- (b) To stimulate and promote acceptance of long-range programs to encourage self-help activity and instill an attitude of self-reliance through teaching, community organization and local government and awaken individual initiative and energy by agricultural extension, preventive medicine and sanitation, community development, agricultural credit and industrial development loan activities.
- (c) To increase the number of Libyan technicians and administrators to operate technical programs by providing for technical training and specialized education in all project areas through on-the-job as well as overseas training in the U.S. and third countries.
- (d) To assist Libya in the utilization of funds available for developmental activities (including future oil revenues) by advising in the planning, administration and operation of the Development Council which has primary responsibility for allocating funds for development projects.

### Accomplishments - Technical Cooperation

Progress achieved through Technical Cooperation is difficult to divorce from Special Assistance accomplishments as the programs within Libya complement each other. One discernible Technical Cooperation accomplishment is the growth of a spirit of self-reliance in the attitudes of thousands of Libyans as the result of ideas implanted by U.S. project activities in agricultural guidance

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 2,646            | 2,500              | 2,500              |

and extension, sanitation and community development. Communities have begun to organize through local action committees, which has involved them in building self-help projects of all types (with a minimum amount of "brick and mortar" furnished from Special Assistance funds).

Among the specific accomplishments in the advice to and training of Libyans in agriculture are: (1) The successful demonstration of cereal improvement to an estimated 7,000 farmers, (2) the design and provision for manufacture within Libya of simple and inexpensive animal-drawn plows and grain drills, (3) establishment of agricultural information offices in Tripolitania and Cyrenaica, to one of which over 100 farmers a day come for advice, (4) establishment of local branches of the successful Agricultural Bank, and (5) training of ninety Libyan extension agents.

Demonstration public health centers have been sufficiently successful that the Cyrenaican Government is planning to build similar centers in two other cities at its own expense using the Health Center at Barce as a model.

A World Bank study team has completed a 4-month survey of Libya's economy and is expected to submit proposals regarding Libya's development plans before June. A survey of Libya's mineral resources other than petroleum has been completed and reports are in preparation.

Twenty-one police officers have been trained abroad and communications and criminal investigation courses have begun in Libya. A Libyan official has assumed administrative and policy direction of the communication media program and four other Libyans hold key positions in this work. Two U.S. advisors' positions will be terminated this year and a third next year.

Tripolitanian teacher training colleges will graduate approximately 250 teachers this year; enrollment has risen from 465 in 1953 to 1,500 today. Four vocational and agricultural schools are operated with the advice of U.S. technicians and enrollment is increasing yearly.

Continuous on-the-job training has been provided in the areas of agricultural equipment maintenance, agricultural extension,

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 1,598                               | 1,484                | 1,468               |
| Participants .....                                      | 150                                 | 285                  | 257                 |
| Contractual Services .....                              |                                     |                      |                     |
| Supplies and Equipment .....                            | 153                                 | 90                   | 75                  |
| Contrib. to Coop. Services .....                        | 132                                 |                      |                     |
| Other Costs .....                                       | 613                                 | 641                  | 700                 |
| <b>Total Project Assistance ..</b>                      | <b>2,646</b>                        | <b>2,500</b>         | <b>2,500</b>        |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 113                                 | 112                  | 110                 |
| Contract .....  | 2                                   | 4                    | 5                   |
| <b>Total Technicians .....</b>                          | <b>115</b>                          | <b>116</b>           | <b>115</b>          |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 39                                  | 81                   | 71                  |
| Contract .....  | 12                                  |                      |                     |
| <b>Total Participants .....</b>                         | <b>51</b>                           | <b>81</b>            | <b>71</b>           |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 669                                 | 867                  | 825                 |
| Industry and Mining .....                               | 96                                  | 174                  | 165                 |
| Transportation .....                                    |                                     |                      |                     |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             | 242                                 | 236                  | 257                 |
| Education .....   | 247                                 | 281                  | 282                 |
| Public Administration .....                             | 113                                 | 94                   | 135                 |
| Community Development, Social Welfare and Housing ..... | 44                                  | 40                   | 56                  |
| General and Miscellaneous .....                         | 1,235                               | 808                  | 780                 |
| <b>Total by Field of Activity ..</b>                    | <b>2,646</b>                        | <b>2,500</b>         | <b>2,500</b>        |

sanitation, livestock improvement, range management, communications media production, use of modern police equipment, and community development training. As a result Libyans are becoming increasingly able to operate facilities and equipment by themselves.

Composition of the 1961 Technical Cooperation Program - \$2,500,000

The largest portion of the Technical Cooperation Program (\$681 thousand) is concentrated on raising agricultural productivity and raising the living standards of farm families who make up 65% of the population. In spite of the future hope of oil revenues, agricultural production will remain highly important in maintaining balanced economic growth and helping to stabilize the economic situation. The proposed program stresses agricultural guidance through training and demonstration of improved agricultural techniques and methods.

Technical Cooperation in health and sanitation will emphasize the results achievable through preventive medicine and personal and community hygiene. U.S. technicians will advise and provide training for the Libyan Public Health Service and on such technical problems as safe water supply and sanitary slaughtering facilities.

Expansion and improvement of the Libyan educational system will be accomplished by advice and assistance in the operation of vocational agricultural and industrial schools, in-service teacher education and training of Libyans to assume effective operational responsibility in these areas.

To help Libya prepare for the anticipated industrial and commercial opportunities stemming from the oil discoveries, the U.S. has provided experts to provide advice to individual entrepreneurs regarding the management and organizational problems, and to the Libyan Government, regarding the functioning of an industrial loan fund. Increased attention will be given to upgrading the technical skills of Libyan urban workers.

Skilled personnel will be provided to assist in planning, organizing and administering the development program until such time as qualified Libyan officials become available.

Assistance and training in community development will continue, as will training in improved police communications and crime detection methods.

Country: LIBYA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

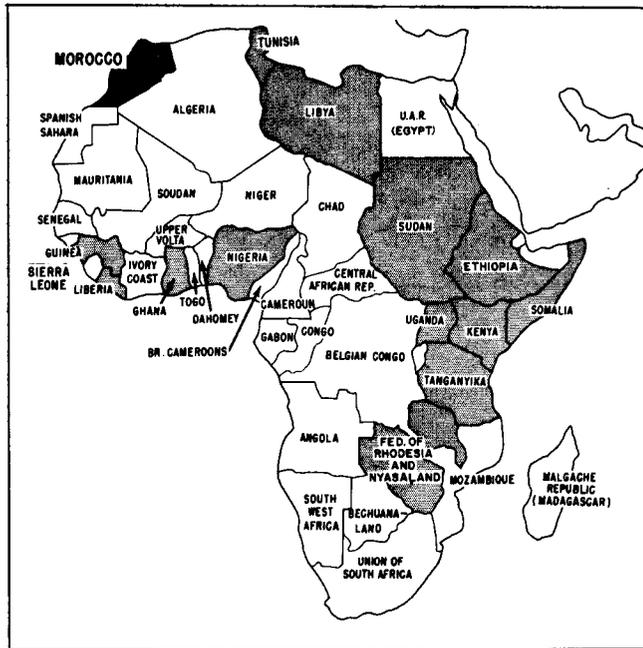
| Function: <u>TECHNICAL COOPERATION</u>                                 | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u>                     |   |                   | 825   | 533              | 135                       |           |             | 157  |                                       |                         |
| Agricultural Equipment Maintenance                                     | C   |                   | 21    | 10               | 8                         |           |             | 3  |                                       |                         |
| Crop Improvement and Agricultural Marketing                            | C   |                   | 70    | 48               | 14                        |           |             | 8  |                                       |                         |
| Agricultural Credit  | C   |                   | 63    | 51               | 5                         |           |             | 7  |                                       |                         |
| Agricultural Guidance (Rural Education and Extension)                  | C   |                   | 177   | 124              | 28                        |           |             | 25   |                                       |                         |
| Forestry   | C   |                   | 25    | 12               | 10                        |           |             | 3  |                                       |                         |
| Livestock Improvement  | C   |                   | 49    | 30               | 12                        |           |             | 7  |                                       |                         |
| Range Management   | C   |                   | 68    | 22               | 40                        |           |             | 6  |                                       |                         |
| Soil and Surface Water Conservation                                    | C   |                   | 72    | 56               | 4                         |           |             | 12   |                                       |                         |
| Ground Water Geology   | C   |                   | 84    | 59               | 14                        |           |             | 11   |                                       |                         |
| Irrigation   | C   |                   | 42    | 33               |                           |           |             | 9  |                                       |                         |
| Joint Service Support  | C   |                   | 154   | 88               |                           |           |             | 66   |                                       |                         |
| <u>Health and Sanitation - Total</u>                                   |   |                   | 257   | 193              | 18                        |           |             | 46   |                                       |                         |
| Development of Domestic Water Supplies                                 | C   |                   | 63    | 52               | 6                         |           |             | 5  |                                       |                         |
| Sanitation Activities  | C   |                   | 22    | 12               | 6                         |           |             | 4  |                                       |                         |
| Basic Public Health  | C   |                   | 89    | 73               | 6                         |           |             | 10   |                                       |                         |
| Hospital, Ambulatoria and Laboratory Rehabilitation and Administration | C   |                   | 16    | 13               |                           |           |             | 3  |                                       |                         |
| Joint Service Support  | C   |                   | 67    | 43               |                           |           |             | 24   |                                       |                         |
| <u>Education - Total</u>   |   |                   | 282   | 206              | 30                        |           |             | 46   |                                       |                         |
| English Language Improvement   | C   |                   | 71    | 65               | 6                         |           |             |  |                                       |                         |
| School Construction  | C   |                   | 9     | 5                |                           |           |             | 4  |                                       |                         |
| Teacher Education  | C   |                   | 28    | 12               | 12                        |           |             | 4  |                                       |                         |
| Technical and Vocational Education                                     | C   |                   | 81    | 62               | 12                        |           |             | 7  |                                       |                         |
| Joint Service Support  | C   |                   | 93    | 62               |                           |           |             | 31   |                                       |                         |

## TECHNICAL COOPERATION

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u>               | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Industry and Mining - Total</u>                               |   |                   | 165   | 106              | 19                        |           |             | 40          |  |                         |
| Minerals Investigation   | C   |                   | 60    | 45               |                           |           |             | 15          |  |                         |
| Industrial Development   | C   |                   | 93    | 61               | 19                        |           |             | 13          |  |                         |
| Program Support  | C   |                   | 12    |                  |                           |           |             | 12          |  |                         |
| <u>Public Administration - Total</u>                             |   |                   | 135   | 55               | 25                        |           | 15          | 40          |  |                         |
| Public Safety  | C   |                   | 135   | 55               | 25                        |           | 15          | 40          |  |                         |
| <u>Community Development, Social Welfare and Housing - Total</u> |   |                   | 56    | 22               | 20                        |           |             | 14          |  |                         |
| Community Development  | C   |                   | 56    | 22               | 20                        |           |             | 14          |  |                         |
| <u>General and Miscellaneous - Total</u>                         |   |                   | 780   | 353              | 10                        |           | 60          | 357         |  |                         |
| Communications Media   | C   |                   | 85    | 45               | 10                        |           |             | 30          |  |                         |
| Technical Support  | C   |                   | 545   | 199              |                           |           | 60          | 286         |  |                         |
| Development of Advisory Services                                 | C   |                   | 80    | 65               |                           |           |             | 15          |  |                         |
| Support of Libyan-American Joint Services                        | C   |                   | 70    | 44               |                           |           |             | 26          |  |                         |
| <u>Total Technical Cooperation</u>                               |   |                   | 2,500 | 1,468            | 257                       |           | 75          | 700         |  |                         |

# MOROCCO - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 10.5 million    |              |
| Annual Growth.....                             | 1.9 percent     |              |
| Area.....                                      | 183,000 sq. mi. |              |
| Agricultural Land.....                         | 44% of area     |              |
| Agri. Land per Capita.....                     | 4.9 acres       |              |
| Literacy Rate.....                             | 5 percent       |              |
|  | <u>Morocco</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 35              | 70           |
| Inhabitants per Physician...                   | 9,900           | 760          |
| Road Miles per 1,000 sq.mi..                   | 165             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 92              | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT *a/</b>              |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 1,530 | 1,420 | 1,490 | 1,435     |
| Per Capita GNP.....                            | Dollars     | 178   | 163   | 169   | 160       |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>b/</sup> .....       | 1952-54=100 | 93    | 72    | 90    | 88        |
| Barley.....                                    | 1,000 MT    | 1,560 | 613   | 1,272 | 1,110     |
| Wheat.....                                     | "           | 1,032 | 710   | 1,238 | 1,061     |
| Mining Index.....                              | 1953=100    | 115   | 119   | 126   | 138       |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b.).....                    | \$ Millions | 339   | 325   | 345   | 350       |
| Phosphate rock.....                            | "           | 67    | 64    | 73    | 85        |
| Manganese ore.....                             | "           | 14    | 26    | 18    | 25        |
| Total Imports (c.i.f.).....                    | "           | 444   | 411   | 401   | 375       |
| Trade Balance.....                             | "           | -105  | -86   | -56   | -25       |
| <b>Trade with United States (U.S. Data)</b>    |             |       |       |       |           |
| Exports to U. S. (f.o.b.).....                 | \$ Millions | 10.7  | 10.5  | 8.2   | 10        |
| Imports from U. S. (f.o.b.).....               | "           | 47.1  | 47.0  | 41.5  | 40        |
| Trade Balance.....                             | "           | -36.4 | -36.5 | -33.3 | -30       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 118   | 137   | 140   | 50 (Sep)  |
| COST OF LIVING INDEX (Casablanca) ..           | 1953=100    | 109   | 113   | 116   | 116       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES * FY ending Dec. 31    | 1957 | 1958  | 1959 (Bud) |
|--|------|-------|------------|
| Domestic Revenues.....                             | n.a. | 274   | 285        |
| Total Expenditures.....                            | n.a. | 335   | 345        |
| Deficit(-) or Surplus Before All Foreign Aid....   |      | -61   | -60        |
| Budget Receipts from Non-U.S. Foreign Aid.....     |      | -     | -          |
| Budget Receipts from U.S. Aid & PL 480.....        |      | 25    | 33         |
| Remaining Deficit(-) or Surplus(+)                 |      | -36   | -27        |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>           |      | 87    | 87         |
| U.S.-Financed.....                                 |      | -     | -          |
| Defense Expend. as % of Total Gov't Expend...      |      | 26.0% | 25.2%      |
| Defense Expenditures as % of GNP.....              |      | 5.8%  | 6.1%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL.....</b> |      | 248   | 258        |
| U.S.-Financed.....                                 |      | (25)  | (33)       |

n.a. - Not available. \* / Converted at 5.06 dirham per US \$. a / Former French Zone of Morocco only.  
b / Crops harvested in crop-year beginning in year stated.

Country: MOROCCO

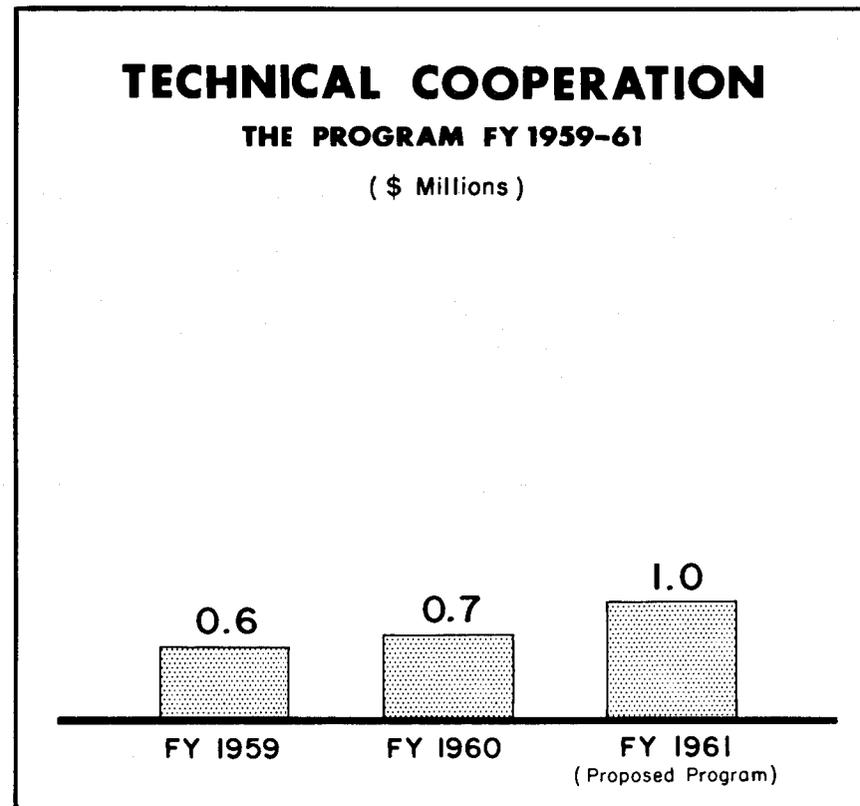
MUTUAL SECURITY PROGRAM

The U.S. maintains and operates in Morocco three major air bases, a large naval air and communications complex, and an important Voice of America relay station. Morocco is an important and influential Arab State basically friendly to the U.S. and to the West, although it follows a policy of non-alignment in the East-West conflict. It occupies a position on the southern flank of NATO at the entrance to the Mediterranean.

Morocco has considerable economic potential in underdeveloped resources. Nevertheless, the withdrawal of French investment capital, budgetary support, and technicians started an economic decline from which Morocco has not yet recovered. U.S. assistance buttresses the Moroccan Government's efforts to alleviate the continuing low level of economic activity and the politically dangerous unemployment problem.

Despite the authority and prestige of King Mohamed V, who is the major unifying factor in Morocco, increasing political and social tensions are accompanying Morocco's efforts to become a modern nation-state. The Moroccan Government has taken strong stands on two major external political issues, the Algerian war and the evacuation of French and Spanish troops. The war in Algeria put severe strain on relations with France and other Western nations, including the U.S. Failure to resolve these problems prevents Morocco from establishing more beneficial economic relations with European countries.

The Moroccan Government has asked for U.S. advice and support in strengthening its armed forces. A U.S. survey team visited Morocco in 1959 to study Morocco's internal security problems and a token amount of military equipment was supplied.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 551 ✓           | 366          |              |
| Cumulative 6/30/59                          | 1,074           | 652          | 422          |
| Estimate FY 1960                            | 700 ✓           | 622          |              |
| Cumulative 6/30/60                          | 1,774           | 1,274        | 500          |
| Estimate FY 1961                            | 1,000 ✓         | 800          |              |

## ECONOMIC SITUATION

Current Economic Situation and Problems

Morocco is relatively well-endowed with fertile land, mineral resources, and a basic infrastructure of dams, power stations, roads and railroads largely financed by the French during the protectorate era. Although industry developed rapidly from 1945 to 1956, 70% of the population of 10.5 million remains dependent upon subsistence agriculture and animal husbandry. Traditional methods limit agricultural production and contribute to extensive underemployment.

Industry in Morocco has concentrated upon exploitation of mineral resources, and has not been able to absorb rural surplus manpower. Except in the expanding phosphate mining industry, the continuing exodus of French technicians and capital has brought economic progress to a standstill and unemployment may now be as much as 25% of the labor force. Since 1956, gross national product has shown no real growth, whereas the population has increased by some 6%. Thus, per capita GNP has declined at the very time when independence gave rise to hopes of a higher standard of living.

Private investment has dwindled because of uncertainties surrounding government policies and a serious shortage of qualified managers and skilled manpower. Public investment has, therefore, become the most important means of promoting economic development and political stability. Recognizing the immediate political dangers of extensive unemployment, the Government has placed primary emphasis on labor-intensive projects, i.e., roads, housing and other large-scale construction projects.

Although public development expenditures since independence have not exceeded \$80 million annually, the Government is formulating a five-year development plan calling for annual public investments of \$95 million. Even this plan is unlikely to arrest economic decline but greater expenditures are precluded by the lack of administrative capabilities within the Government. More than half of the 45,000 French administrators employed by the Moroccan Government in 1955 have departed and the educational system has proved inadequate to train sufficient Moroccan replacement.

Lacking sufficient revenue to finance its ordinary and capital investment budgets, the Moroccan Government has in past years relied upon reduced ordinary expenditures, deficit financing and foreign assistance to support its investment program. Unless a definite upturn in the economy enables the Government to collect larger revenues, mounting operating expenses will put an increasing strain on the Government's finances.

Assistance from Non-ICA Sources

French assistance in the form of guaranteed markets for Moroccan exports at high prices, civil/military spending and the provision of 20,000 technicians and teachers working for the Moroccan Government remains crucially important. In 1959 this assistance may have reached a total of \$175 million. However, direct financial assistance has been sporadic and limited since independence and future development loans from France are uncertain.

Morocco's refusal to follow the French devaluation of December 1958 and the advent of Morocco's own State Bank on July 1, 1959, resulted in serious disruptions in French/Moroccan trade and financial relationships. Strengthened by a standby commitment of \$25 million for one year from the IMF, Morocco devaluated by 20% in October 1959 and relaxed other restrictions on currency payments. Negotiations have been resumed with the French on a series of questions including overdraft facilities with the Bank of France, limited use of the French Stabilization Fund, tariff preferences for Moroccan exports and indemnity for certain French farmers whose lands were confiscated by the Moroccan Government. Successful settlement of these issues can be expected to stimulate the Moroccan economy and to arrest a serious flight of capital.

In December 1959 the DLF authorized a loan of up to \$23 million for a large irrigation project on the Moulouya River in northern Morocco. Limited amounts of technical assistance are provided by U.N. agencies, West Germany, Belgium and Switzerland.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars)                |         |         |                    |
|---|---------|---------|--------------------|
|   | FY 1958 | FY 1959 | FY 1960            |
| ICA - obligations . . . . .                                     | 30.5    | 45.4    | 50.7               |
| DLF - Loan Approvals . . . . .                                  |         |         | 23.0 <sup>1/</sup> |
| P.L. 480, Title I - Country Use . . . . .                       |         |         |                    |
| (Total Sales)   |         |         |                    |
| P.L. 480, Title II - obligations . . . . .                      |         | 1.5     | 1.6 <sup>2/</sup>  |
| P.L. 480, Title III - obligations . . . . .                     | 4.0     | 1.6     | 1.2 <sup>2/</sup>  |
| EX-IM Bank - Long-term Loans Approved . . . . .                 |         |         | 2/                 |
| TOTAL . . . . .   | 34.5    | 48.5    | XXX                |
| <sup>1/</sup> Actual 1st 7 mos. <sup>2/</sup> Actual 1st 6 mos. |         |         |                    |

Country: MOROCCO

### TECHNICAL COOPERATION

#### Objectives - Technical Cooperation

The development of Moroccan technical and administrative skills is the basic prerequisite to economic development in Morocco.

Moroccan facilities are not adequate to meet the training needs of the country. Virtually all public services in Morocco have been operated by Frenchmen; French training programs have not been sufficient to provide qualified Moroccan replacements for departing French technicians.

As a result, the Moroccan Government has not requested extensive U.S. aid in this area and the technical assistance program remains small. The immediate objective of the Technical Cooperation Program is to provide advice and training in the crucial areas of agriculture, education, public administration and handicrafts as requested by the Moroccan Government. Despite Moroccan recognition of the urgency for technical and administrative training, extreme sensitivity regarding foreign influence has obstructed mutual cooperation and long-range planning.

#### Accomplishments - Technical Cooperation

Technical assistance activities in Morocco have been primarily participant training programs. Under the FY 1959 program, approximately 30 Moroccan Government officials visited the U.S. for training and study in various fields, including irrigation and land classification, education, public administration and radio broadcasting.

Eleven Moroccans have been sent to Belgium for a five-month training program covering all phases of the leather industry with particular emphasis on tanning methods.

Requests were received from the Moroccan Government for the first American project advisors. A Soils Advisor and a Handicraft Specialist are now working directly with the Moroccan Government and two Public Administration Advisors are being recruited to teach in the Moroccan School of Public Administration.

A study tour in the United States was provided the Director of the Moroccan Office of Public Services who has responsibility for both the coordination of technical assistance affairs and the improvement of public administration in Morocco.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 551              | 700                | 1,000              |

Although progress has been sporadic, there is increasing evidence that a growing awareness is developing in Morocco regarding the particular role that American technical and administrative know-how can play in the development of the country. The value of the specific emphasis that U.S. technical assistance gives to the practical side of education and training is receiving more and more attention by Moroccan Government officials.

#### Composition of FY 1961 Technical Cooperation Program - \$1,000,000

Outmoded farming methods contribute greatly to the low level of agricultural productivity and improvements in this area are a prime objective of the U.S. technical assistance program. In view of the increasing Moroccan receptivity of U.S. assistance in the field of agriculture, four training projects have been developed under which the U.S. will provide advice and training in more effective land and water utilization, improved research methods and vocational education.

Approximately one million persons or about 10% of Morocco's population are dependent upon handicrafts for their livelihood. Primitive and costly methods increase prices and thus reduce demand. U.S. technical assistance will be continued in efforts to increase handicraft productivity and to improve the quality of output. Principal attention will be given to shoemaking, tannery and textile weaving trades.

Efforts will be continued to improve the relatively neglected education of the rural population. The Vocational Industrial Education Center in Casablanca will be supported by continuing the four American instructors assigned to the school.

Training activities in the field of Public Administration will also be continued, emphasizing U.S. practices in personnel management, organization and methods, and accounting which can be adapted to the Moroccan system.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 197                                 | 302                  | 378                 |
| Participants .....                                      | 247                                 | 144                  | 148                 |
| Contractual Services .....                              |                                     | 140                  | 215                 |
| Supplies and Equipment .....                            | 51                                  | 13                   | 143                 |
| Contrib. to Coop. Services .....                        |                                     |                      |                     |
| Other Costs .....                                       | 56                                  | 101                  | 116                 |
| Total Project Assistance ..                             | 551                                 | 700                  | 1,000               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 14                                  | 19                   | 24                  |
| Contract .....  |                                     |                      |                     |
| Total Technicians .....                                 | 14                                  | 19                   | 24                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 45                                  | 32                   | 33                  |
| Contract .....  |                                     | 15                   |                     |
| Total Participants .....                                | 45                                  | 47                   | 33                  |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 78                                  | 128                  | 162                 |
| Industry and Mining .....                               | 36                                  | 58                   | 125                 |
| Transportation .....                                    |                                     |                      |                     |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education .....   | 34                                  |                      | 353                 |
| Public Administration .....                             | 103                                 | 204                  | 60                  |
| Community Development, Social Welfare and Housing ..... |                                     |                      |                     |
| General and Miscellaneous .....                         | 300                                 | 310                  | 300                 |
| Total by Field of Activity ..                           | 551                                 | 700                  | 1,000               |

Country: MOROCCO

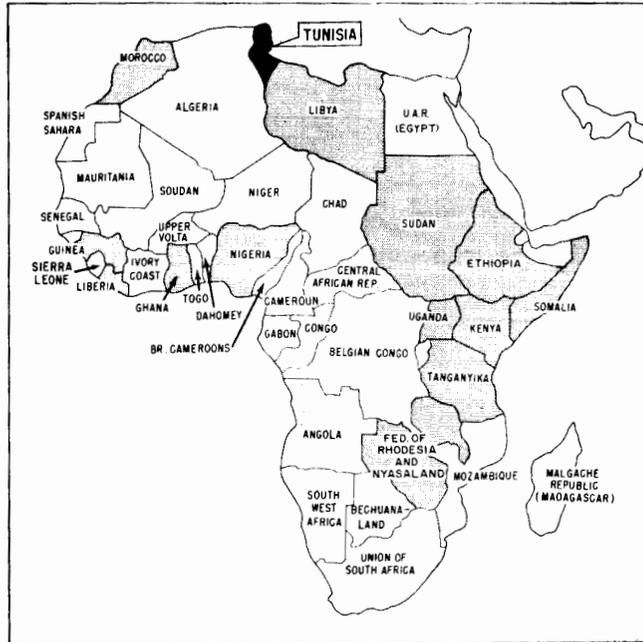
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 162   | 97               | 60                        |           | 5           |  |                                       |                         |                              |
| Land Classification                                | C   |                   | 60    | 40               | 18                        |           | 2           |  |                                       |                         |                              |
| Irrigation Training                                | C   |                   | 43    | 25               | 15                        |           | 3           |  |                                       |                         |                              |
| Center of Agronomic Research                       | C   |                   | 42    | 25               | 17                        |           |             |  |                                       |                         |                              |
| National School of Agriculture                     | N   |                   | 17    | 7                | 10                        |           |             |  |                                       |                         | - 127                        |
| <u>Industry and Mining - Total</u>                 |   |                   | 125   | 30               | 10                        |           | 85          |  |                                       |                         |                              |
| Specialized Training for Craftworkers              | C   |                   | 125   | 30               | 10                        |           | 85          |  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 353   | 35               | 58                        | 215       | 45          |  |                                       |                         |                              |
| Rural Teacher Training                             | C   |                   | 113   | 35               | 58                        |           | 20          |  |                                       |                         |                              |
| Vocational Industrial Education Center             | C   |                   | 240   |                  |                           | 215       | 25          |  |                                       |                         |                              |
| <u>Public Administration - Total</u>               |   |                   | 60    | 40               | 20                        |           |             |  |                                       |                         |                              |
| Government-Wide Organization and Management        | C   |                   | 60    | 40               | 20                        |           |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 300   | 176              |                           |           | 8           | 116  |                                       |                         |                              |
| Technical Support                                  | C   |                   | 300   | 176              |                           |           | 8           | 116  |                                       |                         |                              |
| <u>Total Technical Cooperation</u>                 |   |                   | 1,000 | 378              | 148                       | 215       | 143         | 116  |                                       |                         |                              |

## TUNISIA - GENERAL ECONOMIC DATA



### BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 3.9 million    |              |
| Annual Growth.....                             | 2.0 percent    |              |
| Area.....                                      | 48,000 sq. mi. |              |
| Agricultural Land.....                         | 36% of area    |              |
| Agri. Land per Capita.....                     | 2.8 acres      |              |
| Literacy Rate.....                             | 25 percent     |              |
|  | <u>Tunisia</u> | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | 6,900          | 760          |
| Road Miles per 1,000 sq.mi..                   | 19             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 61             | 4,500        |

|  |             | Calendar Years |      |      |           |
|--|-------------|----------------|------|------|-----------|
|  | Unit        | 1956           | 1957 | 1958 | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT</b> *                |             |                |      |      |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 700            | 675  | 730  | 650       |
| Per Capita GNP.....                            | Dollars     | 184            | 177  | 190  | 167       |
| <b>PRODUCTION</b>                              |             |                |      |      |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 102            | 92   | 126  | 93        |
| Olive Oil .....                                | 1,000 MT    | 90             | 50   | 120  | 45        |
| Wheat .....                                    | "           | 484            | 498  | 544  | 476       |
| Mining Index .....                             | 1953=100    | 113            | 110  | 114  | 100       |
| <b>FOREIGN TRADE</b>                           |             |                |      |      |           |
| Total Exports (f.o.b).....                     | \$ Millions | 112            | 149  | 153  | 150       |
| Phosphate rocks .....                          | "           | 16             | 16   | 18   | 15        |
| Olive oil .....                                | "           | 11             | 25   | 22   | 40        |
| Total Imports (c.i.f).....                     | "           | 196            | 181  | 162  | 170       |
| Trade Balance.....                             | "           | -84            | -32  | -11  | -20       |
| <b>Trade with United States (U.S. Data)</b>    |             |                |      |      |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 0.7            | 4.1  | 3.2  | 3.0       |
| Imports from U. S. (f.o.b).....                | "           | 9.6            | 6.9  | 6.7  | 8.5       |
| Trade Balance.....                             | "           | -8.9           | -2.8 | -3.5 | -5.5      |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | n.a.           | n.a. | 47   | 71(Sep)   |
| COST OF LIVING INDEX (Tunis) .....             | 1953=100    | 109            | 115  | 120  | 120       |

| - Million Dollar Equivalents -                      |                   |      |      |           |
|---|-------------------|------|------|-----------|
| CENTRAL GOVERNMENT FINANCES *                       | FY ending Mar. 31 | 1958 | 1959 | 1960(Bud) |
| Domestic Revenues.....                              |                   | 110  | 112  | 120       |
| Total Expenditures.....                             |                   | 121  | 125  | 154       |
| Deficit(-) or Surplus Before All Foreign Aid....    |                   | -11  | -13  | -34       |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                   | 18   | -    | -         |
| Budget Receipts from U.S. Aid & PL 480.....         |                   | 3    | 13   | 29        |
| Remaining Deficit(-) or Surplus(+)                  |                   | +10  | -    | -5        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                   | 6    | 11   | 16        |
| U.S.-Financed .....                                 |                   | -    | -    | -         |
| Defense Expend. as % of Total Gov't Expend...       |                   | 5.0% | 9.8% | 10.4%     |
| Defense Expenditures as % of GNP .....              |                   | 0.9% | 1.5% | 2.6%      |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                   | 115  | 114  | 138       |
| U.S.-Financed.....                                  |                   | (3)  | (13) | (29)      |

n.a. - Not available. \* / Converted at .420 dinars per U.S. \$. <sup>a/</sup> Crops harvested in crop-year beginning in year stated.

Country:

TUNISIA

MUTUAL SECURITY PROGRAM

Tunisia is unique in the Arab world as a nation which has counted heavily on cooperation with the West to achieve its economic and political goals. Tunisia's progress will afford an example to the emerging African and neighboring Arab states in their economic and political evolution. The Tunisian Government is under great pressure to obtain the aid it needs, from the West if possible, from the East if necessary.

It is clearly in our interest to demonstrate in Tunisia that cooperation with the West is a valuable policy. To do this, we must combine economic and technical assistance with military support on a scale which will permit Tunisia to move toward economic viability and internal security.

Tunisia's role in international forums is particularly helpful in maintaining lines of political communication and compromise between Africa, the Arab World and the West. The Bourguiba Government, which was nearly unanimously returned to power in November 1959, continues to follow a policy of friendliness toward the West despite increased domestic pressures to expand relations with the Soviet bloc. Some concessions to these pressures have been made recently in the form of expanded trade and visits by Tunisian officials.

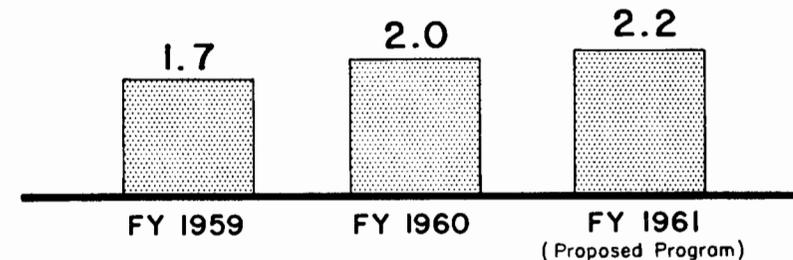
Good crops, settlement of some economic issues with France, and U.S. aid have somewhat improved the outlook for Tunisia's economy. Nevertheless, with a paucity of natural resources and a population rise of 2% per year, growth will be slow. Nearly one-third of the labor force is unemployed and capital investment has remained below levels invested during the French protectorate period. It is essential for Tunisia to raise consumption levels, increase capital investment and reduce unemployment.

The U.S. has sold limited quantities of small arms and other equipment to Tunisia.

## TECHNICAL COOPERATION

### THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,713           | 1,086        |              |
| Cumulative 6/30/59                          | 3,221           | 1,470        | 1,751        |
| Estimate FY 1960                            | 2,000           | 1,551        |              |
| Cumulative 6/30/60                          | 5,221           | 3,021        | 2,200        |
| Estimate FY 1961                            | 2,200           | 2,100        |              |

Current Economic Situation and Problems

The economic development of Tunisia continues to be hampered by the withdrawal of French capital and trained personnel. The French Government, which had been extending \$35-\$50 million annually to Tunisia for economic development, suspended this aid in 1957 while private French investors repatriated over \$100 million of capital from Tunisia in 1957 and 1958. Further, French military and civil expenditures, which in 1957 totaled around \$120 million, were drastically reduced as large numbers of French personnel were withdrawn. This withdrawal, with its detrimental effects on investment and consumption expenditures, has aggravated an economic situation characterized by a poverty of natural resources, a low level of industrialization and a large pool of unemployed workers. A quarter of the labor force is unemployed - the most important social and economic problem facing Tunisia. The existence of mass unemployment since independence has depressed government revenues and increased special unemployment outlays at the very time that a sharp fall in private investment and the suspension of French development credits has placed the main financial burden of economic development on the Tunisian government. As a result, Tunisia has become largely dependent on external assistance to keep unemployment at a tolerable level and to finance a minimum development effort.

More nearly average harvests during 1959 following the exceptional harvest of 1958 resulted in a decline in total output and private consumption in 1959 despite some recovery in private and government investment from their post-independence lows. Price stability was maintained. A decline in the rate of withdrawal of private capital combined with increased foreign assistance resulted in an increase in foreign exchange reserves. The outlook for 1960, on the assumption of normal harvests and increased imports of capital goods, is for a small decline in foreign exchange reserves and a modest increase in total output.

Progress to Date

During 1959, Tunisia took steps to improve her external trade and financial position. In January the Tunisian Government placed limitations on the further withdrawal of French capital, while continuing its moratorium on debt repayments to France. A one-year Commercial and Tariff agreement with France, which took effect last October, provides for continued free entry of over 95% of Tunisian products into France and for continued French purchases of Tunisian wines and cereals at favorable prices. At the same time Tunisia adopted a new tariff schedule lowering duties on development goods and raising them on luxuries and goods competing with domestic manufacturers. In March 1959, Tunisia signed an Investment Guarantee Agreement with the United States.

During 1959 further progress was made in renewing Tunisia's internal economy. A special revolving loan fund, financed by \$3 million in U.S. counterpart funds, made fifty loans to a wide variety of industries, e.g., construction, plastics, clothing, and confectionery. The newly established agricultural extension training centers graduated 300 workers in July. Also, the Government, with U.S. assistance under P.L. 480, Title II, continued its successful program of work relief, which now provides useful part-time employment of 75,000 persons.

Retarding Tunisia's progress toward a free, competitive economy are her failure to devalue the dinar in the wake of Morocco's devaluation in October 1959, and the recent acceleration of nationalization and "Tunisification" of foreign-owned industries.

Assistance from Non-ICA Sources

U.S. assistance to Tunisia includes programs under P.L. 480, Titles II and III, for work relief, child feeding and Algerian refugee relief. Authorizations under these programs to date total about \$30 million. The DLF has approved two loans to Tunisia totaling \$8.65 million.

The most important form of assistance to Tunisia is France's large purchase of Tunisian products at much above world market prices, and French military/civil spending in Tunisia. In addition, France partially finances the employment of 2,700 French teachers and about 700 government technicians and administrators. The U.N. and Germany are also contributing modest amounts of technical assistance.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars)           |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                                | 16.3    | 21.8    | 22.0    |
| DLF - Loan Approvals . . . . .                             | 4.3     | 4.4     | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - obligations . . . . .                 | 6.5     | 7.8     | 10.32/  |
| P.L. 480, Title III - obligations . . . . .                | 0.2     | 0.2     | 0.12/   |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  | 27.3    | 34.2    | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.                  |         |         |         |

Role of Program

The primary objective of the Technical Cooperation Program is to assist in the development of trained personnel, oriented toward a free-enterprise system, in all important sectors of the Tunisian economy. Before Tunisia became independent in 1956, most of the key positions in government and private enterprise were filled by foreigners, chiefly French. The departure of the some 100,000 French from 1955 to 1958 deprived the country of managerial and technical talent and caused serious capital flight. Those who remain are too uncertain of their future to invest considerable sums in business enterprises, and no new Tunisian entrepreneurial class has yet arisen. The result is vigorous competition between the Government and private firms for the services of the relatively few professional, administrative and technical people available. If Tunisia is to make the most effective use of her poor natural resources and of existing and potential capital, it is essential that large numbers of Tunisians be trained, at all levels, in government as well as in industry and agriculture.

Objectives - Technical Cooperation

The primary objective of the Technical Cooperation Program is to assist in the development of trained personnel, oriented toward a free enterprise system, in all important sectors of the Tunisian economy. Specific objectives are:

- (a) To extend and improve agricultural services through additional training for larger numbers of extension workers and support for the Superior School of Agriculture.
- (b) To increase productivity in agriculture on individual farms through demonstration projects in more efficient crop and livestock production and in grassland improvement and to assist individual farmers finance productive activity through the improvement of rural credit.
- (c) To encourage effective long-run management of soil and water resources through training technicians in methods for solving Tunisia's major conservation problems.
- (d) To assist in the establishment and expansion of private enterprise in the industrial sector through provision of needed credit facilities and the training of Tunisians in the operation of a development loan institution, including advice to loan applicants.
- (e) To develop a body of competent industrial entrepreneurs, oriented to free enterprise and enlightened business practices, through training young Tunisians in the U.S. and

| Summary of Program \$ in thousands - |                  |                    |                    |
|--------------------------------------|------------------|--------------------|--------------------|
| Function                             | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .      | 1,713            | 2,000              | 2,200              |

helping in the establishment of a school of economic science in the new Tunisian National University.

- (f) To promote private industrial development in Tunisia through creation of an Industrial Advisory Council to furnish technical advice to existing industries and assist prospective domestic and foreign investors.
- (g) To improve the organization of the Tunisian labor market as an integral part of the national program for social and economic development through helping Tunisia build adequate manpower information and employment services and through the training of technician leaders.

Accomplishments - Technical Cooperation

Through Technical Cooperation Programs, Tunisians are learning new techniques and adopting new approaches which have far-reaching effects throughout the country. In the past three years, nearly 400 young Tunisians have received agricultural training at a school established with U.S. assistance. Most of the graduates have returned to their native rural towns; 12 top students have been selected for intensive training in the U.S. Another project has successfully introduced bananas as a new crop in Tunisia, with considerable potential for profitable export sales. To upgrade agricultural production, 34 prize livestock have been imported for stud, 16 poultry demonstration centers established, and a wide variety of improved fruit tree specimens imported. With two million dollars equivalent in counterpart, U.S. advisors have helped organize an Agricultural Bank which relies on committees of Tunisian farmers to judge local credit applications.

Small and medium Tunisian private business has been stimulated through 50 loans from the three million dollar Revolving Industrial Loan Fund set up by U.S. advisors. Tunisians have now assumed most of the responsibility for screening applications, establishing priorities, and granting loans. Twenty short-term consultants have been called from Europe to advise on or engineer projects important in the development plan, while a thorough survey of industrial potential has been completed by a U.S. firm. This survey suggests eight specific industries profitable for immediate private investment. Technical Cooperation also brings

SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity                  | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                   |                  |
| Technicians . . . . .                                       | 513                                 | 680               | 649              |
| Participants . . . . .                                      | 507                                 | 579               | 853              |
| Contractual Services . . . . .                              | 158                                 | 471               | 472              |
| Supplies and Equipment . . . . .                            | 463                                 | 251               | 212              |
| Contrib. to Coop. Services . . . . .                        | 72                                  | 19                | 14               |
| Other Costs . . . . .                                       |                                     |                   |                  |
| <b>Total Project Assistance . . . . .</b>                   | <b>1,713</b>                        | <b>2,000</b>      | <b>2,200</b>     |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                   |                  |
| Technicians (On duty close of yr.)                          |                                     |                   |                  |
| U.S. Employed . . . . .                                     | 44                                  | 57                | 57               |
| Contract . . . . .  | 4                                   | 16                | 28               |
| <b>Total Technicians . . . . .</b>                          | <b>48</b>                           | <b>73</b>         | <b>85</b>        |
| Participants (Programmed during year) . . . . .             |                                     |                   |                  |
| Non-Contract . . . . .                                      | 232                                 | 263               | 280              |
| Contract . . . . .  |                                     |                   |                  |
| <b>Total Participants . . . . .</b>                         | <b>232</b>                          | <b>263</b>        | <b>280</b>       |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                   |                  |
| Agriculture, Forestry and Fisheries . . . . .               | 602                                 | 636               | 863              |
| Industry and Mining . . . . .                               | 190                                 | 434               | 441              |
| Transportation . . . . .                                    | 25                                  | 102               | 40               |
| Labor . . . . .   | 221                                 | 79                | 46               |
| Health and Sanitation . . . . .                             |                                     |                   |                  |
| Education . . . . .   | 82                                  | 126               | 51               |
| Public Administration . . . . .                             | 138                                 | 196               | 326              |
| Community Development, Social Welfare and Housing . . . . . | 18                                  | 32                | 37               |
| General and Miscellaneous . . . . .                         | 437                                 | 395               | 396              |
| <b>Total by Field of Activity . . . . .</b>                 | <b>1,713</b>                        | <b>2,000</b>      | <b>2,200</b>     |

Tunisian and U.S. trade unionists together; 20 Tunisian labor leaders have visited the U.S. under ICA programs. In a precedent-breaking project, 25 young Tunisian women teachers were trained in U.S. educational techniques at Ohio State University last summer.

Continuing our role in increasing the effectiveness of Tunisian police forces, 25 police and national guard officials have been trained in traffic control, border protection, police methods, and communications in the U.S. Altogether, technical cooperation sent 242 Tunisians abroad in 1959 for training, and provided the service of 47 long-term technicians in addition to numerous consultants and engineers called for shorter consultation.

Composition of FY 1961 Technical Cooperation Program - \$2,200,000

About half of this total will be used to finance projects in food and agriculture; the remainder for activities in industry and public administration projects. In most instances, these activities are continuations and expansions of previous projects such as strengthening agricultural extension services and the training of personnel in administration of the industrial and agricultural loan funds.

The FY 1961 program will put greater emphasis, however, on assistance to public and business administration. One of the projects - being initiated in 1960 - will provide for two years of training in the U.S. for a group of 50 young Tunisians to study economics and business administration. This group will be followed by others until a significant number have been trained who will initiate and manage the industrial enterprises Tunisia so greatly needs. This project, it is believed will also set the pattern for similar projects in other newly emerging countries which also suffer a loss of entrepreneurial talent upon gaining independence.

As a complement to the U.S. training of entrepreneurs, the U.S. will, in 1961, provide technical assistance in helping establish the Tunisian National University where education in business and public administration will be important in the curriculum. Another project expected to reach full implementation in 1961 concerns improvement of government budgeting and accounting methods, under which Tunisian Government officials will be sent to the U.S. to study budget and accounting systems. Also, as a follow-up to a study trip made to the U.S. by the Director of the Tunisian Government's Central Personnel Office, a project will be undertaken to develop a more effective government civil service organization and staff, and to design and apply a job classification system. This project will not only improve the efficiency of the present Tunisian Government administration, but should attract better qualified personnel to the Civil Service.

Country: TUNISIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 863   | 186              | 280                       | 265       | 123         | 9  |                                       |                         |
| Strengthening Agricultural Services                | C   |                   | 75    | 34               | 31                        |           | 10          |  |                                       |                         |
| Support for Superior School of Agriculture         | C   |                   | 218   |                  | 40                        | 150       | 28          |  |                                       |                         |
| Soil and Water Management                          | C   |                   | 58    | 27               | 25                        |           | 5           | 1  |                                       |                         |
| Hydrological Training and Mapping                  | C   |                   | 2     |                  |                           |           |             | 2  |                                       |                         |
| Medjerda Valley Development                        | C   |                   | 53    | 32               | 5                         |           | 15          | 1  |                                       |                         |
| Agricultural Studies and Work Plans                | N   |                   | 130   |                  |                           | 110       | 20          |  |                                       |                         |
| Crop Production Improvement                        | C   |                   | 60    | 12               | 29                        |           | 18          | 1  |                                       |                         |
| Animal Production Improvement                      | C   |                   | 40    | 12               | 22                        |           | 5           | 1  |                                       |                         |
| Poultry Improvement                                | C   |                   | 54    | 15               | 30                        |           | 8           | 1  |                                       |                         |
| Fruit and Vegetable Production                     | C   |                   | 59    | 12               | 36                        |           | 10          | 1  |                                       |                         |
| Insect Control                                     | C   |                   | 10    |                  | 10                        |           |             |  |                                       |                         |
| Grassland Improvement                              | C   |                   | 28    | 12               | 12                        |           | 3           | 1  |                                       |                         |
| Rural Credit Improvement                           | C   |                   | 38    | 12               | 26                        |           |             |  |                                       |                         |
| Fresh Fruit and Vegetable Marketing                | C   |                   | 22    | 8                | 14                        |           |             |  |                                       |                         |
| Aid to Commercial Fisheries                        | C   |                   | 16    | 10               |                           | 5         | 1           |  |                                       |                         |
| <u>Industry and Mining - Total</u>                 |   |                   | 441   | 15               | 340                       | 78        | 8           |  |                                       |                         |
| Industrial Loan Fund Advisors                      | C   |                   | 15    | 15               |                           |           |             |  |                                       |                         |
| Industrial Consultative Specialists                | C   |                   | 60    |                  |                           | 60        |             |  |                                       |                         |
| Industrial Advisory Council                        | C   |                   | 30    |                  | 4                         | 18        | 8           |  |                                       |                         |
| Industrial Training                                | C   |                   | 41    |                  | 41                        |           |             |  |                                       |                         |
| Business Leadership Training                       | C   |                   | 250   |                  | 250                       |           |             |  |                                       |                         |
| Industrial Management Training                     | C   |                   | 45    |                  | 45                        |           |             |  |                                       |                         |
| <u>Transportation - Total</u>                      |   |                   | 40    | 25               | 15                        |           |             |  |                                       |                         |
| Civil Aviation Improvement                         | C   |                   | 40    | 25               | 15                        |           |             |  |                                       |                         |
| <u>Labor - Total</u>                               |   |                   | 46    | 20               | 21                        | 2         | 3           |  |                                       |                         |
| Trade Union Leadership                             | C   |                   | 16    |                  | 16                        |           |             |  |                                       |                         |
| Manpower Employment Service                        | C   |                   | 30    | 20               | 5                         | 2         | 3           |  |                                       |                         |

Country: TUNISIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u>               | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Education - Total</u>   |   |                   | 51    | 13               | 25                        | 13        |             |             |  |                         |
| Textbook Preparation   | C   |                   | 13    |                  |                           | 13        |             |             |  |                         |
| Secondary Technical Education                                    | C   |                   | 13    | 13               |                           |           |             |             |  |                         |
| Normal School Teacher Training                                   | C   |                   | 15    |                  | 15                        |           |             |             |  |                         |
| Librarian Training   | N   |                   | 10    |                  | 10                        |           |             |             |  |                         |
| <u>Public Administration - Total</u>                             |   |                   | 326   | 44               | 150                       | 103       | 29          |             |  |                         |
| Public Safety  | C   |                   | 60    | 20               | 40                        |           |             |             |  |                         |
| Assistance to Central Personnel Office                           | C   |                   | 100   | 12               | 16                        | 55        | 17          |             |  |                         |
| Public Administration Training                                   | C   |                   | 80    |                  | 80                        |           |             |             |  |                         |
| Government Budgeting and Accounting Training                     | C   |                   | 16    | 12               | 4                         |           |             |             |  |                         |
| Public Administration Institute                                  | C   |                   | 70    |                  | 10                        | 48        | 12          |             |  |                         |
| <u>Community Development, Social Welfare and Housing - Total</u> |   |                   | 37    | 32               | 4                         |           | 1           |             |  |                         |
| Worker's Housing   | C   |                   | 22    | 17               | 4                         |           | 1           |             |  |                         |
| Housing Loans  | C   |                   | 15    | 15               |                           |           |             |             |  |                         |
| <u>General and Miscellaneous - Total</u>                         |   |                   | 396   | 314              | 18                        | 11        | 48          | 5           |  |                         |
| Strengthening Radio Tunis  | C   |                   | 8     |                  | 8                         |           |             |             |  |                         |
| Peaceful Uses of Atomic Energy                                   | C   |                   | 30    | 14               | 10                        |           | 6           |             |  |                         |
| Technical Support  | C   |                   | 350   | 300              |                           | 3         | 42          | 5           |  |                         |
| English Language Training  | C   |                   | 8     |                  |                           | 8         |             |             |  |                         |
| <u>Total Technical Cooperation</u>                               |   |                   | 2,200 | 649              | 853                       | 472       | 212         | 14          |  |                         |

**TECHNICAL COOPERATION**

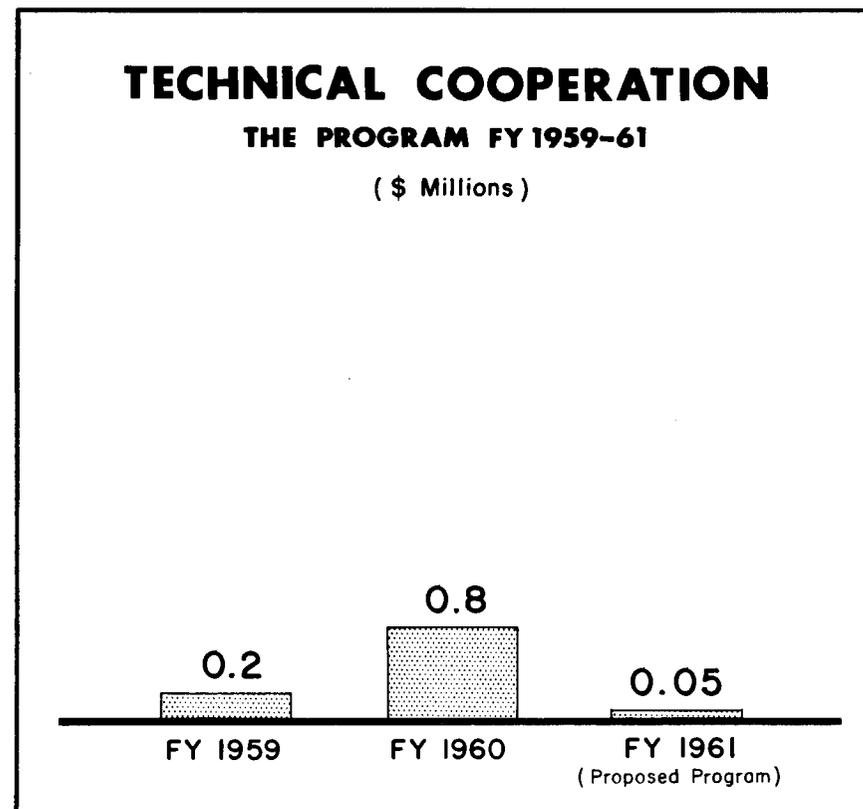
In FY 1960, several African countries are participating in a series of regional Technical Cooperation projects. As in FY 1959, agricultural technicians and officials from a number of African countries are meeting with ICA specialists to discuss common problems and projects. The subjects of their scheduled seminars include agricultural credit, soil and water conservation, seed improvement, insect control, and land tenure. Another project continuing from FY 1959, the Book Exchange Service, supports the provision of technical and scientific publications to 49 African libraries located in Ethiopia, Ghana, Liberia, Libya, Nigeria, Somalia, Rhodesia, and Tunisia. A third project is scheduled to provide 16 Africa business and government leaders with a short orientation course in the United States in the role and techniques of private investment in industrial development.

Another segment of the FY 1960 program consists of a group of studies which will serve as a basis for projects to be funded from the Special Program for Tropical Africa. Preparations are under way, for example, for a study of the possibilities of using aptitude tests and measurements as guides to manpower surveys and selection activities, and vocational education programs. A second project is a study of African educational materials and communications media production facilities preparatory to the possible establishment of an African regional education materials production and documentation center.

The African region is also participating in the Regional Insect Control Program and is making use of the facilities of the American University of Beirut for training of African nationals. While African countries, and particularly those on the Mediterranean littoral, will continue in FY 1961 to participate in these important activities, the entire funding for these projects has been included under the regional activities for the Near East and South Asia. Accordingly, no FY 1961 funds are proposed for these regional technical cooperation projects in Africa.

Technical Cooperation funds proposed for FY 1961 provide for the small ICA program staff located in London. This staff works with the U.K. colonial offices on programs in the British overseas territories in East and Central Africa.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 211              | 840                | 45                 |



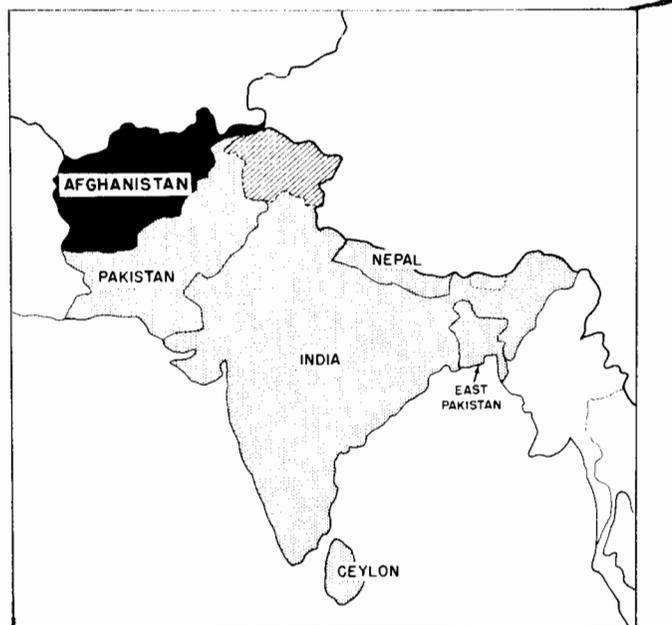
| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 211             | 61           |              |
| Cumulative 6/30/59                          | 401             | 221          | 180          |
| Estimate FY 1960                            | 840             | 380          |              |
| Cumulative 6/30/60                          | 1,241           | 601          | 640          |
| Estimate FY 1961                            | 45              | 440          |              |

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 24                                  | 143                  | 45                  |
| Participants .....                                      |                                     | 80                   |                     |
| Contractual Services .....                              | 169                                 | 617                  |                     |
| Supplies and Equipment .....                            |                                     |                      |                     |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs .....                                       | 18                                  |                      |                     |
| Total Project Assistance ..                             | 211                                 | 840                  | 45                  |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 3                                   | 2                    | 2                   |
| Contract .....  |                                     | 3                    |                     |
| Total Technicians .....                                 | 3                                   | 5                    | 2                   |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      |                                     | 18                   |                     |
| Contract .....  |                                     |                      |                     |
| Total Participants .....                                |                                     | 18                   |                     |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 4                                   | 150                  |                     |
| Industry and Mining .....                               | 150                                 | 80                   |                     |
| Transportation .....                                    |                                     |                      |                     |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             | 9                                   |                      |                     |
| Education .....   |                                     | 518                  |                     |
| Public Administration .....                             |                                     |                      |                     |
| Community Development, Social Welfare and Housing ..... | 48                                  | 92                   | 45                  |
| General and Miscellaneous ...                           |                                     |                      |                     |
| Total by Field of Activity ..                           | 211                                 | 840                  | 45                  |

# AFGHANISTAN - GENERAL ECONOMIC DATA



## BASIC DATA

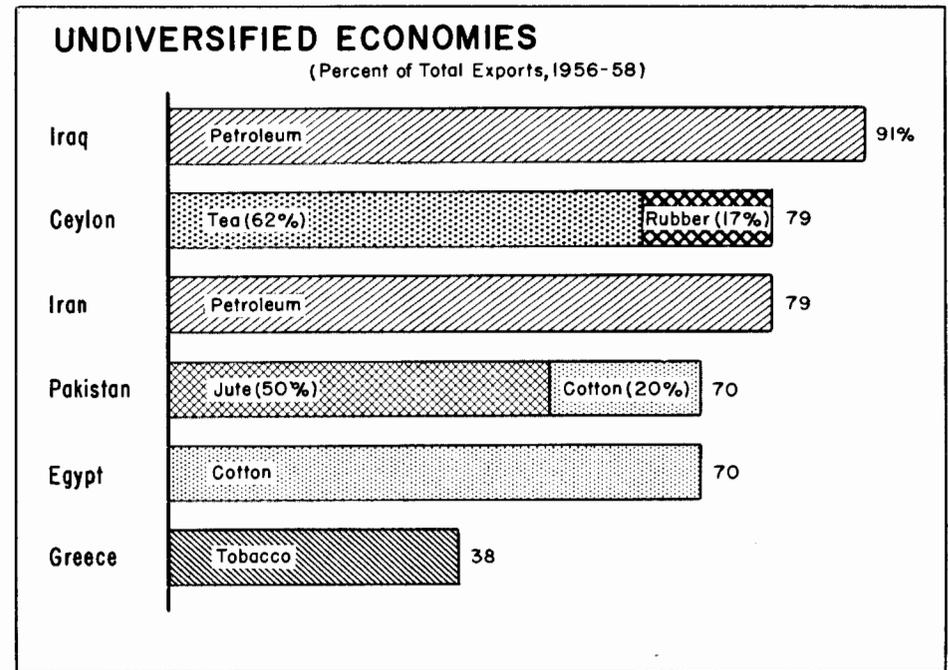
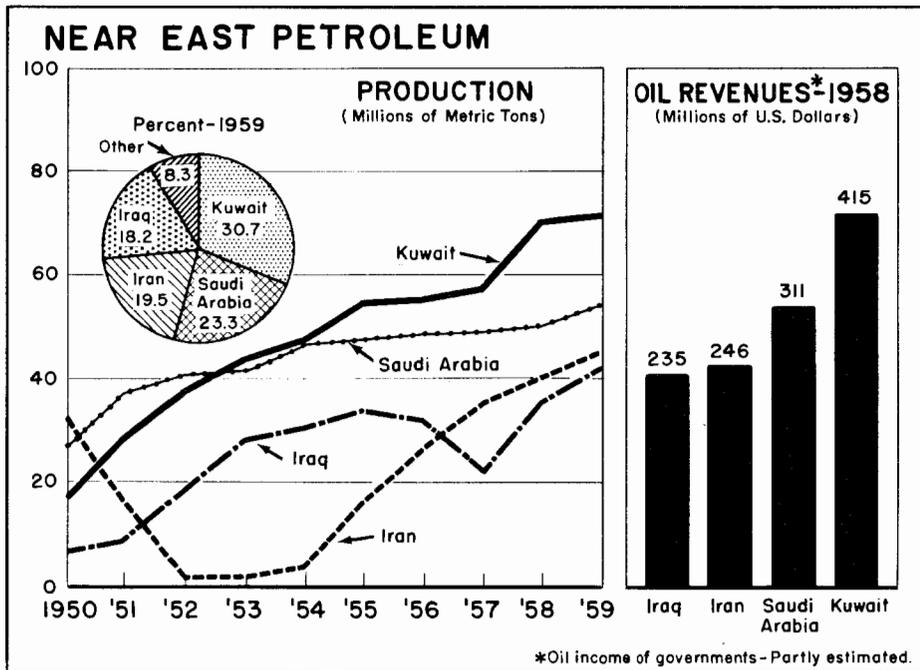
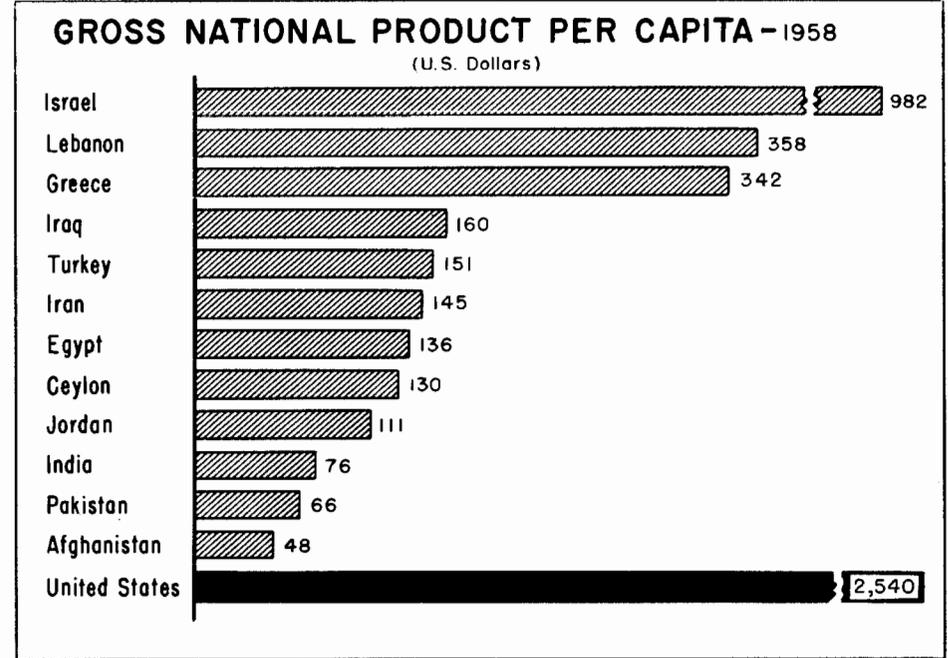
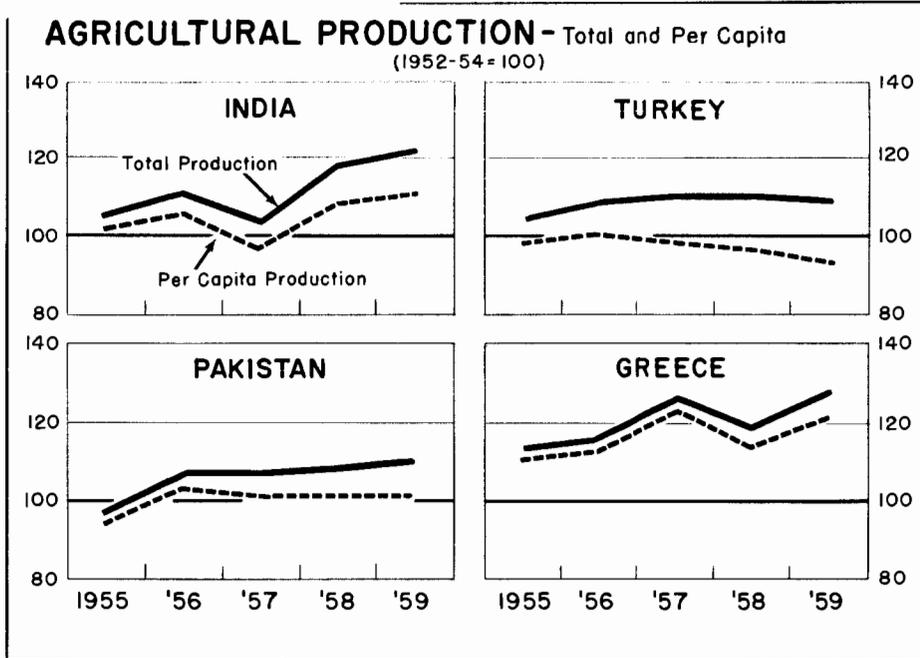
|  |                    |              |
|--|--------------------|--------------|
| Population.....                                | 13.4 million       |              |
| Annual Growth.....                             | 1 percent          |              |
| Area.....                                      | 251,000 sq. mi.    |              |
| Agricultural Land.....                         | 19% of area        |              |
| Agri. Land per Capita.....                     | 2.2 acres          |              |
| Literacy Rate.....                             | 5 percent          |              |
|  | <u>Afghanistan</u> | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 20+                | 70           |
| Inhabitants per Physician...                   | 60,000             | 760          |
| Road Miles per 1,000 sq.mi..                   | 25                 | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 5                  | 4,500        |

|  |             | Calendar Years   |       |       |           |
|--|-------------|--|-------|-------|-----------|
|  |             | 1956   | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT</b> *                |             |  |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 610  | 630   | 635   | 650       |
| Per Capita GNP.....                            | Dollars     | 47   | 48    | 48    | 49        |
| <b>PRODUCTION</b>                              |             |  |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       |             | n.a.   | n.a.  | n.a.  | n.a.      |
| Karakul skins .....                            | Millions    | 1.8  | 1.9   | 1.7   | 1.8       |
| Wheat .....                                    | 1,000 MT    | 2,100  | 2,050 | 2,100 | 2,350     |
| Cotton .....                                   | "           | 19   | 18    | 19    | 20        |
| <b>FOREIGN TRADE</b>                           |             |  |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions | Statistical data on foreign trade are inadequate. However, for the year ended March 20, 1958, exports and imports were estimated to be approximately in balance at about \$94 million. |       |       |           |
| Total Imports (c.i.f).....                     |             |  |       |       |           |
| Trade Balance.....                             |             |  |       |       |           |
| Trade with United States (U.S. Data)           |             |  |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 17.5   | 20.4  | 14.0  | 14.0      |
| Imports from U. S. (f.o.b).....                | "           | 9.4  | 8.6   | 10.3  | 7.0       |
| Trade Balance.....                             | "           | +8.1   | +11.8 | +3.7  | +7.0      |
| GOLD & FOREIGN EXCHANGE HOLDINGS <sup>b/</sup> | "           | 57   | 58    | 65    | 65        |
| COST OF LIVING INDEX.....                      | 1953=100    | 120  | 158   | 161   | 162       |

|   |  | - Million Dollar Equivalents - |               |
|---|--|--------------------------------|---------------|
|   |  | 1958 (Budget)                  | 1959 (Budget) |
| <b>CENTRAL GOVERNMENT FINANCES</b> * FY ending Sept. 20 |  |                                |               |
| Domestic Revenues.....                                  |  | 73                             | 78            |
| Total Expenditures.....                                 |  | 105                            | 118           |
| Deficit(-) or Surplus Before All Foreign Aid....        |  | -32                            | -40           |
| Budget Receipts from Non-U.S. Foreign Aid.....          |  | 25                             | 25            |
| Budget Receipts from U.S. Aid & PL 480.....             |  | c/                             | c/            |
| Remaining Deficit(-) or Surplus(+)                      |  | -7                             | -15           |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....               |  | 19                             | 20            |
| U.S.-Financed .....                                     |  | -                              | -             |
| Defense Expend. as % of Total Gov't Expend...           |  | 18.1%                          | 16.9%         |
| Defense Expenditures as % of GNP .....                  |  | 3.1%                           | 3.2%          |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> .....     |  | 86                             | 98            |
| U.S.-Financed.....                                      |  | -                              | -             |

n.a. - Not available. \* / Converted at 21 Afghans per U.S.\$ . <sup>a/</sup> Crop year beginning in year stated. <sup>b/</sup> March 20 of year stated. <sup>c/</sup> U.S. aid consists of technical assistance and project aid which do not enter Government accounts.

# NEAR EAST AND SOUTH ASIA - ECONOMIC DATA



Afghanistan, with its long Russian border, continues to be a target of Russian expansionism. The Sino-Soviet economic, military assistance and cultural offensive, which began in 1954, started with a program in Afghanistan that has been a major factor in making the country increasingly dependent on trade with Russia and Russian aid. The principal United States interest in Afghanistan parallels that of the Afghan Government: To preserve Afghanistan's independence from Russian political or economic domination. It is also in the U.S. interest to assist Afghanistan in improving relations with Pakistan and Iran.

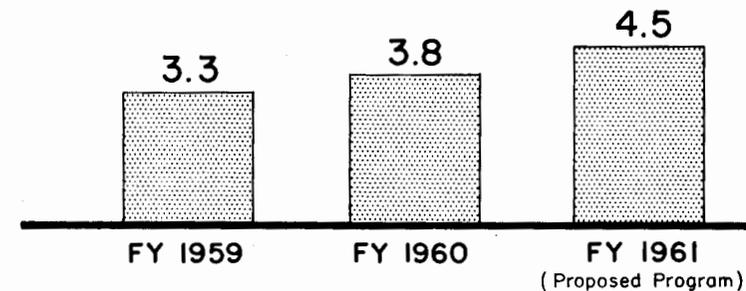
Afghanistan continues a neutral role in the East-West conflict and seeks to maintain friendly relations with both the Communist bloc and the Free World. Believing that development must be achieved to meet the desires of an awakening people, the Afghan Government accepts economic assistance from both sides. A major development in the past year was Afghan acceptance of an \$80 million Russian offer to construct a major road, raising the total of Soviet bloc military and economic commitments to about \$250 million. This intensification of the Russian economic offensive has increased U.S. concern that Afghanistan may unwittingly become economically and politically dependent on Russia to an irretrievable degree.

Afghanistan's relations with Pakistan continue to be exacerbated by the ill-defined but nonetheless real Pushtunistan question which concerns the Pushtu-speaking tribes on both sides of the Pakistan-Afghanistan border. There were more favorable developments vis-a-vis Afghanistan's other Moslem neighbor, Iran, which Afghan Foreign Minister Naim visited in late 1959. The question of relative claims to and possible utilization of the lower Helmand waters continues, however, to plague relations between Afghanistan and Iran.

Although not attempting to make current commitments on the scale provided by the Russians, the U.S. assistance program gives significant assistance to the Government of Afghanistan in its economic development program and provides an alternative to complete dependence on Russia for assistance.

## TECHNICAL COOPERATION THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 3,300           | 3,287        |              |
| Cumulative 6/30/59                          | 16,989          | 12,478       | 4,511        |
| Estimate FY 1960                            | 3,800           | 3,900        |              |
| Cumulative 6/30/60                          | 20,789          | 16,378       | 4,411        |
| Estimate FY 1961                            | 4,500           | 3,900        |              |

**ECONOMIC SITUATION**

Current Economic Situation and Problems

Afghanistan is one of the least developed of the countries in the area. Its economy is based on subsistence agriculture; there is little industrialization, the first factory-type industries having been established less than a generation ago. Communications are grossly inadequate and transportation facilities are still largely geared to the needs of the past century. Power development, too, is in the beginning stages. There are no reliable statistics on any facet of the Afghan economy.

Government leaders wish to establish development programs which can quickly lift the country from its outmoded ways and produce early and measurable increases in living standards. During the past ten years they have entered into large scale borrowing from Free World and Soviet bloc nations to finance economic development programs. The major project with which America has been identified is the Helmand Valley Development Program. It was originally financed by dollar balances built up in World War II and Export-Import bank loans; limited ICA grant assistance was made available in FY 1959 when loan funds were exhausted.

The Afghans are now finding that project operation and management are more difficult than engineering and construction. The country faces a critical shortage of trained technical personnel and is now aware that past investments are endangered for want of persons capable of managing them effectively.

The initiation of many large-scale developmental projects has produced a budgetary problem for Afghanistan. The Government is finding it increasingly difficult to mobilize sufficient resources to cover local currency costs of projects in which the foreign currency costs have been met by external loans or grants. The balance of payments is also a matter of concern. There are no immediate prospects of an increase in foreign currency earnings during a period when the need to make payments on past loans will increase.

Trade between Afghanistan and Russia is increasing. Approximately 40% by value of Afghanistan's total foreign trade is now conducted with Russia. The Soviet Union is the sole supplier of sugar and the major supplier of gasoline and kerosene; it is the only market for Afghanistan's cotton exports and accepts three quarters of total wool exports.

Progress to Date

Only minimum progress has been made on the ambitious development program. Lack of local currency financing, lack of trained

manpower and the difficulties always incident to rapid change in a relatively static society account for the slow rate of accomplishment. A hopeful sign is the Afghan Government's willingness to give priority attention to increasing the supply of technically competent personnel. Aryana (Afghan Airlines) provides an encouraging example of what can be achieved by such technical training. This company, jointly owned by Pan American Airways and the Afghan Government, has made significant progress in the field of successful management and operations in improving communications between Afghanistan and the Western world.

Assistance from Non-ICA Sources

The Export-Import Bank in 1951 and 1954 extended loans totaling \$39.5 million to the Afghan Government for development of the Helmand Valley. Under Public Law 480, Title II, the U.S. provided shipments of 130,000 tons of wheat to Afghanistan in 1957, 1958 and 1959.

Afghanistan is also receiving technical assistance from the United Nations which provides approximately 70 technicians in various fields. West Germany is providing a number of technical advisors and selected Afghans are sent to West Germany for specialized training.

Soviet bloc economic aid to Afghanistan, largely in long-term loans, totals about \$215 million through 1959, with additional military aid announced to be \$35 million but believed to be considerably larger. In 1959 the Soviets also provided 40,000 tons of wheat. The Russians are presently engaged in building a highway from the Soviet border into the heart of Afghanistan where it will connect with other roads leading to Kabul.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 8.0     | 19.4    | 7.4     |
| DLF - Loan Approvals . . . . .                  |         |         | 0.6     |
| P.L. 480, Title I - Country Use . . . . .       |         |         | (1.2)   |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - obligations . . . . .      | 6.1     | 7.8     | 2/      |
| P.L. 480, Title III - obligations . . . . .     | 0.1     | 0.1     | 3/ 2/   |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 14.2    | 27.3    | XXXX    |

1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.  
3/ Less than \$50,000.

**TECHNICAL COOPERATION**

Role of Program - Technical Cooperation

The role of the ICA program is to cooperate in carefully selected TC projects designed to increase technical skills needed for the promotion of sound economic development, and at the same time demonstrate to Afghan leaders that it is to their advantage to maintain ties with the Western world.

Objectives - Technical Cooperation

The objective of the technical assistance program is to help overcome the dearth of technically qualified manpower which is such a serious deterrent to economic growth. The technical assistance program also aids some of the major development assistance programs which the U.S. is presently supporting.

Special objectives and program goals include:

- (a) Increasing the numbers of trained operations and maintenance personnel for the irrigation and power facilities in the Helmand Valley Development Program.
- (b) Assistance to Afghan educational leadership in planning for an adequate educational system from primary grades through the university level. This includes special attention to the training of teachers and the preparation of educational materials.
- (c) Assistance in agriculture, especially in the development of extension services by which individual farmers can receive advice on how to improve low crop yields.
- (d) Assistance in surveying mineral resources.
- (e) Assistance in the development of industrial skills so that the production of locally needed consumer goods can be increased.
- (f) Assistance in the improvement of local health services.
- (g) Training in public administration so that services rendered by the government may be more efficiently administered.

Accomplishments - Technical Cooperation

The area showing greatest progress as a result of U.S. technical assistance is education. Contracts with the University of Wyoming and Teachers' College, Columbia University, have resulted in the

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 3,300            | 3,800              | 4,500              |

development of a well staffed Institute of Education, which trains teachers, develops curricula, produces textbook material in the local languages and develops audio-visual educational techniques.

A special U.S.-Afghan team recently completed a joint survey of the educational needs at the primary and secondary school level. Another survey group, aided by specially selected personnel from the University of Illinois, has outlined needs for the progressive development of Kabul University.

Through a contract with an American private firm in the field of public administration, training has been given to clerical and administrative personnel at all levels within the Afghan Government.

An extensive English language training program is of especial help to participants who come to the U.S. for professional training.

Personnel of Aryana Afghan Airways have received thorough training in modern methods of airlines management and operations through contractual arrangements with Pan American Airways.

The U.S. firm of E. B. Steele Highway Engineers has provided supervisory services to Afghan personnel engaged in the engineering and construction of a surfaced road on the route between Kabul and the Khyber Pass.

Composition of FY 1961 TC Program - \$4,500,000

It is proposed that \$4.5 million of Technical Cooperation funds be made available for the Afghan program in FY 1961. The proposed program emphasizes public administration, education and agriculture. Major project activities will include:

- (a) Continuation of assistance to the Ministry of Agriculture in establishing an agriculture extension program and in the development, through a contract with the University of Wyoming, of agricultural research activities in the Helmand Valley and at Kabul.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 797                                 | 1,005                | 1,399               |
| Participants . . . . .                                      | 124                                 | 187                  | 357                 |
| Contractual Services . . . . .                              | 1,553                               | 1,982                | 1,869               |
| Supplies and Equipment . . . . .                            | 239                                 | 395                  | 614                 |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       | 587                                 | 231                  | 261                 |
| <b>Total Project Assistance . . . . .</b>                   | <b>3,300</b>                        | <b>3,800</b>         | <b>4,500</b>        |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 59                                  | 67                   | 80                  |
| Contract . . . . .  | 74                                  | 86                   | 95                  |
| <b>Total Technicians . . . . .</b>                          | <b>133</b>                          | <b>153</b>           | <b>175</b>          |
| Participants (Programmed during year) . . . . .             |                                     |                      |                     |
| Non-Contract . . . . .                                      | 45                                  | 43                   | 93                  |
| Contract . . . . .  | 26                                  | 39                   | 20                  |
| <b>Total Participants . . . . .</b>                         | <b>71</b>                           | <b>82</b>            | <b>113</b>          |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 309                                 | 443                  | 806                 |
| Industry and Mining . . . . .                               | 55                                  | 133                  | 127                 |
| Transportation . . . . .                                    | 114                                 | 50                   | 40                  |
| Labor . . . . .   |                                     |                      |                     |
| Health and Sanitation . . . . .                             | 11                                  |                      |                     |
| Education . . . . .   | 1,494                               | 2,081                | 2,060               |
| Public Administration . . . . .                             | 84                                  |                      | 80                  |
| Community Development, Social Welfare and Housing . . . . . |                                     |                      |                     |
| General and Miscellaneous . . . . .                         | 1,233                               | 1,093                | 1,387               |
| <b>Total by Field of Activity . . . . .</b>                 | <b>3,300</b>                        | <b>3,800</b>         | <b>4,500</b>        |

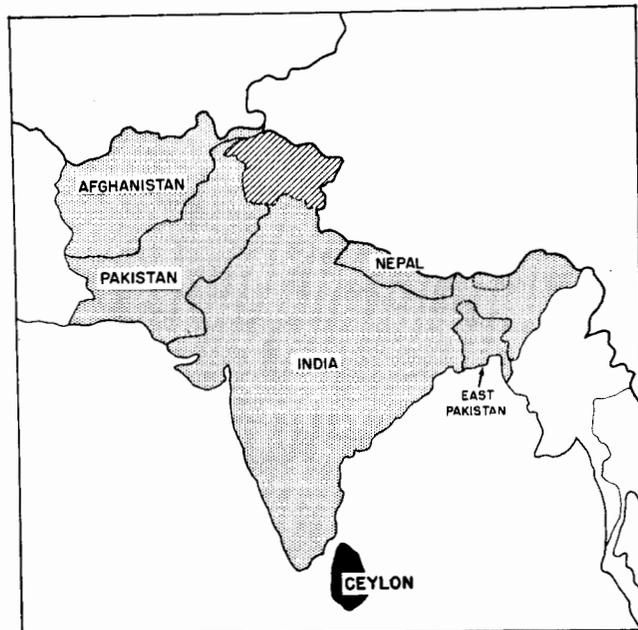
- (b) Assistance to the Ministry of Mines and Industry in developing increased coal production and mineral exploitation, including the training of selected Afghan nationals in the United States and in third countries.
- (c) Continuation and expansion of the English teaching program, under contract with Teachers' College, Columbia University. A four-year curriculum for training of teachers of English has been developed in the Faculty of Letters, and the first class was graduated in December 1959. The Afghan demand for English teaching is growing rapidly.
- (d) Expanded assistance in the development of Kabul University is planned for FY 1961, based on a survey of Afghan needs in primary, secondary and university education, made during FY 1960 by a University of Illinois contract team. Assistance will be given to various faculties of Kabul University with respect to curricula, preparation of teaching materials, research techniques, course instruction and training of staff members. Emphasis will be placed on agriculture, engineering, science, business and public administration and the teaching of English.

Assistance in public administration will emphasize national fiscal administration, under a contract with Public Administration Services.

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 806   | 288              | 58                        | 178       | 258         | 24          |  |                         |
| National Agriculture Development                   | C   | 495               | 136   | 32               | 105                       | 200       | 22          |             |  |                         |
| Agriculture Development - Helmand Valley           | N   | 278               | 127   | 26               | 73                        | 50        | 2           |             |  |                         |
| Helmand Surface Water Investigations               | C   | 33                | 25    |                  |                           | 8         |             |             |  |                         |
| <u>Industry and Mining - Total</u>                 |   |                   | 127   | 71               | 40                        |           | 16          |             |  |                         |
| Mineral Resources and Coal Production              | C   | 85                | 35    | 40               |                           | 10        |             |             |  |                         |
| Architectural and Engineering Services             | C   | 42                | 36    |                  |                           | 6         |             |             |  |                         |
| <u>Transportation - Total</u>                      |   |                   | 40    | 40               |                           |           |             |             |  |                         |
| Air Transportation Development                     | C   | 40                | 40    |                  |                           |           |             |             |  |                         |
| <u>Education - Total</u>                           |   |                   | 2,060 | 145              | 149                       | 1,691     | 75          |             |  |                         |
| Institute of Education                             | C   | 349               | 15    | 83               | 251                       |           |             |             |  |                         |
| Faculty of Agriculture and Engineering             | C   | 243               |       | 30               | 213                       |           |             |             |  |                         |
| Kabul University Development                       | C   | 1,247             | 20    |                  | 1,227                     |           |             |             |  |                         |
| Vocational Education                               | N   | 221               | 110   | 36               |                           | 75        |             |             |  |                         |
| <u>Public Administration - Total</u>               |   |                   | 80    |                  | 80                        |           |             |             |  |                         |
| National Fiscal Administration                     | C   | 40                |       | 40               |                           |           |             |             |  |                         |
| National Public Administration                     | C   | 40                |       | 40               |                           |           |             |             |  |                         |
| <u>General and Miscellaneous - Total</u>           |   |                   | 1,387 | 855              | 30                        |           | 265         | 237         |  |                         |
| Mass Communications                                | C   | 67                | 30    |                  |                           | 30        | 7           |             |  |                         |
| Ministry of Education Audio-Visual Center          | N   | 75                | 20    | 20               |                           | 35        |             |             |  |                         |
| Technical Support                                  | C   | 1,000             | 620   |                  |                           | 150       | 230         |             |  |                         |
| Helmand Valley Authority Develop. Operation        | C   | 245               | 185   | 10               |                           | 50        |             |             |  |                         |
| Total Technical Cooperation                        |   |                   | 4,500 | 1,399            | 357                       | 1,869     | 614         | 261         |  |                         |

# CEYLON - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 9.65 million   |              |
| Annual Growth.....                             | 2.8 percent    |              |
| Area.....                                      | 25,300 sq. mi. |              |
| Agricultural Land.....                         | 23% of area    |              |
| Agri. Land per Capita.....                     | 0.4 acres      |              |
| Literacy Rate.....                             | 70 percent     |              |
|  | <u>Ceylon</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 60             | 70           |
| Inhabitants per Physician...                   | 5,300          | 760          |
| Road Miles per 1,000 sq.mi..                   | 750            | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 50             | 4,500        |

Calendar Years

|  | Unit        | 1956       | 1957       | 1958       | 1959 Est.  |
|--|-------------|------------|------------|------------|------------|
| <b>GROSS NATIONAL PRODUCT*</b>                 |             |            |            |            |            |
| Total GNP (In 1958 Prices).....                | \$ Millions | 1,180      | 1,180      | 1,220      | 1,250      |
| Per Capita GNP.....                            | Dollars     | 132        | 129        | 130        | 130        |
| <b>PRODUCTION</b>                              |             |            |            |            |            |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 108        | 107        | 114        | 111        |
| Rice (rough) .....                             | 1,000 MT    | 560        | 641        | 763        | 743        |
| Rubber .....                                   | "           | 97         | 100        | 102        | 90         |
| Tea .....                                      | "           | 170        | 180        | 187        | 187        |
| <b>FOREIGN TRADE</b>                           |             |            |            |            |            |
| Total Exports (f.o.b).....                     | \$ Millions | 364        | 353        | 359        | 360        |
| Tea .....                                      | "           | 219        | 214        | 238        | 215        |
| Rubber .....                                   | "           | 62         | 63         | 54         | 62         |
| Total Imports (c.i.f).....                     | "           | <u>342</u> | <u>379</u> | <u>360</u> | <u>430</u> |
| Trade Balance.....                             | "           | +22        | -26        | -1         | -70        |
| <b>Trade with United States (U.S. Data)</b>    |             |            |            |            |            |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 31         | 33         | 27         | 35         |
| Imports from U. S. (f.o.b).....                | "           | 10         | 13         | 22         | 25         |
| Trade Balance.....                             | "           | +21        | +20        | +5         | +10        |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 255        | 206        | 196        | 162(Oct)   |
| COST OF LIVING INDEX.....                      | 1953=100    | 99         | 101        | 103        | 104        |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending Sept. 30 | 1957 | 1958 | 1959(Budget) |
|---|--------------------|------|------|--------------|
| Domestic Revenues.....                              |                    | 265  | 282  | 279          |
| Total Expenditures.....                             |                    | 316  | 339  | 391          |
| Deficit(-) or Surplus Before All Foreign Aid....    |                    | -51  | -57  | -112         |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                    | 6    | 6    | 6            |
| Budget Receipts from U.S. Aid & PL 480.....         |                    | -    | 4    | 4            |
| Remaining Deficit(-) or Surplus(+)                  |                    | -45  | -47  | -102         |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                    | 7    | 13   | 17           |
| U.S.-Financed .....                                 |                    | -    | -    | -            |
| Defense Expend. as % of Total Gov't Expend...       |                    | 2.2% | 3.8% | 4.3%         |
| Defense Expenditures as % of GNP .....              |                    | 0.6% | 1.1% | 1.4%         |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                    | 309  | 326  | 374          |
| U.S.-Financed.....                                  |                    |      | (4)  | (4)          |

n.a. - Not available. \* / Converted at 4.76 rupees per U.S.\$.

a/ Crop year beginning in year stated.

Country: \_\_\_\_\_

MUTUAL SECURITY PROGRAM

Ceylon has retained its political and economic ties with the British Commonwealth and the West, while at the same time attempting to create its own pattern for economic progress. U.S. basic policy interests can best be served by continuing to strengthen these ties with the United Kingdom and the West.

Ceylon is of specific importance to the United States for its strategic location on one of the world's major ocean trade lanes. It is also the site of a Voice of America relay station.

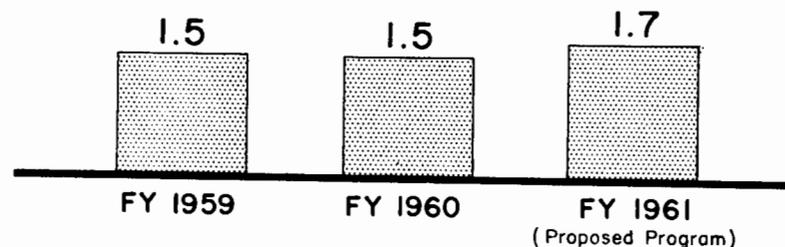
The problems facing Ceylon became more acute during 1959. The fragmentation of Ceylonese society among religious, caste, linguistic, racial, and economic groups has made difficult the creation among the citizenry of a cohesive, widely shared, feeling of national identity. The assassination of Prime Minister Bandaranaike, symptomatic of this fragmentation, weakened the party in power and led to the dissolution of Parliament in December. New parliamentary elections have been called for March, 1960. The elections, it is hoped, will result in the establishment of a stable government by moderate elements.

Despite preoccupation with internal political problems, Ceylon is giving increased attention to the economic betterment of the Island. The United States has assisted the Ceylonese effort by providing technical assistance and, in earlier years, minor economic aid. In 1959 a 10-year Development Plan was published, the fulfillment of which would greatly strengthen and diversify Ceylon's limited-base economy. However, the total implementation of the plan must await the outcome of the parliamentary elections scheduled for March, 1960.

**TECHNICAL COOPERATION**

**THE PROGRAM FY 1959-61**

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,550 ✓         | 1,521        |              |
| Cumulative 6/30/59                          | 5,093           | 2,792        | 2,301        |
| Estimate FY 1960                            | 1,500 ✓         | 1,800        |              |
| Cumulative 6/30/60                          | 6,593           | 4,592        | 2,001        |
| Estimate FY 1961                            | 1,700 ✓         | 2,005        |              |

Current Economic Situation and Problems

Although Ceylon enjoys a substantially higher standard of living than most of its neighbors, this standard has failed to improve significantly in recent years.

The relatively large foreign exchange earnings normally derived by the Ceylonese from the export of their three principal crops of tea, rubber, and coconuts have not been increasing at a rate sufficient to maintain needed imports. Since much of Ceylon's agriculture is devoted to the production of export crops, the country must import over 40% of its food. As a result of food and other increased imports, foreign exchange reserves which were at an all time high of \$255 million in 1956 have been steadily declining. In 1957 these reserves were reduced to \$206 million, further reduced to \$196 million in 1958, and were down to \$162 million in October 1959, and as yet there is no indication that this trend will be reversed in the near future. The Bandaranaike Government in its endeavors to satisfy popular demands ran budget deficits of \$51 million in 1957, \$57 million in 1958, and an estimated \$112 million in 1959. A deficit somewhat smaller than that for 1959, but still sizable, is forecast for 1960.

The Ceylonese have made a serious endeavor to step up the rate of economic development in the country. A number of problems have hindered their efforts: the scarcity of technical and managerial skills, the continued high rate of population growth, the rise of unemployment and underemployment, strikes, and the assassination of the Prime Minister and the dissolution of Parliament. The major effects of the continued high rate of population increases have been to swell the ranks of the unemployed and underemployed, create demands for increased food imports, food subsidies, and social services.

Progress to Date

The rate of economic growth in Ceylon over the past three or four years appears to have averaged slightly less than the rate of population growth of nearly 3% per year. Although standards of living are still high by Asian standards, the static nature of the economy is a cause for concern. The Ceylonese preoccupation with internal political problems is one element contributing to this unsatisfactory economic state. Despite import restrictions imposed by the Government, the limited foreign exchange reserves continue to decline. Because of the continued uncertain political situation, foreign capital is still being withdrawn from the country and the climate for private investment has not been improved.

Assistance from Non-ICA Sources

Ceylon has received \$21.0 million of Title I, P.L. 480 surplus agricultural commodities through FY 1959. A P.L. 480 Title II-supported CARE program has provided more than a million Ceylonese school children with a daily glass of milk and a bun. The Development Loan Fund has made loans totaling \$3.25 million to finance the development of irrigation facilities, and to purchase equipment for road building and for the Colombo Area Railroad.

Colombo Plan countries other than the U.S. have granted Ceylon approximately \$33 million since 1950. This aid has been devoted to development of land, irrigation works, agriculture, fisheries, public health services, and transportation. The IBRD has made loans totaling \$24.8 million for hydroelectric and thermal power projects. Various U.N. agencies have also contributed about \$700,000 a year for technical assistance projects.

The Sino-Soviet bloc has provided \$60 million of loans and grants to the Government of Ceylon. A USSR loan of \$30 million is expected to be applied to a steel rolling mill, sugar development, science education, research, fisheries, flood control work and industrial development. The Communist Chinese are providing loans and grants of about \$27 million for a rubber replanting project, flood rehabilitation and various other industrial projects. The remainder, \$3 million, represents a Czech credit.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 1.4     | 1.6     | 1.5     |
| DLF - Loan Approvals . . . . .                  | 3.2     |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       | 3.0     | 8.0     | 5.9     |
| (Total Sales)                                   | (6.3)   | (14.7)  | (10.8)  |
| P.L. 480, Title II - Obligations . . . . .      | 9.3     |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 3.4     | 3.8     | 1.2 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 20.3    | 13.4    | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.       |         |         |         |

**TECHNICAL COOPERATION**

Role and Objectives of Program

The role of the program in Ceylon is to encourage the government to adopt policies which will halt economic retrogression. A small technical assistance program, supplemented by a moderate contribution of P.L. 480 assistance, has supported this effort as have DLF loans.

The U.S. aid program in Ceylon has been directed toward assisting the Government of Ceylon in strengthening certain key areas which could do the most to stimulate the over-all economic development of the country. Included are projects:

- (a) To assist Ceylon in improving the low level of Ceylonese technical and managerial abilities in agriculture, natural resources, transportation, industry and technical education, thereby enabling the Ceylonese to increase domestic food production and expand industrial productivity; and
- (b) To encourage improvement in Government planning for economic development and more effective allocation of current availabilities for development of their natural resources.

Accomplishments - Technical Cooperation

Although the over-all economy of Ceylon has retrogressed slightly during the past three years, satisfactory progress has been made in the specific projects in which the U.S. is assisting the Government of Ceylon.

Agricultural advisors, covering critical fields of need from animal nutrition to rice production, are making measurable progress in assisting the Ceylonese to increase food production in the country. In the field of rice culture, a seed program has been started with 150,000 bushels of high yield rice seed sold to cultivators in 1959. It is anticipated that by 1962 production and sales of certified rice seed will reach 400,000 bushels, one-fourth of Ceylon's estimated total requirements.

One of Ceylon's largest potential resources is water. The U.S. has been assisting the Ceylon Irrigation Department by training heavy equipment operators and maintenance employees and has assisted in establishing equipment maintenance centers. Three of these centers are now in operation manned by some of the 152 operators and maintenance employees previously trained by U.S. technicians.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,550            | 1,500              | 1,700              |

Other endeavors in the field of natural resources include field studies being conducted by U.S. technicians of the Samanala Wewa and Maskeliya Oya rivers which will eventually lead to an application to IBRD for the development of necessary hydroelectric power projects. Surveys are also being made by U.S. and Ceylonese technicians of the Mahaweli Ganga River Basin. A report is expected this year which will serve as a basis for the future economic development of this area.

In the transportation field, a 21-mile demonstration pilot road is one-third completed, with more than 60 Ceylonese technicians trained by U.S. technicians on the job site.

The remainder of the diesel-powered coaches purchased with prior years' funds are due to arrive by mid-1960. The arrival of these coaches will reduce congestion on the overcrowded Colombo Area Railroad and speed up the suburban service. A signalling system for the railroad is also expected to be placed in operation.

Participant training continues to be popular with the Ceylonese, with a resultant increase in requests for assistance in this particular type of activity.

Composition of 1961 Technical Cooperation Program - \$1,700,000

The Technical Cooperation Program will continue to emphasize work in priority sectors of the economy for which the Government requests U.S. assistance - increasing industrial production, managerial and technical skills, and food production. Associated with these projects are others in the fields of transportation, health education and public administration. Technical assistance in irrigation and land development, agricultural extension research and education, and water resources planning are directly associated with the endeavor to increase food production. The gradual increase in domestic food output brought about by these continuing and other related projects will reduce the necessity of importing 40% of the nation's food supply.

The transportation system of Ceylon has not kept pace with demand. The international airport of Ceylon, for example, has proved inadequate for the faster and larger planes of today. The Ceylonese have made an application to the DLF for a loan for the

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity              | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                   |                  |
| Technicians .....                                       | 565                                 | 784               | 781              |
| Participants .....                                      | 281                                 | 230               | 463              |
| Contractual Services .....                              | 412                                 | 365               | 204              |
| Supplies and Equipment .....                            | 156                                 | 42                | 162              |
| Contrib. to Coop. Services ..                           |                                     |                   |                  |
| Other Costs .....                                       | 136                                 | 79                | 90               |
| Total Project Assistance ..                             | 1,550                               | 1,500             | 1,700            |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                   |                  |
| <b>Technicians (On duty close of yr.)</b>               |                                     |                   |                  |
| U.S. Employed .....                                     | 34                                  | 41                | 42               |
| Contract .....  | 28                                  | 17                | 26               |
| Total Technicians .....                                 | 62                                  | 58                | 68               |
| <b>Participants (Programmed during year) .....</b>      |                                     |                   |                  |
| Non-Contract .....                                      | 57                                  | 52                | 93               |
| Contract .....  | 3                                   | 4                 |                  |
| Total Participants .....                                | 60                                  | 56                | 93               |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                   |                  |
| Agriculture, Forestry and Fisheries .....               | 659                                 | 588               | 585              |
| Industry and Mining .....                               | 230                                 | 197               | 254              |
| Transportation .....                                    | 180                                 | 303               | 267              |
| Labor .....   |                                     | 10                | 20               |
| Health and Sanitation .....                             | 147                                 | 96                | 105              |
| Education .....   | 81                                  | 64                | 141              |
| Public Administration .....                             | 45                                  | 39                | 98               |
| Community Development, Social Welfare and Housing ..... | 208                                 | 203               | 230              |
| General and Miscellaneous ...                           |                                     |                   |                  |
| Total by Field of Activity ..                           | 1,550                               | 1,500             | 1,700            |

redevelopment of the Colombo international airfield at Katunayake. U.S. technical assistance provides training in airport development, management and operations.

Road development is still a high priority in the Ceylonese development plans. The Dry Zone of Ceylon is gradually being brought under irrigation and cultivation; improved roads are necessary to the effectiveness of this development. U.S. technical assistance will continue, therefore, to be supplied to the Public Works Department of Ceylon in the use and maintenance of highway equipment. A highway traffic survey started in FY 1960 will also provide essential data for comprehensive planning of road construction and maintenance in the country.

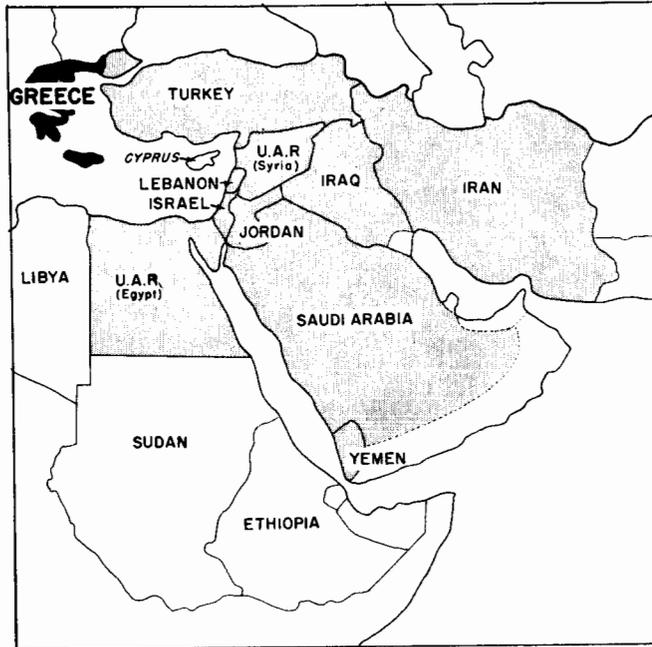
U.S. technicians will continue helping the Ceylonese in their campaign to improve the science curriculum of the schools. The lack of science education in the schools of Ceylon has been one of the contributing factors to the low level of technical and managerial skills.

Participant training both in the U.S. and in third countries will continue to be a strong feature in the U.S. program.

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 585   | 442              | 89                        |           | 54          |  |                                       |                         |                              |
| Agriculture Exten., Res. and Education             | C   |                   | 325   | 222              | 55                        |           | 48          |  |                                       |                         |                              |
| Irrigation and Land Development                    | C   |                   | 40    | 20               | 20                        |           |             |  |                                       |                         |                              |
| Water Resources Planning                           | C   |                   | 197   | 185              | 7                         |           | 5           |  |                                       |                         |                              |
| Salvinia Eradication                               | N   |                   | 23    | 15               | 7                         |           | 1           |  |                                       | 7 20                    |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 254   | 38               | 76                        | 130       | 10          |  |                                       |                         |                              |
| Minerals Exploration                               | C   |                   | 18    | 13               | 5                         |           |             |  |                                       |                         |                              |
| Ind. Develop. and Productivity                     | C   |                   | 236   | 25               | 71                        | 130       | 10          |  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   | 267   | 150              | 33                        | 74        | 10          |  |                                       |                         |                              |
| Highway Development                                | C   |                   | 155   | 130              | 15                        |           | 10          |  |                                       |                         |                              |
| Highway Traffic Survey and Planning                | C   |                   | 81    |                  | 7                         | 74        |             |  |                                       |                         |                              |
| Aeronautical Navigational Aids                     | C   |                   | 1     |                  | 1                         |           |             |  |                                       |                         |                              |
| Airport Development and Administration             | C   |                   | 30    | 20               | 10                        |           |             |  |                                       |                         |                              |
| <u>Labor - Total</u>                               |   |                   | 20    |                  | 20                        |           |             |  |                                       |                         |                              |
| Labor Training                                     | C   |                   | 20    |                  | 20                        |           |             |  |                                       |                         |                              |
| <u>Health and Sanitation - Total</u>               |   |                   | 105   | 19               | 66                        |           | 20          |  |                                       |                         |                              |
| Environmental Sanitation                           | C   |                   | 16    |                  | 16                        |           |             |  |                                       |                         |                              |
| Training and Health Education                      | C   |                   | 89    | 19               | 50                        |           | 20          |  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 141   | 16               | 112                       |           | 13          |  |                                       |                         |                              |
| Science Education                                  | C   |                   | 141   | 16               | 112                       |           | 13          |  |                                       |                         |                              |
| <u>Public Administration - Total</u>               |   |                   | 98    | 31               | 67                        |           |             |  |                                       |                         |                              |
| Public Administration                              | C   |                   | 98    | 31               | 67                        |           |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 230   | 85               |                           |           | 55          | 90   |                                       |                         |                              |
| General and Miscellaneous                          | C   |                   | 230   | 85               |                           |           | 55          | 90   |                                       |                         |                              |
| <u>Total Technical Cooperation</u>                 |   |                   | 1,700 | 781              | 463                       | 204       | 162         | 90   |                                       |                         |                              |

# GREECE - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 8.6 million    |              |
| Annual Growth.....                             | 0.8 percent    |              |
| Area.....                                      | 51,200 sq. mi. |              |
| Agricultural Land.....                         | 66% of area    |              |
| Agri. Land per Capita.....                     | 2.5 acres      |              |
| Literacy Rate.....                             | 77 percent     |              |
|  | <u>Greece</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 68             | 70           |
| Inhabitants per Physician...                   | 950            | 760          |
| Road Miles per 1,000 sq.mi..                   | 430            | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 225            | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>                 |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 2,600 | 2,830 | 2,920 | 2,970     |
| Per Capita GNP.....                            | Dollars     | 308   | 334   | 342   | 345       |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 116   | 127   | 119   | 128       |
| Tobacco .....                                  | 1,000 MT    | 82    | 110   | 84    | 80        |
| Wheat .....                                    | "           | 1,245 | 1,727 | 1,785 | 1,783     |
| Industrial Production Index .....              | 1953=100    | 134   | 145   | 157   | 157       |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b.).....                    | \$ Millions | 190   | 220   | 232   | 210       |
| Tobacco .....                                  | "           | 65    | 94    | 84    | 70        |
| Currants and raisins .....                     | "           | 30    | 37    | 33    | 37        |
| Total Imports (c.i.f.).....                    | "           | 464   | 524   | 565   | 560       |
| Trade Balance.....                             | "           | -274  | -304  | -333  | -350      |
| <b>Trade with United States (U.S. Data)</b>    |             |       |       |       |           |
| Exports to U. S. (f.o.b.).....                 | \$ Millions | 26    | 35    | 37    | 31        |
| Imports from U. S. (f.o.b.).....               | "           | 93    | 86    | 73    | 50        |
| Trade Balance.....                             | "           | -67   | -51   | -36   | -19       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 211   | 196   | 176   | 203(Oct)  |
| COST OF LIVING INDEX.....                      | 1953=100    | 126   | 129   | 131   | 134       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending Dec. 31 | 1957  | 1958  | 1959 (Bud) |
|---|-------------------|-------|-------|------------|
| Domestic Revenues.....                              |                   | 456   | 487   | 502        |
| Total Expenditures.....                             |                   | 513   | 552   | 586        |
| Deficit(-) or Surplus Before All Foreign Aid....    |                   | -57   | -65   | -84        |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                   | 13    | 7     | 22         |
| Budget Receipts from U.S. Aid & PL 480.....         |                   | 32    | 26    | 29         |
| Remaining Deficit(-) or Surplus(+)                  |                   | -12   | -32   | -33        |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                   | 150   | 152   | 155        |
| U.S.-Financed (excl. M.A.P. end-items)..            |                   | (25)  | (14)  | (18)       |
| Defense Expend. as % of Total Gov't Expend...       |                   | 29.2% | 27.5% | 26.4%      |
| Defense Expenditures as % of GNP .....              |                   | 5.4%  | 5.2%  | 5.1%       |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                   | 363   | 400   | 431        |
| U.S.-Financed.....                                  |                   | (7)   | (12)  | (11)       |

n.a. - Not available. \* / Converted at 30 Drachmae per U. S. \$.

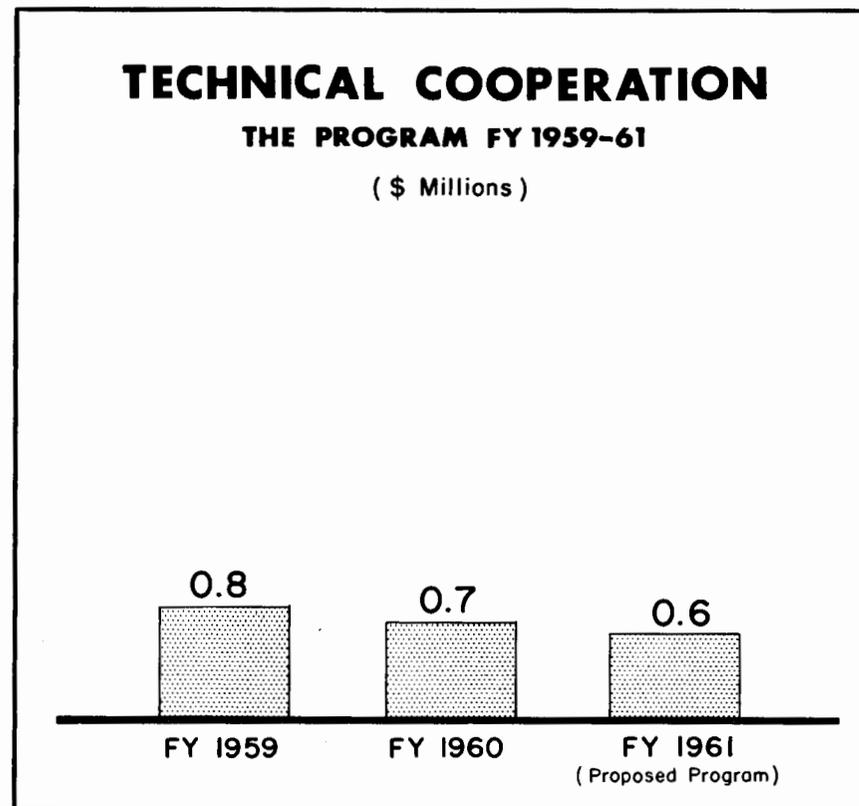
a/ Crop year beginning in year stated.

**MUTUAL SECURITY PROGRAM**

Strategic location renders the retention of Greece within the Western orbit vital to United States interests. Loss of Greece as an ally would deprive the Free World of important base rights and facilities, disrupt U.S. and NATO links with the eastern Mediterranean, and permit hostile pressures on Italy, thus threatening southern Europe.

The Mutual Security Program helps support a friendly government by providing resources which supplement Greece's own significant contribution to the common defense and its internal development needs. Greece has not been able to meet the needs of both economic development and a major defense program without external assistance. A high rate of unemployment within the country coupled with the continued Soviet bloc threat make it essential that Greece maintain a reasonable rate of economic growth.

During the last two years the rate of economic growth in Greece has been lower than the high level achieved in each previous year since the currency revaluation of 1953. The Communist-front parties influence 25% of the electorate and are attempting to exploit economic discontent. At the same time Greece has been the object of growing pressures from the Soviet bloc on economic, political and cultural fronts. Soviet pressure is directed toward the creation of a denuclearized Balkan Zone and toward weakening Greek ties with NATO. To meet these pressures, Greece is attempting a major development effort and is also making a defense contribution to NATO which, in view of its low standard of living and per capita GNP, is one of the heaviest among the NATO nations. Continued U.S. assistance is required to permit progress toward the NATO goals, and, at the same time, to permit Greece to devote sufficient resources to economic development.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 800 ✓           | 719          |              |
| Cumulative 6/30/59                          | 13,147          | 12,465       | 682          |
| Estimate FY 1960                            | 700 ✓           | 703          |              |
| Cumulative 6/30/60                          | 13,847          | 13,168       | 679          |
| Estimate FY 1961                            | 650 ✓           | 779          |              |

**ECONOMIC SITUATION**

Current Economic Situation and Problems

The rate of growth which was reached in Greece between 1954 and 1957, average 8% per year, has fallen off sharply to 3% in 1958 and an estimated 2% in 1959.

The economy of Greece is still relatively backward by Western European and North American standards. Agriculture, which accounts for about one-third of GNP, supports half the population, typically on small fragmented family-owned farms that are often in rugged terrain. Self-sufficiency in wheat has apparently been achieved, but Greece remains a heavy importer of meat and dairy products, fish and sugar. Tobacco accounts for nearly 40% of exports, followed by currants and raisins, raw cotton, olives and olive oil, fruits and vegetables. These commodities are subject to strong price and quality competition in European markets.

Industrial expansion is inhibited by the small domestic market, the inadequately organized capital market and cautious policies of commercial banks on medium- and long-term lending. However, industrial capacity is increasing and the Government of Greece hopes to accelerate this process, through government participation if required. Probably the most serious problem of the Greek economy, and one on which progress has been slight, is under-employment and unemployment affecting roughly a quarter of the labor force.

Foreign exchange losses in 1957 and 1958 were recouped in 1959. Tourism and emigrant remittances increased and several non-recurring special payments were received. The improved position does not mean, however, that the balance of payments problem is solved. Both imports and exports have dropped significantly. A hoped-for pickup in economic activity will create demand for capital and other imported goods.

With the economic slowdown, tax revenues have run behind expectations, leading to a partial curtailment of projected expenditures.

Progress to Date

Viewed over the postwar period as a whole, progress in Greece has been excellent. Since the economic chaos and civil strife in 1947, Greece has contained the insurrection, established a sound political framework, carried out an effective reconstruction, and achieved rapid economic growth. GNP increased by over 75% in the

past decade. More recently, agricultural production rose more than a quarter above the 1952/54 average and industrial production has risen 57% since 1953. The serious inflation which accompanied the early stages of reconstruction and expansion was successfully curbed by the stabilization program initiated in 1953. Rapid growth continued until 1957 and slackened only in 1958 and 1959.

Assistance from Non-ICA Sources

Germany agreed in November 1958 to lend Greece 200 million Deutschemarks (about \$48 million) for 20 years at 6%. The first drawing took place in December 1959, the balance to be drawn in the next two to three years. Germany is also granting 15 million DM (\$3.5 million) over a five-year period, primarily for technical feasibility studies. About \$15 million equivalent in Italian reparations are also available. Greece also hopes for assistance from members of the European Economic Community and is pressing for membership in that group.

DLF has to date approved two major loans: \$12 million for a fertilizer plant in 1959 and \$31 million for a hydroelectric project early in 1960. Other applications are pending. Under Public Law 480, Title I, sales of surplus agricultural commodities through FY 1959 totaled \$66 million. With the improvement in Greek agriculture, these have tapered off. P.L. 480, Title III, relief and welfare assistance is continuing at a level of over \$10 million per year. Technical assistance is provided at an annual rate of \$250,000 through the U.N. and its specialized agencies, with smaller-scale technical aid through the European Productivity Agency.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |                    |
|---|---------|---------|--------------------|
|   | FY 1958 | FY 1959 | FY 1960            |
| ICA - obligations . . . . .                     | 15.7    | 20.8    | 25.7               |
| DLF - Loan Approvals . . . . .                  | 12.0    |         | 31.0 <sup>1/</sup> |
| P.L. 480, Title I - Country Use . . . . .       | 10.9    |         | 3.0                |
| (Total Sales)                                   | (19.8)  |         | (6.2)              |
| P.L. 480, Title II - Obligations . . . . .      |         |         | <sup>2/</sup>      |
| P.L. 480, Title III - Obligations . . . . .     | 20.6    | 11.0    | 5.6 <sup>2/</sup>  |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | <sup>2/</sup>      |
| TOTAL . . . . .                                 | 59.2    | 31.8    | XXXX               |

<sup>1/</sup> Actual 1st 7 mos.    <sup>2/</sup> Actual 1st 6 mos.

Country: GREECE

## TECHNICAL COOPERATION

### Role of Program - Technical Cooperation

The Technical Cooperation Program in Greece, which is considerably reduced from the level of similar assistance in the early years of our aid program, is designed to support a number of selected Greek efforts to create institutions necessary for sustained economic growth.

### Objectives - Technical Cooperation

Technical Cooperation is provided to raise the level of technical, organizational and management skills by providing assistance in key fields of economic and social endeavor. It is hoped to encourage the Greek Government to attack remaining institutional barriers to continued economic growth through projects directed particularly to the creation of new institutions and habits of thought affecting development.

### Accomplishments - Technical Cooperation

Perhaps the outstanding accomplishment of Technical Cooperation type activities in Greece has been in the field of agricultural extension. With the help of American technicians and Greeks trained in the United States, the Government of Greece has established one of the outstanding extension programs in the world. U.S. assistance is no longer required in this field, and the program has been terminated.

A comprehensive public health service was established in the early years of the program with the assistance of American public health doctors and nurses. This organization brought medical care and preventive measures to the war-torn rural areas as well as helped to rebuild hospitals and health centers.

American engineers supervised the construction and initial operation of the entire Greek power system which was largely financed from American aid funds. American experts advised the Greeks in the development of navigation, communication, meteorology and air traffic control. Important technical help was also provided in other transportation fields. Since the program's inception in 1947 American aid has benefited every important area of the Greek economy. Supplies and equipment were generally accompanied by American technical assistance.

### Composition of FY 1961 Technical Cooperation Program - \$650,000

Agriculture - The Government of Greece is developing a program which would gradually shift livestock production from sheep and

Summary of Program \$ in thousands

| Function                        | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
|---------------------------------|------------------|--------------------|--------------------|
| Technical Cooperation . . . . . | 800              | 700                | 650                |

goats to cattle in order to reduce the import requirements for this item. The government is also attempting to improve marketing of fruits and vegetables for the European market. Two U.S. technicians advise on these matters.

Industry and Transportation - The Government of Greece is embarking on a series of development projects in an effort to speed up the rate of development and relieve the serious problem of unemployment and underemployment which is a matter of concern in both urban and rural areas. ICA in FY 1960 plans to contract for a group to provide specialized banking advice to the Economic Development Finance Organization (EDFO) and in FY 1961, to continue to finance an ICA advisor and some training of EDFO officials in the U.S. A new project in FY 1961 is designed to assist the government in the performance of technical surveys in fields where development projects are contemplated. Continuing projects include one in support of the President's Atoms for Peace Program, and another in civil aviation to provide assistance on navigation and communications facilities, safety, and airport development.

Labor - Advisory services on apprenticeship training were begun this year. This work and education of trade union officials through training in the United States will continue in 1961.

Education - The largest single Technical Cooperation project is to help Greece redirect its pattern of education from classical to technical and vocational. The government has recently passed legislation to establish vocational education teacher training facilities and industrial education schools. U.S. assistance is primarily in connection with teacher training.

Public Administration - A public safety project is assisting in the improvement of police operations with special emphasis on communication, records, and training.

Country: GREECE

## TECHNICAL COOPERATION

TABLE E-1-A

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 265                                 | 314                  | 317                 |
| Participants . . . . .                                      | 391                                 | 228                  | 206                 |
| Contractual Services . . . . .                              |                                     | 106                  | 90                  |
| Supplies and Equipment . . . . .                            | 121                                 | 36                   | 24                  |
| Contrib. to Coop. Services . . . . .                        |                                     | 16                   | 13                  |
| Other Costs . . . . .                                       | 23                                  |                      |                     |
| Total Project Assistance . . . . .                          | 800                                 | 700                  | 650                 |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 18                                  | 16                   | 16                  |
| Contract . . . . .  |                                     |                      | 2                   |
| Total Technicians . . . . .                                 | 18                                  | 16                   | 18                  |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      | 127                                 | 74                   | 55                  |
| Contract . . . . .  |                                     |                      |                     |
| Total Participants . . . . .                                | 127                                 | 74                   | 55                  |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 200                                 | 75                   | 67                  |
| Industry and Mining . . . . .                               | 50                                  | 183                  | 181                 |
| Transportation . . . . .                                    | 72                                  | 70                   | 72                  |
| Labor . . . . .   | 98                                  | 77                   | 61                  |
| Health and Sanitation . . . . .                             |                                     |                      |                     |
| Education . . . . .   | 59                                  | 77                   | 140                 |
| Public Administration . . . . .                             | 248                                 | 142                  | 74                  |
| Community Development, Social Welfare and Housing . . . . . |                                     |                      |                     |
| General and Miscellaneous . . . . .                         | 73                                  | 76                   | 55                  |
| Total by Field of Activity . . . . .                        | 800                                 | 700                  | 650                 |

Country: GREECE

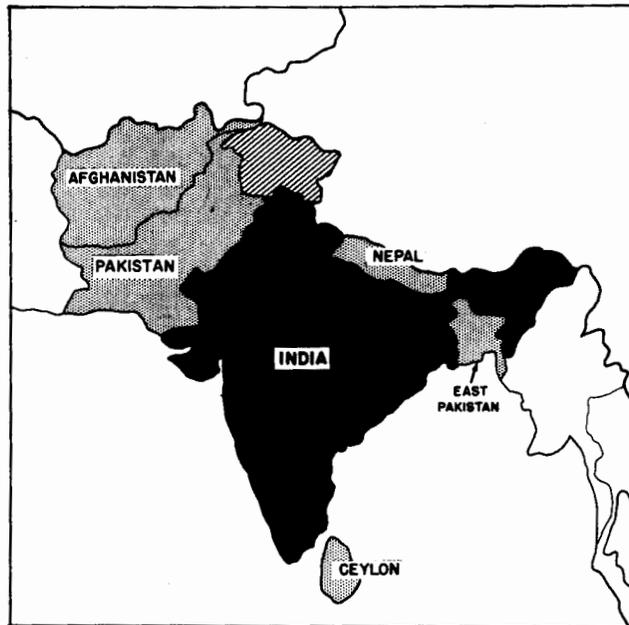
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: TECHNICAL COOPERATION                    |                   | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             |                                       | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                              |
|--|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|---------------------------------------|--|------------------------------|
| Activity and Projects                              | New or Continuing | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services | MSP includ. Counterpart                                    | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |                   | 67  | 41               | 20                        |           | 4           | 2           |                                       |  |                              |
| Office of Food and Agriculture Advisor             | C                 | 25  | 22               |                           |           | 2           | 1           |                                       |  |                              |
| Production and Marketing                           | C                 | 42  | 19               | 20                        |           | 2           | 1           |                                       |  |                              |
| <u>Industry and Mining - Total</u>                 |                   | 181   | 71               | 18                        | 90        |             | 2           |                                       |  |                              |
| Office of Industrial Advisor                       | C                 | 37  | 35               |                           |           |             | 2           |                                       |  |                              |
| Industrial Development Surveys                     | N                 | 104   | 14               |                           | 90        |             |             |                                       |  |                              |
| Economic Development Financing Organization        | C                 | 40  | 22               | 18                        |           |             |             |                                       |  |                              |
| <u>Transportation - Total</u>                      |                   | 72  | 38               | 32                        |           |             | 2           |                                       |  |                              |
| Air Transport Advisory Project                     | C                 | 72  | 38               | 32                        |           |             | 2           |                                       |  |                              |
| <u>Labor - Total</u>                               |                   | 61  | 15               | 45                        |           |             | 1           |                                       |  |                              |
| Trade Union Leadership and Workers Training        | C                 | 61  | 15               | 45                        |           |             | 1           |                                       |  |                              |
| <u>Education - Total</u>                           |                   | 140   | 79               | 40                        |           | 20          | 1           |                                       |  |                              |
| Vocational Education                               | C                 | 140   | 79               | 40                        |           | 20          | 1           |                                       |  |                              |
| <u>Public Administration - Total</u>               |                   | 74  | 54               | 15                        |           |             | 5           |                                       |  |                              |
| Public Safety                                      | C                 | 74  | 54               | 15                        |           |             | 5           |                                       |  |                              |
| <u>General and Miscellaneous - Total</u>           |                   | 55  | 19               | 36                        |           |             |             |                                       |  |                              |
| Technical Support                                  | C                 | 19  | 19               |                           |           |             |             |                                       |  |                              |
| Nuclear Energy                                     | C                 | 36  |                  | 36                        |           |             |             |                                       |  |                              |
| <b>Total Technical Cooperation</b>                 |                   | <b>650</b>  | <b>317</b>       | <b>206</b>                | <b>90</b> | <b>24</b>   | <b>13</b>   |                                       |  |                              |

# INDIA - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                   |              |
|--|-------------------|--------------|
| Population.....                                | 411 million       |              |
| Annual Growth.....                             | 2 percent         |              |
| Area.....                                      | 1,269,800 sq. mi. |              |
| Agricultural Land.....                         | 50% of area       |              |
| Agri. Land per Capita.....                     | 1 acre            |              |
| Literacy Rate.....                             | 20 percent        |              |
|  | <u>India</u>      | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 32                | 70           |
| Inhabitants per Physician...                   | 5,450             | 760          |
| Road Miles per 1,000 sq. mi..                  | 210               | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 31                | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est.       |
|--|-------------|-------|-------|-------|-----------------|
| <b>GROSS NATIONAL PRODUCT*</b>                               |             |       |       |       |                 |
| Total GNP (In 1958 Prices) <sup>a/</sup> .....               | \$ Billions | 28.8  | 28.4  | 30.7  | 31.8            |
| Per Capita GNP.....  | Dollars     | 74    | 72    | 76    | 77              |
| <b>PRODUCTION</b>  |             |       |       |       |                 |
| Agricul. Prod. Index <sup>b/</sup> .....                     | 1952-54=100 | 111   | 103   | 118   | 122             |
| Food grains <sup>b/</sup> .....                              | Million MT  | 70    | 64    | 75    | 77              |
| Cotton <sup>b/</sup> .....                                   | 1,000 MT    | 908   | 964   | 893   | 866             |
| Industrial Production.....                                   | 1953=100    | 126   | 130   | 131   | 140             |
| <b>FOREIGN TRADE</b>   |             |       |       |       |                 |
| Total Exports (f.o.b.).....                                  | \$ Millions | 1,300 | 1,379 | 1,216 | 1,290           |
| Tea.....   | "           | 295   | 261   | 287   | 265             |
| Burlap and bags.....   | "           | 236   | 217   | 194   | 200             |
| Total Imports (c.i.f.).....                                  | "           | 1,725 | 2,243 | 1,815 | 1,900           |
| Trade Balance.....   | "           | -425  | -864  | -599  | -610            |
| <b>Trade with United States (U.S. Data)</b>                  |             |       |       |       |                 |
| Exports to U. S. (f.o.b.).....                               | \$ Millions | 206   | 211   | 191   | 205             |
| Imports from U. S. (f.o.b.).....                             | "           | 274   | 438   | 313   | 340             |
| Trade Balance.....   | "           | -68   | -227  | -122  | -135            |
| GOLD & FOREIGN EXCHANGE HOLDINGS <sup>c/</sup> (end of year) | "           | 1,477 | 1,001 | 770   | 820 (Oct. est.) |
| COST OF LIVING INDEX.....                                    | 1953=100    | 99    | 105   | 109   | 115             |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending March 31 | 1958   | 1959   | 1960 (Budget) |
|---|--------------------|--------|--------|---------------|
| Domestic Revenues.....                              |                    | 2,077  | 2,288  | 2,433         |
| Total Expenditures.....                             |                    | 3,471  | 3,976  | 4,089         |
| Deficit(-) or Surplus Before All Foreign Aid....    |                    | -1,394 | -1,688 | -1,656        |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                    | 27     | 366    | 339           |
| Budget Receipts from U.S. Aid & PL 480.....         |                    | 84     | 164    | 348           |
| Remaining Deficit(-) or Surplus(+)                  |                    | -1,283 | -1,158 | -969          |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                    | 630    | 656    | 630           |
| U.S.-Financed.....                                  |                    | -      | -      | -             |
| Defense Expend. as % of Total Gov't Expend...       |                    | 18.2%  | 16.5%  | 15.4%         |
| Defense Expenditures as % of GNP.....               |                    | 2.3%   | 2.1%   | 1.9%          |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                    | 2,841  | 3,320  | 3,459         |
| U.S.-Financed.....                                  |                    | (84)   | (164)  | (348)         |

n.a. - Not available. \* / Converted at 4.762 rupees per U.S.\$.

a/ By GOI fiscal years, April - March. b/ Crop years beginning July 1 of year shown.

c/ Includes holdings of government agencies abroad and commercial banks as well as Central Bank.

Country: INDIA

## MUTUAL SECURITY PROGRAM

The basic United States policy objective with regard to India, the largest and most populous nation in Free Asia, is that India remain in the Free World and demonstrate that an underdeveloped country can achieve a satisfactory rate of economic progress in a free society. Outside assistance is necessary, since India's low level of domestic output and savings do not permit an adequate rate of capital formation while satisfying minimum current consumption. India's development effort is in acknowledged competition with the progress made by Communist China through the use of totalitarian methods.

The years immediately ahead will be crucial for India, as it completes its second plan and begins its Third Five-Year development plan. The first two plans have produced significant growth and have laid the base for future progress. The pace, however, must be accelerated if India is to achieve a lasting solution to its economic problems. To attain a more rapid rate of development, India will need substantial assistance from its friends in the Free World to meet its essential requirements for imports of both current needs and capital goods. U.S. assistance will take the form of technical cooperation, sales of agricultural commodities under P.L. 480, and access to development loans.

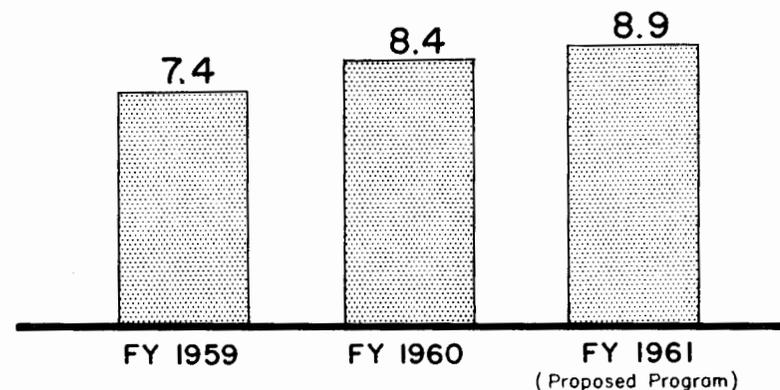
In 1959, the Tibetan revolt and subsequent border clashes between India and the Chinese Communists resulted in a deterioration of relations which, if continued, may force India to divert more of its limited financial resources to military expenditures. Partially as a reaction to the increased Chinese Communist hostility, India and Pakistan have made marked progress during the years towards solving some of their most pressing disputes, particularly the question of the division of the Indus Waters. The promising progress toward settlement of this dispute now permits greater hope that other problems can be successfully resolved.

India has recognized its need for help in dealing with many of its problems and has welcomed U.S. and other foreign assistance, including Soviet aid. The government has shown an increasing desire to attract foreign private capital, as evidenced in part by the recent signing of a double taxation and expropriation guarantee agreements with the United States.

## TECHNICAL COOPERATION

THE PROGRAM FY 1959-61

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 7,400 ✓         | 9,844        |              |
| Cumulative 6/30/59                          | 70,302          | 55,396       | 14,906       |
| Estimate FY 1960                            | 8,350 ✓         | 9,600        |              |
| Cumulative 6/30/60                          | 78,652 ✓        | 64,996       | 13,656       |
| Estimate FY 1961                            | 8,900 ✓         | 10,000       |              |

**ECONOMIC SITUATION**

Current Economic Situation and Problems

As India enters the last year of its Second Five-Year Plan, evidences both of growing economic strength and remaining weakness are apparent. India has demonstrated its ability to build dams, power stations, irrigation works and railroads, while increasing education and health facilities. However, progress in increasing food production has been slow, and population pressure, unemployment, and underemployment remain serious problems.

Economic improvements were achieved only with considerable strain on India's resources. The public sector investment target in the Second Five-Year Plan was reduced from the equivalent of \$11.5 billion to \$9.5 billion; the private sector investment target remained at \$5.0 billion. To support the development program, it was necessary since early 1956 to spend \$1.1 billion of foreign exchange reserves (despite \$200 million of IMF drawings) in addition to large amounts of foreign aid. Although export earnings have shown recent improvement, import restrictions required by foreign exchange stringencies continue to limit the growth of industrial production. Government deficits during the Second Plan period have been financed in part from short-term borrowing. Although there has been some increase in consumer and wholesale prices since 1956, inflationary pressures have, on the whole, been contained. As a result of prompt assistance by Free World countries and the IBRD in August 1958 and March 1959, India's foreign exchange reserves were relatively stable during the past year. Nevertheless, experience in the Second Plan highlights how near the margin of available resources the Indian Government must operate to carry out its development program. Recent deterioration in relations between India and Communist China constitutes a threat to the economic development program since it may force India to divert resources from development to defense.

Preliminary information concerning the Third Five-Year Plan, which begins in April 1961, indicates that the Indian Government contemplates an investment program substantially larger than the \$15 billion five year program now nearing completion. India will begin the Third Five-Year Plan with a low level of foreign exchange reserves and with almost \$1 billion in foreign obligations which fall due between 1961 and 1966. India must obtain substantial external assistance to continue accelerating economic development. Failure of Free World countries to provide such assistance could well affect not only the prospect for economic growth but even the future of democratic government in India.

Progress to Date

Despite difficulties, Gross National Product in India has increased 10% since 1956, or about 3% a year; industrial production 11%,

and agricultural production 10%. Population is now increasing about 2% per annum. There has been significant expansion in transportation, power and irrigation, mineral development, and the production of steel machinery, chemicals and cement. This expansion in industrial capacity will provide the base for future increases in production and consumption. However, employment opportunities have lagged behind the growth in the labor force. Slow progress in increasing food production poses a serious threat to future economic development.

Assistance from Non-ICA Sources

Since the start of the Second Plan in 1956, Free World countries have made available about \$2.3 billion in loans and grants -- about 15% of total planned investment. DLF loans have totalled \$195 million. In FY 1958 the Export-Import Bank granted a loan of \$152 million. P.L. 480 sales through December 1959 have aggregated \$553 million. India also benefited from a small amount of foreign private investment.

In July 1959, India received a new commitment of \$375 million from the Soviet Union. This brought the total of bloc aid extended during the Second Plan to \$772 million, concentrated in steel, petroleum, heavy machinery, foundry and pharmaceutical industries.

India's uncovered balance of payments deficit for the completion of the Second Plan during its remaining year is substantial. It is expected that this deficit will largely be covered by loans from the U.S. and other Free World governments. In FY 1961 the DLF will be requested to make a major contribution toward financing Third Plan projects. Mutual Security Program planning assumes U.S. agricultural surpluses will continue to be available under P.L. 480.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |          |
|---|---------|---------|----------|
|   | FY 1958 | FY 1959 | FY 1960  |
| ICA - obligations . . . . .                     | 6.4     | 7.4     | 8.4      |
| DLF - Loan Approvals . . . . .                  | 75.0 ✓  | 120.0 ✓ |          |
| P.L. 480, Title I - Country Use . . . . .       | 37.53/  | 150.4   | 522.4 1/ |
| (Total Sales)                                   | (57.0)  | (238.8) | (653.0)  |
| P.L. 480, Title II - obligations . . . . .      |         |         | 4.5 2/   |
| P.L. 480, Title III - obligations . . . . .     | 17.6    | 17.7    | 2/       |
| EX-IM Bank - Long-term Loans Approved . . . . . | 151.8   |         | 2/       |
| TOTAL . . . . .                                 | 288.3   | 295.5   | XXXX     |

1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.  
3/ Includes \$2.4 from Triangular Trade.

**TECHNICAL COOPERATION**

Role of the Program

The role of the program in India is to stimulate and participate in the strengthening of institutions and programs vital to bringing about a rise in the standard of living as a means of demonstrating to other uncommitted nations the progress that can be made under a free political and economic system. An extensive technical Cooperation Program is provided for this purpose, supported by major assistance in the form of P.L. 480 sales and DLF loans.

Objectives - Technical Cooperation

The Technical Cooperation Program assists in establishing the prerequisites essential to the attainment of higher living standards for an expanding population through training, dissemination of technical information, and improvement and expansion of Indian universities and other training facilities. The program is designed to:

- (a) Increase and improve the supply of trained manpower needed for the development program.
- (b) Raise levels of output and productivity in industry and agriculture, and enhance efficient utilization of natural resources.
- (c) Improve and expand educational facilities and reduce the prevalence of disease.
- (d) Provide facilities to encourage private industry and attract private foreign investments.

Accomplishments

Although the U.S. Technical Cooperation Program is small in relation to India's needs, it has nevertheless had a significant impact in developing Indian skills. Since the inception of the program the U.S. has sent 1300 technicians to India, and has provided training, in the U.S. and in third countries to almost 2600 Indian participants.

Although food and other agricultural production has risen the agricultural sector will remain for a long time a key problem area in the Indian economy, requiring concerted work in extension, fertilizer use, crop and seed improvement, soil and water conservation, drainage and irrigation. The U.S. agricultural program has directed its attention mainly to education and extension.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 7,400            | 8,350              | 8,900              |

Through contracts with five land-grant universities, assistance is being extended to 45 agricultural, veterinary and home science colleges. Through fiscal year 1959, 276 Indian college staff members have received U.S. training.

In addition, 46 American technicians through demonstrations and seminars have had a significant impact in securing the adoption of American concepts in education, research and extension. In FY 1958 the U.S. undertook to assist in establishing a U.S. type land-grant university in Uttar Pradesh State. Four other states are now drafting legislation to establish similar institutions. The U.S. has, through field trials, popularized the use of fertilizer. The Indians on their own initiative have organized fertilizer demonstration programs in all 14 states and have conducted 800,000 field tests since 1952. The U.S. has equipped 24 soil testing laboratories each testing an average of about 1,000 samples a month. Work is being done in increasing crop yields through the introduction of high yield varieties of hybrid corn now being successfully produced by a small number of farmers. The program has devoted attention to demonstrating improved soil and water conservation, and irrigation and drainage practices. A training center has been established offering courses in the maintenance and effective use of farm machinery. Assistance has also been given for livestock and poultry improvement and for dairy development.

In the industrial sector, funds were made available in FY 1958 to establish the National Productivity Council whose purpose is to stimulate interest in attaining higher industrial productivity through dissemination of technical information, and improvement of production techniques, distribution methods and marketing practices. To date, five regional and 22 local productivity councils have been established and seven productivity teams are scheduled to visit the U.S. and other countries to observe production methods. Five teams have already returned to India and their observations are being made available through the local productivity centers. A team of 16 Indian bankers visited the U.S. in 1959 to observe American banking practices.

The U.S. has provided training leading to advanced degrees for qualified engineers who have agreed to teach for at least three years upon their return to India. Assistance is also being

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity                  | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                   |                  |
| Technicians . . . . .                                       | 2,119                               | 2,462             | 2,614            |
| Participants . . . . .                                      | 2,019                               | 2,241             | 1,663            |
| Contractual Services . . . . .                              | 2,005                               | 2,363             | 3,893            |
| Supplies and Equipment . . . . .                            | 847                                 | 784               | 710              |
| Contrib. to Coop. Services . . . . .                        |                                     |                   | 20               |
| Other Costs . . . . .                                       | 410                                 |                   |                  |
| Total Project Assistance . . . . .                          | 7,400                               | 8,350             | 8,900            |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                   |                  |
| Technicians (On duty close of yr.)                          | 104                                 | 115               | 137              |
| U.S. Employed . . . . .                                     | 42                                  | 65                | 72               |
| Contract . . . . .  |                                     |                   |                  |
| Total Technicians . . . . .                                 | 146                                 | 180               | 209              |
| Participants (Programmed during year) . . . . .             |                                     |                   |                  |
| Non-Contract . . . . .                                      | 591                                 | 558               | 433              |
| Contract . . . . .  | 109                                 | 92                | 144              |
| Total Participants . . . . .                                | 700                                 | 650               | 577              |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                   |                  |
| Agriculture, Forestry and Fisheries . . . . .               | 2,231                               | 2,459             | 2,660            |
| Industry and Mining . . . . .                               | 1,700                               | 2,234             | 1,655            |
| Transportation . . . . .                                    | 44                                  | 83                | 80               |
| Labor . . . . .   | 6                                   | 36                | 38               |
| Health and Sanitation . . . . .                             | 545                                 | 762               | 785              |
| Education . . . . .   | 1,153                               | 956               | 1,614            |
| Public Administration . . . . .                             | 56                                  | 109               | 50               |
| Community Development, Social Welfare and Housing . . . . . | 211                                 |                   |                  |
| General and Miscellaneous . . . . .                         | 1,454                               | 1,711             | 2,018            |
| Total by Field of Activity . . . . .                        | 7,400                               | 8,350             | 8,900            |

extended to selected Indian engineering colleges to strengthen their faculties and improve curricula. In FY 1959, funds were made available to assist in establishing the Indian Institute of Technology at Kanpur, one of four major Indian technological institutes. Finally, the U.S. is participating, with the Ford Foundation in providing in-plant and related training to a group of Indian technicians to equip them to fill positions in India's expanding steel industry.

In the field of public health, India, the largest recipient of U.S. assistance under the world-wide malaria eradication program, is progressing toward the goal of eradicating malaria. Since the inauguration of the program in 1952, the annual incidence of malaria has been reduced from an estimated 75 million to an estimated 20 million cases, and the number of deaths per year from 800,000 to 200,000. With continued U.S. assistance, India should be virtually free of malaria by 1965.

Composition of 1961 Technical Cooperation Program - \$8,900,000

The Technical Cooperation Program of \$8,900,000 proposed for FY 1961 provides funds for current year operations for activities initiated in earlier years. Increased emphasis will be given to agricultural extension activities in FY 1961.

The program for agriculture continues assistance to agricultural colleges to improve curricula, strengthen staffs and provide for coordination of teaching, research and extension so as to serve better the needs of the individual farmer. Additional assistance is being provided to establish a new land-grant type agricultural university, an activity begun in FY 1958. A new program with special emphasis on agricultural extension is proposed for FY 1961. Under this project extension teams will be posted in several Indian states to furnish information and advice on fertilizer requirements and use, crop improvement, soil and water conservation and farm irrigation and drainage practices. The teams will work on specific problems in limited geographic areas and the flow of information will be made available to individual cultivators. This project will demonstrate how the coordinated efforts of a team of specialists backed by adequate resources can significantly increase agricultural production.

Additional assistance is being provided to the National Productivity Council to enable it to secure advisory technical services and broaden its activities in both the private and public sectors. To stimulate private enterprise and encourage further the flow of private foreign investment capital, an All-India Investment Center is being established. The Center, a subdivision of the Industrial Credit and Investment Corporation of India (ICICI) - which itself received capital assistance through a loan of \$21 million of P.L. 480 rupees in FY 1959 - will provide technical, marketing, and promotional services to potential investors. The U.S. will continue financing the training of technicians for the Indian steel industry.

Assistance is being made available to provide teacher training in vocational education and to establish demonstration high schools. These schools will furnish technically trained manpower required by the newly developing industries. Funds are also being provided to continue the postgraduate training program for engineering teachers started in FY 1958.

Assistance is being continued to improve medical education and health services, particularly in nursing.

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>              | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                          |                               |
|---|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|--------------------------|-------------------------------|
|   | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counter-part | P.L. 480 Adminis-tered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u>  |   |                   | 2,660 | 671              | 214                       | 1,698     | 77          |             |  |                          |                               |
| Fisheries   | C   |                   | 11    | 11               |                           |           |             |             |  |                          |                               |
| Agricultural Production and Marketing Economics     | C   |                   | 44    | 34               | 10                        |           |             |             |  |                          |                               |
| Food Production:                                    |   |                   |       |                  |                           |           |             |             |  |                          |                               |
| Agriculture and Home Science Extension and Training | C   |                   | 300   | 230              | 40                        |           | 30          |             |  |                          |                               |
| Determination of Soil Fertility and Fertilizer Use  | C   |                   | 78    | 65               | 13                        |           |             |             |  |                          |                               |
| Training in Agricultural Machinery Utilization      | C   |                   | 13    | 13               |                           |           |             |             |  |                          |                               |
| Modern Storage of Foodgrains                        | C   |                   | 38    | 28               | 10                        |           |             |             |  |                          |                               |
| Crop Improvement                                    | C   |                   | 80    | 40               | 20                        |           | 20          |             |  |                          |                               |
| Soil and Water Conservation                         | C   |                   | 166   | 117              | 34                        |           | 15          |             |  |                          |                               |
| Livestock:  |   |                   |       |                  |                           |           |             |             |  |                          |                               |
| Livestock   | C   |                   | 41    | 32               | 9                         |           |             |             |  |                          |                               |
| Dairy Improvement                                   | C   |                   | 35    | 31               | 4                         |           |             |             |  |                          |                               |
| Calcutta Milk Scheme                                | C   |                   | 26    | 22               | 4                         |           |             |             |  |                          |                               |
| Agricultural Education and Research:                |   |                   |       |                  |                           |           |             |             |  |                          |                               |
| Agricultural Education and Research                 | C   |                   | 1,402 |                  |                           | 1,402     |             |             |  |                          |                               |
| U.P. Agricultural University                        | C   |                   | 296   |                  |                           | 296       |             |             |  |                          |                               |
| Agricultural Cooperatives and Farm Organizations:   |   |                   |       |                  |                           |           |             |             |  |                          |                               |
| Agricultural Cooperatives                           | C   |                   | 57    | 25               | 24                        |           | 8           |             |  |                          |                               |
| Farmers' Organizations                              | C   |                   | 63    | 23               | 36                        |           | 4           |             |  |                          |                               |
| Citrus Production and Marketing                     | C   |                   | 10    |                  | 10                        |           |             |             |  |                          |                               |
| <u>Industry and Mining - Total</u>                  |   |                   | 1,655 | 496              | 797                       | 290       | 52          | 20          |  |                          |                               |
| Forest Research and Desert Afforestation            | C   |                   | 13    | 8                | 5                         |           |             |             |  |                          |                               |
| Water and Power Development:                        |   |                   |       |                  |                           |           |             |             |  |                          |                               |
| River Valley Development                            | C   |                   | 106   | 90               | 16                        |           |             |             |  |                          |                               |
| Groundwater Exploration                             | C   |                   | 46    | 36               | 8                         |           | 2           |             |  |                          |                               |
| Electrical Distribution System Maintenance Training | C   |                   | 18    |                  | 8                         |           | 10          |             |  |                          |                               |
| Technical Services and Power Development            | C   |                   | 146   | 100              | 26                        |           |             | 20          |  |                          |                               |

Country: INDIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Cont.)</u>              | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|---|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|   | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Industry and Mining (Cont'd)</u>                         |   |                   |       |                  |                           |           |             |             |  |                         |
| Delhi Thermal Plant   | C   | 8                 |       |                  | 8                         |           |             |             |  |                         |
| Mineral Development:  |   |                   |       |                  |                           |           |             |             |  |                         |
| Geological Survey of India                                  | C   | 110               | 90    | 20               |                           |           |             |             |  |                         |
| Oil and Gas Commission                                      | C   | 126               | 73    | 53               |                           |           |             |             |  |                         |
| Assistance to Coal Industry                                 | C   | 40                | 40    |                  |                           |           |             |             |  |                         |
| Industrial Development:                                     |   |                   |       |                  |                           |           |             |             |  |                         |
| Small Industries  | C   | 40                |       |                  |                           | 40        |             |             |  |                         |
| National Productivity Council                               | C   | 629               | 59    | 280              | 290                       |           |             |             |  |                         |
| Steel Training  | C   | 373               |       | 373              |                           |           |             |             |  |                         |
| <u>Transportation - Total</u>                               |   | 80                | 41    | 39               |                           |           |             |             |  |                         |
| Aviation and Ground Facilities                              | C   | 33                | 20    | 13               |                           |           |             |             |  |                         |
| Highways and Bridges  | C   | 47                | 21    | 26               |                           |           |             |             |  |                         |
| <u>Labor - Total</u>  |   | 38                |       | 38               |                           |           |             |             |  |                         |
| Technical Services to Central and State Ministries of Labor | C   | 38                |       | 38               |                           |           |             |             |  |                         |
| <u>Health and Sanitation - Total</u>                        |   | 785               | 374   | 135              | 220                       | 56        |             |             |  |                         |
| National Water Supply and Sanitation                        | C   | 70                | 38    | 20               |                           | 12        |             |             |  |                         |
| Medical Education   | C   | 364               | 79    | 45               | 220                       | 20        |             |             |  |                         |
| General Nursing   | C   | 206               | 161   | 35               |                           | 10        |             |             |  |                         |
| Health Education  | C   | 58                | 37    | 15               |                           | 6         |             |             |  |                         |
| Official Health Agencies                                    | C   | 48                | 35    | 10               |                           | 3         |             |             |  |                         |
| Insect-Borne Disease Control                                | C   | 39                | 24    | 10               |                           | 5         |             |             |  |                         |
| <u>Education - Total</u>                                    |   | 1,614             | 7     | 322              | 1,285                     |           |             |             |  |                         |
| Extension Training Program for Secondary School Teachers    | C   | 418               |       |                  | 418                       |           |             |             |  |                         |
| Rural Institutes  | C   | 25                |       |                  | 25                        |           |             |             |  |                         |
| Engineering Education:                                      |   |                   |       |                  |                           |           |             |             |  |                         |
| Assistance to Technical Education Institutes                | C   | 200               |       |                  | 200                       |           |             |             |  |                         |
| Indian Institute of Technology, Kanpur                      | C   | 391               |       |                  | 391                       |           |             |             |  |                         |
| Teacher Training in Engineering Education                   | C   | 322               |       | 322              |                           |           |             |             |  |                         |
| National Professional Education Center                      | C   | 258               | 7     |                  | 251                       |           |             |             |  |                         |

Country: INDIA

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Cont'd)</u> | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|---|---|-------------------|-------|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|   | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
| <u>Public Administration - Total</u>            |   |                   | 50    | 29               | 20                        |           | 1           |             |  |                         |
| Indian Statistical Institute                    | C   |                   | 17    | 17               |                           |           |             |             |  |                         |
| Organization and Management                     | C   |                   | 33    | 12               | 20                        |           | 1           |             |  |                         |
| <u>General and Miscellaneous - Total</u>        |   |                   | 2,018 | 996              | 98                        | 400       | 524         |             |  |                         |
| Nuclear Engineering                             | C   |                   | 94    | 16               | 78                        |           |             |             |  |                         |
| Banking and Investment:                         |   |                   |       |                  |                           |           |             |             |  |                         |
| All-India Investment Center                     | C   |                   | 420   |                  | 20                        | 400       |             |             |  |                         |
| Technical Support                               | C   |                   | 1,504 | 980              |                           |           | 524         |             |  |                         |
| Total Technical Cooperation                     |   |                   | 8,900 | 2,614            | 1,663                     | 3,893     | 710         | 20          |  |                         |

# IRAN - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 20.2 million    |              |
| Annual Growth.....                             | 2.5 percent     |              |
| Area.....                                      | 629,300 sq. mi. |              |
| Agricultural Land.....                         | 16% of area     |              |
| Agri. Land per Capita.....                     | 3.3 acres       |              |
| Literacy Rate.....                             | 10-15 percent   |              |
|  | <u>Iran</u>     | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.            | 70           |
| Inhabitants per Physician...                   | 7,700           | 760          |
| Road Miles per 1,000 sq.mi..                   | 20              | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 20              | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT</b> *                |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 2,420 | 2,620 | 2,850 | 2,940     |
| Per Capita GNP.....                            | Dollars     | 128   | 136   | 145   | 146       |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 115   | 122   | 123   | 126       |
| Wheat .....                                    | 1,000 MT    | 2,250 | 2,800 | 2,700 | 3,100     |
| Barley .....                                   | "           | 800   | 1,000 | 950   | 1,000     |
| Petroleum production .....                     | Mill. MT    | 26.5  | 35.1  | 40.2  | 45.0      |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b.) <sup>b/</sup> .....     | \$ Millions | 512   | 645   | 705   | 740       |
| Petroleum .....                                | "           | 389   | 512   | 578   | 610       |
| Total Imports (c.i.f.) <sup>b/</sup> .....     | "           | 359   | 465   | 577   | 640       |
| Trade Balance.....                             | "           | +153  | +180  | +128  | +100      |
| Trade with United States (U.S. Data)           |             |       |       |       |           |
| Exports to U. S. (f.o.b.).....                 | \$ Millions | 42    | 33    | 42    | 52        |
| Imports from U. S. (f.o.b.).....               | "           | 82    | 83    | 106   | 112       |
| Trade Balance.....                             | "           | -40   | -50   | -64   | -60       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 230   | 245   | 253   | 198 (Nov) |
| COST OF LIVING INDEX .....                     | 1953=100    | 130   | 139   | 140   | 160       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES                           | * <sup>c/</sup> FY ending Mar. 21 |             |             |
|---|-----------------------------------|-------------|-------------|
|   | 1958                              | 1959        | 1960 (Bud)  |
| Domestic Revenues.....                                | 439                               | 572         | 652         |
| Total Expenditures.....                               | 531                               | 676         | 757         |
| Deficit(-) or Surplus Before All Foreign Aid....      | -92                               | -104        | -105        |
| Budget Receipts from Non-U.S. Foreign Aid. (Net)..... | 64                                | -16         | -23         |
| Budget Receipts from U.S. Aid & PL 480.....           | 40                                | 71          | 141         |
| Remaining Deficit(-) or Surplus(+)                    | +12                               | -49         | +13         |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....             |                                   |             |             |
| U.S.-Financed (excl. M.A.F. end-items).....           | 103<br>(16)                       | 187<br>(38) | 211<br>(63) |
| Defense Expend. as % of Total Gov't Expend. ....      | 19.4%                             | 27.7%       | 27.9%       |
| Defense Expenditures as % of GNP .....                | 3.8%                              | 6.6%        | 7.1%        |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> .....   |                                   |             |             |
| U.S.-Financed.....                                    | 428<br>(24)                       | 489<br>(33) | 546<br>(78) |

n.a. - Not available. \* / Converted at 75 Rials per U. S. \$.

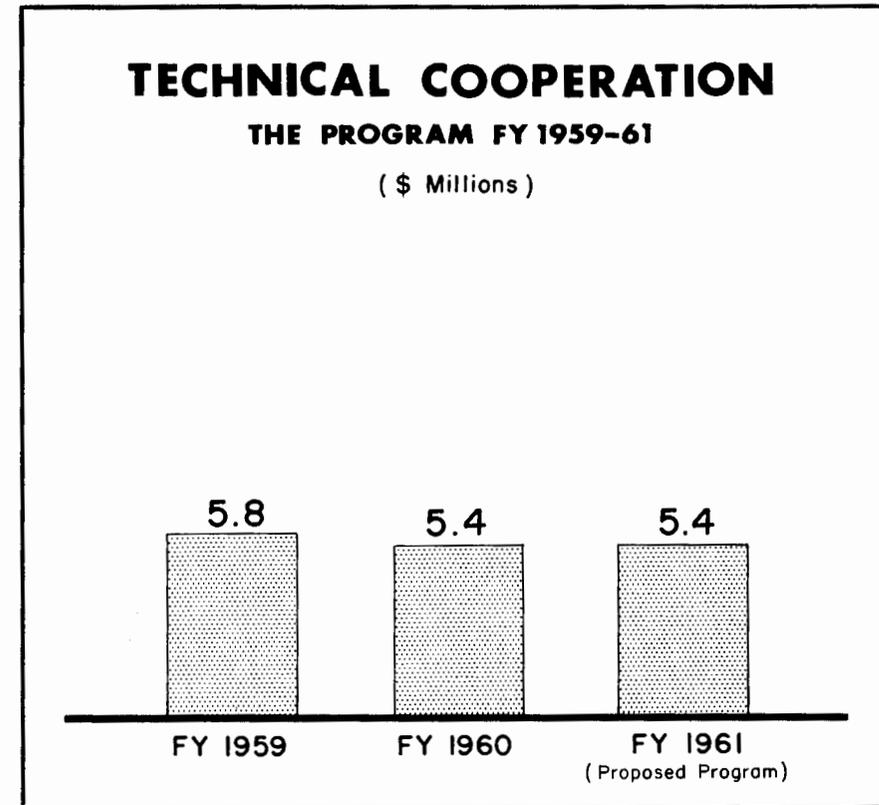
a/ Crop year beginning in year stated. b/ Years beginning March 20 of year shown. On Balance of payments basis. c/ Comprises Central Government, Plan Organization, National Iranian Oil Corporation, and extra-budgetary finances.

Country: IRAN

MUTUAL SECURITY PROGRAM

Iran is important to U.S. security interests because of its strategic location bordering the USSR, its extensive oil resources and the example of opposition to Soviet pressure it has set for other Middle Eastern countries. Iran is a key member of the Central Treaty Organization with which the U.S. is associated for defensive purposes in its own interest as well as that of member states. CENTO serves as a vital link between the North Atlantic and the South East Asia Treaty Organization. Despite a hostile and abusive propaganda campaign conducted by the Soviet Union and its allies and despite Soviet aid blandishments intermixed with threats, Iran has refused to renounce its agreements with the Free World and has continued to maintain common cause with the U.S. and other free nations. The national security interests of the U.S. would be adversely affected if the political independence and territorial integrity of Iran were impaired.

Iran has made considerable military, economic and social progress since the end of the war. Its Second Seven Year Development Program (which began in 1955) is having increasing impact upon the general populace as projects move from the planning stage into construction and completion. There has been impressive progress in improving the efficiency and capability of Iran's armed forces. Military training programs and U.S. financed materiel have been absorbed with minimum difficulty. However, despite substantial petroleum revenues, Iran is experiencing inflationary pressures and foreign exchange losses as it has attempted to maintain its defensive forces and to proceed with its substantial economic development program. The Iranian Government also continues to face serious problems in implementing an ambitious program of social and governmental reform.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 5,768 ✓         | 7,539        |              |
| Cumulative 6/30/59                          | 55,484          | 50,539       | 4,945        |
| Estimate FY 1960                            | 5,400 ✓         | 6,000        |              |
| Cumulative 6/30/60                          | 60,884          | 56,539       | 4,345        |
| Estimate FY 1961                            | 5,400           | 6,105        |              |

Current Economic Situation and Problems

At present, the Iranian economy is marked by the emergence of inflationary pressures and rising imports which impose a growing strain on the balance of payments. These developments stem in part from expansion of government expenditures which have, since 1958, increased more rapidly than the GNP, and by a striking expansion of private investment, financed to a significant degree by private bank credit on easy terms. The domestic wholesale price index rose 15% in the year beginning October, 1958. Despite good crops, prices of all goods and services purchased by unskilled urban workers increased about 15% in the same period; prices of items purchased by the middle class rose even more rapidly. Increasing imports, concentrated in investment goods, did not alleviate the pressure of rising domestic demand. The Government's free import policy has, however, contributed to the draw-down of \$50 million of foreign exchange reserves in the first eleven months of 1959 after five years of steady build-up.

Total expenditures of the Central Government sector rose about one-third in FY 1959. Defense and development expenditures have risen more rapidly than those for regular civil operations. Although the Iranian Government has improved its tax structure and administration, the increase in revenues has not matched the increase in expenditures. Oil royalties, constituting nearly 40% of total revenues in the year ending March 21, 1960, rose 10% from the preceding year. No further increase is expected in the coming year. Although advancing agricultural technology continues to release unskilled peasants from agriculture to the pool of potential industrial labor, the growth of productive industry is held back by severe shortages of skilled professional, technical and managerial manpower. Many projects now being constructed by the Plan Organization will take some time before they contribute directly or indirectly to the output of goods and services.

Progress to Date

A comparison of 1959's Gross National Product, level of foreign trade and government activities with 1954 reveals Iran's striking recovery and continued economic progress since the resumption of oil production. Total output increased 36%; harvests continued large while other sectors of activity, such as industry and construction, grew by at least 40%. Oil output rose from 4 million to 45 million metric tons. Imports rose from \$250 million in 1954 to \$640 million in 1959. Exchange reserves rose by almost \$70 million through 1958 but fell by \$55 million through November 1959. The Plan Organization made development expenditures totaling

\$433 million from September 1955 to March 1959, the first half of the Second Seven Year Plan. The bulk of this expenditure was for long term projects in agriculture, irrigation and transportation. Although these have had only a limited immediate effect, they will make a major contribution to the base for achieving long-term development objectives. The government has recently reduced the programmed expenditures of the Seven-Year Development Plan by one-third in view of limitations on resources. Consequently, expenditures during the period 1960-62 will not exceed the level reached in 1959.

Assistance from Non-ICA Sources

The Plan Organization and the Government Ministries have turned to external sources for help to finance imported capital goods and pay for local resources. The IBRD, in association with private banks, recently loaned \$72 million to the Plan Organization for the foreign exchange costs of the Iranian road program; the IBRD had loaned \$75 million in January, 1957. In June, 1959, the DLF approved a \$25 million loan to the Plan Organization for the local costs of the Iranian road program, complementing the IBRD loan; the DLF also provided \$5.2 million to the new Industrial Development Bank. These credits are in addition to the \$47.5 million already loaned to the Plan Organization. DLF and IBRD loans committed in the past year constituted about a quarter of the total estimated availabilities for developmental investment. In addition, the Ministries have obtained foreign government loans and suppliers credits to help finance some of their capital projects.

| U. S. ECONOMIC PROGRAMS<br>(Millions of Dollars)           |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                                | 11.6    | 8.8     | 39.6    |
| DLF - Loan Approvals . . . . .                             | 40.0    | 37.7    | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - Obligations . . . . .                 |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .                | 0.5     | 0.9     | 0.3 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 2/      |
| TOTAL . . . . .  | 52.1    | 47.4    | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.                  |         |         |         |

Country: IRAN

## TECHNICAL COOPERATION

### Role of the Program - Technical Cooperation

The TC Program is a tangible symbol of U.S. association with popular Iranian aspirations for economic and social progress. This practical program has firmly established in Iranian eyes a favorable image of U.S. interest in the welfare of the Iranian people. The term "Point Four" in Persian has the connotation of any disinterested foreign effort to help Iran.

Maintenance of Iran's political stability and Western orientation depends on a steady enlargement of the area open to fundamental reform. Technical assistance acts both to help carry out reform measures and to stimulate the initiation of reforms for which Iran is technically and psychologically ready. Iran has an impressive resource potential for economic development; the principal limitation lies in the present level of skills required to translate this potential into tangible benefits. The TC Program, therefore, is largely addressed toward improving skills by introducing new ideas and new techniques directed toward increasing productivity, and by encouraging institutional changes especially in the area of financial planning and economic policy formulation essential to obtain the full benefit of these new techniques.

### Objectives - Technical Cooperation

The Technical Cooperation Program seeks to:

- (a) Assist the Iranian Government to strengthen its organizational structure and management techniques through advisory and training programs on the national and provincial levels.
- (b) Contribute to a deeper understanding of economic and financial problems and to the establishment of institutions for more effective financial planning by continuing advice to the Plan Organization and top government officials. Especially important in this connection are Iranian efforts to institutionalize the collection of social and economic data necessary for intelligent planning, and to encourage the initiation of tax and credit policies which will increase the attractiveness of investment in productive facilities.
- (c) Assist the Ministry of Labor to develop a program to increase skilled manpower.
- (d) Help establish a five-year general and vocational educational program which will increase the number and raise the quality of teacher training institutes; develop a corps of qualified

### Summary of Program \$ in thousands

| Function                        | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
|---------------------------------|------------------|--------------------|--------------------|
| Technical Cooperation . . . . . | 5,768            | 5,400              | 5,400              |

administrators; develop curricula adapted to Iran's needs; and develop adequate instructional materials especially for the primary grades.

- (e) Help the Government institute policies to increase agricultural production so as to improve rural living standards and satisfy the rising demand for food.
- (f) Help the Government's program of stimulating the rural population to increased participation in solving local social and economic problems.

### Accomplishments - Technical Cooperation

Over the past year there have been numerous developments reflecting accomplishments made possible by the TC Program. The following are examples of such progress.

The Iranian Government has called for intensified improvement in government administration and ICA has responded to requests for advice on improved administrative practices. The Iranian educational system has taken over full responsibility for practical training in the science of administration, and the Institute of Administrative Affairs, which was reorganized and developed by a University of Southern California contract team, was legally established as a permanent part of the University of Tehran. Legislation is pending which reorganizes 11 of 14 ministries; in the meanwhile the Cabinet has instructed the Ministries to proceed with central office and field reorganization plans. An increased volume of social and economic data necessary for intelligent planning is being regularly collected and published. Moderate progress can be reported in the field of tax collection.

Vocational training in agriculture has been established in the fifth and sixth grade curricula of rural schools, and industrial arts training is now being provided in the same grades of urban schools. The number of Iranian agricultural field agents has increased by one-third.

Community development areas now cover 1,550 villages as against 1,225 last year.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 4,057                               | 4,178                | 4,061               |
| Participants .....                                      | 527                                 | 394                  | 415                 |
| Contractual Services .....                              | 682                                 | 647                  | 586                 |
| Supplies and Equipment .....                            | 256                                 | 57                   | 53                  |
| Contrib. to Coop. Services ..                           |                                     |                      |                     |
| Other Costs .....                                       | 246                                 | 124                  | 285                 |
| Total Project Assistance ..                             | 5,768                               | 5,400                | 5,400               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 235                                 | 238                  | 238                 |
| Contract .....  | 76                                  | 65                   | 50                  |
| Total Technicians .....                                 | 311                                 | 303                  | 288                 |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 149                                 | 125                  | 125                 |
| Contract .....  | 4                                   |                      | 2                   |
| Total Participants .....                                | 153                                 | 125                  | 127                 |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 797                                 | 1,053                | 874                 |
| Industry and Mining .....                               | 225                                 | 314                  | 251                 |
| Transportation .....                                    | 300                                 | 331                  | 269                 |
| Labor .....   | 131                                 | 152                  | 152                 |
| Health and Sanitation .....                             | 598                                 | 690                  | 890                 |
| Education .....   | 562                                 | 490                  | 543                 |
| Public Administration .....                             | 1,263                               | 723                  | 748                 |
| Community Development, Social Welfare and Housing ..... | 74                                  | 204                  | 213                 |
| General and Miscellaneous ..                            | 1,818                               | 1,443                | 1,460               |
| Total by Field of Activity ..                           | 5,768                               | 5,400                | 5,400               |

Composition of FY 1961 Program

The proposed FY 1961 program is at the same over-all level as the revised FY 1960 program, \$5.4 million, and is slightly smaller than the approved FY 1959 program. The program continues to emphasize agriculture, health, education and public administration, since long-term reforms in these sectors represent the main avenues of social and economic progress.

The Iranian Parliament is now considering a major land reform measure affecting the holdings of private landowners; the Shah has continued distribution of his own estates. Assistance to the Government in the fields of agricultural credit, farm management training, soil classification and agricultural production practices will continue on an expanded scale in FY 1961. Technical advice to the Agricultural Bank will be continued, as will assistance for the rapidly expanding Iranian agricultural extension services, and to the less well developed Iranian work in water and range resources and livestock improvement.

The Iranian Government is completing the construction of a lumber mill in the Caspian region which was planned seven years ago and for which equipment was purchased with MSP aid. Technical advice on location and construction has been provided, and ICA plans to help complete the job by management assistance and on-the-job training. Continued assistance to industry projects which are approaching completion is also planned.

During FY 1961 critically needed air navigational equipment will be installed, and, at the same time, on-the-job training will be provided to Iranian personnel. Assistance to the Iranian State Railways, now in its final phase, is directed to training Iranians in diesel operations and maintenance, procurement and storekeeping procedures, and budget and accounting practices.

Proposed assistance will be concentrated on help to the Ministry of Labor in developing and implementing a comprehensive national manpower program designed to meet the skilled labor shortage.

Assistance to the Iran Government's program in general nursing, hospital administration, environmental sanitation and general medical education is planned at the same level as in FY 1960. Assistance to the Shiraz Medical Center will provide that institution with a basis for long-term growth.

The long-term program of assistance to the Iranian educational system has reached the stage where it can be focused on curricula planning and in-service teacher training in rural and urban voca-

Country: IRAN

## TECHNICAL COOPERATION

tional schools. This is closely related to the emphasis the Iranian Government is placing on expanding the skilled portion of the labor force. Included within this program are funds to support the planned (DS funded) Armed Forces Vocational Training Program. The Iranian Government has requested technical assistance in drawing up a plan to reorganize Shiraz University along American lines.

In public administration, the program has shifted emphasis from advice to Ministries on general management and organizational problems to concentration on Ministerial and provincial government budgeting and financial planning. This change was introduced toward the end of FY 1959 in recognition of the fact that the Iranian Government now faces and will continue to face

serious financial management problems. Management assistance to the Plan Organization has been completed.

The Iranian Government is placing additional resources at the disposal of the Community Development Department. Assistance will be provided to this Department in its enlarged scope of activity.

### General and Miscellaneous

Assistance in the audio-visual field is approaching its final phase. Attention in FY 1961 will be concentrated on in-service training. An orderly reduction of the size of local currency support to the TC Program has begun.

Country: IRAN

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u> | Activity and Projects                              | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |
|--|--|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|--|-------------------------|
|  |  |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart |
|  | <u>Agriculture, Forestry and Fisheries - Total</u> |                   | 874   | 676              | 88                        | 110       |             |             |  |                         |
|  | Karaj Agricultural College                         | C                 | 110   |                  |                           | 110       |             |             |  |                         |
|  | Agricultural Extension Service                     | C                 | 321   | 284              | 37                        |           |             |             |  |                         |
|  | Water Resources Mgt. and Development               | C                 | 76  | 67               | 9                         |           |             |             |  |                         |
|  | Livestock Impr. & Animal Disease Cont.             | C                 | 56  | 46               | 10                        |           |             |             |  |                         |
|  | Impr. of Crop Production & Pest Cont.              | C                 | 44  | 35               | 9                         |           |             |             |  |                         |
|  | Distribution of Crown Lands                        | C                 | 133   | 127              | 6                         |           |             |             |  |                         |
|  | Agricultural Engineering                           | C                 | 16  | 16               |                           |           |             |             |  |                         |
|  | Agricultural Bank                                  | C                 | 56  | 45               | 11                        |           |             |             |  |                         |
|  | Range & Forest Management                          | C                 | 62  | 56               | 6                         |           |             |             |  |                         |
|  | <u>Industry and Mining - Total</u>                 |                   | 251   | 128              | 18                        | 65        | 40          |             |  |                         |
|  | Economic Mineral Survey                            | N                 | 52  | 37               |                           |           | 15          |             |  |                         |
|  | Post and Telecommunications                        | C                 | 23  | 17               | 6                         |           |             |             |  |                         |
|  | Lumbering Operations in Caspian Region             | C                 | 65  |                  |                           | 65        |             |             |  |                         |
|  | Bureau of Standards                                | C                 | 62  | 56               | 6                         |           |             |             |  |                         |
|  | Industrial Development Center                      | C                 | 49  | 18               | 6                         |           | 25          |             |  |                         |
|  | <u>Transportation - Total</u>                      |                   | 269   | 213              | 56                        |           |             |             |  |                         |
|  | Maritime Legal Advisory Services                   | C                 | 18  | 15               | 3                         |           |             |             |  |                         |
|  | Civil Aviation                                     | C                 | 162   | 127              | 35                        |           |             |             |  |                         |
|  | Transportation Facilities                          | C                 | 89  | 71               | 18                        |           |             |             |  |                         |
|  | <u>Labor - Total</u>                               |                   | 152   | 95               | 55                        |           | 2           |             |  |                         |
|  | Labor Training and Services                        | C                 | 152   | 95               | 55                        |           | 2           |             |  |                         |
|  | <u>Health and Sanitation - Total</u>               |                   | 890   | 413              | 55                        | 411       | 11          |             |  |                         |
|  | <u>Environmental Sanitation</u>                    |                   | 133   | 124              | 5                         |           | 4           |             |  |                         |
|  | Shiraz Medical Center                              | C                 | 411   |                  |                           | 411       |             |             |  |                         |
|  | General Nursing Services                           | C                 | 117   | 110              | 6                         |           | 1           |             |  |                         |
|  | Health Administration                              | C                 | 84  | 66               | 17                        |           | 1           |             |  |                         |
|  | Medical Education                                  | C                 | 45  | 25               | 17                        |           | 3           |             |  |                         |
|  | Jorjani School of Nursing                          | C                 | 68  | 56               | 10                        |           | 2           |             |  |                         |
|  | Hospital Administration & Med. Care                | C                 | 32  | 32               |                           |           |             |             |  |                         |

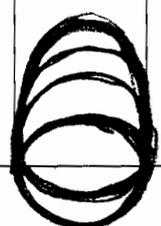
Country: IRAN

**TECHNICAL COOPERATION**

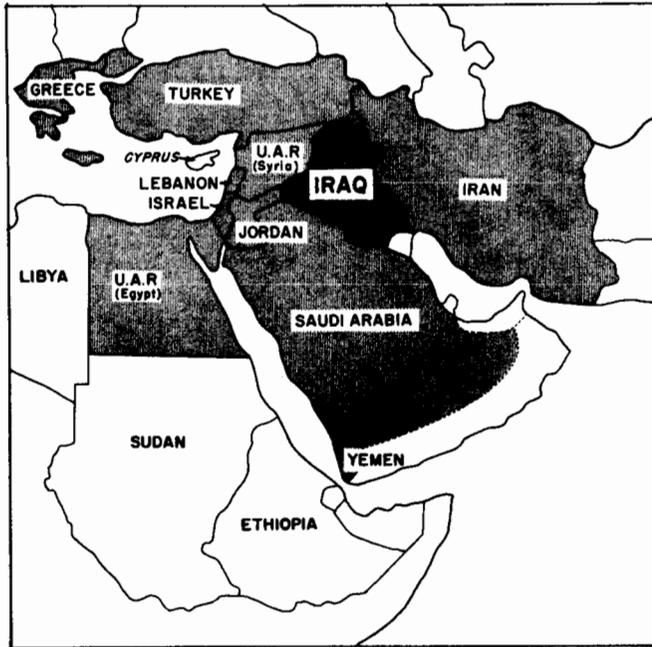
**TABLE E-IV**

**PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE**

| Function: <u>TECHNICAL COOPERATION (Continued)</u>                | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                         |                              |
|---|---|-------------------|--------------|------------------|---------------------------|------------|-------------|-------------|--|-------------------------|------------------------------|
|   | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs | Contributions to Cooperative Services                      | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Education - Total</u>  |   |                   | 543          | 510              | 33                        |            |             |             |  |                         |                              |
| Armed Forces Vocational Training                                  | N   |                   | 60           | 60               |                           |            |             |             |  |                         |                              |
| Educational Development   | C   |                   | 483          | 450              | 33                        |            |             |             |  |                         |                              |
| <u>Public Administration - Total</u>                              |   |                   | 748          | 638              | 110                       |            |             |             |  |                         |                              |
| Improvements of Law Enforcement Serv.                             | C   |                   | 137          | 105              | 32                        |            |             |             |  |                         |                              |
| Municipal Management  | C   |                   | 127          | 107              | 20                        |            |             |             |  |                         |                              |
| Public Statistics   | C   |                   | 16           | 16               |                           |            |             |             |  |                         |                              |
| Financial Statistics  | C   |                   | 56           | 44               | 12                        |            |             |             |  |                         |                              |
| GOI Public Administration   | C   |                   | 412          | 366              | 46                        |            |             |             |  |                         |                              |
| <u>Community Development, Social Welfare, and Housing - Total</u> |   |                   | 213          | 213              |                           |            |             |             |  |                         |                              |
| Community Development   | C   |                   | 213          | 213              |                           |            |             |             |  |                         |                              |
| <u>General and Miscellaneous - Total</u>                          |   |                   | 1,460        | 1,175            |                           |            |             | 285         |  |                         |                              |
| Audio-Visual Training   | C   |                   | 80           | 80               |                           |            |             |             |  |                         |                              |
| Program Technical Support   | C   |                   | 1,380        | 1,095            |                           |            |             | 285         |  |                         |                              |
| <b>Total Technical Cooperation</b>                                |   |                   | <b>5,400</b> | <b>4,061</b>     | <b>415</b>                | <b>586</b> | <b>53</b>   | <b>285</b>  |  |                         |                              |



# IRAQ - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 6.8 million     |              |
| Annual Growth.....                             | 2 percent       |              |
| Area.....                                      | 171,600 sq. mi. |              |
| Agricultural Land.....                         | 14% of area     |              |
| Agri. Land per Capita.....                     | 2.3 acres       |              |
| Literacy Rate.....                             | 10-15 percent   |              |
|  | <u>Iraq</u>     | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.            | 70           |
| Inhabitants per Physician...                   | 5,700           | 760          |
| Road Miles per 1,000 sq.mi..                   | 25              | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 80              | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>                 |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 1,020 | 990   | 1,070 | n.a.      |
| Per Capita GNP.....                            | Dollars     | 159   | 151   | 160   | n.a.      |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 105   | 125   | 111   | 106       |
| Barley .....                                   | 1,000 MT    | 1,016 | 1,305 | 953   | 750       |
| Wheat .....                                    | "           | 776   | 1,118 | 754   | 670       |
| Petroleum .....                                | Million MT  | 31.3  | 22.0  | 35.7  | 42.0      |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions | 478   | 360   | 567   | 635       |
| Petroleum .....                                | "           | 438   | 317   | 519   | 600       |
| Total Imports (c.i.f).....                     | "           | 318   | 341   | 307   | 295       |
| Trade Balance.....                             | "           | +160  | +19   | +260  | +340      |
| <b>Trade with United States (U.S. Data)</b>    |             |       |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 40    | 29    | 30    | 40        |
| Imports from U. S. (f.o.b).....                | "           | 40    | 40    | 32    | 28        |
| Trade Balance.....                             | "           | -     | -11   | -2    | +12       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 354   | 261   | 288   | 303(Sep)  |
| COST OF LIVING INDEX .....                     | 1953=100    | 108   | 113   | 108   | 107       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                     | FY ending March 31 | 1960(Budget) |
|--|--------------------|--------------|
| Domestic Revenues.....                           |                    | 488          |
| Total Expenditures.....                          |                    | 542          |
| Deficit(-) or Surplus Before All Foreign Aid.... |                    | -54          |
| Budget Receipts from Non-U.S. Foreign Aid.....   |                    | -            |
| Budget Receipts from U.S. Aid & PL 480.....      |                    | -            |
| Remaining Deficit(-) or Surplus(+)               |                    | -54          |
| DEFENSE EXPENDITURES - TOTAL.....                |                    | 114          |
| U.S.-Financed (excl. M.A.P. end-items)...        |                    | -            |
| Defense Expend. as % of Total Gov't Expend...    |                    | 21.0%        |
| Defense Expenditures as % of GNP .....           |                    | n.a.         |
| NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....     |                    | 428          |
| U.S.-Financed.....                               |                    | -            |

n.a. - Not available. \* / Converted at \$2.80 per Dinar.  
a / Crop year beginning in year stated.

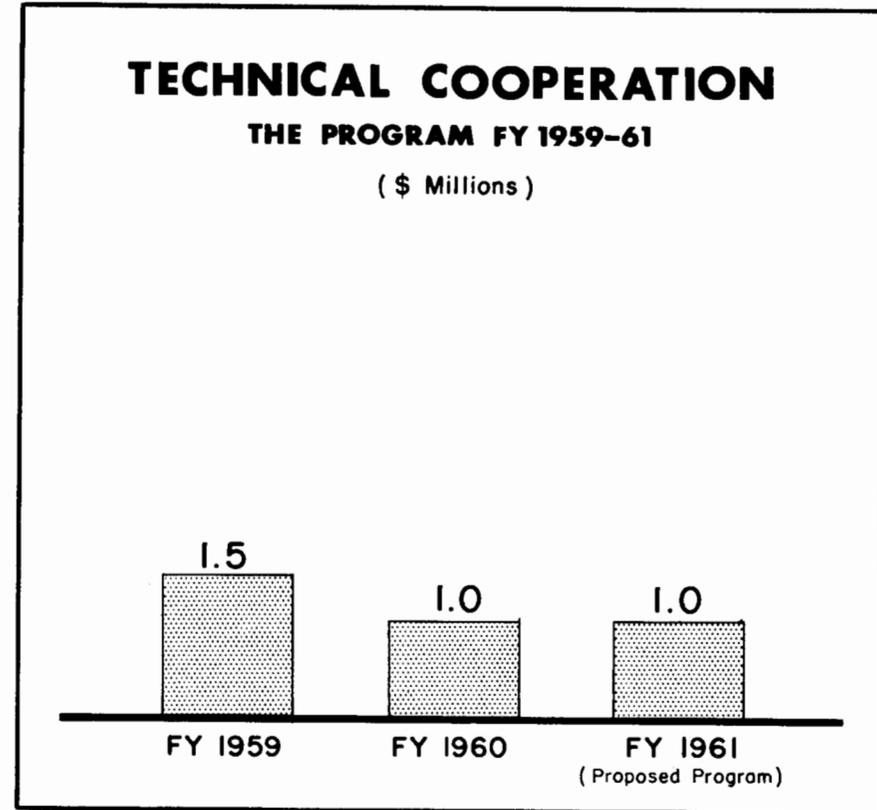
Country: IRAQ

MUTUAL SECURITY PROGRAM

Iraq's strategic location plus its tremendous petroleum resources make it of great importance that Iraq remain a part of the Free World. Our modest MSP activities in Iraq are designed to demonstrate United States concern for the welfare of the Iraqi people and our willingness to assist in maintaining Iraq's independence and developing its human and natural resources.

Military and Special Assistance activities in Iraq have been terminated since the revolution of July 1958 and our economic mission has been considerably reduced from its former size. This reduction has come about at the request of the present Iraqi Government and is a result of its desire to terminate programs and activities closely associated with the previous Iraqi regime. The United States, however, continues to exercise some influence in Iraq's economic development through a modest training program. Thus the Mutual Security Program at present consists entirely of an ICA-financed participant training program. These activities complement the Iraqi Government's own program for sending substantial numbers of students to this country. Assistance in the fields of education and training is one of the few opportunities remaining to us at the present time to demonstrate our continued interest in the welfare of the Iraqi people and to assist future Iraqi leaders to prepare themselves to play useful roles in developing their country. Our minimal staff and modest efforts stand in contrast to a massive Soviet program of economic, military and technical assistance which was instituted shortly after the July 1958 revolution and which has led in the interim to the presence of at least 300 technicians, advisors, and doctors from the Soviet bloc.

Iraq formerly participated in the Military Assistance Program. However, on May 30, 1959, the Bilateral Military Assistance Agreement between Iraq and the United States was terminated.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands             |              |              |
|---|-----------------------------|--------------|--------------|
|   | OBLIGATIONS                 | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,500 ✓                     | 1,724        |              |
| Cumulative 6/30/59                          | 15,091                      | 14,079       | 1,012        |
| Estimate FY 1960                            | 1,000 ✓                     | 900          |              |
| Cumulative 6/30/60                          | 16,091                      | 14,979       | 1,112        |
| Estimate FY 1961                            | <del>1,100</del><br>1,000 ✓ | 1,550        |              |

Country: IRAQ

## ECONOMIC SITUATION

### Current Economic Situation and Problems

Iraq is fortunate economically in comparison with other countries of the Middle East. It is not faced with the typical problem of population pressure on land and water resources. The country possesses a readily marketable resource - petroleum - in volume adequate to provide capital necessary to develop land and water resources, transportation facilities, and to undertake industrial development. Such development is, however, dependent upon the existence of a stable government and administrative, managerial and technical competence.

Following the 1958 Revolution the Iraqi Government's attitude and constant refusal to issue entry visas to American technicians made it increasingly apparent that continued assistance under the Technical Cooperation Program was no longer desired. This attitude of the Iraqi Government caused the withdrawal of approximately 100 American technicians. Other Western technical personnel also left Iraq. There followed a continuing and visible decline in the general economy which, so far, shows few signs of being reversed. In one area of activity, however - participant training - the Government of Iraq has increased its requests to the U.S. for training grants in the United States.

### Progress to Date

Prior to the military coup of July 14, 1958, the Government of Iraq was committed to an ambitious development program, self-financed except for advisors and technicians provided by the U.S. and the U.N. This program, under the planning direction of the Iraqi Development Board, was designed to provide the basic physical facilities for long-range development - flood control and irrigation dams, highways, etc. This program, while it made a substantial contribution toward long-term development, tended to neglect elements which might have had an immediate impact upon the life and living standards of the people. The pace of development under the Qassim Government has yet to be ascertained.

### Assistance from Non-ICA Sources

Iraq has signed a technical and economic assistance agreement and a military agreement with the USSR. The Soviet agreement is reported to be a line of credit of appreciable magnitude and to encompass assistance in industrial projects and surveys. The amount of credit so far utilized by Iraq is not known. Reports

indicate that Iraq has also received long-term credit assistance from the USSR for military assistance. Over 300 Soviet technicians have been provided to Iraq.

Iraq has recently signed a cultural agreement with the U.K. under which assistance in education will be provided. U.N. technical assistance through its specialized agencies totaled \$483,378 in FY 1959.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                     | 2.8     | 1.5     | 1.0     |
| DLF - Loan Approvals . . . . .                  |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         |         |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - obligations . . . . .     | 0.3     | 0.1     | 0.2 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 3.1     | 1.6     | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.       |         |         |         |

Country: IRAQ

## TECHNICAL COOPERATION

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,500            | 1,000              | 1,000              |

### Role of Program

Prior to July 1958, the Technical Cooperation Program in Iraq made a useful contribution to the economic development efforts by providing the Iraqi Development Board with technical competence in all major fields of activity.

Present restriction of the Technical Cooperation Program to a participant training activity limits any direct, over-all contribution to the development efforts of Iraq. This training, however, can be of appreciable help to the Iraq of the future by training the young Iraqis who will be the leaders, administrators, and technicians of tomorrow.

At the present time, it appears unlikely that the Technical Cooperation Program will be broadened to participate more fully in the general economic development efforts of Iraq.

### Objectives - Technical Cooperation

- (a) To make available training in the United States to Iraqis so as to help assure the availability of competent personnel for Iraq's future development.
- (b) To utilize this program as a potential instrument for improving relations with the Government of Iraq.

### Accomplishments - Technical Cooperation

A technical assistance program was first initiated in Iraq in 1952. From that date to July, 1958 the United States Technical Cooperation Program provided technical skills in the fields of engineering, health, education, agriculture and other fields where developmental activities were undertaken under the leadership of the Iraqi Development Board.

Since 1958, the sole activity of our Technical Cooperation Program has been a participant training program which brings a number of young Iraqis to universities in the United States. The political situation has so far discouraged any other U.S. assistance activity in Iraq.

Since 1958, the Government of Iraq has recommended to the USOM approximately 200 young Iraqis for participation in the training program. Approximately 150 of this number have qualified for training and are being processed for placement in universities in the United States.

### Composition of 1961 Technical Cooperation Program - \$1,000,000

Project aid of \$1 million will allow approximately 150 participants to be sent to universities in the United States during FY 1961.

Country: IRAQ

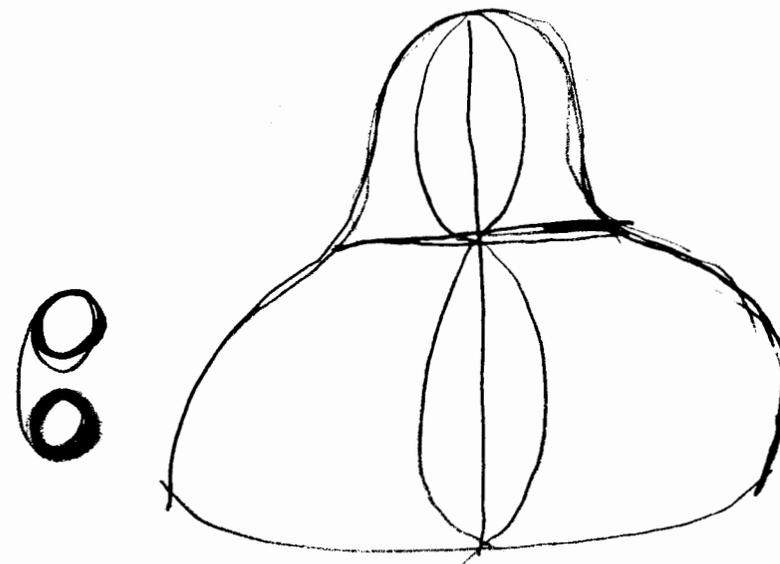
TECHNICAL COOPERATION

TABLE E-1-A

SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity                  | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                   |                  |
| Technicians . . . . .                                       | 1,208                               | 105               | 70               |
| Participants . . . . .                                      | 171                                 | 850               | 880              |
| Contractual Services . . . . .                              | 6                                   |                   |                  |
| Supplies and Equipment . . . . .                            | 2                                   |                   |                  |
| Contrib. to Coop. Services . . . . .                        |                                     |                   |                  |
| Other Costs . . . . .                                       | 113                                 | 45                | 50               |
| <b>Total Project Assistance . . . . .</b>                   | <b>1,500</b>                        | <b>1,000</b>      | <b>1,000</b>     |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                   |                  |
| Technicians (On duty close of yr.)                          |                                     |                   |                  |
| U.S. Employed . . . . .                                     | 23                                  | 3                 | 3                |
| Contract . . . . .  | 2                                   |                   |                  |
| <b>Total Technicians . . . . .</b>                          | <b>25</b>                           | <b>3</b>          | <b>3</b>         |
| Participants (Programmed during year) . . . . .             |                                     |                   |                  |
| Non-Contract . . . . .                                      | 29                                  | 150               | 150              |
| Contract . . . . .  |                                     |                   |                  |
| <b>Total Participants . . . . .</b>                         | <b>29</b>                           | <b>150</b>        | <b>150</b>       |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                   |                  |
| Agriculture, Forestry and Fisheries . . . . .               | 292                                 | 100               | 150              |
| Industry and Mining . . . . .                               | 6                                   |                   |                  |
| Transportation . . . . .                                    |                                     | 20                | 35               |
| Labor . . . . .   |                                     |                   |                  |
| Health and Sanitation . . . . .                             | 116                                 | 120               | 200              |
| Education . . . . .   | 253                                 | 370               | 400              |
| Public Administration . . . . .                             | 83                                  | 180               | 25               |
| Community Development, Social Welfare and Housing . . . . . | 47                                  | 60                | 70               |
| General and Miscellaneous . . . . .                         | 703                                 | 150               | 120              |
| <b>Total by Field of Activity . . . . .</b>                 | <b>1,500</b>                        | <b>1,000</b>      | <b>1,000</b>     |



Country: IRAQ

TECHNICAL COOPERATION

TABLE E-IV

PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: TECHNICAL COOPERATION | Activity and Projects                             | New or Continuing | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                  |                           |           |             |             | LOCAL CURRENCY COST (In thousands of dollar equivalent) |                         |
|---------------------------------|---|-------------------|---|------------------|---------------------------|-----------|-------------|-------------|---|-------------------------|
|                                 |   |                   | Total   | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs | Contributions to Cooperative Services                   | MSP includ. Counterpart |
|                                 | Agriculture, Forestries and Fisheries             | C                 | 150   |                  | 150                       |           |             |             |   |                         |
|                                 | Transportation                                    | C                 | 35  |                  | 35                        |           |             |             |   |                         |
|                                 | Health and Sanitation                             | C                 | 200   |                  | 200                       |           |             |             |   |                         |
|                                 | Education   | C                 | 400   |                  | 400                       |           |             |             |   |                         |
|                                 | Public Administration                             | C                 | 25  |                  | 25                        |           |             |             |   |                         |
|                                 | Community Development, Social Welfare and Housing | C                 | 70  |                  | 70                        |           |             |             |   |                         |
|                                 | Technical Support                                 | C                 | 120   | 70               |                           |           |             | 50          |   |                         |
|                                 | <b>Total Technical Cooperation</b>                |                   | <b>1,000</b>  | <b>70</b>        | <b>880</b>                |           |             | <b>50</b>   |   |                         |

Handwritten calculations and notes:

3300  
1200  
4500

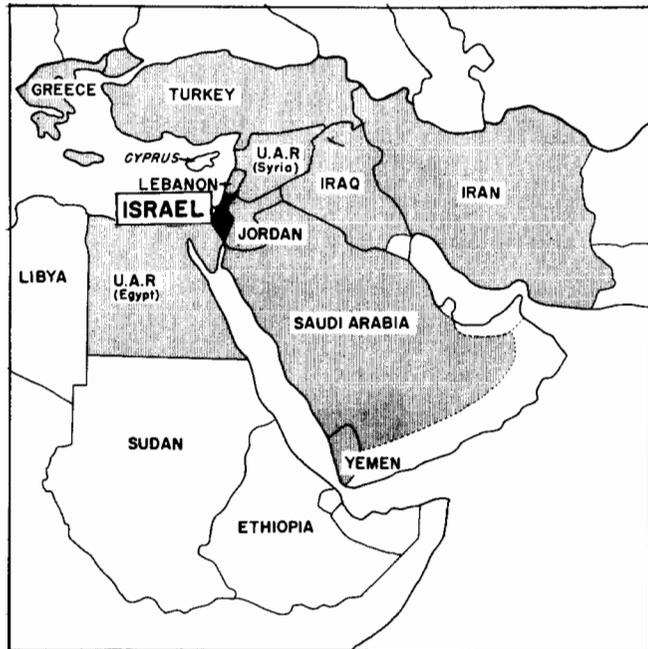
150 / 800 000  
750  
1300  
1200  
1000  
900  
100

Handwritten notes:

Travel 1200  
Trainers 1200  
Per diem 2400  
Books 300  
U.S. mail 300  
Per diem 300

5560

# ISRAEL - GENERAL ECONOMIC DATA



## BASIC DATA

|  |               |              |
|--|---------------|--------------|
| Population.....                                | 2.1 million   |              |
| Annual Growth.....                             | 3.5 percent   |              |
| Area.....                                      | 8,000 sq. mi. |              |
| Agricultural Land.....                         | 59% of area   |              |
| Agri. Land per Capita.....                     | 1.4 acres     |              |
| Literacy Rate.....                             | 75 percent    |              |
|  | <u>Israel</u> | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 70            | 70           |
| Inhabitants per Physician...                   | 450           | 760          |
| Road Miles per 1,000 sq.mi..                   | 200           | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 840           | 4,500        |

|  | Unit        | Calendar Years |       |       |           |
|--|-------------|----------------|-------|-------|-----------|
|  |             | 1956           | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT*</b>   |             |                |       |       |           |
| Total GNP (In 1958 Prices).....  | \$ Millions | 1,635          | 1,815 | 1,960 | 2,120     |
| Per Capita GNP.....  | Dollars     | 895            | 937   | 982   | 1,028     |
| <b>PRODUCTION</b>  |             |                |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....                               | 1952-54=100 | 153            | 165   | 201   | 216       |
| Citrus fruits .....  | 1,000 MT    | 439            | 403   | 551   | 570       |
| Wheat .....  | "           | 74             | 62    | 66    | 75        |
| Industrial Production .....  | 1955=100    | 101            | 113   | 124   | 136       |
| <b>FOREIGN TRADE</b>   |             |                |       |       |           |
| Total Exports (f.o.b).....   | \$ Millions | 107            | 144   | 142   | 180       |
| Citrus fruits .....  | "           | 44             | 51    | 51    | 50        |
| Polished diamonds .....  | "           | 25             | 35    | 34    | 45        |
| Total Imports (c.i.f).....   | "           | 367            | 436   | 430   | 430       |
| Trade Balance.....   | "           | -260           | -292  | -288  | -250      |
| <b>Trade with United States (U.S. Data)</b>                            |             |                |       |       |           |
| Exports to U. S. (f.o.b).....  | \$ Millions | 19             | 20    | 18    | 28        |
| Imports from U. S. (f.o.b).....  | "           | 98             | 97    | 105   | 105       |
| Trade Balance.....   | "           | -79            | -77   | -87   | -77       |
| <b>GOLD &amp; FOREIGN EXCHANGE HOLDINGS<sup>b/</sup> (end of year)</b> |             |                |       |       |           |
|  | "           | 81             | 81    | 128   | 164(Oct)  |
| COST OF LIVING INDEX .....   | 1953=100    | 126            | 135   | 139   | 142       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending March 31 | 1958  | 1959  | 1960 (Budget) |
|---|--------------------|-------|-------|---------------|
| Domestic Revenues.....                              |                    | 428   | 435   | 470           |
| Total Expenditures.....                             |                    | 583   | 629   | 680           |
| Deficit(-) or Surplus Before All Foreign Aid....    |                    | -155  | -194  | -210          |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                    | 62    | 90    | 90            |
| Budget Receipts from U.S. Aid & PL 480.....         |                    | 40    | 34    | 54            |
| Remaining Deficit(-) or Surplus(+)                  |                    | -53   | -70   | -66           |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>            |                    | 134   | 149   | 161           |
| U.S.-Financed .....                                 |                    | -     | -     | -             |
| Defense Expend. as % of Total Gov't Expend...       |                    | 23.0% | 23.7% | 23.7%         |
| Defense Expenditures as % of GNP .....              |                    | 7.8%  | 7.6%  | 7.5%          |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....</b> |                    | 449   | 480   | 519           |
| U.S.-Financed.....                                  |                    | (40)  | (34)  | (54)          |

n.a. - Not available. \* / Converted at 1.80 Israeli pounds per U.S.\$.

a/ Crop years beginning October 1 of year stated. b/ Includes holdings of Bank of Israel and commercial banks.

Country: ISRAEL

MUTUAL SECURITY PROGRAM

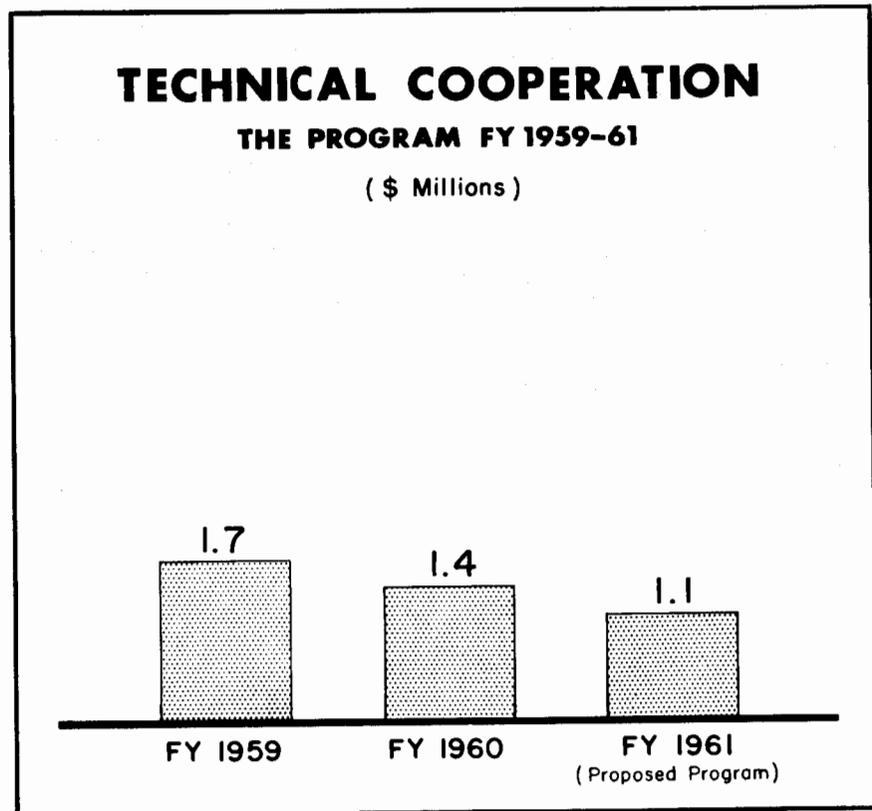
Israel has been a prime concern of the United States since before the state was established. U.S. foreign policy embraces the preservation of Israel's integrity and independence. A democracy with highly developed political institutions, Israel enjoys political stability and is pro-Free World in outlook. It has close ties with the United States and other Free World countries, notably France.

Arab-Israel hostility, manifest in constant border tension, creates a constant threat to world peace. United States interests would be served by a settlement of the outstanding issues in the Arab-Israel dispute, one of the most important of which is the Palestine refugee problem. The United States is pledged to oppose violation of the frontiers between Israel and the Arab states and consistently seeks through the United Nations and outside to foster tranquility in this strife-prone area.

Israel's military preparedness continues high and involves large investment of the country's manpower and financial resources. While there were isolated border incidents during 1959, some involving loss of life, the frontiers on the whole were quiet.

United States economic assistance under the Mutual Security Program has been an important factor in Israel's rapid economic growth. This assistance aims at helping Israel achieve maximum viability within a reasonable period, at the same time permitting an acceptable level of consumption.

The quadrennial parliamentary election in November 1959 strengthened the leadership of the Mapai (moderate Labor) Party while the Communists lost heavily. The election outcome assured continuance of Israel's present foreign and domestic policies.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,687 ✓         | 1,516        |              |
| Cumulative 6/30/59                          | 9,292           | 7,075        | 2,217        |
| Estimate FY 1960                            | 1,370 ✓         | 1,230        |              |
| Cumulative 6/30/60                          | 10,662          | 8,305        | 2,357        |
| Estimate FY 1961                            | 1,100 ✓         | 1,550        |              |

Current Economic Situation and Problems

The general picture of the economy is one of vigorous growth. Production is rising in all sectors; exports are expanding very markedly, monetary reserves are increasing; although there is an internal budgetary deficit, internal and foreign borrowing is more than adequate to cover it; unemployment is low and decreasing; the increased volume of goods and services coupled with monetary measures of the government has resulted in basic price stability over the period of the past two years; and the balance of payments situation is becoming progressively less unfavorable.

Israel's long term economic development should be favorably affected by four further factors: (1) the continuation for at least two or three years of a net inflow of resources from abroad of about \$300 million annually; (2) encouragement of exports; (3) greater emphasis on private investment; and (4) increased emphasis on applied research to increase technical competence. There are problems which must be resolved, however, if Israel is eventually to become a self-supporting economy. The solution of the long-term balance of payments problem and subsidiary problems related to this aspect to be the most difficult.

Progress to Date

Since its creation, Israel has been able to achieve and sustain one of the highest economic growth rates in the world, while simultaneously (1) maintaining a standard of living comparable to that of much of Western Europe, (2) carrying a heavy defense burden, and (3) maintaining a liberal immigration policy with attendant high overhead. This achievement would have been impossible without the more than \$3 billion which has been made available to Israel from a variety of external sources.

The rate of increase in GNP during the period 1953-57 averaged about 10% annually; GNP reached the equivalent of about \$1,815 million in 1957, or \$937 per capita. In 1958 the GNP increased by another 8% to the equivalent of \$1,960, or \$982 per capita. Increases of 8% annually are projected for 1959, 1960, and 1961, after which it is anticipated that the rate of annual growth will be about 7%.

In agriculture, gross output has more than doubled during the past six years; the 1959 level was 8% above that for 1958. Although citrus production remains the major agricultural activity, agricultural production has been considerably diversified. The industrial production index in 1958 was 10% above that for 1957; the upward trend continued during 1959. Construction increased by 3% in 1958 and use of transportation services by 12.5%.

The trade deficit declined from \$288 million in 1958 to an estimated \$250 million in 1959, reflecting an increase in exports from \$142 million in 1958 to an estimated \$180 million in 1959. Imports remain unchanged at \$430 million.

Year-end gold and foreign exchange reserves increased from \$81 million in 1957 to \$128 million in 1958 and to \$164 million in 1959; a level of \$268 million is projected for 1961. These increases reflect the policy of the Government of Israel not to spend increased foreign exchange availabilities to expand the current level of imports.

Assistance from Non-ICA Sources

Assistance from a wide variety of external sources has been made available to Israel, including income from bond sales, institutional and individual remittances, restitution payments to individuals, German reparations, PL 480, the Ex-Im Bank, and the DLF. The latter has approved loans to Israel in the amount of \$25 million since FY 1958. During the past three calendar years income from these sources has averaged about \$328 million annually. Receipts from these sources for 1960 through 1963 is estimated to be at the level of about \$300 million annually. After 1963, there will be a decline in this income since (1) German reparations, currently accounting for \$63 million annually, will cease; (2) restitutions to individuals, currently running at the rate of \$68 million a year, will be greatly reduced; and (3) net income from the sale of bonds, currently about \$50 million annually, will be reduced because of increased servicing requirements on the accumulated bonded indebtedness.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 9.0     | 9.2     | 8.9     |
| DLF - Loan Approvals . . . . .                  | 15.0    | 10.0    | 1/      |
| P.L. 480, Title I - Country Use . . . . .       | 26.4    | 19.2    | 18.2    |
| (Total Sales)                                   | (41.0)  | (38.3)  | (30.2)  |
| P.L. 480, Title II - Obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 2.3     | 1.7     | 0.4 2/  |
| EX-IM Bank - Long-term Loans Approved . . . . . | 24.2    | 3.0     | 2/      |
| TOTAL . . . . .                                 | 76.9    | 43.1    | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.         |         |         |         |

Country: ISRAEL

## TECHNICAL COOPERATION

### Role of the Program - Technical Cooperation

The role of the Technical Cooperation Program in Israel is to continue U.S. support and assistance to Israel in developing institutions and programs which will lead to the development of maximum economic viability.

From the beginning of the program in FY 1952 through FY 1960, a total of \$10.7 million of Technical Cooperation funds has been programmed for Israel. This assistance has aided the Government of Israel's development efforts in the fields of agriculture and water resources, industry, mining, transportation, health and sanitation, education, public transportation, housing, and mass communications.

During the early stages of the program, the emphasis was on agricultural development in response to the urgent need for Israel to feed its rapidly increasing population and to provide the raw materials for economically feasible processing industries. By FY 1957, the major contribution to agricultural development had been made, and emphasis was shifted to industrial and mineral development as the best means of assisting Israel in closing its trade gap and achieving the maximum degree of economic independence as quickly as possible. Throughout the period of U.S. technical assistance attention has been given to the development of adequate and efficient transportation. Concurrent with the shift in emphasis to industrial and mineral development, U.S.-financed activities were concluded in the fields of health and sanitation, education (except for vocational training), public administration, housing, and mass communications, since the GOI was able to finance whatever further development was necessary in these fields.

### Objectives - Technical Cooperation

Technical and advisory help has been provided to meet the following objectives:

- (a) Assist in maintaining a rate of economic growth necessary to assure national survival and ultimate economic viability by encouraging and supporting recourse to normal aid and credit facilities.
- (b) Assist in the promotion of increased private investment in the development of essential industries and agriculture by aiding and encouraging Israeli policies and measures which will assure the best possible climate for such investment.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,687            | 1,370              | 1,100              |

- (c) Assist Israel in reducing imports, increasing exports on a competitive basis and thereby improving the country trade balance and foreign exchange position by increasing industrial output and improving productivity.
- (d) Effect the most economic industrial utilization and export of Israel's mineral resources by intensifying the exploration and development of those resources which offer the greatest economic potential.
- (e) Maximize development and utilization of indigenous water resources, in accordance with international principles, by means of local currency and technical assistance projects.
- (f) Assure the most effective development and utilization of transportation facilities, to meet both internal and international requirements of the country, by advisory services directed toward an improvement, expansion, and integration of these facilities.

### Accomplishments - Technical Cooperation

The program has assisted Israel by creating an awareness of the necessity for good product design as a prerequisite to greater marketability of commodities, domestically and abroad, and establishing the means necessary to maintain high standards of product design; providing expert guidance to the chemical, glass, food processing, textile and ceramics industry; expanding, improving, and developing electric power and transportation facilities; making a significant contribution in the creation of greater managerial skills through management training and executive development, including assisting in establishment of a Management Center for the purpose; achieving a more economic and effective production of the Dead Sea resources; aiding in the establishment of a financial institution for financing industrial development, and encouraging efforts to create a climate for increased private investment and assisting in the establishment of the necessary facilities to effect this increased investment; aiding in the establishment of an export marketing institute as one means of increasing the exportation of Israeli commodities; making a start in

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 410                                 | 465                  | 361                 |
| Participants .....                                      | 193                                 | 244                  | 245                 |
| Contractual Services .....                              | 550                                 | 175                  | 173                 |
| Supplies and Equipment .....                            | 229                                 | 185                  | 98                  |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs .....                                       | 305                                 | 301                  | 223                 |
| Total Project Assistance ..                             | 1,687                               | 1,370                | 1,100               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 22                                  | 26                   | 24                  |
| Contract .....  | 14                                  | 26                   | 13                  |
| Total Technicians .....                                 | 36                                  | 52                   | 37                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 58                                  | 74                   | 83                  |
| Contract .....  | 4                                   |                      |                     |
| Total Participants .....                                | 62                                  | 74                   | 83                  |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 248                                 | 267                  | 288                 |
| Industry and Mining .....                               | 993                                 | 620                  | 513                 |
| Transportation .....                                    | 88                                  | 81                   | 59                  |
| Labor .....   |                                     |                      |                     |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education .....   | 13                                  | 18                   | 17                  |
| Public Administration .....                             |                                     |                      |                     |
| Community Development, Social Welfare and Housing ..... |                                     |                      |                     |
| General and Miscellaneous ...                           | 345                                 | 384                  | 223                 |
| Total by Field of Activity ..                           | 1,687                               | 1,370                | 1,100               |

the improvement and coordination of agricultural research, extension, and education; improving and increasing livestock production and initiating animal vaccine production; expanding and improving the production of field and horticultural crops; providing guidance in the development and utilization of water resources, including the control and utilization of winter flood waters, the use of run-off water, the development of irrigation schemes, the development of water-spreading techniques, and the development of underground water; improving the handling, storage, and marketing of agricultural commodities; expanding preventive medicine and mother-and-child care; and accelerating vocational training on a country-wide basis.

Selected measurable evidences of accomplishments of the Technical Cooperation Program include the increase in the beef cattle herd from 1,000 to 15,000, and in the dairy cattle herd from 18,800 to 44,000; the poultry production increase, in terms of eggs per laying hen per year, from 134 to 200; complete control of poultry diseases except for the chronic respiratory type; a reduction in the incidence of plant diseases and infestation; the establishment of five vocational training centers; a 30% reduction in the average per-mile road construction costs; a decrease in the daily incapacitation of vehicles from 30% of fleets to about 18%; the establishment of schools of management training at the two leading universities; significant increases in the exportation of certain industrial products.

Composition of the FY 1961 TC Program - \$1.1 Million

The reduced level of assistance proposed for FY 1961 provides for the continuation of project activities in the fields of agriculture and water resources, industry and mining, transportation, and vocational education. Industrial development is stressed with the improvement of executive and managerial skills receiving the major emphasis within this field of activity.

Country: ISRAEL

**TECHNICAL COOPERATION**

TABLE E-IV

**PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE**

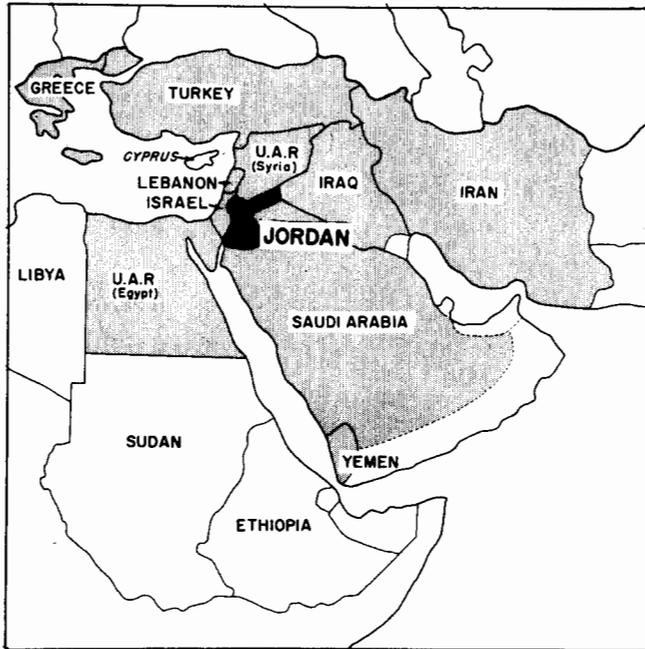
| Function: <u>TECHNICAL COOPERATION</u>         | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                          |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|--------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart. | P.L. 480 Administered by ICA |
| <u>Agriculture and Water Resources - Total</u> |   |                   | 288   | 154              | 93                        |           | 41          |  |                                       |                          |                              |
| Agricultural Research, Extension and Education | C   |                   | 116   | 36               | 53                        |           | 27          |  |                                       |                          |                              |
| Range and Forestry                             | C   |                   | 12    |                  | 8                         |           | 4           |  |                                       |                          |                              |
| Development of Water Resources                 | C   |                   | 25    | 10               | 12                        |           | 3           |  |                                       |                          |                              |
| Field and Horticultural Crops                  | C   |                   | 11    |                  | 8                         |           | 3           |  |                                       |                          |                              |
| Animal Husbandry                               | C   |                   | 66    | 50               | 12                        |           | 4           |  |                                       |                          |                              |
| Supervisory                                    | C   |                   | 58    | 58               |                           |           |             |  |                                       |                          |                              |
| <u>Industry and Mining - Total</u>             |   |                   | 513   | 143              | 140                       | 173       | 57          |  |                                       |                          |                              |
| Minerals Development                           | C   |                   | 59    | 34               | 25                        |           |             |  |                                       |                          |                              |
| Oil Field Development                          | C   |                   | 8     |                  | 8                         |           |             |  |                                       |                          |                              |
| Selected Industries Development                | C   |                   | 147   | 29               | 32                        | 72        | 14          |  |                                       |                          |                              |
| Export Marketing                               | C   |                   | 75    |                  | 16                        | 35        | 24          |  |                                       |                          |                              |
| Productivity                                   | C   |                   | 24    | 24               |                           |           |             |  |                                       |                          |                              |
| Executive Development                          | C   |                   | 121   |                  | <del>36</del>             | 66        | 19          |  |                                       |                          |                              |
| Nuclear Science                                | C   |                   | 23    |                  | 23                        |           |             |  |                                       |                          |                              |
| Supervisory                                    | C   |                   | 56    | 56               |                           |           |             |  |                                       |                          |                              |
| <u>Transportation - Total</u>                  |   |                   | 59    | 47               | 12                        |           |             |  |                                       |                          |                              |
| Transportation Development                     | C   |                   | 59    | 47               | 12                        |           |             |  |                                       |                          |                              |
| <u>Education - Total</u>                       |   |                   | 17    | 17               |                           |           |             |  |                                       |                          |                              |
| Vocational Training                            | C   |                   | 17    | 17               |                           |           |             |  |                                       |                          |                              |
| <u>General and Miscellaneous - Total</u>       |   |                   | 223   |                  |                           |           |             | 223  |                                       |                          |                              |
| <u>Total Technical Cooperation</u>             |   |                   | 1,100 | 361              | 245                       | 173       | 98          | 223  |                                       |                          |                              |

Handwritten calculations:

$$\begin{array}{r} 26 \\ \times 138 \\ \hline 228 \\ 208 \\ \hline 366 \end{array}$$

Other numbers: 100, 200, 208, 211, 20

# JORDAN - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 1.6 million    |              |
| Annual Growth.....                             | 3 percent      |              |
| Area.....                                      | 37,300 sq. mi. |              |
| Agricultural Land.....                         | 17% of area    |              |
| Agri. Land per Capita.....                     | 2.5 acres      |              |
| Literacy Rate.....                             | 15-30 percent  |              |
|  | <u>Jordan</u>  | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | 7,200          | 760          |
| Road Miles per 1,000 sq.mi..                   | 60             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | n.a.           | 4,500        |

|   | Unit         | 1956   | 1957   | 1958    | 1959 Est. |
|---|--------------|--------|--------|---------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>  |              |        |        |         |           |
| Total GNP (In 1958 Prices).....                                       | \$ Millions  | 220    | 215    | 175     | 190       |
| Per Capita GNP.....   | Dollars      | 148    | 141    | 111     | 117       |
| <b>PRODUCTION</b>   |              |        |        |         |           |
| Agricul. Prod. Index <sup>a/</sup> .....                              | 1952-54=100  | 126    | 90     | 55      | 50        |
| Wheat .....   | 1,000 MT     | 242    | 220    | 63      | 90        |
| Barley .....  | "            | 96     | 81     | 17      | 25        |
| Phosphate rock .....  | "            | 208    | 262    | 294     | 300       |
| <b>FOREIGN TRADE</b>  |              |        |        |         |           |
| Total Exports (f.o.b).....  | \$ Millions  | 13.9   | 15.5   | 9.9     | 9.0       |
| Vegetables and fruits .....   | "            | 4.8    | 5.5    | 4.5     | 3.5       |
| Phosphate rock .....  | "            | 1.9    | 2.5    | 2.7     | 3.4       |
| Total Imports (c.i.f).....  | "            | 77.9   | 85.4   | 95.3    | 110.0     |
| Trade Balance.....  | "            | -64.0  | -69.9  | -85.4   | -101.0    |
| <b>Trade with United States (U.S. Data)</b>                           |              |        |        |         |           |
| Exports to U. S. (f.o.b).....   | \$ Thousands | 92     | 112    | 53      | 40        |
| Imports from U. S. (f.o.b).....                                       | "            | 4,887  | 6,636  | 13,374  | 12,020    |
| Trade Balance.....  | "            | -4,795 | -6,524 | -13,321 | -11,980   |
| GOLD & FOREIGN EXCHANGE HOLDINGS <sup>(end of year)</sup> \$ Millions |              | 70     | 75     | 86      | 85(Oct)   |
| WHOLESALE PRICE INDEX .....   | 1953=100     | 87     | 85     | 91      | 90        |

|   |           |          |       | - Million Dollar Equivalents - |           |  |
|---|-----------|----------|-------|--------------------------------|-----------|--|
| CENTRAL GOVERNMENT FINANCES*                        | FY ending | March 31 | 1958  | 1959                           | 1960(Bud) |  |
| Domestic Revenues.....                              |           |          | 26    | 28                             | 28        |  |
| Total Expenditures.....                             |           |          | 66    | 80                             | 83        |  |
| Deficit(-) or Surplus Before All Foreign Aid....    |           |          | -40   | -52                            | -55       |  |
| Budget Receipts from Non-U.S. Foreign Aid.....      |           |          | 15    | 6                              | 7         |  |
| Budget Receipts from U.S. Aid & PL 480.....         |           |          | 25    | 46                             | 40        |  |
| Remaining Deficit(-) or Surplus(+)                  |           |          | -     | -                              | -8        |  |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>            |           |          |       |                                |           |  |
| U.S.-Financed (excl. M.A.F. end-items)...           |           |          | 40    | 52                             | 51        |  |
| Defense Expend. as % of Total Gov't Expend...       |           |          | 60.6% | 65.0%                          | 61.4%     |  |
| Defense Expenditures as % of GNP .....              |           |          | 20.0% | 29.7%                          | 26.0%     |  |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....</b> |           |          |       |                                |           |  |
| U.S.-Financed.....                                  |           |          | 26    | 28                             | 32        |  |

n.a. - Not available. \* / Converted at \$2.8 per 1 Dinar.

a / Crop year beginning in year stated. b / U.S. budget support is not attributed specifically to either defense or non-defense categories.

Country: JORDAN

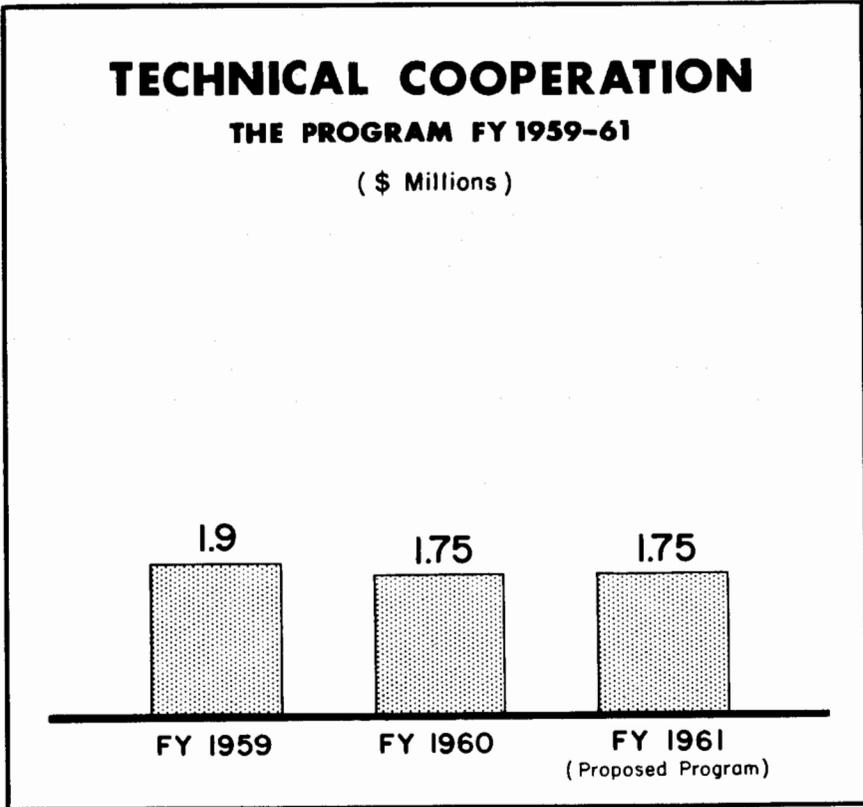
MUTUAL SECURITY PROGRAM

Under the leadership of King Hussein, Jordan is firmly committed to the Free World and maintains close relations with the United States. With borders adjoining Saudi Arabia, Iraq, Israel and the Syrian Region of the United Arab Republic, Jordan is in a sense a keystone in the preservation of the existing equilibrium of the Near East. It is of great importance to the United States that Jordan remain politically and economically stable and resistant to subversive influences. Violent change in Jordan's present political structure would probably have an immediately adverse effect on the peace of the area.

With its present resources Jordan is not a viable economic entity, and is unable to support the military establishment essential to preservation of political stability. To live, it must have substantial outside help, at least until such time as area conditions permit an evolution towards a more permanent and basic solution of its problems. Jordan now depends for its continued existence on the aid it is receiving under the Mutual Security Program, the UNRWA refugee relief program, and, on a smaller scale, from the Government of the United Kingdom.

Until recently, Jordan's pro-Western posture tended to isolate it politically within the area. Furthermore, its geographic position makes Jordan particularly vulnerable to the economic consequences of such isolation (e.g., the UAR has on occasion closed the Syrian frontier, disrupting Jordan's overland transportation link with Beirut and leaving it dependent on the uncertain desert route to the Gulf of Aqaba). In the past few months there have been encouraging indications of improvement, including the re-establishment of diplomatic relations between Jordan and the United Arab Republic. There has been no change with respect to Jordan's stance vis-a-vis the Sino-Soviet bloc, with which Jordan maintains no relations.

One of the disturbing elements still present is the existence of the large Palestinian refugee population and its attitude of resentment towards the West. Continuance of United States aid remains an essential factor for preservation of stability in Jordan and peace in the area.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,900 ✓         | 2,121        |              |
| Cumulative 6/30/59                          | 19,509          | 18,159       | 1,350        |
| Estimate FY 1960                            | 1,750 ✓         | 2,000        |              |
| Cumulative 6/30/60                          | 21,259 ✓        | 20,159       | 1,100        |
| Estimate FY 1961                            | 1,750 ✓         | 1,700        |              |

Current Economic Situation and Problems

Jordan, a country of very limited resources, has been dependent upon external assistance since its creation. Its economic problems are intensified by the presence of over half a million Palestinian refugees who constitute nearly a third of the total population. The heavy economic dependence upon dry-farming renders Jordan extremely vulnerable to droughts such as those which have plagued the country periodically and most recently in both 1958 and 1959. Furthermore, the economy depends heavily upon imports, and is therefore sensitive to actions taken by neighboring countries which hamper the international flow of goods. Border closings and insufficient water to meet agricultural needs caused a sharp decline in the gross national product in 1958, from which the economy has yet to recover completely. In light of the progress over the past year, however, it is hoped that in the current year (1960) real per capita gross national product will again reach the 1957 level.

The Jordan Government continues to adhere to a conservative monetary policy which prohibits the issuance of Jordan dinars without 100% backing of acceptable foreign exchange. As a consequence, the government's ability to make expenditures is limited to the revenues it can collect and the availability of foreign assistance. External aid is expected to finance about three-fifths of the budget expenditures for the current year.

Jordan's exports in recent years have been sufficient to pay for only 10 to 20% of total imports. The financing of this gap has been made possible largely by external assistance.

Progress to Date

Some economic progress has been realized in Jordan over past years, due largely to foreign assistance from varying sources, but also to the efforts of the Jordan Government, through the Development Board it established in 1952. Although the gross national product continues to fluctuate in the face of droughts and disturbances to Jordan's international trade, much has been done to alleviate these problems. Water development programs have been planned and implementation has begun. Phosphate rock extraction has increased from about 75,000 tons in 1954 to 300,000 tons in 1959 and further significant increases are anticipated over the next few years. To reduce the effects of trade restrictions caused by actions of neighboring countries, the Jordan Government has successfully encouraged the establishment of appropriate facilities in Aqaba, Jordan's only outlet to the sea, for the handling and storage of petroleum and other products.

Assistance from Non-ICA Sources

Other than the U.S., the only foreign source of funds for budget support is the U.K., which contributed \$5.6 million of grants for this purpose in Jordanian FY 1960, plus an additional \$1.4 million in long-term development loans. Two DLF loans, totaling \$2.7 million, have been approved for the expansion of electric power and phosphate mining, one of the few mineral resources available in Jordan. Projects of this sort which qualify for DLF loans are, however, expected to meet only a minor part of Jordan's development requirements.

The services of about 20 technicians are financed by the U.N., at an annual cost of about \$350,000, and a few technicians in specialized fields are financed by Italy, Germany and Yugoslavia. In addition, the Ford Foundation is presently developing a program to advise the Jordan Government in economic development planning and budget policy.

To alleviate most of the immediate ill effects of recent droughts, a Title II program under P.L. 480 was approved and is still being implemented, involving surplus commodities to be used for direct relief and for sale with the proceeds directed to work relief.

UNRWA supports one-third of the population of Jordan, and provides half of elementary and secondary schools.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars)                 |         |         |                   |
|---|---------|---------|-------------------|
|   | FY 1958 | FY 1959 | FY 1960           |
| ICA - Obligations . . . . .                                     | 32.6    | 45.1    | 48.8              |
| DLF - Loan Approvals . . . . .                                  |         | 3.7     | 1.0 <sup>1/</sup> |
| P.L. 480, Title I - Country Use . . . . .                       |         |         |                   |
| (Total Sales)   |         |         |                   |
| P.L. 480, Title II - Obligations . . . . .                      | 3.5     | 15.5    | 0.7 <sup>2/</sup> |
| P.L. 480, Title III - Obligations . . . . .                     | 1.2     | 2.0     | 1.0 <sup>2/</sup> |
| EX-IM Bank - Long-term Loans Approved . . . . .                 |         |         | 2 <sup>/</sup>    |
| TOTAL . . . . .   | 37.3    | 66.3    | XXX               |
| <sup>1/</sup> Actual 1st 7 mos. <sup>2/</sup> Actual 1st 6 mos. |         |         |                   |

## TECHNICAL COOPERATION

Role of Program - Technical Cooperation

The Technical Cooperation Program in Jordan was begun in 1952, and was augmented by, and coordinated with, assistance in economic development projects and financial support for the government's budget in 1954 and 1957, respectively. The TC Program aims at improving and providing for better use of the country's human and limited natural resources, thereby increasing its capacity to produce and provide required services and improved living conditions for the people. Major consideration has been given to basic elements upon which economic development is dependent.

Objectives - Technical Cooperation

The objectives of the Technical Cooperation Program in Jordan are:

- (a) To increase agricultural output through improved methods and techniques gained from agricultural research and brought to the farmers through agricultural extension and better training in educational institutions.
- (b) To improve health and sanitary conditions through training nurses and responsible Ministry personnel, and in establishing the necessary governmental machinery to assure improved sanitary water supply, waste disposal, and insect control.
- (c) To improve the means of transporting the country's produce through better highway administration, construction planning and maintenance, as well as advice and assistance in improving the Hejaz Railway, upon which the country is largely dependent for its north-south bulk transportation.
- (d) To improve the government's ability to provide necessary services through advice in management and accounting controls to assure effectiveness in the use of the limited funds available to the government.
- (e) To improve the living conditions and production in rural sections through community development programs which aim at preparing the communities for the acceptance of improved techniques and for joining forces to provide required improvements in irrigation, roads, sanitation, etc. upon which their well-being is dependent.

Accomplishments - Technical Cooperation

The agriculture extension project was begun in 1953 and now has a local field staff of 91 with five National officers and supporting staff. This field staff covers 600 villages and during the last five years 19,000 demonstrations conducted in various fields of agriculture attracted some 200,000 visitors. These extension

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,900            | 1,750              | 1,750              |

activities, in coordination with the TC project in agricultural research, may claim much of the credit for improved tomato production which rose from 28,000 tons in 1952 to 74,000 tons in 1958, despite the drought in that year, and resulted in an increase in tomato exports from 2,800 tons in 1955 to 23,200 tons in 1958. Banana production increased by 60% between 1956 and 1958, largely as a result of the introduction of windbreak planting and the demonstration of better planting methods through the agricultural extension program.

Reports and surveys have been provided to determine the development potentials in certain economic sectors. In some instances these have resulted in specific projects, such as the DLF loan to the Jordan Phosphate Company.

The Technical Cooperation Program is contributing to improved transportation through its assistance in organizing highway engineering and management in the Jordan Government. Increasing reliance upon north and south transportation to and from Aqaba, Jordan's only seaport, has placed a severe burden upon the Hejaz Railway. However, with ICA assistance involving a combined TC and SA Program, the railway was able to increase the freight tonnage movement by over 30%.

In 1953, a project was begun to establish a school in nursing education. This school now provides a three-year course and accommodates about 60 students. Health education in general has benefited from the training of Ministry of Public Health personnel. The Ministry has since produced 30 radio programs and has prepared about 65 documents on health and sanitation for distribution through schools and agriculture extension workers throughout the country. The environmental sanitation project has provided for the training of 20 sanitarians at the American University of Beirut and 250 sub-sanitarians through in-service training. A permanent training division has also been organized in the Ministry. These trained sanitarians and sub-sanitarians have been responsible for numerous improvements in sewage handling, increases in potable water supply and general sanitation throughout the country.

A TC Program in teacher education resulted in special training of over 2,000 teachers through seminars, in-service training and courses abroad. Over 500 teachers have been graduated from Teachers' Colleges. The Amman Technical Institute, established

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity              | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                   |                  |
| Technicians .....                                       | 1,150                               | 830               | 786              |
| Participants .....                                      | 84                                  | 309               | 315              |
| Contractual Services .....                              | 107                                 | 161               | 157              |
| Supplies and Equipment .....                            | 42                                  | 120               | 163              |
| Contrib. to Coop. Services .....                        |                                     |                   |                  |
| Other Costs .....                                       | 517                                 | 330               | 329              |
| Total Project Assistance ..                             | 1,900                               | 1,750             | 1,750            |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                   |                  |
| Technicians (On duty close of yr.)                      |                                     |                   |                  |
| U.S. Employed .....                                     | 61                                  | 37                | 35               |
| Contract .....  | 2                                   | 3                 | 3                |
| Total Technicians .....                                 | 63                                  | 40                | 38               |
| Participants (Programmed during year) .....             |                                     |                   |                  |
| Non-Contract .....                                      | 23                                  | 88                | 85               |
| Contract .....  |                                     |                   |                  |
| Total Participants .....                                | 23                                  | 88                | 85               |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                   |                  |
| Agriculture, Forestry and Fisheries .....               | 313                                 | 312               | 225              |
| Industry and Mining .....                               | 54                                  | 110               | 139              |
| Transportation .....                                    | 305                                 | 126               | 68               |
| Labor .....   |                                     |                   |                  |
| Health and Sanitation .....                             | 120                                 | 108               | 176              |
| Education .....   | 297                                 | 267               | 235              |
| Public Administration .....                             |                                     | 17                | 52               |
| Community Development, Social Welfare and Housing ..... | 138                                 | 125               | 91               |
| General and Miscellaneous .....                         | 673                                 | 685               | 764              |
| Total by Field of Activity ..                           | 1,900                               | 1,750             | 1,750            |

through the Industrial Technical Education project in 1953, has a current enrollment of 120 students and provides three-year training in various specialized industrial fields. Similarly, a project in Agricultural Education, which began in 1952, provided specialized training in the U.S. to 15 graduates of the Khadoury Agricultural School in Jordan, and in-service training to 60 teachers of rural agricultural schools.

A community development project, begun in 1956, assisted the Jordan Government to establish a coordinated national community development program. It also established a training program which, to date, has trained about 40 village-level workers, about half the expected requirements for the project. The national program now involves about 400 villages -- over half the total villages in the country.

Composition of FY 1961 Technical Cooperation Program - \$1.75 Million

\$1.75 million is proposed for the FY 1961 Technical Cooperation Program in Jordan. This program will include projects, all begun in previous fiscal years, to assist the Government in its economic development program in the following fields of activity:

Assistance to the Government in increasing the output in the agricultural sector through improved research, credit facilities, and extension services.

Improvement of advisory services to encourage the development of industry and mining in Jordan.

Continued advisory services in highway and railway improvement, planning and maintenance.

Personnel training and continued improvement of facilities for sewage, potable water, and other sanitary measures, to assure improved health conditions.

Improvement of educational facilities to meet the needs of the economy, with special emphasis on fields such as agriculture and industrial vocational training upon which development is dependent.

Advice to the Jordan Government in organizing and managing government activities to maximize its utilization of resources and encourage development of the private sector.

Assistance and advice to the government in establishing a nationwide program of community organization which will contribute to the best use of local resources through cooperative activity.

Continued development of a training center in communications to disseminate technical and public information to the population.

Country: JORDAN

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

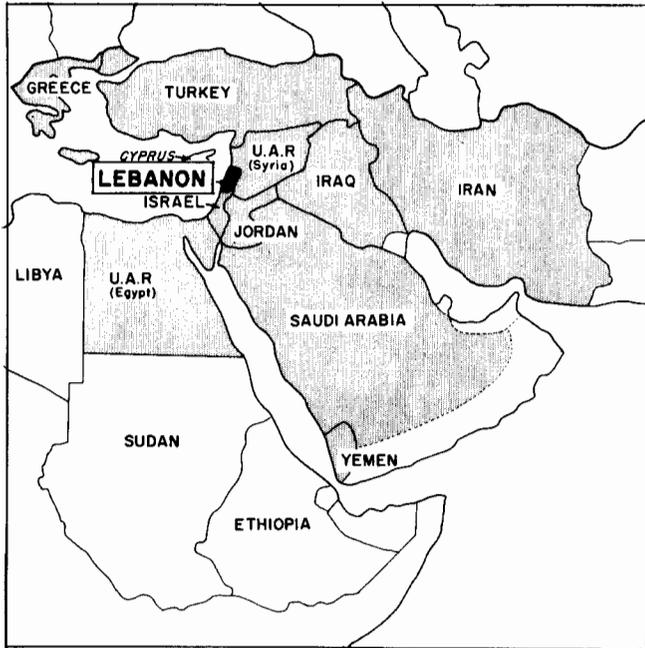
| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                          |                              |
|--|---|-------------------|--------------|------------------|---------------------------|------------|-------------|--|---------------------------------------|--------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counter-part | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 225          | 101              | 56                        |            | 12          | 56   |                                       |                          |                              |
| Agricultural Extension                             | C   |                   | 100          | 40               | 31                        |            | 7           | 22   |                                       |                          |                              |
| Agricultural Research                              | C   |                   | 109          | 61               | 9                         |            | 5           | 34   |                                       |                          |                              |
| Agricultural Credit Training                       | C   |                   | 16           |                  | 16                        |            |             |  |                                       |                          |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 139          | 63               | 31                        | 40         | 5           |  |                                       |                          |                              |
| Industrial Technical Services                      | C   |                   | 106          | 42               | 19                        | 40         | 5           |  |                                       |                          |                              |
| Photo-Cartography                                  | C   |                   | 33           | 21               | 12                        |            |             |  |                                       |                          |                              |
| <u>Transportation - Total</u>                      |   |                   | 68           | 40               | 28                        |            |             |  |                                       |                          |                              |
| Highway Engineering and Management                 | C   |                   | 23           |                  | 23                        |            |             |  |                                       |                          |                              |
| Hejaz Jordan Railway Technical Assistance          | C   |                   | 45           | 40               | 5                         |            |             |  |                                       |                          |                              |
| <u>Health and Sanitation - Total</u>               |   |                   | 176          | 100              | 36                        |            | 23          | 17   |                                       |                          |                              |
| Environmental Sanitation                           | C   |                   | 83           | 42               | 18                        |            | 12          | 11   |                                       |                          |                              |
| Public Health Nursing                              | C   |                   | 32           | 18               | 6                         |            | 2           | 6  |                                       |                          |                              |
| Nurse Education                                    | C   |                   | 33           | 18               | 12                        |            | 3           |  |                                       |                          |                              |
| Health Education                                   | C   |                   | 28           | 22               |                           |            | 6           |  |                                       |                          |                              |
| <u>Education - Total</u>                           |   |                   | 235          | 78               | 64                        | 75         | 4           | 14   |                                       |                          |                              |
| Agricultural Education                             | C   |                   | 54           | 22               | 18                        |            |             | 14   |                                       |                          |                              |
| Teacher Education                                  | C   |                   | 106          | 56               | 46                        |            | 4           |  |                                       |                          |                              |
| Training Contract - Arab Development Society       | C   |                   | 75           |                  |                           | 75         |             |  |                                       |                          |                              |
| <u>Public Administration - Total</u>               |   |                   | 52           |                  | 51                        |            | 1           |  |                                       |                          |                              |
| Public Administration                              | C   |                   | 52           |                  | 51                        |            | 1           |  |                                       |                          |                              |
| <u>Community Development - Total</u>               |   |                   | 91           |                  | 19                        | 22         | 10          | 40   |                                       |                          |                              |
| National Community Development Program             | C   |                   | 91           |                  | 19                        | 22         | 10          | 40   |                                       |                          |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 764          | 404              | 30                        | 20         | 108         | 202  |                                       |                          |                              |
| Communications Media                               | C   |                   | 152          | 42               | 30                        | 20         | 28          | 32   |                                       |                          |                              |
| Technical Support                                  | C   |                   | 612          | 362              |                           |            | 80          | 170  |                                       |                          |                              |
| <b>Total Technical Cooperation</b>                 |   |                   | <b>1,750</b> | <b>786</b>       | <b>315</b>                | <b>157</b> | <b>163</b>  | <b>329</b>   |                                       |                          |                              |

94  
~~387~~ 325, 216  
 315  
 150  
 165

2644  
 1730  
 4394  
 21257

25,653

# LEBANON - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 1.5 million    |              |
| Annual Growth.....                             | 2 percent      |              |
| Area.....                                      | 4,000 sq. mi.  |              |
| Agricultural Land.....                         | 27% of area    |              |
| Agri. Land per Capita.....                     | 0.5 acres      |              |
| Literacy Rate.....                             | 65-80 percent  |              |
|  | <u>Lebanon</u> | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.           | 70           |
| Inhabitants per Physician...                   | 1,200          | 760          |
| Road Miles per 1,000 sq.mi..                   | 556            | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 200            | 4,500        |

|  | Unit        | Calendar Years |       |       |           |
|--|-------------|----------------|-------|-------|-----------|
|  |             | 1956           | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT*</b>                 |             |                |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 645            | 670   | 535   | 640       |
| Per Capita GNP.....                            | Dollars     | 446            | 453   | 358   | 418       |
| <b>PRODUCTION</b>                              |             |                |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 114            | 102   | 100   | 96        |
| Citrus fruits .....                            | 1,000 MT    | 90             | 103   | 92    | 103       |
| Wheat .....                                    | "           | 62             | 50    | 35    | 30        |
| Electric power .....                           | Mill. KWH   | 250            | 300   | 300   | n.a.      |
| <b>FOREIGN TRADE</b>                           |             |                |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions | 40             | 42    | 31    | 35        |
| Fruits .....                                   | "           | 7.2            | 8.1   | 7.4   | n.a.      |
| Total Imports (c.i.f).....                     | "           | 237            | 251   | 213   | 230       |
| Trade Balance.....                             | "           | -197           | -209  | -182  | -195      |
| <b>Trade with United States (U.S. Data)</b>    |             |                |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 4.7            | 4.5   | 3.9   | 3.0       |
| Imports from U. S. (f.o.b).....                | "           | 37.0           | 40.2  | 36.1  | 39.0      |
| Trade Balance.....                             | "           | -32.3          | -35.7 | -32.2 | -36.0     |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 88             | 99    | 107   | 125(Nov)  |
| COST OF LIVING INDEX .....                     | 1953=100    | 102            | 109   | 114   | 117       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending Dec. 31 | 1957  | 1958  | 1959(Bud) |
|---|-------------------|-------|-------|-----------|
| Domestic Revenues.....                              |                   | 75    | 67    | 76        |
| Total Expenditures.....                             |                   | 86    | 82    | 101       |
| Deficit(-) or Surplus Before All Foreign Aid....    |                   | -11   | -15   | -25       |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                   | b/    | 2     | 3         |
| Budget Receipts from U.S. Aid & PL 480.....         |                   | b/    | 15    | 1         |
| Remaining Deficit(-) or Surplus(+)                  |                   | -11   | +2    | -21       |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>            |                   | 12    | 21    | 14        |
| U.S.-Financed (excl. M.A.P. end-items)...           |                   | -     | c/    | -         |
| Defense Expend. as % of Total Gov't Expend...       |                   | 14.0% | 25.6% | 13.9%     |
| Defense Expenditures as % of GNP .....              |                   | 1.9%  | 3.9%  | 2.1%      |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....</b> |                   | 74    | 61    | 87        |
| U.S.-Financed.....                                  |                   | b/    | 15    | 1         |

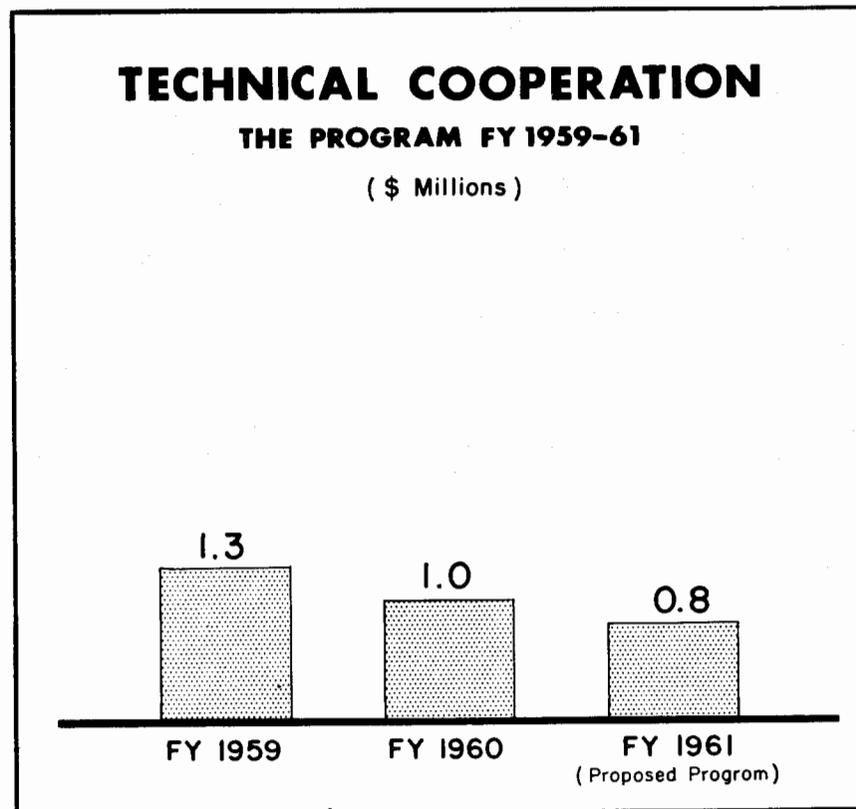
n.a. - Not available. \* / Converted at 3.14 Lebanese pounds per U.S. \$.

a/ Crop years beginning in year stated. b/ Less than \$500,000. c/ Included in non-defense aid; not available separately.

Lebanon's geographical position, its close ties with the West and its unique political and economic role in the affairs of the Arab world make it an area of U.S. interest considerably greater than Lebanon's size and material power alone would indicate. Lebanon provides, too, a highly important point of cultural contact between the West and the Arab world. From the American University of Beirut have come many of the outstanding statesmen, administrators and teachers of the Arab countries.

United States objectives in Lebanon are to support its independence and integrity, foster its internal security and maintain Lebanon's traditional orientation toward the Free World. The importance to the United States and the Free World of these objectives was fully recognized in 1958 when the United States sent troops to that country to help it through a dangerous period of crisis.

Lebanon has made a satisfactory recovery from the political crisis of 1958 and improved political stability has been marked by better relations between the different religious communities. Economic dislocations of the 1958 crisis have been largely overcome, although a number of economic problems remain. The Mutual Security Program, which was disrupted by the crisis, has now resumed normal operations. Accordingly, the proposed small-scale technical assistance program signifies our continued interest in Lebanon and supports our broader objectives there.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,253           | 1,383        |              |
| Cumulative 6/30/59                          | 16,151          | 14,926       | 1,225        |
| Estimate FY 1960                            | 950             | 1,300        |              |
| Cumulative 6/30/60                          | 17,101 ✓        | 16,226       | 875          |
| Estimate FY 1961                            | 800             | 1,000        |              |

Current Economic Situation and Problems

Lebanon lacks exploitable mineral and other natural resources, and the small size of the domestic market has tended in the past to discourage large-scale industrialization. Even so, because of their commercial activities in servicing the surrounding areas, the Lebanese historically have been an island of increasing prosperity in a politically and economically turbulent area.

Per capita Gross National Product (GNP), \$418 in 1959, is high by Middle East standards but the relative prosperity is concentrated in the city of Beirut. Since the resumption of normal activities at the end of the 1958 civil strife, the Lebanese economy has continued to show signs of recovery. Commercial confidence has been largely restored, foreign exchange holdings and bank deposits are up, and port traffic figures have continued to climb.

The longer term economic prospects of Lebanon depend on its continued ability to adapt to economic developments in the Arab hinterland. Traditionally, Lebanon has served a useful and profitable function in its role as middleman, money changer, banker, and trader. However, as Syria, Iraq, and other neighboring countries become able to manage their economies with an increasing degree of skill and political stability, it is entirely possible that their need for the services provided by the Lebanese will decline. A decline in transit trade and other forms of commerce may have to be offset by substantial public and private investment in tourism, industry, and agriculture.

The flow of capital to Lebanon from less secure areas of the Arab world continues because the country is a low-tax, hard currency haven for capital. As the possibilities for investment in luxury apartments and hotels diminish, it is questionable whether the resulting investment opportunities in longer term, lower yield, agricultural and industrial enterprises will continue to attract the flow of investment capital from the Arab world. It thus appears likely that Lebanon will need to make substantial adjustments over a period of time to adapt to a somewhat changed economic role.

Progress to Date

The civil strife in 1958 in Lebanon caused a setback to the economy. Although significant progress has been made toward recovery, the experience appears to have caused the government to recognize the need for modernization and reorientation of the economy. The shift away from unsuccessful attempts at agricultural self-sufficiency in rural areas continues. This results in increased output of high-yield cash products for urban and international markets and, in conjunction with recent droughts, reduced production of wheat. The Government is slowly moving to provide more social services and to improve internal security.

Assistance from Non-ICA Sources

The Government of Lebanon received a loan for the Litani Basin Development from the IBRD in 1955 of \$27 million. Two DLF loans to the private sector have been approved -- \$500,000 for external costs of reconstruction of the El Bared Electric plant, destroyed during the civil strife in 1958, and \$5 million for the Bank of Agriculture, Industry, and Real Estate to provide capital for small industry loans in Lebanon. Other DLF applications are presently under consideration. In addition, there has been \$11 million in assistance under Title II of P.L. 480.

Lebanon receives minor technical assistance from France as well as from the United Nations and its specialized agencies.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars)            |         |         |         |
|--|---------|---------|---------|
|  | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                                | 2.6     | 13.8    | 1.0     |
| DLF - Loan Approvals . . . . .                             |         | 5.5     | 1/      |
| P.L. 480, Title I - Country Use . . . . .<br>(Total Sales) |         |         |         |
| P.L. 480, Title II - Obligations . . . . .                 | 10.4    | 0.6     | 2/      |
| P.L. 480, Title III - Obligations . . . . .                |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . .            |         |         | 3.2 2/  |
| TOTAL . . . . .  | 13.0    | 19.9    | XXXX    |
| 1/Actual 1st 7 mos. 2/Actual 1st 6 mos.                    |         |         |         |

Country: LEBANON

## TECHNICAL COOPERATION

### Role of the Program

The role of the program is to provide a limited amount of technical assistance as an expression of U.S. interests in Lebanon, and to assist Lebanon in its efforts to capitalize on its limited resources. Lebanon is not a homogeneous economy, ranging from areas of advanced Western ideas and practices to areas still practicing primitive agriculture. Since its inception, the Technical Cooperation Program has concentrated to a major degree on aiding the backward rural areas. Both in these areas and in making needed transitions in the more advanced districts, the transfer of new skills and techniques and the development of institutions to utilize them are necessary to secure and maintain better economic and social conditions. There is a growing awareness of the necessity to reorganize governmental services to enable them to become more responsive to the needs of the Lebanese population and to provide encouragement and support to economic development.

### Objectives - Technical Cooperation

The objectives of the TC Program in Lebanon are as follows:

- (a) To assist in increasing the effectiveness of the government to facilitate services to the people and to maintain peace and order.
- (b) To assist in the industrial transition which Lebanon is beginning to experience.
- (c) To aid with advice and training in the promotion of better transportation facilities and other basic services which are prerequisite to industrial expansion and foreign investment.
- (d) To spur the growth of constructive management-labor relationships.
- (e) To accumulate basic economic data as a foundation for developmental planning.
- (f) To work toward the establishment of facilities to provide technical, vocational, and managerial skills.

### Accomplishments - Technical Cooperation (and previous Dev. Assist.)

The Agricultural Research Service, established in 1957, has now obtained basic facilities and is increasingly effective in

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 1,253            | 950                | 800                |

transmitting research information to rural Lebanon. All other agricultural projects were phased out or have been combined into this one project, except for one small project in agricultural extension and information.

The rural power transmission program, together with the village water supply and irrigation programs, constitute a genuine effort on the part of the Government of Lebanon to arrest the present movement of the rural population to the cities which, if continued, will create serious urban unemployment. The introduction of electricity and safe water supplies for the villagers will make possible some of the conveniences of city dwellers. Construction of rural power lines to villages under prior year DA funds begin in FY 1960 and by June 30, 1961, estimated completion date for the village water supply program, potable water will have been made available to 300,000 people in 400 villages. At the beginning of FY 1960, potable water had been brought into 135 villages reaching 110,000 persons. By the termination date of the village water supply program, the Government of Lebanon will have water supply plans for an estimated additional \$15 million worth of construction on its own account.

The Industry Institute project in Lebanon is one of the most important in the TC Program. The period of establishment and introduction of the Institute's services has been completed. Results are demonstrable in the engineering fields of plant design, industrial utilities systems, plant layouts, mechanical, chemical, and electrical engineering consulting, and in such industries as cottonseed oil, textiles, ceramics, food, and chemicals. These results are applicable not only to Lebanon but also to neighboring Arab countries. The Institute is being recognized in the Middle East Arab countries as the technical center for industrial consulting, testing, and development.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component and Field of Activity              | Major Cost Component by Fiscal Year |                   |                  |
|---|-------------------------------------|-------------------|------------------|
|   | Actual FY 1959                      | Estimated FY 1960 | Proposed FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                   |                  |
| Technicians .....                                       | 594                                 | 406               | 352              |
| Participants .....                                      | 42                                  | 45                | 145              |
| Contractual Services.....                               | 125                                 | 170               |                  |
| Supplies and Equipment.....                             | 53                                  | 42                | 68               |
| Contrib. to Coop. Services...                           |                                     |                   |                  |
| Other Costs.....  | 439                                 | 287               | 235              |
| Total Project Assistance..                              | 1,253                               | 950               | 800              |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                   |                  |
| Technicians (On duty close of yr.)                      |                                     |                   |                  |
| U.S. Employed .....                                     | 21                                  | 25                | 22               |
| Contract.....   | 4                                   | 3                 | 3                |
| Total Technicians .....                                 | 25                                  | 28                | 25               |
| Participants (Programmed during year) .....             |                                     |                   |                  |
| Non-Contract .....                                      | 21                                  | 21                | 54               |
| Contract .....  |                                     |                   |                  |
| Total Participants .....                                | 21                                  | 21                | 54               |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                   |                  |
| Agriculture, Forestry and Fisheries .....               | 258                                 | 15                | 25               |
| Industry and Mining .....                               | 196                                 | 306               | 146              |
| Transportation.....                                     | 142                                 | 211               | 233              |
| Labor.....  | 41                                  |                   | 36               |
| Health and Sanitation .....                             | 22                                  |                   |                  |
| Education.....  | 113                                 | 48                | 33               |
| Public Administration .....                             | 5                                   | 43                | 85               |
| Community Development, Social Welfare and Housing ..... | 47                                  |                   |                  |
| General and Miscellaneous ...                           | 429                                 | 327               | 242              |
| Total by Field of Activity..                            | 1,253                               | 950               | 800              |

Composition of 1961 Technical Cooperation Program - \$800,000

The proposed FY 1961 Technical Cooperation Program, at a total cost of \$800,000 will encompass the following activities - all initiated in prior years:

Advisory services in agricultural extension and information.

Assistance to the Rural Power Transmission project through provision of the services of one engineer to advise the Ministry of Public Works.

Assistance in contract engineering advice and supervision of construction of the Village Water Supply project.

Support of the Industry Institute. Eventually, the Institute can become self-supporting and pay its own way from fees for advisory services to Lebanese and other industrial clients in the region.

Engineering advice on highway construction, repair, and maintenance through an interagency contract with the Bureau of Public Roads.

Engineering advice through an interagency agreement with the Federal Aviation Administration for work going forward on the expansion of the Beirut International Airport; participant training in the U.S.

Advisory services in the field of Labor Education, together with participant training in the U.S..

Funding of the English Language - Adult Education project, which has reached 4,000 Lebanese in FY 1960.

Advisory services and participant training for the Public Safety Program, which began in FY 1959 as assistance to the Gendarmerie but which has now been broadened to include other public safety forces.

Country: LEBANON

## TECHNICAL COOPERATION

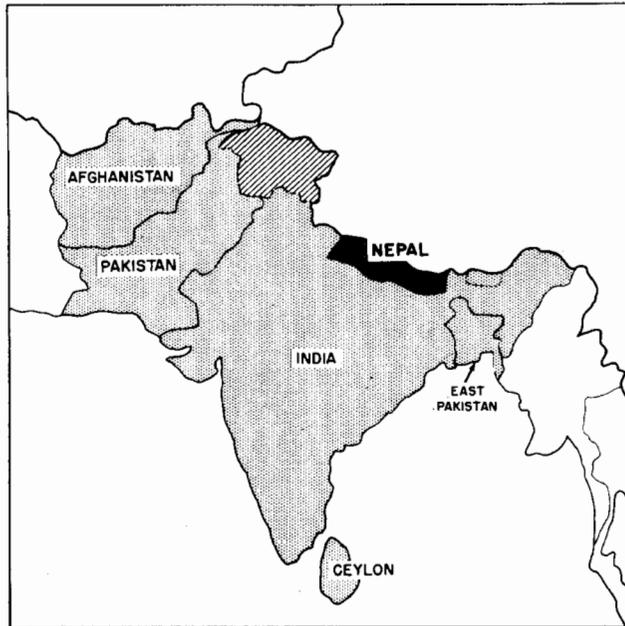
TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 25    |                  | 15                        |           | 4           | 6  |                                       |                         |                              |
| Agricultural Extension and Information             | C   |                   | 25    |                  | 15                        | 2         | 4           | 6  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 146   | 59               |                           |           | 20          | 67   |                                       |                         |                              |
| Industry Institute                                 | C   |                   | 50    | 14               |                           |           | 20          | 16   |                                       |                         |                              |
| Village Water Supply                               | C   |                   | 80    | 30               |                           |           |             | 50   |                                       |                         |                              |
| Rural Power Transmission                           | C   |                   | 16    | 15               |                           |           |             | 1  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   | 233   | 145              | 62                        |           | 12          | 14   |                                       |                         |                              |
| Highway Development                                | C   |                   | 118   | 85               | 12                        | 2         | 7           | 14   |                                       |                         |                              |
| Aeronautical Facilities                            | C   |                   | 115   | 60               | 50                        | 10        | 5           |  |                                       |                         |                              |
| <u>Labor - Total</u>                               |   |                   | 36    |                  | 36                        |           |             |  |                                       |                         |                              |
| Workers' Education                                 | C   |                   | 36    |                  | 36                        | 7         |             |  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 33    |                  |                           |           | 3           | 30   |                                       |                         |                              |
| Adult Education - English Language                 | C   |                   | 33    |                  |                           |           | 3           | 30   |                                       |                         |                              |
| <u>Public Administration - Total</u>               |   |                   | 85    | 45               | 32                        |           | 4           | 4  |                                       |                         |                              |
| Public Safety                                      | C   |                   | 85    | 45               | 32                        | 6         | 4           | 4  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 242   | 103              |                           |           | 25          | 114  |                                       |                         |                              |
| Technical Support                                  | C   |                   | 242   | 103              |                           |           | 25          | 114  |                                       |                         |                              |
| <u>Total Technical Cooperation</u>                 |   |                   | 800   | 352              | 145                       |           | 68          | 235  |                                       |                         |                              |

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3

# NEPAL - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                |              |
|--|----------------|--------------|
| Population.....                                | 9.1 million    |              |
| Annual Growth.....                             | 1.5 percent    |              |
| Area.....                                      | 54,300 sq. mi. |              |
| Agricultural Land.....                         | 28% of area    |              |
| Agri. Land per Capita.....                     | 1.1 acres      |              |
| Literacy Rate.....                             | 3 percent      |              |
|  | <u>Nepal</u>   | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 35-40          | 70           |
| Inhabitants per Physician...                   | n.a.           | 760          |
| Road Miles per 1,000 sq.mi..                   | 8              | 870          |
| Electric Power per Capita...<br>(KWH per Year) | n.a.           | 4,500        |

|  | Unit         | Calendar Years  |       |       |           |
|--|--------------|---|-------|-------|-----------|
|  |              | 1956  | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT*</b>                 |              |   |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions  | n.a.  | 426   | 451   | 467       |
| Per Capita GNP.....                            | Dollars      | n.a.  | 48    | 51    | 52        |
| <b>PRODUCTION<sup>a/</sup></b>                 |              |   |       |       |           |
| Rice (rough) .....                             | 1,000 MT     | 1,043   | 1,089 | 1,202 | n.a.      |
| <b>FOREIGN TRADE</b>                           |              |   |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions  | Trade statistics are not available. However, imports and exports are believed to be approximately in balance. |       |       |           |
| Total Imports (c.i.f).....                     | "            |   |       |       |           |
| Trade Balance.....                             | "            |   |       |       |           |
| <b>Trade with United States (U.S. Data)</b>    |              |   |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Thousands | 89  | 49    | 3     | 14        |
| Imports from U. S. (f.o.b).....                | "            | 45  | 20    | 176   | 175       |
| Trade Balance.....                             | "            | +44   | +29   | -173  | -161      |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "            | n.a.  | 10.6  | 12.3  | 14.7      |
| COST OF LIVING INDEX .....                     | 1953=100     | n.a.  | 115   | 120   | 122       |

|   |  | - Million Dollar Equivalents - |         |               |
|---|--|--------------------------------|---------|---------------|
| CENTRAL GOVERNMENT FINANCES*                        |  | 1957                           | 1958    | 1959 (Budget) |
| FY ending July 15                                   |  |                                |         |               |
| Domestic Revenues.....                              |  | 8.3                            | 7.8     | 9.1           |
| Total Expenditures.....                             |  | 11.6                           | 16.6    | 15.2          |
| Deficit(-) or Surplus Before All Foreign Aid....    |  | -3.3                           | -8.8    | -6.1          |
| Budget Receipts from Non-U.S. Foreign Aid.....      |  | -3.9                           | 3.2     | 2.2           |
| Budget Receipts from U.S. Aid & PL 480.....         |  | 1.3                            | 3.1     | 2.7           |
| Remaining Deficit(-) or Surplus(+)                  |  | +1.9                           | -2.5    | -1.2          |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>            |  | 2.2                            | 3.2     | 3.1           |
| U.S.-Financed .....                                 |  | -                              | -       | -             |
| Defense Expend. as % of Total Gov't Expend...       |  | 19.0%                          | 19.3%   | 20.4%         |
| Defense Expenditures as % of GNP .....              |  | 0.5%                           | 0.7%    | 0.7%          |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....</b> |  | 9.4                            | 13.4    | 12.1          |
| U.S.-Financed.....                                  |  | (1.30)                         | (-3.10) | (2.70)        |

n.a. - Not available. \* / Converted from Indian and Nepalese rupees at average exchange rates.  
<sup>a/</sup> Crop year beginning in year stated.

Country: NEPAL

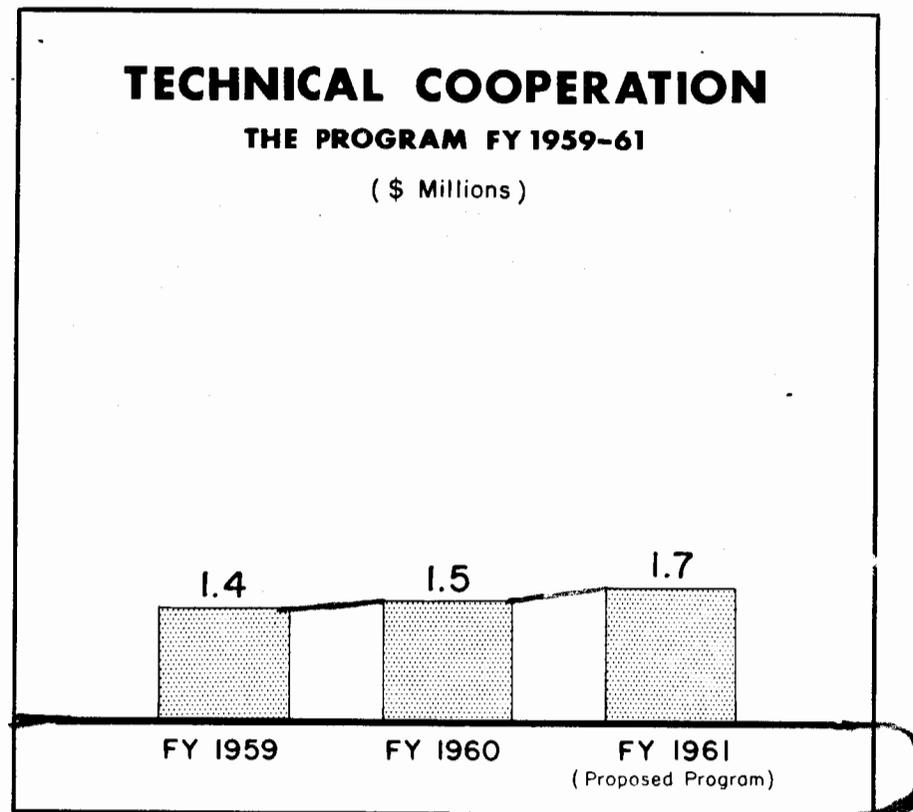
MUTUAL SECURITY PROGRAM

The basic United States interest in Nepal is that it remains a part of the Free World and that it not be drawn into the Sino-Soviet orbit. While the possibility of direct Chinese Communist military aggression against Nepal cannot be excluded, the bloc has so far sought to gain its ends through the use of economic assistance. It is likely that the bloc will resort to propaganda in an attempt to undermine Nepal's newly developing democratic institutions.

Since 1956, the Chinese Communists have offered Nepal the equivalent of \$13 million, of which the Nepalese have received about four million dollars (in Indian rupees) in cash. The balance is to be delivered in the form of capital equipment and possibly some technical assistance. During the past year, the Soviet Union agreed to provide the equivalent of \$7.5 million in technical assistance and economic aid to Nepal and subsequently established an embassy. Some Soviet technicians have already arrived in Nepal.

The first Nepalese election was held during the past year. A constitutional, democratic government was chosen, pledged to rapid progress in both the political and economic fields. The new regime faces enormous obstacles which include a lack of democratic traditions, a lack of experience in public administration, and a lack of developmental capital.

U.S. assistance has been provided to strengthen Nepal's democratic orientation, increase its ties with the Free World, and counter bloc influence and activities in Nepal. Assistance is directed to support the Government in its attempt to improve its administrative and technical capabilities and to demonstrate to the people that democracy can produce tangible results on their behalf.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 1,395 ✓         | 1,411        |              |
| Cumulative 6/30/59                          | 6,935           | 5,796        | 1,139        |
| Estimate FY 1960                            | 1,500 ✓         | 1,600        |              |
| Cumulative 6/30/60                          | 8,435           | 7,396        | 1,039        |
| Estimate FY 1961                            | 1,700 ✓         | 1,800        |              |

Current Economic Situation and Problems

Nepal's economy is based on primitive agriculture. Its terrain is characterized by small, isolated valleys surrounded by high and rugged mountains. Accurate statistics on production, trade and government finances are not available. The population is estimated to be about nine million and is believed to be increasing at the rate of 1.5% to 2% per year. It is doubtful that food production is increasing sufficiently to maintain the present near-subsistence level. The government has the major problem of assuring a minimum standard of living while marshalling resources to carry out development efforts.

Major efforts will be required to change outmoded practices of land tenure and utilization. Improved agricultural practices, increased irrigation, agricultural credit and more efficient government services are needed to increase the level of agricultural production on which general economic improvement must be based. To make more land available for production, the new government is also endeavoring to abolish the system of hereditary tax-free lands, and to control the endemic malaria which has prevented use of some of the country's best land.

Economic development is also severely handicapped by difficulties of communication and transportation imposed by the terrain. There is practically no industry. Nepal must import manufactured consumer goods as well as capital goods. In exchange there is some export of agricultural products and timber resources to India. Imports, however, are mainly into Kathmandu, while exports are from the southern Terai area where Indian currency circulates as legal tender and is preferred to Nepali currency. The overriding problem, however, is the serious lack of trained manpower to plan and carry out economic development. The level of literacy is extremely low and there is a severe shortage of administrative and technical skills along with a dearth of immediately trainable personnel. Extensive improvement of government machinery to collect taxes and of government services to guide and stimulate development efforts will be required if goals of economic improvement are to be achieved.

Progress to Date

The event which has done the most to pave the way for progress was the successful popular nationwide election in 1959. It brought

the possibility of political stability which had previously been lacking and without which economic development could not proceed. The opening in 1957 of the first road for vehicle traffic into Kathmandu from India has opened the way for commercial traffic. Commercial aviation has been expanded to connect the main urban areas. A strong village development service has been established within the Government and has assisted the rural population in building schools, establishing health centers and improving agriculture. The expressed determination of the Government to establish an economic policy based on a balanced budget and a stable currency is also a sign of progress.

Assistance from Non-ICA Sources

The Government of India has offered Nepal \$21 million in rupees for development activities during the period 1956-1961. The major fields in which the Indians have been engaged have been road construction, hydro-electric power development, village development assistance, and construction of airfields. The United Nations is engaged in a small technical assistance program of about \$200,000 a year. The Ford Foundation is supporting a small industry training center.

The Chinese Communists have offered Nepal grant aid amounting to \$12.6 million, including a cash transfer of \$4.2 million of Indian currency, which has been received and spent. The composition of the remaining offer of \$8.4 million is still under negotiation with the Government of Nepal. The Soviet Union has made available a grant of 30 million rubles (\$7.5 million) for such projects as a 50-bed hospital, a cigarette plant, a sugar mill, a small hydro-power plant and a roads reconnaissance team. Soviet technicians are currently making surveys and will supervise the construction of these projects.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 4.1     | 2.5     | 2.7     |
| DLF - Loan Approvals . . . . .                  |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         | 0.2     |
| (Total Sales)                                   |         |         | (0.4)   |
| P.L. 480, Title II - Obligations . . . . .      | 3.5     |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 7.6     | 2.5     | XXXX    |
| 1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.       |         |         |         |

Country: NEPAL

## TECHNICAL COOPERATION

### Role and Objectives - Technical Cooperation

Nepal lacks technical and managerial skills, has an illiteracy rate estimated to be 97%, poor health and sanitation facilities, and limited natural resources which are largely untapped. The Technical Cooperation Programs have been directed toward:

- (a) Helping build technical, professional, and managerial skills through on-the-job training in Nepal and participant training both in the U.S. and in third countries.
- (b) Developing institutions to improve education, health and agricultural programs.
- (c) Helping Nepal mobilize its own resources to the maximum extent for economic development.

### Accomplishments - Technical Cooperation

U.S. Technical Assistance was a major factor in the successful completion of the 50 mile graded all-weather road into the Rapti Valley. Nepalese technicians are applying training received from U.S. advisers on this road project to the extensive regional roads project which involves more than 300 miles of road development.

The education project in Nepal has been most successful in achieving initial goals. Almost 500 primary schools have been established since this project was started in 1954, and more than 1,000 teachers have been trained. The goal is to have 2,200 primary schools established by 1964 and more than 400,000 children in school. The technical departments of the government are assuming greater responsibility in agricultural and village development projects. More effective leadership has been developed and greater delegations of authority are being given to local officials. During 1959, seven new community development areas were initiated, making a total of 19 areas opened since the program began in 1952.

Through the demonstration, on-the-job training and training abroad, substantial progress has been made toward raising the local health services in Nepal. A program started in the Rapti

Summary of Program \$ in thousands

| Function                        | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
|---------------------------------|------------------|--------------------|--------------------|
| Technical Cooperation . . . . . | 1,395            | 1,500              | 1,700              |

Valley in 1957 will eventually serve 40,000 people. Under this program, a health center has been established at Hitaura, staffed by a medical officer, a public health nurse, and a health specialist. Some 50 women are being trained as auxiliary health assistants, some of whom will work in the new 15-bed hospital-health center now under construction in Bharatpur.

### Composition of 1961 Technical Cooperation Program - \$1.7 Million

The FY 1961 Technical Cooperation Program will continue to be directed toward those areas of the Nepalese economy wherein the United States can give most effective assistance in helping the Nepalese improve their management and technical capabilities.

In agriculture, the U.S. will continue to provide technical advice in such fields as improvement of seeds and plants, soil surveys and livestock and poultry improvement.

The Regional Transportation Facilities project, which includes the construction of 300 miles of roads and trails, will continue to receive U.S. technical assistance. Technical advice is also being given to the Nepal airline, which recently received two aircraft from the U.S. plus some navigational aid equipment. Other technical services are being provided to the Ministry of Public Works and Communications which has over-all responsibility for such projects as the ropeway, suspension bridges, telecommunications, and highway development.

U.S. technical assistance will be continued in education, health, and public administration. Special attention will be given to assist Nepalese Government officials in improving budget and fiscal procedures.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 790                                 | 807                  | 846                 |
| Participants . . . . .                                      | 245                                 | 457                  | 471                 |
| Contractual Services . . . . .                              | 28                                  |                      |                     |
| Supplies and Equipment . . . . .                            | 103                                 | 25                   | 25                  |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       | 229                                 | 211                  | 358                 |
| Total Project Assistance . . . . .                          | 1,395                               | 1,500                | 1,700               |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 46                                  | 52                   | 53                  |
| Contract . . . . .  | 2                                   |                      |                     |
| Total Technicians . . . . .                                 | 48                                  | 52                   | 53                  |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      | 58                                  | 127                  | 127                 |
| Contract . . . . .  |                                     |                      |                     |
| Total Participants . . . . .                                | 58                                  | 127                  | 127                 |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 179                                 | 237                  | 249                 |
| Industry and Mining . . . . .                               | 165                                 | 202                  | 196                 |
| Transportation . . . . .                                    | 96                                  | 157                  | 180                 |
| Labor . . . . .   |                                     |                      |                     |
| Health and Sanitation . . . . .                             | 199                                 | 274                  | 256                 |
| Education . . . . .   | 156                                 | 174                  | 196                 |
| Public Administration . . . . .                             | 30                                  | 69                   | 72                  |
| Community Development, Social Welfare and Housing . . . . . | 110                                 | 86                   | 104                 |
| General and Miscellaneous . . . . .                         | 460                                 | 301                  | 447                 |
| Total by Field of Activity . . . . .                        | 1,395                               | 1,500                | 1,700               |

Country: NEPAL

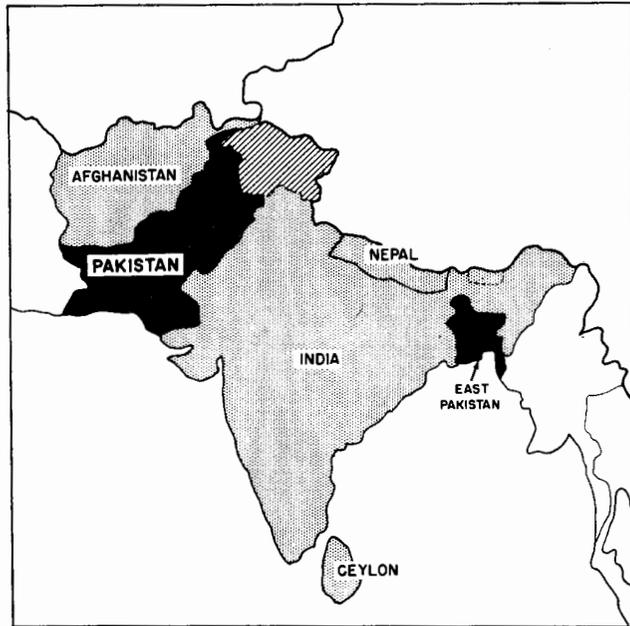
## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>                           | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |
|--|---|-------------------|--------------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart |
| <u>Agriculture, Forestry and Fisheries - Total</u>               |   |                   | 249          | 173              | 48                        |           |             | 28   |                                       |                         |
| Over-all Project   | C   |                   | 249          | 173              | 48                        |           |             | 28   |                                       |                         |
| <u>Industry and Mining - Total</u>                               |   |                   | 196          | 68               | 102                       |           |             | 26   |                                       |                         |
| Mineral Resources Development                                    | C   |                   | 15           |                  | 15                        |           |             |  |                                       |                         |
| Forest Resources Development                                     | C   |                   | 23           |                  | 23                        |           |             |  |                                       |                         |
| Industrial Development   | C   |                   | 158          | 68               | 64                        |           |             | 26   |                                       |                         |
| <u>Transportation - Total</u>                                    |   |                   | 180          | 153              | 7                         |           |             | 20   |                                       |                         |
| Regional Transportation Facilities                               | C   |                   | 114          | 103              |                           |           |             | 11   |                                       |                         |
| Aviation Development   | C   |                   | 32           | 20               | 7                         |           |             | 5  |                                       |                         |
| Engineering Services   | C   |                   | 34           | 30               |                           |           |             | 4  |                                       |                         |
| <u>Health and Sanitation - Total</u>                             |   |                   | 256          | 116              | 119                       |           |             | 21   |                                       |                         |
| Local Health Services  | C   |                   | 178          | 116              | 41                        |           |             | 21   |                                       |                         |
| Bir Hospital   | C   |                   | 78           |                  | 78                        |           |             |  |                                       |                         |
| <u>Education - Total</u>   |   |                   | 196          | 96               | 84                        |           |             | 16   |                                       |                         |
| Education Development  | C   |                   | 196          | 96               | 84                        |           |             | 16   |                                       |                         |
| <u>Public Administration - Total</u>                             |   |                   | 72           | 14               | 51                        |           | 5           | 2  |                                       |                         |
| Fiscal Administration  | C   |                   | 58           | 14               | 37                        |           | 5           | 2  |                                       |                         |
| Public Administration Training                                   | C   |                   | 14           |                  | 14                        |           |             |  |                                       |                         |
| <u>Community Development, Social Welfare and Housing - Total</u> |   |                   | 104          | 60               | 32                        |           |             | 12   |                                       |                         |
| Village Development  | C   |                   | 104          | 60               | 32                        |           |             | 12   |                                       |                         |
| <u>General and Miscellaneous - Total</u>                         |   |                   | 447          | 166              | 28                        |           | 20          | 233  |                                       |                         |
| Communications Media Development                                 | C   |                   | 94           | 26               | 28                        |           | 20          | 20   |                                       |                         |
| Technical Support  | C   |                   | 353          | 140              |                           |           |             | 213  |                                       |                         |
| <b>Total Technical Cooperation</b>                               |   |                   | <b>1,700</b> | <b>846</b>       | <b>471</b>                |           | <b>25</b>   | <b>358</b>   |                                       |                         |

# PAKISTAN - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 87.5 million    |              |
| Annual Growth.....                             | 1.6 percent     |              |
| Area.....                                      | 365,500 sq. mi. |              |
| Agricultural Land.....                         | 26% of area     |              |
| Agri. Land per Capita.....                     | 0.7 acres       |              |
| Literacy Rate.....                             | 15 percent      |              |
|  | <u>Pakistan</u> | <u>U. S.</u> |
| Life Expectancy (Years).....                   | 27              | 70           |
| Inhabitants per Physician...                   | 15,000          | 760          |
| Road Miles per 1,000 sq.mi..                   | 160             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 15              | 4,500        |

|   | Unit        | Calendar Years |        |        |                   |
|---|-------------|----------------|--------|--------|-------------------|
|   |             | 1956           | 1957   | 1958   | 1959 Est.         |
| <b>GROSS NATIONAL PRODUCT*</b>  |             |                |        |        |                   |
| Total GNP (In 1958 Prices).....   | \$ Millions | 5,700          | 5,685  | 5,710  | 5,850             |
| Per Capita GNP.....   | Dollars     | 68             | 67     | 66     | 67                |
| <b>PRODUCTION</b>   |             |                |        |        |                   |
| Agricul. Prod. Index <sup>a/</sup> .....                                | 1952-54=100 | 107            | 107    | 108    | 110               |
| Jute .....  | 1,000 MT    | 1,001          | 1,125  | 1,189  | 1,051             |
| Rice (rough) .....  | "           | 13,726         | 12,947 | 12,740 | 12,745            |
| Industrial Production .....   | 1953=100    | 182            | 193    | 215    | 235               |
| <b>FOREIGN TRADE</b>  |             |                |        |        |                   |
| Total Exports (f.o.b.).....   | \$ Millions | 340            | 358    | 302    | 310               |
| Jute (raw) .....  | "           | 158            | 164    | 176    | 140               |
| Cotton (raw) .....  | "           | 76             | 70     | 50     | 30                |
| Total Imports (c.i.f.).....   | "           | 417            | 440    | 396    | 350 <sup>c/</sup> |
| Trade Balance.....  | "           | -77            | -82    | -94    | -40               |
| <b>Trade with United States (U.S. Data)</b>                             |             |                |        |        |                   |
| Exports to U. S. (f.o.b.).....  | \$ Millions | 37             | 40     | 27     | 35                |
| Imports from U. S. (f.o.b.).....  | "           | 140            | 115    | 112    | 90                |
| Trade Balance.....  | "           | -103           | -75    | -85    | -55               |
| <b>GOLD &amp; FOREIGN EXCHANGE HOLDINGS <sup>d/</sup> (end of year)</b> |             |                |        |        |                   |
|   | "           | 271            | 189    | 156    | 190 (Nov)         |
| <b>COST OF LIVING INDEX..... 1953=100</b>                               |             |                |        |        |                   |
|   |             | 97             | 106    | 110    | 106               |

|   |  | - Million Dollar Equivalents - |                    |               |
|---|--|--------------------------------|--------------------|---------------|
|   |  | 1958 <sup>e/</sup>             | 1959 <sup>f/</sup> | 1960 (Budget) |
| <b>CENTRAL GOVERNMENT FINANCES* FY ending June 30</b> |  |                                |                    |               |
| Domestic Revenues.....                                |  | 367                            | 488                | 411           |
| Total Expenditures.....                               |  | 693                            | 819                | 722           |
| Deficit(-) or Surplus Before All Foreign Aid....      |  | -326                           | -331               | -311          |
| Budget Receipts from Non-U.S. Foreign Aid.....        |  | 11                             | 40                 | 48            |
| Budget Receipts from U.S. Aid & PL 480.....           |  | 63                             | 168                | 182           |
| Remaining Deficit(-) or Surplus(+)                    |  | -252                           | -123               | -81           |
| <b>DEFENSE EXPENDITURES - TOTAL.....</b>              |  |                                |                    |               |
| U.S.-Financed (excl. M.A.P. end-items)...             |  | 187<br>(21)                    | 273<br>(35)        | 223<br>(25)   |
| Defense Expend. as % of Total Gov't Expend...         |  | 27.0%                          | 33.3%              | 30.9%         |
| Defense Expenditures as % of GNP .....                |  | 3.4%                           | 3.8%               | 3.6%          |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL .....</b>   |  |                                |                    |               |
| U.S.-Financed.....                                    |  | 506<br>(42)                    | 546<br>(133)       | 499<br>(157)  |

n.a. - Not available. \* / Converted at 4.762 rupees per U.S. \$. <sup>a/</sup> Crop year beginning in year stated. <sup>b/</sup> Available trade data appear to understate imports. <sup>c/</sup> Reflects temporary partial suspension of import licensing. <sup>d/</sup> Excludes "other claims on India." <sup>e/</sup> FY ending March 31. <sup>f/</sup> 15 months data reflecting revised estimates.

Country: PAKISTAN

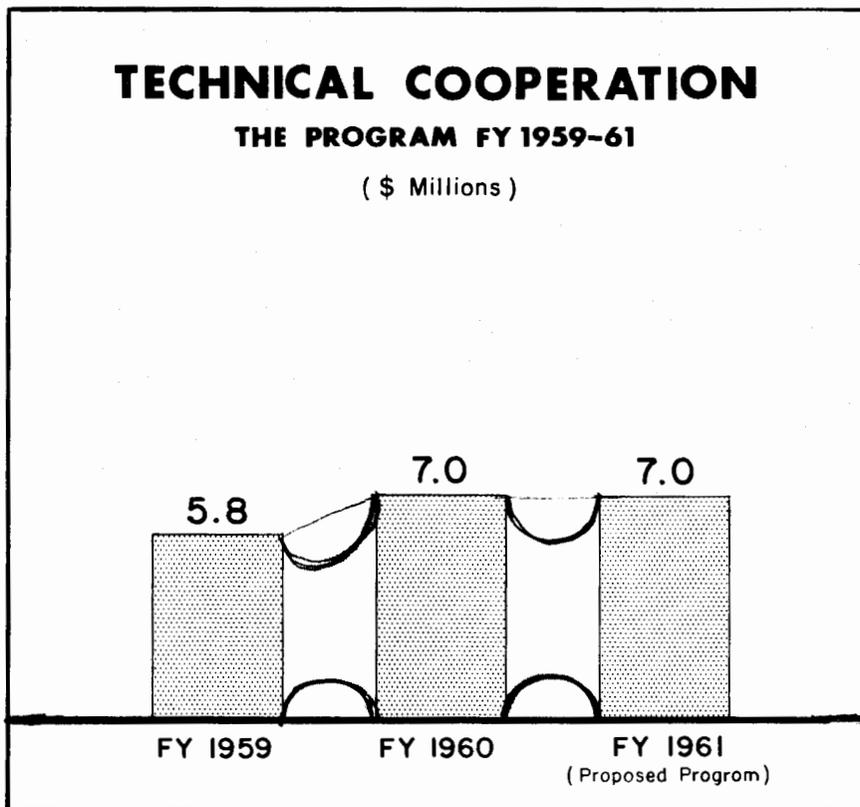
**MUTUAL SECURITY PROGRAM**

As a member of both CENTO and SEATO, Pakistan forms the link in the chain of Middle East-Asian collective security arrangements against Communist aggression. It is in the U.S. interest to ensure Pakistan's independence and staunch support as an ally; and to strengthen U.S. security by enhancing Pakistan's military and economic strength. The Mutual Security Program advances our interests by contributing to achievement of economic development, defensive military strength and political stability in Pakistan, and by assuring for us the continuing cooperation and support of its controlling group.

The principal immediate problems of Pakistan are economic. Substantial amounts of external assistance are required for Pakistan to maintain even the present low levels of consumption, to support the defense establishment and at the same time to produce capital required for economic development. The productive base of the economy must be expanded considerably if Pakistan is to attain politically acceptable consumption levels and eventually to achieve self-sustaining economic growth.

In 1959 under President Ayub Khan the revolutionary regime in Pakistan consolidated its internal position, enhanced its popularity and made considerable progress in its program of reform. Inflation is being checked, a campaign against corruption launched, government operations scrutinized to effect restrictions in expenditure, and fiscal management improved. An export incentive scheme and more effective restriction of imports have helped reduce a seriously adverse balance of payments. Large landholdings in West Pakistan are being redistributed among landless peasants, and incentives to agricultural production are being adopted.

Pakistan continues to give strong support to regional collective security through active participation in CENTO and SEATO. Important advances were also made during the past year toward reducing tensions in the South Asian area. India and Pakistan have made marked progress during the year towards solving some of their most pressing disputes, particularly the question of the division of the Indus Waters. Pakistan has voiced its apprehension over mounting Sino-Soviet pressures on South Asia and its firm determination to resist such pressures.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 5,783           | 7,440        |              |
| Cumulative 6/30/59                          | 37,570          | 27,790       | 9,780        |
| Estimate FY 1960                            | 7,050           | 6,500        |              |
| Cumulative 6/30/60                          | 44,620 ✓        | 34,290       | 10,330       |
| Estimate FY 1961                            | 7,000           | 6,800        |              |

Current Economic Situation and Problems

In addition to the formidable array of problems which confront all underdeveloped countries, Pakistan is a nation geographically split into two widely separated wings. Its economic problems include the gap between food production and the requirements of an increasing population; an unfavorable balance of payments position; the need for fiscal and monetary policies adequate to mobilize domestic resources for military and economic development efforts; and the need to generate a rate of economic growth sufficient to raise standards of living beyond present subsistence levels.

Since 1947 food production has been relatively static, while the population has risen 20% to 87.5 million. Even to maintain a subsistence diet it has been necessary to spend foreign exchange for food imports in addition to large quantities supplied under P.L. 480.

Since the end of the Korean war, the country has faced a continuous foreign exchange problem. In the 30 months preceding the advent of the Ayub regime in late 1958, Pakistan's exchange reserves fell 40%. Since then there has been some recovery. However, the balance of payments problem remains unresolved; cotton exports have fallen, jute exports have remained stationary, and there are limited prospects for future improvement in earnings from these principal exports.

Population growth will be accompanied by an increase in non-development budgetary requirements. Further, the Second Five Year Plan calls for increased development expenditures. If inflationary financing is to be avoided, Pakistan must mobilize internal resources through non-inflationary borrowing, new and higher taxation and more efficient tax administration. The Second Five Year Plan poses an investment target of \$3,990 million (\$2,415 million is to be spent in the public sector and \$1,575 million in the private sector), designed to increase the Gross National Product by 20% and the per capita income by 10% by the end of the Plan period. Major Plan objectives are to achieve self-sufficiency in food grains and to increase production of large-scale industry by 50% and of small-scale industry by 15%.

Progress to Date

The rate of economic growth in Pakistan since independence has been only roughly sufficient to match the rate of population growth. However, measures taken during the past year by the new Government hold considerable promise of providing sustained economic improvement. These measures include the initiation of a land reform and a refugee housing program, steps to eliminate the black market, and the development of stricter fiscal controls and policies

including restrictions on the system of foreign exchange allocations and forced reporting of incomes and declaration of foreign exchange assets held abroad. An export incentive scheme has contributed somewhat to redressing the unfavorable balance of payments position. The present budget eliminates the previous practice of inflationary financing. Taxes designed to discourage consumption have been increased while a system of tax concessions to encourage private investment, both domestic and foreign, has been adopted. Aided by U.S.-financed commodity imports and P.L. 480 foodstuffs, the Government managed to stem inflationary pressures and during 1959 has kept the cost of living near the level of the previous year.

Assistance from Non-ICA Sources

DLF loans approved through December 1959, mainly for development projects in power, transportation and land reclamation, now total \$133.8 million. IBRD loans granted since 1952, mainly for railroad development and public utilities, total \$151.4 million. Since its inception the Colombo Plan countries have provided substantial aid for agriculture and power development, wheat supplies, a cement plant and technical assistance. The United Kingdom has provided \$56 million in Export Guarantee Loans. Sales of surplus agricultural commodities under P.L. 480, which have averaged about \$75 million a year for the past three years, have been a major element of external assistance. Technical assistance has been given by the United Nations, the Ford Foundation and Commonwealth countries.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |                    |
|---|---------|---------|--------------------|
|   | FY 1958 | FY 1959 | FY 1960            |
| ICA - obligations . . . . .                     | 55.6    | 100.8   | 87.1               |
| DLF - Loan Approvals . . . . .                  | 38.6    | 63.2    | 32.0 <sup>1/</sup> |
| P.L. 480, Title I - Country Use . . . . .       | 35.8    | 49.1    | 94.7               |
| (Total Sales)                                   | (65.4)  | (85.9)  | (122.0)            |
| P.L. 480, Title II - Obligations . . . . .      | 8.0     |         | 2/                 |
| P.L. 480, Title III - Obligations . . . . .     | 1.9     | 0.6     | 0.52/              |
| EX-IM Bank - Long-term Loans Approved . . . . . | 3.3     |         | 2/                 |
| TOTAL . . . . .                                 | 143.2   | 213.7   | XXX                |

<sup>1/</sup>Actual 1st 7 mos. <sup>2/</sup>Actual 1st 6 mos.

Country: PAKISTAN

## TECHNICAL COOPERATION

### Role of Technical Cooperation

A shortage of technically trained personnel and institutions for technical training is a main factor impeding economic development in Pakistan. The aim of U.S. assistance is to help overcome this shortage as it applies to both the public and private sectors.

Increasing emphasis is being laid on projects designed to build up institutions for technical training and projects which provide direct on-the-job guidance.

Engineering and other studies needed for proper planning of development programs are included among technical cooperation projects.

### Objectives - Technical Cooperation

Program objectives cover a wide variety of fields. In agriculture the aim is to assist Pakistan in its effort to move toward the long-run goal of self sufficiency in food production by improving the effectiveness of agricultural colleges and extension services; by demonstrating the use of improved seeds, fertilizers and pesticides; by introducing modern soil conservation and irrigation techniques; by making livestock more productive through importing new breeds and by teaching proper feeding, disease and parasite control practices; by developing the fishing industry through the mechanization of fishing boats and the provision of marketing facilities and by providing advisory services in agricultural engineering to develop new and more effective indigenous equipment and to insure proper utilization of imported machinery.

In the fields of industry and mining the objective is to accelerate industrial development by providing consulting services to industries; to give on-the-job training to Pakistanis, demonstrating new processes and techniques, establishing technical libraries and assisting in the development of new products and processing methods. Assistance has been given in the organization of a Geological Survey to determine development possibilities of known mineral and fuel resources. Private enterprise, as well as public services, benefits from this technical help.

In the fields of health, education and public administration the goals are to build up permanent local institutions which will supply the skilled personnel necessary for improved services. The Village Aid program is intended to assist the rural population to organize for democratic community action to improve local public works, agriculture, health, educational and welfare activities.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 5,783            | 7,050              | 7,000              |

### Accomplishments - Technical Cooperation

Technical Cooperation projects have made an important contribution to the development of Pakistan. Improvements that have been made will help to make future technical assistance projects more consistently successful. The following are some selected accomplishments which represent a lasting contribution to Pakistan's economic progress.

Educational facilities at Pakistani universities have been improved with the assistance of advisory services provided by American universities under ICA contracts. Curricula have been revised, library and laboratory facilities expanded, textbooks published and new departments of home economics and social sciences established. One of the important, although less tangible, achievements of the college exchange project has been the stimulation of interest in careers in agriculture and other technical fields in which Pakistan lacks skilled personnel. The development of home economics programs has lent impetus to education for women. Commercial education under this project has been outstandingly effective. Modern teaching aids and equipment are being used advantageously and in-service courses in industrial and cost accounting have been sponsored.

Facilities for medical education have been expanded, through U.S. assistance. The first class of the Basic Medical Science Institute, whose curriculum was prepared with the assistance of American university personnel, will graduate in mid-1961. At the Postgraduate College of Nursing, U.S. Public Health nurses are helping to up-grade courses for teachers of nursing and for hospital administration personnel. Twenty-eight graduates of these improved courses are now engaged in teaching and administrative positions throughout the country.

The East Pakistan Department of Agriculture is now placing more emphasis on agricultural extension services. Similar improvements are anticipated for West Pakistan. The use of chemical fertilizer has increased from 10,000 tons in 1950 to 100,000 tons in 1959. Part of this was produced in a Pakistan plant which received advisory services under a Technical Cooperation project, but which is now being operated by Pakistani engineers exclusively. Food production has also been augmented by assistance to the fishing industry.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 2,846                               | 2,574                | 2,657               |
| Participants . . . . .                                      | 640                                 | 496                  | 486                 |
| Contractual Services . . . . .                              | 2,054                               | 3,480                | 3,357               |
| Supplies and Equipment . . . . .                            | 243                                 | 500                  | 500                 |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       |                                     |                      |                     |
| <b>Total Project Assistance . . . . .</b>                   | <b>5,783</b>                        | <b>7,050</b>         | <b>7,000</b>        |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 142                                 | 140                  | 142                 |
| Contract . . . . .  | 200                                 | 183                  | 157                 |
| <b>Total Technicians . . . . .</b>                          | <b>342</b>                          | <b>323</b>           | <b>299</b>          |
| Participants (Programmed during year) . . . . .             |                                     |                      |                     |
| Non-Contract . . . . .                                      | 157                                 | 83                   | 108                 |
| Contract . . . . .  | 77                                  | 94                   | 145                 |
| <b>Total Participants . . . . .</b>                         | <b>234</b>                          | <b>177</b>           | <b>253</b>          |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 1,112                               | 686                  | 690                 |
| Industry and Mining . . . . .                               | 408                                 | 672                  | 979                 |
| Transportation . . . . .                                    | 1,349                               | 406                  | 339                 |
| Labor . . . . .   | 82                                  | 51                   | 44                  |
| Health and Sanitation . . . . .                             | 277                                 | 629                  | 662                 |
| Education . . . . .   | 278                                 | 1,559                | 1,577               |
| Public Administration . . . . .                             | 761                                 | 1,274                | 894                 |
| Community Development, Social Welfare and Housing . . . . . | 441                                 | 306                  | 261                 |
| General and Miscellaneous . . . . .                         | 1,075                               | 1,467                | 1,554               |
| <b>Total by Field of Activity . . . . .</b>                 | <b>5,783</b>                        | <b>7,050</b>         | <b>7,000</b>        |

Under a contract with Pan American World Airways, U.S. technicians trained personnel in airline management and operations so that Pakistan International Airlines was able to double passenger traffic in three years.

A laboratory for the producing and processing of high quality motion picture film, now operated efficiently by Pakistanis trained by American advisors, is an important asset in providing audio-visual education to a rural population with a large percentage of illiteracy.

Composition of FY 1961 Technical Cooperation Program - \$7,000,000

Approximately 23% of the 1961 Technical Cooperation program will be in the field of education. In accordance with the emphasis being placed on the development of local educational institutions, the major portion of the program in this field will be a continuation of the contracts with American universities for assistance to Pakistani institutions. This expansion of local educational facilities will make it possible to reduce gradually the number of participants sent to the United States and other countries for training.

About 22% of the 1961 funds will be allotted to health and public administration. A significant portion of these funds will also be used to improve educational facilities in these fields.

To provide continued assistance in achieving the long term goal of self-sufficiency in food production, approximately 10% of the FY 1961 program will finance U.S. agricultural specialists in the fields of agronomy, livestock, irrigation, forestry, fisheries and agricultural engineering.

Nearly 20% of the program will be allotted to increasing industrial production and improving transportation. Advisory services, benefiting both public services and private enterprise, will be supplied by private U.S. engineering firms, the U.S. Geological Survey and the U.S. Federal Aviation Agency. The introduction of jet aircraft has created new airport and traffic control demands and the assistance of U.S. FAA technicians is particularly vital in order to bring Pakistan's civil aviation ground facilities up to ICAO standards.

The remaining 25% of the program will cover Village Aid and technicians, facilities, supplies and services which are required in support of the Technical Cooperation Program as a whole, but which cannot be specifically assigned to any particular project.

Country: PAKISTAN

## TECHNICAL COOPERATION

TABLE E-IV

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                           |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|---------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart . | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 690   | 668              | 22                        |           |             |  |                                       |                           |                              |
| Agricultural Improvement Services                  | C   |                   | 396   | 396              |                           |           |             |  |                                       |                           |                              |
| Soil & Water Conservation                          | C   |                   | 39    | 39               |                           |           |             |  |                                       |                           |                              |
| West Pakistan Groundwater Survey                   | C   |                   | 137   | 115              | 22                        |           |             |  |                                       |                           |                              |
| East Pakistan Forest Research Laboratory           | C   |                   | 23    | 23               |                           |           |             |  |                                       |                           |                              |
| Fisheries Development                              | C   |                   | 28    | 28               |                           |           |             |  |                                       |                           |                              |
| Agricultural Workshops                             | C   |                   | 67    | 67               |                           |           |             |  |                                       |                           |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 979   | 195              | 40                        | 744       |             |  |                                       |                           |                              |
| Geological Survey                                  | C   |                   | 202   | 192              | 10                        |           |             |  |                                       |                           |                              |
| Industrial Technical Assistance Center             | C   |                   | 533   | 3                | 30                        | 500       |             |  |                                       |                           |                              |
| Engineering Services for Projects                  | C   |                   | 244   |                  |                           | 244       |             |  |                                       |                           |                              |
| <u>Transportation - Total</u>                      |   |                   | 339   | 241              | 48                        | 50        |             |  |                                       |                           |                              |
| Aviation Ground Facilities                         | C   |                   | 198   | 150              | 48                        |           |             |  |                                       |                           |                              |
| Civil Air Transport                                | C   |                   | 50    |                  |                           | 50        |             |  |                                       |                           |                              |
| East Pakistan Transit Survey                       | C   |                   | 91    | 91               |                           |           |             |  |                                       |                           |                              |
| <u>Labor - Total</u>                               |   |                   | 44    | 12               | 32                        |           |             |  |                                       |                           |                              |
| Labor Relations Training                           | C   |                   | 44    | 12               | 32                        |           |             |  |                                       |                           |                              |
| <u>Health and Sanitation - Total</u>               |   |                   | 662   | 206              | 105                       | 351       |             |  |                                       |                           |                              |
| Postgraduate College of Nursing                    | C   |                   | 56    | 46               | 10                        |           |             |  |                                       |                           |                              |
| Basic Medical Science Institute                    | C   |                   | 351   |                  |                           | 351       |             |  |                                       |                           |                              |
| General PH Advisory Services                       | C   |                   | 255   | 160              | 95                        |           |             |  |                                       |                           |                              |
| <u>Education - Total</u>                           |   |                   | 1,577 |                  | 9                         | 1,568     |             |  |                                       |                           |                              |
| Intercollege Exchange                              | C   |                   | 1,018 |                  |                           | 1,018     |             |  |                                       |                           |                              |
| Teacher Training Institutes                        | C   |                   | 550   |                  |                           | 550       |             |  |                                       |                           |                              |
| Senior Educational Leaders Training                | C   |                   | 9     |                  | 9                         |           |             |  |                                       |                           |                              |

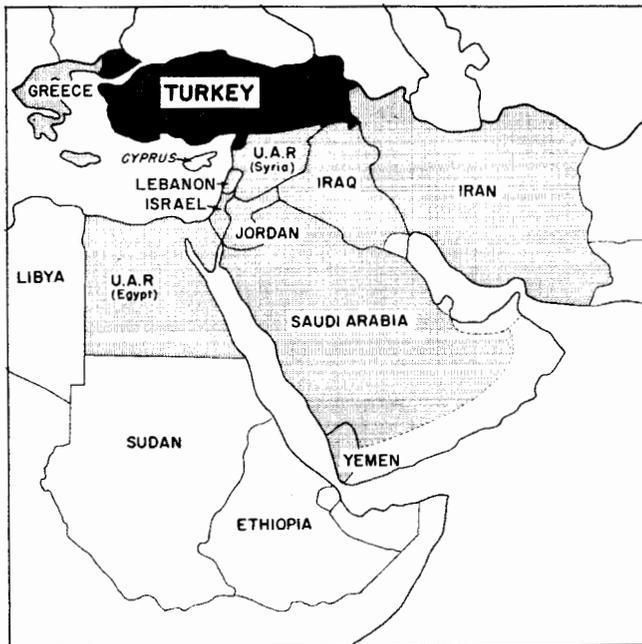
PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION (Continued)</u>               | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |              |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|--------------|------------------|---------------------------|--------------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts    | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Public Administration - Total</u>                             |   |                   | 894          | 161              | 39                        | 644          | 50          |  |                                       |                         |                              |
| Public Safety  | C   |                   | 163          | 96               | 17                        |              | 50          |  |                                       |                         |                              |
| Public & Business Administration, Institute of                   | C   |                   | 301          |                  |                           | 301          |             |  |                                       |                         |                              |
| Superior Civil Services of Pakistan                              | C   |                   | 343          |                  |                           | 343          |             |  |                                       |                         |                              |
| Development of Statistical Services                              | C   |                   | 87           | 65               | 22                        |              |             |  |                                       |                         |                              |
| <u>Community Development, Social Welfare and Housing - Total</u> |   |                   | 261          | 178              | 83                        |              |             |  |                                       |                         |                              |
| Village Aid  | C   |                   | 261          | 178              | 83                        |              |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>                         |   |                   | 1,554        | 996              | 108                       |              | 450         |  |                                       |                         |                              |
| Atomic Energy Research and Development                           | C   |                   | 208          |                  | 108                       |              | 100         |  |                                       |                         |                              |
| General Technical Support  | C   |                   | 1,346        | 996              |                           |              | 350         |  |                                       |                         |                              |
| <b>Total Technical Cooperation</b>                               |   |                   | <b>7,000</b> | <b>2,657</b>     | <b>486</b>                | <b>3,357</b> | <b>500</b>  |  |                                       |                         |                              |

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 230

# TURKEY - GENERAL ECONOMIC DATA



## BASIC DATA

|  |                 |              |
|--|-----------------|--------------|
| Population.....                                | 26.7 million    |              |
| Annual Growth.....                             | 2.9 percent     |              |
| Area.....                                      | 296,000 sq. mi. |              |
| Agricultural Land.....                         | 70% of area     |              |
| Agri. Land per Capita.....                     | 5.0 acres       |              |
| Literacy Rate.....                             | 40 percent      |              |
|  | <u>Turkey</u>   | <u>U. S.</u> |
| Life Expectancy (Years).....                   | n.a.            | 70           |
| Inhabitants per Physician...                   | 3,700           | 760          |
| Road Miles per 1,000 sq.mi..                   | 105             | 870          |
| Electric Power per Capita...<br>(KWH per Year) | 90              | 4,500        |

Calendar Years

|  | Unit        | 1956  | 1957  | 1958  | 1959 Est. |
|--|-------------|-------|-------|-------|-----------|
| <b>GROSS NATIONAL PRODUCT*</b>                 |             |       |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 3,770 | 3,860 | 3,910 | 3,950     |
| Per Capita GNP.....                            | Dollars     | 152   | 151   | 151   | 148       |
| <b>PRODUCTION</b>                              |             |       |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 109   | 110   | 110   | 109       |
| Wheat .....                                    | 1,000 MT    | 5,800 | 6,800 | 6,500 | 6,100     |
| Tobacco .....                                  | "           | 115   | 120   | 104   | 127       |
| Electric power .....                           | Mill. KWH   | 1,819 | 2,060 | 2,300 | 2,300     |
| <b>FOREIGN TRADE</b>                           |             |       |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions | 305   | 345   | 247   | 330       |
| Tobacco .....                                  | "           | 93    | 140   | 100   | 100       |
| Hazelnuts .....                                | "           | 30    | 44    | 28    | 40        |
| Total Imports (c.i.f).....                     | "           | 407   | 397   | 315   | 420       |
| Trade Balance.....                             | "           | -102  | -52   | -68   | -90       |
| Trade with United States (U.S. Data)           |             |       |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 68    | 92    | 56    | 70        |
| Imports from U. S. (f.o.b).....                | "           | 116   | 139   | 127   | 127       |
| Trade Balance.....                             | "           | -48   | -47   | -71   | -57       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 230   | 315   | 297   | 265(Oct)  |
| COST OF LIVING INDEX .....                     | 1953=100    | 136   | 152   | 172   | 215       |

- Million Dollar Equivalents -

| CENTRAL GOVERNMENT FINANCES*                        | FY ending Feb. 28 | 1958  | 1959(Rev Bud)     | 1960(Bud)         |
|---|-------------------|-------|-------------------|-------------------|
| Domestic Revenues.....                              |                   | 435   | 517               | 692               |
| Total Expenditures.....                             |                   | 466   | 541               | 732               |
| Deficit(-) or Surplus Before All Foreign Aid....    |                   | -31   | -24               | -40               |
| Budget Receipts from Non-U.S. Foreign Aid.....      |                   | 4     | -                 | -                 |
| Budget Receipts from U.S. Aid & PL 480.....         |                   | 24    | 44                | 70                |
| Remaining Deficit(-) or Surplus(+)                  |                   | -3    | +20 <sup>b/</sup> | +30 <sup>b/</sup> |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |                   | 145   | 171               | 216               |
| U.S.-Financed (excl. M.A.P. end-items)..            |                   | (16)  | (44)              | (70)              |
| Defense Expend. as % of Total Gov't Expend,...      |                   | 31.1% | 31.6%             | 29.5%             |
| Defense Expenditures as % of GNP .....              |                   | 4.2%  | 4.4%              | 4.5%              |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |                   | 321   | 370               | 516               |
| U.S.-Financed.....                                  |                   | (8)   | -                 | -                 |

n.a. - Not available. \* / Converted at 9 Turkish Lira per U. S. \$.

a/ Crop year beginning in year stated. b/ To be used for retirement of foreign and domestic debt in connection with the stabilization program.

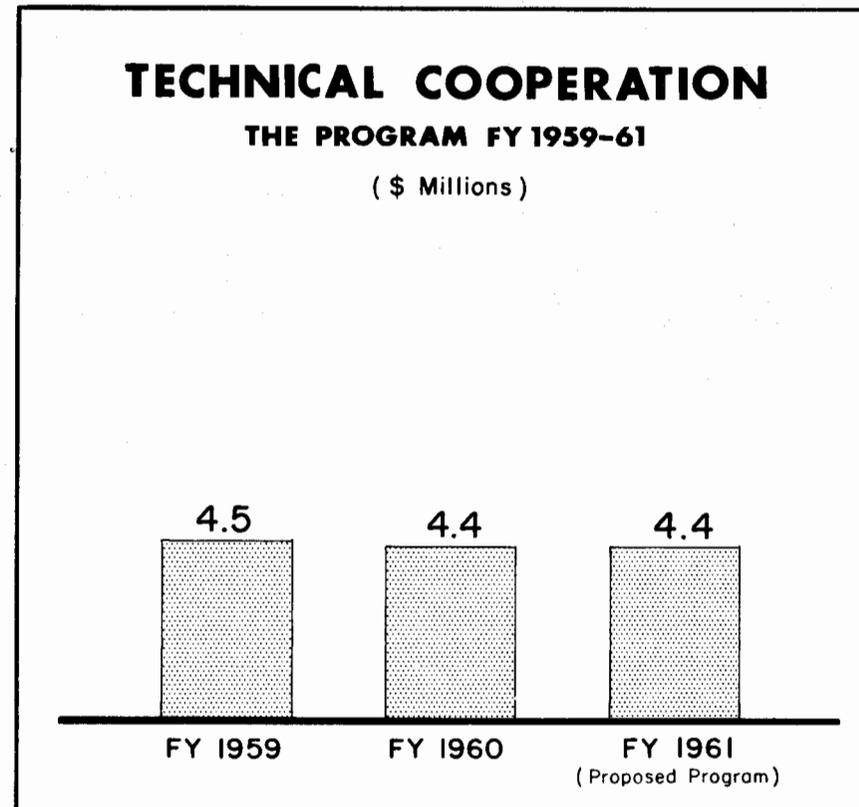
Country: TURKEY

MUTUAL SECURITY PROGRAM

Turkey provides the geographic and political link between NATO and CENTO in the western collective security pattern. As a member of both organizations, Turkey completes this defensive shield which protects two vital areas. Through Mutual Security arrangements, Turkey also makes available to the United States military facilities vital to U.S. security objectives.

In an area of the world where political disruptions are common, Turkey remains strong, stable and vigorous, maintaining close ties with the U.S., and taking a leading Free World role in the U.N. and other international forums. In external political affairs, there are no major differences between Turkey's two principal political parties; both the government and the opposition continue to regard Turkey's membership in NATO and CENTO, and especially its close ties with the U.S., as keystones of the country's foreign policy.

Prior to 1958, Turkey's economic condition had deteriorated to a dangerous degree. The stabilization program, undertaken in the summer of 1958, has shown reasonable signs of success. Assuming continued and effective Turkish efforts to maintain this stability, it should be possible for U.S. assistance to help create a stable economic base on which Turkey can pursue its further development while maintaining strong military forces. Further economic development should make it possible for Turkey to obtain and utilize productively capital from private and international lending sources so as to reduce dependence on grant foreign assistance for its ordinary continuing requirements.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 4,500 ✓         | 4,059        |              |
| Cumulative 6/30/59                          | 24,518          | 19,143       | 5,375        |
| Estimate FY 1960                            | 4,400 ✓         | 4,575        |              |
| Cumulative 6/30/60                          | 28,918          | 23,718       | 5,200        |
| Estimate FY 1961                            | 4,400 ✓         | 4,500        |              |

Current Economic Situation and Problems

The Turkish economy has been strained by the government's efforts to combine rapid economic development with a heavy military establishment. During the last year, the Turkish Government introduced a program of financial stabilization whose purposes were to correct the imbalance between internal and external prices, to bring inflation under control, and to restore normal market patterns. The successful implementation of these reforms will lay the groundwork for a more effective utilization of available resources.

In spite of spectacular growth in industrial output since 1950, Turkey remains predominantly agricultural. Agricultural activities produce 40% of national income, employ 75% of the labor force, and account for 85% of export earnings. The industrial sector produces 13% of the national income and employs 6% of the labor force. Minerals, the most significant industrial export, normally represent about 10% of exports.

With an annual population increase of almost 3%, Turkey must maintain a substantial rate of growth if living standards are to rise. This achievement will require the government to take steps to (a) maintain a stable economic atmosphere which will encourage extension of foreign investment credits to Turkey; (b) improve the governmental machinery for coordinated direction of resources to the most productive agricultural and industrial purposes and (c) to use human resources more effectively.

In agriculture, there is need for better utilization of land resources, diversification of products, increased productivity through modern techniques, and improved marketability of farm products. Basic steps toward industrial expansion, such as the development of roads and energy, have already been taken. Impediments to desired rates of growth include limited managerial and technical capacity, inadequate basic education, and inefficient public administration.

Progress to Date

Despite a set-back between 1955 and 1958, when inflationary fiscal policies reduced the availability of imports and capital goods, Turkey's physical plant has improved substantially since the initiation of U.S. assistance in 1948. Between 1948 and 1958, for example, production of cement had increased about 340%, electric power 240%, cotton yarn 83%, and chrome ore 220% (in 1957).

In 1958, the government initiated a stabilization program, under which the exchange system was unified, domestic credit restricted to a considerable extent and progress made toward balancing the National Budget as well as the operational budgets of the State Enterprises. As a result, the confidence of the international and local business community is being restored; after initial adjustments the rise of prices is abating, and the increased flow of imports made possible by substantial foreign credits has brought some industrial expansion. In 1959 exports rose more than \$80 million, or one-third above the level of 1958. The initial improvements expected from the stabilization program have thus been accomplished.

Assistance from Non-ICA Sources

Turkey's stabilization program was made possible by \$125 million in loans from European countries, the IMF and the European Monetary Agency, in addition to \$37.5 million from DLF and \$37.5 million from the Ex-Im Bank. Foreign lenders and international organizations should be interested in making additional capital available to Turkey in FY 1961 provided the government adheres to its stabilization objectives. DLF and Export-Import Bank loans for development projects are expected to play an important part, along with private capital, in the expansion of Turkish productive facilities.

The U.N. and its specialized agencies have provided about \$500,000 annually in technical assistance.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                     | 74.5    | 104.5   | 84.4    |
| DLF - Loan Approvals . . . . .                  | 10.0    | 37.5    | 1/      |
| P.L. 480, Title I - Country Use . . . . .       | 21.8 3/ | 17.0    | 17.5    |
| (Total Sales)                                   | (52.0)  | (34.7)  | (35.0)  |
| P.L. 480, Title II - Obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 0.5     | 0.6     | 0.8     |
| EX-IM Bank - Long-term Loans Approved . . . . . |         | 37.5    | 2/      |
| TOTAL . . . . .                                 | 106.8   | 197.1   | xxx     |

1/ Actual 1st 7 mos. 2/ Actual 1st 6 mos.

3/ Includes \$1.1 from Triangular Trade.

Country: TURKEY

## TECHNICAL COOPERATION

### Role of Program - Technical Cooperation

The Technical Cooperation Program in Turkey is designed to improve the utilization of human, natural and industrial resources as a means of contributing to political stability and economic growth. One of Turkey's most critical needs is for a better trained labor force. Deficiencies in education prevent the people from making a maximum contribution to economic development efforts. Shortage of trained and skilled manpower, and the scarcity of managerial and executive talent have a detrimental effect on every phase of the economy. Technical Cooperation projects in agriculture and industry are helping to accelerate productivity and total production. These must be increased to support the growing population and to permit more exports to improve Turkey's long-range balance of payments position.

### Objectives - Technical Cooperation

Objectives of the Technical Cooperation Program are to help Turkey:

- (a) To reduce the high rate of illiteracy, to develop vocational skills, and through provision of teacher training to improve the over-all education system.
- (b) To increase agricultural production by research and its application, improvement of credit and marketing facilities (with especial emphasis on products for export), and by bringing about better utilization of land and water resources.
- (c) To increase industrial production and efficiency through training facilities and in-service training in management and manufacturing processes, to increase efficiency in mining, to improve export marketing techniques, and to foster better industrial relations.
- (d) To improve public administration through development of skilled executive, managerial and administrative personnel.
- (e) To improve transportation facilities, with especial concentration on port facilities and the merchant marine, which contribute to the stepped-up export program.

### Accomplishments - Technical Cooperation

Over 700 Turks have been given agricultural training in the U.S. Application of improved techniques has contributed to a doubling of agricultural production since 1950. Marketable forest products have almost doubled in the past four years. A water resources

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 4,500            | 4,400              | 4,400              |

development program is underway and administration of the State Hydraulic Works Agency has been revised and improved.

Projects for the building and maintenance of highways have been completed and considerable progress has been made in the development of civil aviation. ICA has assisted in the development of the electric power generating system, improved coal mining, and the preparation of manuals for preventive maintenance of equipment. An industrial on-the-job training system is being established.

Education for public service with courses in public administration, accounting, statistics, etc., has been begun by the University of Ankara. In addition, 80 persons are receiving training in various aspects of public administration in the United States. A country-wide police communications network is 60% completed, and establishment of two crime laboratories and modern police training facilities are under way.

Projects in education have helped to reduce illiteracy, train teachers, and upgrade productive and administrative skills. Administrative guidance, textbooks, and teaching manuals have been provided through the Armed Forces Literacy Training project. Over 250 teachers in various fields have been given specialized training. Textbooks and other teachers materials have been prepared and are in use in automotive maintenance training, electricity and electronics training, and business education. The organization and administration of the Turkish school system above the primary level remain inadequate, and real progress will take considerable time.

### Composition of FY 1961 Technical Cooperation Program - \$4,400,000

The proposed program in agriculture is primarily a continuation of existing projects, although emphasis will shift away from livestock, poultry and meat packing as projects are completed, and new projects are started for research in agricultural economic planning, and credit and marketing facilities. Other projects will consist of extension work; training of leading farmers; and forestry, irrigation and conservation demonstration.

In industry attention will be focused on improved production processes and quality control in order to increase exports, and there

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       | 1,371                               | 1,524                | 1,676               |
| Participants . . . . .                                      | 1,004                               | 885                  | 964                 |
| Contractual Services . . . . .                              | 1,610                               | 1,408                | 1,478               |
| Supplies and Equipment . . . . .                            | 477                                 | 563                  | 262                 |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       | 38                                  | 20                   | 20                  |
| <b>Total Project Assistance . . . . .</b>                   | <b>4,500</b>                        | <b>4,400</b>         | <b>4,400</b>        |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 109                                 | 127                  | 141                 |
| Contract . . . . .  | 60                                  | 65                   | 63                  |
| <b>Total Technicians . . . . .</b>                          | <b>169</b>                          | <b>192</b>           | <b>204</b>          |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      | 234                                 | 206                  | 206                 |
| Contract . . . . .  | 38                                  | 30                   | 38                  |
| <b>Total Participants . . . . .</b>                         | <b>272</b>                          | <b>236</b>           | <b>244</b>          |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               | 608                                 | 742                  | 793                 |
| Industry and Mining . . . . .                               | 151                                 | 427                  | 603                 |
| Transportation . . . . .                                    | 700                                 | 420                  | 345                 |
| Labor . . . . .   | 102                                 | 238                  | 195                 |
| Health and Sanitation . . . . .                             | 154                                 | 132                  | 70                  |
| Education . . . . .   | 1,700                               | 1,505                | 1,399               |
| Public Administration . . . . .                             | 370                                 | 242                  | 403                 |
| Community Development, Social Welfare and Housing . . . . . | 11                                  | 17                   |                     |
| General and Miscellaneous . . . . .                         | 704                                 | 677                  | 592                 |
| <b>Total by Field of Activity . . . . .</b>                 | <b>4,500</b>                        | <b>4,400</b>         | <b>4,400</b>        |

will be continued emphasis on the upgrading of skills and management techniques. Projects will provide such services as engineering and economic studies; hydrology training; advisory services of mining engineers and mining geologists, training of geologists; and training in the use, repair and maintenance of heavy equipment and machinery.

Contract services for Port Development and training of Turkish participants at the U.S. Merchant Marine Academy, begun this year, will be well under way in 1961. The provision of engineering and electronic specialists for civil aviation will continue.

The program will continue to provide on-the-job training of workers and participant training outside of Turkey in labor-management and industrial relations.

Advice has been provided on the construction of a nurses' training school which is due to open in October 1960; faculty members for the school are currently being trained at Columbia Teachers College.

The largest single project for Turkey is for General Education Services, which emphasizes teacher training, improvement of teaching aids, and assistance in low cost school construction techniques. Commodities will consist of audio-visual equipment, experimental and demonstration supplies, etc. Other education activities include work on improving vocational and trade schools, contract services for higher education, and teaching English.

Two new projects are directed toward the development of skilled executive managerial and administrative personnel. Work will continue on improving management of the Etibank (the State Enterprise for mining) as a demonstration project for other State Enterprises. In addition, training in narcotics control will be initiated and assistance will be extended to improve the administration of the State Hydraulic Works Agency.

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Country: TURKEY

**TECHNICAL COOPERATION**

TABLE E-IV

**PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE**

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |       |                  |                           |           |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|-------|------------------|---------------------------|-----------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total | U.S. Technicians | Non-Contract Participants | Contracts | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   |       |                  |                           |           |             |  |                                       |                         |                              |
|  |   |                   | 793   | 475              | 245                       | 18        | 55          |  |                                       |                         |                              |
| Agricultural Extension                             | C   |                   | 170   | 95               | 65                        |           | 10          |  |                                       |                         |                              |
| Water Resources                                    | C   |                   | 177   | 127              | 40                        |           | 10          |  |                                       |                         |                              |
| Land and Water Use                                 | C   |                   | 143   | 84               | 45                        |           | 14          |  |                                       |                         |                              |
| Livestock and Poultry Development                  | C   |                   | 28    | 13               | 15                        |           |             |  |                                       |                         |                              |
| Crops, Grass & Forage Development                  | C   |                   | 82    | 53               | 25                        |           | 4           |  |                                       |                         |                              |
| Forestry Development                               | C   |                   | 51    | 26               | 20                        |           | 5           |  |                                       |                         |                              |
| Meat Packing Industry                              | C   |                   | 18    |                  |                           | 18        |             |  |                                       |                         |                              |
| Agricultural Credit and Marketing                  | N   |                   | 64    | 39               | 20                        |           | 5           |  |                                       |                         |                              |
| Agricultural Economic Planning                     | N   |                   | 37    | 25               | 10                        |           | 2           |  |                                       |                         |                              |
| Agricultural Research                              | N   |                   | 23    | 13               | 5                         |           | 5           |  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                 |   |                   |       |                  |                           |           |             |  |                                       |                         |                              |
|  |   |                   | 603   | 48               | 82                        | 463       | 10          |  |                                       |                         |                              |
| Industrial Assistance Commission                   | C   |                   | 40    |                  |                           | 40        |             |  |                                       |                         |                              |
| Hydrological Data Study & Training                 | C   |                   | 26    | 8                | 18                        |           |             |  |                                       |                         |                              |
| Industrial Management Training                     | C   |                   | 100   | 25               | 35                        | 40        |             |  |                                       |                         |                              |
| Mining Assistance Commission                       | C   |                   | 95    |                  |                           | 95        |             |  |                                       |                         |                              |
| Institute of Applied Geology                       | C   |                   | 25    | 15               | 5                         |           | 5           |  |                                       |                         |                              |
| Hydro Power Training                               | C   |                   | 24    |                  | 24                        |           |             |  |                                       |                         |                              |
| Export Markets Promotion                           | C   |                   | 158   |                  |                           | 158       |             |  |                                       |                         |                              |
| Heavy Equipment Maintenance                        | N   |                   | 35    |                  |                           | 30        | 5           |  |                                       |                         |                              |
| Administration-State Enterprises                   | C   |                   | 100   |                  |                           | 100       |             |  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   |       |                  |                           |           |             |  |                                       |                         |                              |
|  |   |                   | 345   | 170              | 105                       | 50        |             | 20   |                                       |                         |                              |
| Civil Aviation Training                            | C   |                   | 250   | 155              | 75                        |           |             | 20   |                                       |                         |                              |
| Seaport Operation                                  | C   |                   | 50    |                  |                           | 50        |             |  |                                       |                         |                              |
| Merchant Marine Academy                            | C   |                   | 45    | 15               | 30                        |           |             |  |                                       |                         |                              |
| <u>Labor - Total</u>                               |   |                   |       |                  |                           |           |             |  |                                       |                         |                              |
|  |   |                   | 195   | 120              | 60                        |           | 15          |  |                                       |                         |                              |
| Workers Education Training                         | C   |                   | 32    | 27               |                           |           | 5           |  |                                       |                         |                              |
| Apprentice In-Service Training                     | C   |                   | 123   | 93               | 20                        |           | 10          |  |                                       |                         |                              |
| Labor Administration Training                      | C   |                   | 40    |                  | 40                        |           |             |  |                                       |                         |                              |
| <u>Health - Total</u>                              |   |                   |       |                  |                           |           |             |  |                                       |                         |                              |
|  |   |                   | 70    |                  |                           | 70        |             |  |                                       |                         |                              |
| Nursing Education                                  | C   |                   | 70    |                  |                           | 70        |             |  |                                       |                         |                              |

257  
33317

4,400  
2226  
3174

64  
37  
23  
35  
197  
356

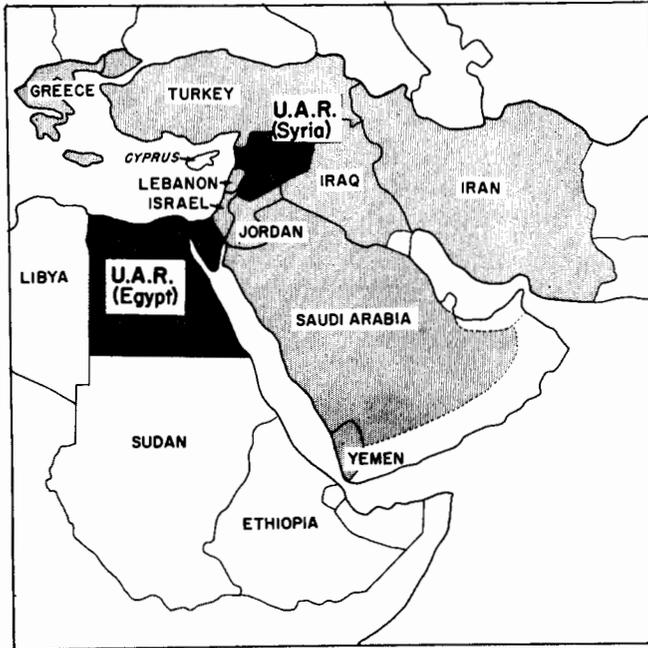
33317  
10767  
360  
20  
100  
45  
270  
340  
270  
1226

## TECHNICAL COOPERATION

## PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE

| Function: <u>TECHNICAL COOPERATION</u>        | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |              |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |
|---|---|-------------------|--------------|------------------|---------------------------|--------------|-------------|--|---------------------------------------|-------------------------|
|   | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts    | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart |
| <u>Education - Total</u>                      |   |                   | 1,399        | 222              | 285                       | 760          | 132         |  |                                       |                         |
| Vocational and Trade School                   | C   |                   | 189          |                  |                           | 189          |             |  |                                       |                         |
| Georgetown English Language Program           | C   |                   | 105          |                  |                           | 105          |             |  |                                       |                         |
| Professional & Higher Education               | C   |                   | 266          |                  |                           | 266          |             |  |                                       |                         |
| General Education Service                     | C   |                   | 839          | 222              | 285                       | 200          | 132         |  |                                       |                         |
| <u>Public Administration - Total</u>          |   |                   | 403          | 89               | 187                       | 117          | 10          |  |                                       |                         |
| Civil Police Administration                   | C   |                   | 80           | 50               | 20                        |              | 10          |  |                                       |                         |
| Public Administration Services                | C   |                   | 126          | 39               | 87                        |              |             |  |                                       |                         |
| Special Police Training                       | N   |                   | 30           |                  | 30                        |              |             |  |                                       |                         |
| Executive Development                         | N   |                   | 117          |                  |                           | 117          |             |  |                                       |                         |
| Public & Business Administration Institutions | N   |                   | 50           |                  | 50                        |              |             |  |                                       |                         |
| <u>Miscellaneous - Total</u>                  |   |                   | 592          | 552              |                           |              | 40          |  |                                       |                         |
| Technical Support                             | C   |                   | 592          | 552              |                           |              | 40          |  |                                       |                         |
| <b>Total Technical Cooperation</b>            |   |                   | <b>4,400</b> | <b>1,676</b>     | <b>964</b>                | <b>1,478</b> | <b>262</b>  | <b>20</b>  |                                       |                         |

# U.A.R. - GENERAL ECONOMIC DATA (EGYPT ONLY)



| <u>BASIC DATA</u>                              |              |              |
|--|--------------|--------------|
|  | <u>Egypt</u> | <u>Syria</u> |
| Population (millions).....                     | 25.3         | 4.4          |
| Annual Growth (percent) .....                  | 2.2          | 3.0          |
| Area (thousand sq. mi) .....                   | 386          | 72           |
| Agricultural Land (percent) .....              | 3            | 57           |
| Agri. Land per Capita (acres).....             | 0.3          | 5.9          |
| Literacy Rate (percent) .....                  | 25           | n.a.         |
|  | <u>Egypt</u> | <u>Syria</u> |
| Life Expectancy (Years).....                   | 40           | n.a.         |
| Inhabitants per Physician...                   | 3,100        | 3,000        |
| Road Miles per 1,000 sq.mi..                   | 40           | 150          |
| Electric Power per Capita...<br>(KWH per Year) | 77           | 45           |

|  | Unit        | Calendar Years |       |       |           |
|--|-------------|----------------|-------|-------|-----------|
|  |             | 1956           | 1957  | 1958  | 1959 Est. |
| <b>GROSS NATIONAL PRODUCT</b> *                |             |                |       |       |           |
| Total GNP (In 1958 Prices).....                | \$ Millions | 3,220          | 3,280 | 3,370 | 3,500     |
| Per Capita GNP.....                            | Dollars     | 136            | 136   | 136   | 138       |
| <b>PRODUCTION</b>                              |             |                |       |       |           |
| Agricul. Prod. Index <sup>a/</sup> .....       | 1952-54=100 | 108            | 115   | 116   | 120       |
| Cotton .....                                   | 1,000 MT    | 325            | 405   | 446   | 454       |
| Rice (rough) .....                             | "           | 1,247          | 1,315 | 783   | 1,250     |
| Wheat .....                                    | "           | 1,547          | 1,467 | 1,412 | 1,443     |
| <b>FOREIGN TRADE</b> <sup>b/</sup>             |             |                |       |       |           |
| Total Exports (f.o.b).....                     | \$ Millions | 409            | 493   | 472   | 440       |
| Cotton .....                                   | "           | 284            | 356   | 315   | 350       |
| Total Imports (c.i.f).....                     | "           | 577            | 547   | 664   | 625       |
| Trade Balance.....                             | "           | -168           | -54   | -192  | -185      |
| Trade with United States (U.S. Data)           |             |                |       |       |           |
| Exports to U. S. (f.o.b).....                  | \$ Millions | 15             | 17    | 18    | 17        |
| Imports from U. S. (f.o.b).....                | "           | 99             | 40    | 52    | 90        |
| Trade Balance.....                             | "           | -84            | -23   | -34   | -73       |
| GOLD & FOREIGN EXCHANGE HOLDINGS (end of year) | "           | 566            | 465   | 429   | 375 (Oct) |
| COST OF LIVING INDEX                           | 1953=100    | 98             | 102   | 102   | 102       |

- Million Dollar Equivalents -

| <b>CENTRAL GOVERNMENT FINANCES</b> *                |  | FY ending |
|---|--|-----------|
| Domestic Revenues.....                              |  |           |
| Total Expenditures.....                             |  |           |
| Deficit(-) or Surplus Before All Foreign Aid....    |  |           |
| Budget Receipts from Non-U.S. Foreign Aid.....      |  |           |
| Budget Receipts from U.S. Aid & PL 480.....         |  |           |
| Remaining Deficit(-) or Surplus(+)                  |  |           |
| <b>DEFENSE EXPENDITURES - TOTAL</b> .....           |  |           |
| U.S.-Financed (excl. M.A.P. end-items).....         |  |           |
| Defense Expend. as % of Total Gov't Expend....      |  |           |
| Defense Expenditures as % of GNP .....              |  |           |
| <b>NON-DEFENSE GOV'T EXPENDITURES - TOTAL</b> ..... |  |           |
| U.S.-Financed.....                                  |  |           |

n.a. - Not available. \* / Converted at \$2.872 per Egyptian Pound. <sup>a/</sup> Crop year beginning in year stated. <sup>b/</sup> Beginning 1958, data exclude trade with Syria.

DATA CLASSIFIED

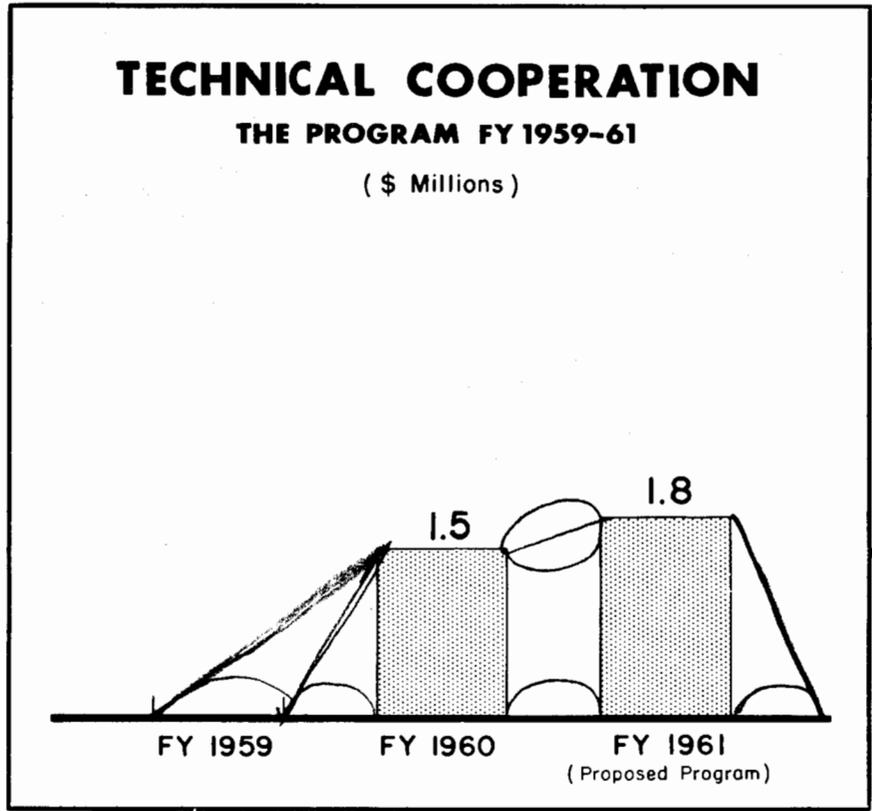
Country: UNITED ARAB REPUBLIC

MUTUAL SECURITY PROGRAM

In terms of population, the United Arab Republic (UAR) is the largest Arab state. Geographically it occupies a key position between Africa and the Levant, and controls the Suez Canal and the lower Nile. Cairo is a leading cultural and political center of the Arab world. It is therefore important to United States interests that the UAR maintain an independent posture in opposition to attempts by any outside power to dominate the Near East area. The United States is continuing its efforts to strengthen normal relations with the UAR and develop areas of mutual interest as opportunities arise.

In February 1958 Egypt and Syria joined together to form the United Arab Republic under the presidency of Gamal Abdel-Nasser. Since that time the United Arab Republic has devoted increasing attention to its economic and industrial development plans. While continuing to receive Communist bloc assistance, including extensive Soviet credits for a portion of the first stage of the Aswan Dam project and other economic development schemes, the UAR has made efforts to increase trade and economic relations with the West. Financial agreements settling differences growing out of the Suez crisis have been concluded with both the United Kingdom and France, and UK-UAR diplomatic relations were restored on December 1, 1959. Meanwhile the UAR has made clear its vigorous opposition to direct Communist penetration in the Arab area.

Bilateral U.S.-UAR relations have returned to normal during the past year. U.S. willingness to respond favorably to UAR requests for technical and economic aid have facilitated closer contacts between the UAR and the West. U.S. economic programs suspended in 1956 have been resumed and additional assistance extended. Significant aid in the form of wheat and other P.L. 480 surplus agricultural commodities has also been made available.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              |                 | 60           |              |
| Cumulative 6/30/59                          | 6,860           | 6,345        | 515          |
| Estimate FY 1960                            | 1,505 ✓         | 800          |              |
| Cumulative 6/30/60                          | 8,365           | 7,145        | 1,220        |
| Estimate FY 1961                            | 1,800           | 1,315        |              |

Current Economic Situation and Problems

The UAR has found the process of economic integration of the northern (Syrian) region and the southern (Egypt) region more difficult than political unification. While certain minor steps have been taken in that direction, Syrian and Egyptian currencies, customs systems and central banks remain separate. This discussion relates to the more populous Egyptian region.

Despite a recent drive to accelerate industrialization, over three-fifths of the population of the Egyptian region are dependent on agriculture. Agriculture, which contributes only about two-fifths of GNP, provides more than four-fifths of all exports, mainly cotton. In the years 1955-1958 the balance of payments of Egypt showed large deficits, averaging approximately \$110 million, on current account. A further deficit was incurred in 1959. Gold and foreign exchange holdings of the National Bank declined from a level of \$730 million at the end of 1954 to \$375 million at the end of October 1959.

Domestic budget revenue has increased significantly over the past three years, reflecting the effect of rising Suez Canal fees and customs receipts. The increase in expenditure resulting from the expansion of the development budget and increased military outlays has exceeded the rise in revenues. A major portion of the deficit has been covered by foreign borrowing and grants. The relative stability of price indexes is no adequate indication of the effect of the deficits since they are based on controlled prices. However, in recent years inflationary pressures in the UAR appear not to have been unduly disruptive. Maintenance of relative stability is likely to be increasingly difficult in the future as developmental activities are expanded.

The orientation of Egyptian trade toward the Soviet bloc since the Suez crisis creates special difficulties for the UAR. In 1958, 63% of Egypt's cotton exports went to the Soviet bloc compared with 31% in 1955. The proportion of cotton exports to the Soviet bloc declined in 1959. Total cotton sales in 1959-1960 will be higher than last year but Western markets for Egyptian cotton are limited. Egypt's ability to undertake new obligations repayable in foreign exchange appears to be near its limit. The achievement of an adequate rate of investment without undue inflationary pressures and the shortage of skilled workers and managerial talent necessary to economic development constitute serious internal problems.

Progress to Date

Egypt has succeeded in recent years in reversing the downward trend in per capita output which characterized the economy in the second quarter of this century. Agricultural production increased by 11% between 1956 and 1959. Industrial production rose by about 50% between 1954 and the end of 1958. Recent growth in GNP has averaged about 3% annually. The proportion of GNP being invested is likewise increasing and was estimated at about 11% in 1958. Plans for stepped up industrialization suggest that this percentage will increase over the next several years and that the rate of growth of GNP may be somewhat more rapid than in the recent past.

Assistance from Non-ICA Sources

Since the beginning of 1958 the UAR has received from various sources loans and credits totaling nearly \$840 million for economic development purposes. This sum includes \$560 million from the Soviet bloc for the first and second stages of the High Aswan Dam and other economic development projects. The remainder is from Western sources. The largest Western credit is one of \$126 million from West Germany. The UAR has received loans of \$12.6 million from the Ex-Im Bank and \$1.15 million from the DLF. A variety of other projects in both regions of the UAR is currently under consideration by the DLF. Through December 31, 1959, the U.S. had sold more than \$115 million worth of surplus agricultural commodities under P.L. 480 to the UAR including \$9.6 million to the Syrian Region to meet food and feed shortages resulting from droughts in the last two crop years.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - obligations . . . . .                     | 3/      | 2.0     | 5.7     |
| DLF - Loan Approvals . . . . .                  |         | 1.0     | 0.1 1/  |
| P.L. 480, Title I - Country Use . . . . .       |         | 11.7    | 44.0    |
| (Total Sales)                                   |         | (48.3)  | (88.0)  |
| P.L. 480, Title II - obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     | 0.8     | 9.0     | 6.8 2/  |
| EX-IM Bank - Long-term Loans Approved . . .     |         | 3.5     | 9.1 2/  |
| TOTAL . . . . .                                 | 0.8     | 27.2    | xxx     |

1/Actual 1st 7 mos. 2/Actual 1st 6 mos.

3/ Less than \$50,000.

Country: UNITED ARAB REPUBLIC

## TECHNICAL COOPERATION

### Role of Program - Technical Cooperation

The ICA program of technical assistance to the UAR is sharply focused on key areas of the economy. Its role is to facilitate economic development and to improve relations between the peoples of the UAR and the United States. The country is critically short of human skills, especially in highly skilled technicians and administrative and managerial personnel. These constitute a serious bottleneck to development.

Major emphasis is being placed on training UAR personnel to help alleviate this shortage. Attention is also directed towards expansion of the agricultural production potential since the pressure of population on the land is one of the country's most serious problems. Inadequate transport and communications facilities are also receiving strong attention.

### Objectives - Technical Cooperation

The Technical Cooperation Program contributes to the economic development of the UAR by:

- (a) Emphasizing the training of UAR nationals in specialized fields.
- (b) Providing technicians in advisory, training and demonstration capacities to supplement and improve skills, notably in highway engineering, civil aviation, electronics and telecommunications, resettlement, and animal husbandry.
- (c) Supporting surveys of potential additional resources to alleviate the population pressure, e.g., ground-water and agricultural surveys in the Western desert.

### Accomplishments - Technical Cooperation

The Technical Cooperation Program in Egypt (UAR) was broken off as a result of the Suez crisis of 1956. The U.S. has never had a program in what is now the Syrian Region of the UAR. Most activities being undertaken in the Egyptian Region have some antecedents in the previous program, but only two activities (EARIS and highway development) are directly related to previous projects. Considerable success was achieved in a little more than a year under the earlier highway program. New highway standards and specifications were prepared and adopted; important improvements were effected in organization, contracting and construction techniques; equipment procurement and maintenance were modernized; highway maintenance was streamlined and improved.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    |                  | 1,505              | 1,800              |

EARIS (the Egyptian American Rural Improvement Service) is a demonstration reclamation and resettlement project to which the UAR and the U.S. contribute on a 60-40 basis. Different types of land are being reclaimed in three areas of Egypt. Already, at the Abis project at least 14,000 acres of swamp land are drained, leached, and under full cultivation while an additional 8,000 to 10,000 acres are in various stages of reclamation. Two villages are complete, 500 families have been settled and 3,000 acres of land distributed. In the field of community development progress is limited to date (most families were settled only in July 1959), but work is now actively in progress with the hope of making this aspect of EARIS as successful as its physical accomplishments.

Eighty graduate students from the UAR arrived in the U.S. under ICA auspices in time to begin classes in the second half of this academic year. These students are mature persons with established technical competence, many of whom have specific jobs to return to in the UAR upon completion of graduate work leading to an advanced degree. This program should result in providing qualified specialists and teachers in a number of important fields. In addition it should considerably broaden the contacts between the UAR and the U.S. with a resulting strengthening of our relations.

### Composition of the 1961 Technical Cooperation Program - \$1,800,000

The FY 1961 Technical Cooperation Program for the UAR is concentrated in the fields of education (graduate study in a wide variety of fields), agriculture and natural resources, and transportation.

The largest single element of the program is the continuation of the project to bring UAR graduate students to the United States. The students are in diverse specialized fields such as engineering, public administration, economics, atomic energy, and medicine.

Agriculture and natural resources are given special emphasis in view of the pressure of population on the land. Most notable is the Groundwater Survey Project to ascertain the quantity and quality of groundwater available in the "New Valley" area of the Egyptian Western Desert. Undertaken strictly as a survey (with development entirely contingent on the findings of the geological studies and test well drilling), this program has a very significant potential. An agricultural development survey project is in

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity               | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                                   |                                     |                      |                     |
| Technicians . . . . .                                       |                                     | 286                  | 504                 |
| Participants . . . . .                                      |                                     | 854                  | 787                 |
| Contractual Services . . . . .                              |                                     | 270                  | 365                 |
| Supplies and Equipment . . . . .                            |                                     | 74                   | 121                 |
| Contrib. to Coop. Services . . . . .                        |                                     |                      |                     |
| Other Costs . . . . .                                       |                                     | 21                   | 23                  |
| Total Project Assistance . . . . .                          |                                     | 1,505                | 1,800               |
| <b>NUMBER OF PEOPLE</b>                                     |                                     |                      |                     |
| Technicians (On duty close of yr.)                          |                                     |                      |                     |
| U.S. Employed . . . . .                                     | 6                                   | 15                   | 33                  |
| Contract . . . . .  |                                     | 6                    | 6                   |
| Total Technicians . . . . .                                 | 6                                   | 21                   | 39                  |
| Participants (Programmed during year)                       |                                     |                      |                     |
| Non-Contract . . . . .                                      |                                     | 171                  | 171                 |
| Contract . . . . .  |                                     |                      |                     |
| Total Participants . . . . .                                |                                     | 171                  | 171                 |
| <b>FIELD OF ACTIVITY</b>                                    |                                     |                      |                     |
| Agriculture, Forestry and Fisheries . . . . .               |                                     |                      |                     |
|   |                                     | 302                  | 416                 |
| Industry and Mining . . . . .                               |                                     | 45                   | 170                 |
| Transportation . . . . .                                    |                                     | 190                  | 342                 |
| Labor . . . . .   |                                     |                      |                     |
| Health and Sanitation . . . . .                             |                                     |                      |                     |
| Education . . . . .   |                                     | 605                  | 500                 |
| Public Administration . . . . .                             |                                     | 2                    | 25                  |
| Community Development, Social Welfare and Housing . . . . . |                                     |                      |                     |
| General and Miscellaneous . . . . .                         |                                     | 361                  | 347                 |
| Total by Field of Activity . . . . .                        |                                     | 1,505                | 1,800               |

part closely linked with the groundwater program.

To help alleviate the transportation problems of the country, advisory and training programs begun in FY 1960 are to be continued in Civil Aviation in both regions of the UAR and highway development.

In recognition of the important place of telecommunications in an expanding economy a Telecommunications Training Center will be created to train electronics specialists.

The small staff of EARIS will be maintained in FY 1961 (plus several short-term consultants and 15 participants).

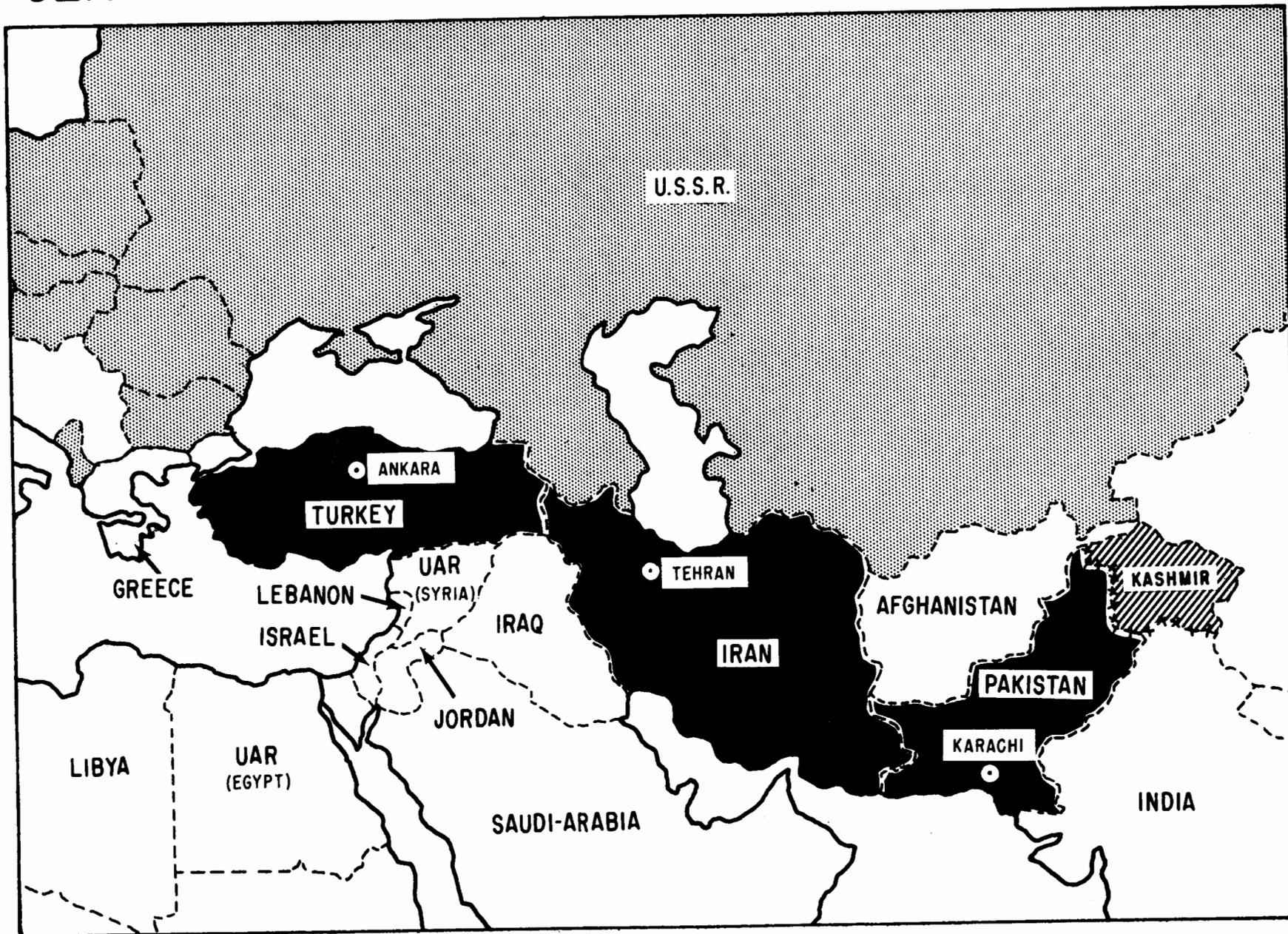
Country: UNITED ARAB REPUBLIC**TECHNICAL COOPERATION**

TABLE E-IV

**PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE**

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |            |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|--------------|------------------|---------------------------|------------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts  | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 416          | 148              | 78                        | 190        |             |  |                                       |                         |                              |
| Groundwater Investigations on the Western Desert   | C   |                   | 304          | 86               | 28                        | 190        |             |  |                                       |                         |                              |
| Western Desert Agricultural Development Survey     | N   |                   | 87           | 62               | 25                        |            |             |  |                                       |                         |                              |
| Agricultural Training                              | N   |                   | 25           |                  | 25                        |            |             |  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 170          | 70               | 50                        |            | 50          |  |                                       |                         |                              |
| Telecommunications Training Center                 | N   |                   | 170          | 70               | 50                        |            | 50          |  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   | 342          | 108              | 49                        | 175        |             | 10   |                                       |                         |                              |
| Highway Development                                | C   |                   | 175          |                  |                           | 175        |             |  |                                       |                         |                              |
| Civil Aviation Development (Egypt Region)          | C   |                   | 118          | 85               | 23                        |            |             | 10   |                                       |                         |                              |
| Civil Aviation Development (Syria Region)          | C   |                   | 49           | 23               | 26                        |            |             |  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 500          |                  | 500                       |            |             |  |                                       |                         |                              |
| Special Participant Program                        | C   |                   | 500          |                  | 500                       |            |             |  |                                       |                         |                              |
| <u>Public Administration - Total</u>               |   |                   | 25           |                  | 25                        |            |             |  |                                       |                         |                              |
| Public Administration Training                     | N   |                   | 25           |                  | 25                        |            |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 347          | 178              | 85                        |            | 71          | 13   |                                       |                         |                              |
| Technical Support                                  | C   |                   | 184          | 100              |                           |            | 71          | 13   |                                       |                         |                              |
| Egyptian-American Rural Improvement Service        | C   |                   | 138          | 78               | 60                        |            |             |  |                                       |                         |                              |
| Miscellaneous Technical Training                   | C   |                   | 25           |                  | 25                        |            |             |  |                                       |                         |                              |
| <b>Total Technical Cooperation</b>                 |   |                   | <b>1,800</b> | <b>504</b>       | <b>787</b>                | <b>365</b> | <b>121</b>  | <b>23</b>  |                                       |                         |                              |

# CENTRAL TREATY ORGANIZATION (CENTO) REGION



CENTRAL TREATY ORGANIZATION

**MUTUAL SECURITY PROGRAM**

The Central Treaty Organization (CENTO), formerly known as the Baghdad Pact, is an organization which contributes to security, political stability and economic development in the area comprised of Turkey, Iran and Pakistan. These three countries, together with the United Kingdom, constitute the formal membership of CENTO. The United States, although not a member, has established permanent liaison with the organization. At CENTO invitation, the U.S. has joined its major committees and now participates in its major activities.

The organization originated in February, 1955, when the Governments of Turkey and Iraq signed a pact of mutual cooperation. The Governments of the United Kingdom, Pakistan and Iran formally acceded to this pact shortly thereafter. Iraq withdrew in March, 1959.

Major efforts to promote economic well-being are an integral part of CENTO's task of building regional security. CENTO-sponsored economic programs focus on regional economic problems, and on collaborative activities by the three nations of the region. Thus there is no duplication of the bilateral economic development programs in Iran, Pakistan and Turkey. United States support of the pact's economic work began in mid-1956 when it joined the Economic Committee.

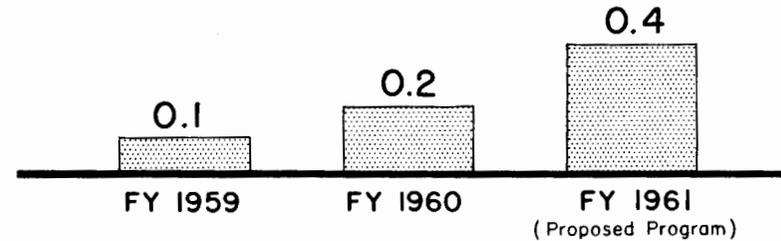
In contrast to the bilateral aid programs, it is not the primary purpose of U.S. support of the CENTO economic program to step up the individual efforts of the CENTO region countries toward achievement of typical country development goals. Some of these objectives will in fact be furthered by the CENTO-sponsored economic activities, but the specific U.S. interests in these programs are quite different; they relate to regional objectives:

- (a) To stimulate intercountry economic collaboration in those economic activities where joint action is more effective than national action.
- (b) To encourage and develop the use of CENTO organizational machinery for collaborative planning and execution of external aid.

**TECHNICAL COOPERATION**

**THE PROGRAM FY 1959-61**

( \$ Millions )



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 124 ✓           | 71           |              |
| Cumulative 6/30/59                          | 146 ✓           | 89           | 57           |
| Estimate FY 1960                            | 230 ✓           | 287          |              |
| Cumulative 6/30/60                          | 376 ✓           | 376          |              |
| Estimate FY 1961                            | 400 ✓           | 400          |              |

ECONOMIC SITUATION

Current Economic Situation and Progress

Information concerning the economies of Turkey, Iran and Pakistan appears in the sections for the individual countries.

The CENTO Economic Committee which, within limits, speaks responsibly for the regional interests of Turkey, Iran and Pakistan, has identified some of the key economic problems of the region as follows:

Lack of Mutual Support by the National Economies. The regional countries' economies do not now appreciably support each other. Although there is as yet relatively little economic cohesion, there seems to be a growing effort by the CENTO region countries to "tie the region together," economically.

Desirability of Increased Intraregional Trade. A major need is continuing exploration of the possibilities for greater intraregional trade. At present, the dominant currents of trade run between each country separately and countries (mainly Western) outside the region. Conclusions as to how far this pattern can or should be changed would be premature, but some increase in intraregional trade seems clearly desirable. CENTO's Economic Committee serves usefully as a forum for collaboration on this and other trade problems.

Inadequate Utilization and Exchange of Scientific and Technical Personnel. Scientific and technical activities in the region's countries are both inadequate and too dependent on support from outside the region. Greater exchange of knowledge and ideas is needed, which implies more intraregion exchange of scientific and technical personnel, group meetings on technical problems, and exchange of publications. The region's effective scientific and technical workers are greatly encouraged by being called (through CENTO) to render services in neighbor countries. (Already CENTO progress in this field is substantial.)

Need for Continuing and Objective Study of the Regional Economic Shortcomings. A major need is for continuing and objective examination of the reasons for the region's economic shortcomings; this is one of the challenges to the Economic Committee and its subgroups.

Inadequacy of Communications. The present inadequacy of communications (road, rail, and telecommunications) between the CENTO region countries is an important cause of the region's economic weakness. CENTO provides a useful forum for joint planning to overcome this weakness. Turkey, Iran and Pakistan are geographically adjacent, and their economic strength can be greatly increased by the creation of communications (road, rail, modern telecommunications) to link them together more effectively.

Assistance from Non-ICA Sources

The principal financial requirements are for major construction projects, and the U.S. has encouraged the CENTO region countries to look to loan financing to the maximum extent possible for needed foreign exchange. It seems probable that countries in the region will eventually apply for DLF financing to accelerate progress on various projects which can meet criteria for loan financing.

The United Kingdom has committed itself over a five-year period beginning in 1956, to a total of \$6.5 million in sterling. A relatively small portion of this has recently been made available for capital projects; the U.K. has agreed to small allocations for the Iran-Turkey road and for a possible future Pakistan-Iran road.

| U.S. ECONOMIC PROGRAMS<br>(Millions of Dollars) |         |         |         |
|---|---------|---------|---------|
|   | FY 1958 | FY 1959 | FY 1960 |
| ICA - Obligations . . . . .                     | 3/      | 0.2     | 5.3     |
| DLF - Loan Approvals . . . . .                  |         |         | 1/      |
| P.L. 480, Title I - Country Use . . . . .       |         |         |         |
| (Total Sales)                                   |         |         |         |
| P.L. 480, Title II - Obligations . . . . .      |         |         | 2/      |
| P.L. 480, Title III - Obligations . . . . .     |         |         | 2/      |
| EX-IM Bank - Long-term Loans Approved . . . . . |         |         | 2/      |
| TOTAL . . . . .                                 | 3/      | 0.2     | XXXX    |

<sup>1/</sup>Actual 1st 7 mos. <sup>2/</sup>Actual 1st 6 mos.

<sup>3/</sup> Less than \$50,000.

Country: CENTRAL TREATY ORGANIZATION

### TECHNICAL COOPERATION

#### Role and Objectives - Technical Cooperation

Technical cooperation is an integral phase of the total economic program under CENTO sponsorship. In general, its objectives parallel those set forth for the special assistance phase of the program. CENTO-sponsored technical cooperation is directed particularly at the problem of the inadequate utilization and exchange of scientific and technical personnel, as discussed under "Current Economic Situation and Problems."

The activities involve (a) the use of U.S. experts, for limited periods, on projects which benefit more than one of the CENTO region countries and strengthen regional economic cooperation; and (b) greater exchange by CENTO region countries of their own technical personnel and of technical information. The requests originate in the recommendations of the CENTO Economic Committee.

The U.S. also contributes to the CENTO Multilateral Technical Assistance Fund which is administered by the Secretary-General of CENTO. It provides for (a) exchange of trainees and experts among the regional member countries; (b) experts from the U.K. and the U.S.; (c) participant training in the U.S., and fellowships in the U.K. The U.S. and the U.K. each contribute one-third of the Fund, in foreign exchange; the regional countries contribute a total of one-third, in local currencies.

#### Accomplishments - Technical Cooperation

Progress has been made toward reduction of the transmission of plant and animal diseases across borders within the region, toward use of region-wide design and construction standards on highways and roads, toward reduction of customs formalities - all fields in which regional approaches are more effective than the uncoordinated efforts of the separate countries. The quality and effectiveness of intercountry technical meetings dealing with regional problems has increased because of U.S. participation and support. These meetings are stepping up the interchange of plans and technical skills, and regional economic cooperation is thus being advanced.

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 124              | 230                | 400                |

#### Composition of 1961 Technical Cooperation Program.- \$400,000

\$260,000 is for projects in response to specific requests from the CENTO Economic Committee, and for costs of technical meetings to explore regional problems and formulate recommendations for inter-country action.

\$70,000 is for technical services in support of the special assistance phase of the total program. }

\$70,000 is for U.S. support of the CENTO Multilateral Technical Cooperation Fund, administered by the Secretary-General of CENTO. /

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 45                                  | 80                   | 160                 |
| Participants .....                                      | 13                                  |                      |                     |
| Contractual Services .....                              | 3                                   | 20                   | 90                  |
| Supplies and Equipment .....                            |                                     |                      |                     |
| Contrib. to Caap. Services .....                        |                                     |                      |                     |
| Other Costs .....                                       | 63                                  | 130                  | 150                 |
| Total Project Assistance ..                             | 124                                 | 230                  | 400                 |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 1                                   | 1                    | 5                   |
| Contract .....  |                                     |                      | 1                   |
| Total Technicians .....                                 | 1                                   | 1                    | 6                   |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      | 3                                   |                      |                     |
| Contract .....  |                                     |                      |                     |
| Total Participants .....                                | 3                                   |                      |                     |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               | 27                                  |                      |                     |
| Industry and Mining .....                               |                                     |                      |                     |
| Transportation .....                                    |                                     |                      |                     |
| Labor .....   | 2                                   |                      |                     |
| Health and Sanitation .....                             | 7                                   |                      |                     |
| Education .....   |                                     |                      |                     |
| Public Administration .....                             |                                     |                      |                     |
| Community Development, Social Welfare and Housing ..... |                                     |                      |                     |
| General and Miscellaneous .....                         | 88                                  | 230                  | 400                 |
| Total by Field of Activity ..                           | 124                                 | 230                  | 400                 |

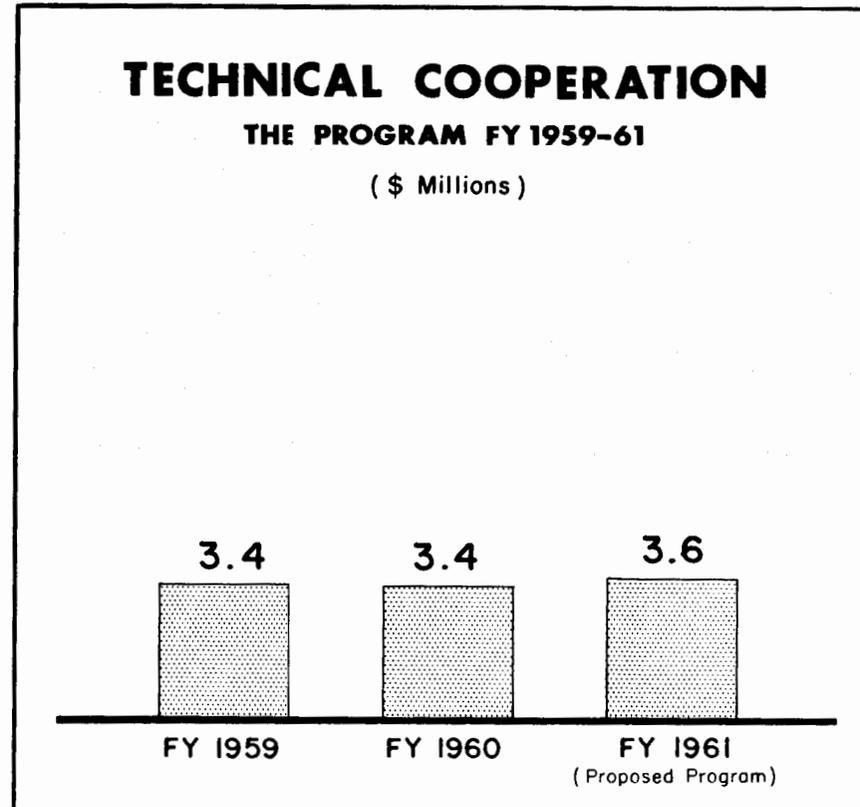
Role of Program

The countries of the Near East and South Asia constitute an area of strategic importance to the U.S. by reason of geographic location and material resources. Problems of economic and social development are common to most of the countries of the region: low standards of living of the people, underdeveloped resources, shortages of adequately-trained technicians, teachers and other professional groups. Regional projects are designed to deal with some of these problems in cases which can be more effectively dealt with by a regional approach than on a country-to-country basis.

Objectives - Technical Cooperation

The objectives of the NESAs Regional Technical Cooperation Program are:

- (a) To stimulate intercountry cooperation where joint planning and execution of projects are more effective than individual country action.
- (b) To provide technical and professional training to nationals of Near East and South Asia countries where a dearth of skills and professions exists in government and business communities, by the use of central staffs and facilities, where economically feasible, so as to cope with problems common to two or more countries of the area.



| TECHNICAL COOPERATION<br>Project Assistance | \$ in thousands |              |              |
|---|-----------------|--------------|--------------|
|   | OBLIGATIONS     | EXPENDITURES | UNLIQUIDATED |
| Actual FY 1959                              | 3,442           | 3,022        |              |
| Cumulative 6/30/59                          | 17,776          | 13,975       | 3,801        |
| Estimate FY 1960                            | 3,400           | 3,300        |              |
| Cumulative 6/30/60                          | 21,176          | 17,275       | 3,901        |
| Estimate FY 1961                            | 3,600           | 3,400        |              |

## TECHNICAL COOPERATION

| Summary of Program \$ in thousands |                  |                    |                    |
|------------------------------------|------------------|--------------------|--------------------|
| Function                           | Actual F.Y. 1959 | Estimate F.Y. 1960 | Proposed F.Y. 1961 |
| Technical Cooperation . . . . .    | 3,442            | 3,400              | 3,600              |

Accomplishments - Technical Cooperation

The concept of regional assistance to the countries comprising the Near East, South Asia and some of the northern tier of African countries, with common ethnological, historical, and religious bonds, originated in FY 1952 with the Regional Locust Control program. Crop destruction by locusts in Iran, Pakistan, and India had been so severe that the Government of Iran requested emergency assistance from the U.S. Government. Requests from Pakistan and India followed. Spray planes, pesticides, and a control team of entomologists and pilots were dispatched to the area. Since then, the regional control team has participated in the programs of 12 additional countries of the area. Because of the clearly demonstrated need and the enthusiastic response of the host countries, the locust control project was reorganized in 1954 under its present designation (Regional Insect Control) to cover general agricultural pest control. In 1956, a plant quarantine specialist was included in the regional staff.

The project has aided cooperating countries in developing the organization, facilities, and technical competence essential to practical insect control. During 1958, 44 pilot-mechanics and 46 local officials were trained in insect control duties under the Regional Insect Control project. India, Pakistan, and Iraq have developed control teams and have taken over completely the pilot training program in these countries.

While the program is phasing out in some of the Near East and South Asia countries as the countries take over the operations themselves, requests from countries in Africa for assistance in developing control organizations are increasing. On the whole, there has been a steady increase of local government financial support and a corresponding decrease in U.S. dollar assistance. However, in FY 1959, the project cost in U.S. dollars was increased due to the cost of replacing worn out spray planes, trucks, and ground equipment.

The American University of Beirut (AUB) training program, begun also in FY 1952 under the ICA-AUB contract, constitutes approximately 70% of the entire Regional Projects program. To date, more than 2,500 nationals of the area have been trained at AUB in technical and professional fields: agriculture, engineering, education, public health, nursing, pharmacy, business administration, and public administration. Many of these graduates now hold positions of importance and influence in the governments and business communities of their countries. The current ICA-AUB contract, which provides for training of a maximum of 665 students annually, expires in June, 1960. Extension of the contract at the same level is anticipated.

Numerous requests for advice on tourism as a means of earning foreign exchange resulted in the establishment of a Regional Tourism Advisorship in FY 1960. Similar requests for assistance on transportation problems resulted in extending transportation advisory services, originally planned for phase-out in FY 1959. Services of the Transportation Advisor in the Yemen emergency wheat shipments during the last few months of FY 1959 were an important element in the successful conduct of this program.

Seminars and workshops in agricultural extension, home economics, credit, irrigation, land development, labor administration, and communications media provide demonstrations in techniques and opportunities for exchanges of skills and experiences by the participating countries. Similar seminars in past years have been successful and well received, as indicated by the eagerness with which the countries have offered to act as seminar host countries.

## SUMMARY OF PROGRAM BY MAJOR COST COMPONENT AND FIELD OF ACTIVITY

(\$ in thousands)

| Major Cost Component<br>and Field of Activity           | Major Cost Component by Fiscal Year |                      |                     |
|---|-------------------------------------|----------------------|---------------------|
|   | Actual<br>FY 1959                   | Estimated<br>FY 1960 | Proposed<br>FY 1961 |
| <b>PROJECT ASSISTANCE</b>                               |                                     |                      |                     |
| Technicians .....                                       | 428                                 | 494                  | 540                 |
| Participants .....                                      |                                     |                      |                     |
| Contractual Services .....                              | 2,019                               | 2,020                | 2,150               |
| Supplies and Equipment .....                            | 123                                 | 10                   | 10                  |
| Contrib. to Coop. Services ...                          |                                     |                      |                     |
| Other Costs .....                                       | 872                                 | 876                  | 900                 |
| Total Project Assistance ..                             | 3,442                               | 3,400                | 3,600               |
| <b>NUMBER OF PEOPLE</b>                                 |                                     |                      |                     |
| Technicians (On duty close of yr.)                      |                                     |                      |                     |
| U.S. Employed .....                                     | 19                                  | 22                   | 22                  |
| Contract .....  |                                     | 6                    | 6                   |
| Total Technicians .....                                 | 19                                  | 28                   | 28                  |
| Participants (Programmed during year) .....             |                                     |                      |                     |
| Non-Contract .....                                      |                                     |                      |                     |
| Contract .....  | 645                                 | 645                  | 665                 |
| Total Participants .....                                | 645                                 | 645                  | 665                 |
| <b>FIELD OF ACTIVITY</b>                                |                                     |                      |                     |
| Agriculture, Forestry and Fisheries .....               |                                     |                      |                     |
|   | 538                                 | 505                  | 639                 |
| Industry and Mining .....                               |                                     | 25                   | 37                  |
| Transportation .....                                    | 48                                  | 45                   | 25                  |
| Labor .....   | 25                                  | 45                   | 45                  |
| Health and Sanitation .....                             |                                     |                      |                     |
| Education .....   | 2,761                               | 2,770                | 2,793               |
| Public Administration .....                             |                                     |                      |                     |
| Community Development, Social Welfare and Housing ..... | 70                                  | 10                   | 61                  |
| General and Miscellaneous ...                           |                                     |                      |                     |
| Total by Field of Activity ..                           | 3,442                               | 3,400                | 3,600               |

## Composition of 1961 Technical Cooperation Program - \$3,600,000

The training program at the American University of Beirut for 665 participants at a cost of \$2,723, and the insect control project implemented under a Special Agreement with the U.S. Department of Agriculture, costing \$570,000, constitute the major portion of the Regional Projects TC Program. Short-term seminars and training courses in agricultural, labor, and communications media techniques; technical advisorships in transportation, training, and tourism; a contract for the translation of labor materials into Arabic; and a contract with the U.S. Book Exchange covering shipping costs (no acquisition costs being involved) of surplus technical and scientific books and publications to libraries in the countries of the area constitute the remainder of the Regional Projects TC program in FY 1961.

665  
 2,723  
 570,000  
 630

Country: NEAR EAST AND SOUTH ASIA  
REGIONAL AND UNDISTRIBUTED

**TECHNICAL COOPERATION**

**TABLE E-IV**

**PLANNED DISTRIBUTION OF FY 1961 PROJECT ASSISTANCE**

| Function: <u>TECHNICAL COOPERATION</u>             | DIRECT U.S. DOLLAR COST BY COST COMPONENT - (\$ in thousands) |                   |              |                  |                           |              |             | LOCAL CURRENCY COST<br>(In thousands of dollar equivalent) |                                       |                         |                              |
|--|---|-------------------|--------------|------------------|---------------------------|--------------|-------------|--|---------------------------------------|-------------------------|------------------------------|
|  | Activity and Projects   | New or Continuing | Total        | U.S. Technicians | Non-Contract Participants | Contracts    | Commodities | Other Costs  | Contributions to Cooperative Services | MSP includ. Counterpart | P.L. 480 Administered by ICA |
| <u>Agriculture, Forestry and Fisheries - Total</u> |   |                   | 639          | 370              |                           | 220          | 10          | 39   |                                       |                         |                              |
| Insect Control                                     | C   |                   | 570          | 313              |                           | 220          | 10          | 27   |                                       |                         |                              |
| Agricultural Extension and Credit Seminars         | C   |                   | 21           | 17               |                           |              |             | 4  |                                       |                         |                              |
| Seed Improvement Seminar                           | C   |                   | 6            | 6                |                           |              |             |  |                                       |                         |                              |
| Livestock Improvement Seminar                      | N   |                   | 21           | 17               |                           |              |             | 4  |                                       |                         |                              |
| Irrigation Seminar                                 | C   |                   | 6            | 6                |                           |              |             |  |                                       |                         |                              |
| Land Development Seminar                           | N   |                   | 15           | 11               |                           |              |             | 4  |                                       |                         |                              |
| <u>Industry and Mining - Total</u>                 |   |                   | 37           | 37               |                           |              |             |  |                                       |                         |                              |
| Tourism Advisor                                    | C   |                   | 37           | 37               |                           |              |             |  |                                       |                         |                              |
| <u>Transportation - Total</u>                      |   |                   | 25           | 25               |                           |              |             |  |                                       |                         |                              |
| Transportation Advisor                             | C   |                   | 25           | 25               |                           |              |             |  |                                       |                         |                              |
| <u>Labor - Total</u>                               |   |                   | 45           | 20               |                           | 15           |             | 10   |                                       |                         |                              |
| Labor Leadership and Labor Administration Seminars | C   |                   | 30           | 20               |                           |              |             | 10   |                                       |                         |                              |
| Translation of Labor Materials into Arabic         | C   |                   | 15           |                  |                           | 15           |             |  |                                       |                         |                              |
| <u>Education - Total</u>                           |   |                   | 2,793        | 70               |                           | 1,880        |             | 843  |                                       |                         |                              |
| American University of Beirut                      | C   |                   | 2,723        |                  |                           | 1,880        |             | 843  |                                       |                         |                              |
| Regional Training Office                           | C   |                   | 70           | 70               |                           |              |             |  |                                       |                         |                              |
| <u>General and Miscellaneous - Total</u>           |   |                   | 61           | 18               |                           | 35           |             | 8  |                                       |                         |                              |
| U.S. Book Exchange                                 | C   |                   | 35           |                  |                           | 35           |             |  |                                       |                         |                              |
| Communications Media Seminars                      | N   |                   | 26           | 18               |                           |              |             | 8  |                                       |                         |                              |
| <b>Total Technical Cooperation</b>                 |   |                   | <b>3,600</b> | <b>540</b>       |                           | <b>2,150</b> | <b>10</b>   | <b>900</b>   |                                       |                         |                              |

Handwritten notes and calculations on the right side of the page, including a large '28' and a box containing the number '330' and other scribbles.