

AGENCY FOR INTERNATIONAL DEVELOPMENT

**Fiscal Year 1977
Submission to the Congress**

**Security Supporting Assistance Programs
and
Middle East Special Requirements Fund**

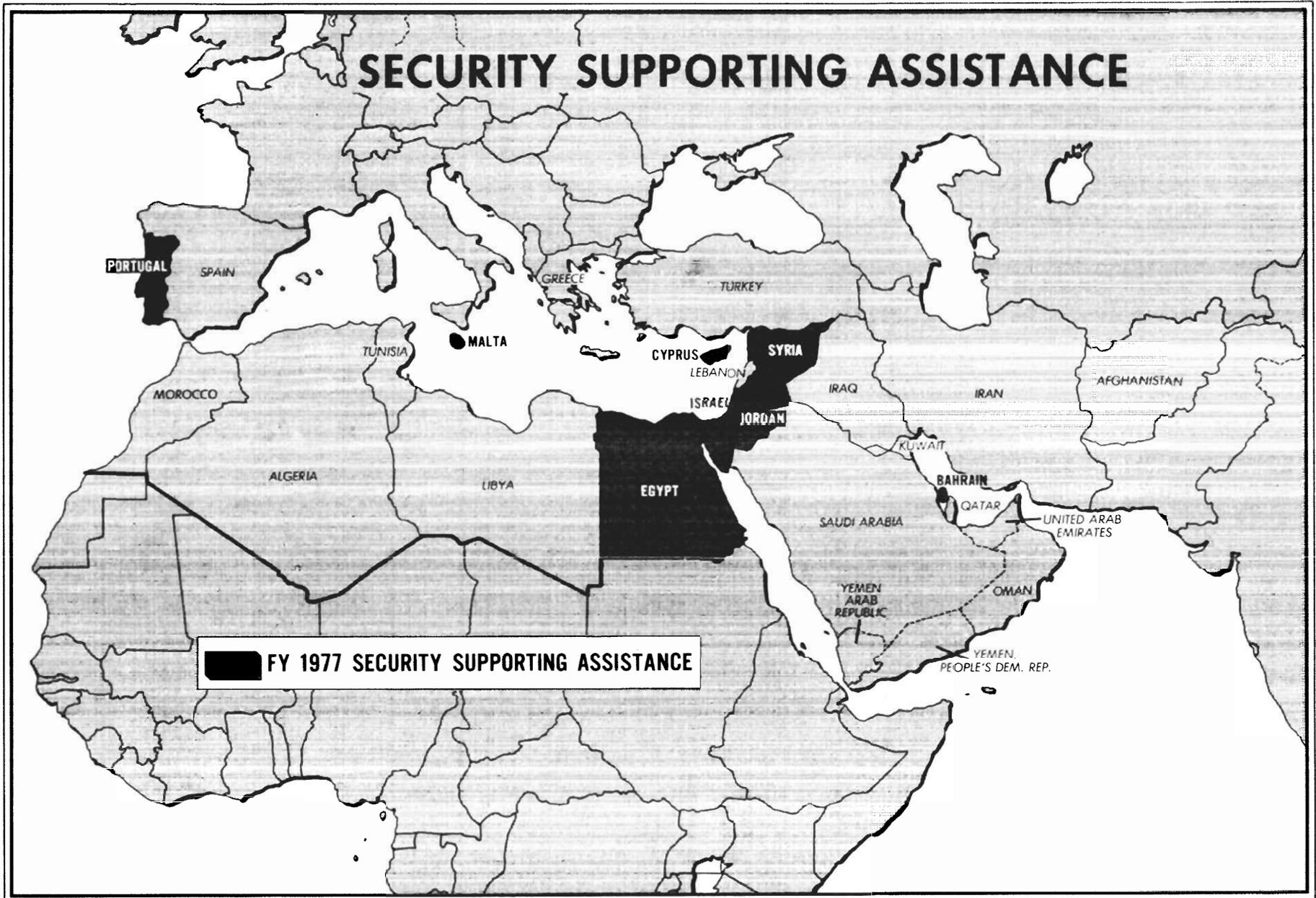
February 1976

SECURITY SUPPORTING ASSISTANCE PROGRAMS
AND
MIDDLE EAST SPECIAL REQUIREMENTS FUND

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SECURITY SUPPORTING ASSISTANCE &
MIDDLE EAST SPECIAL REQUIREMENTS FUND



SECURITY SUPPORTING ASSISTANCE

The economic prospects of the countries for which Security Supporting Assistance is proposed affect U.S. security interests and the achievement of United States foreign policy objectives. The Security Assistance programs outlined herein are designed to help these countries deal with their economic problems and thereby further U.S. efforts to secure stability and peace.

- Major programs are proposed for Israel, Egypt, Jordan, and Syria, along with continuation of the Middle East Special Requirements Fund, in support of our continuing efforts to achieve a just and durable peace in the Middle East.
- Continued assistance to the government of Portugal is proposed to help in meeting its current serious economic problems.
- Smaller programs are proposed for Cyprus, the UNFICYP, Bahrain, and Malta.

Middle East

The prospects for a permanent peace in the Middle East, although far from certain, remain promising. The realization of that promise will depend in part on strengthening the economies of the region and improving the prospects offered to the people of the region for sustained economic and social development.

The overall purposes of Security Supporting Assistance in the Middle East cited by the President in his message to the Congress of October 1975 continue to be valid. These are:

- First, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Supporting Assistance	677.3	1,857.6	25.2	1,806.6
Israel	324.5	755.0	-	785.0
Egypt	251.0	750.0	-	750.0
Jordan	77.5	77.5	-	77.5
Syria	- a/	90.0	-	90.0
Portugal	- b/	55.0	10.0	55.0
Cyprus	- c/	- e/	- e/	10.0
UNFICYP	9.6	9.6	4.8	9.6
Bahrain	-	.6	.1	.4
Malta	9.5	9.5	4.8	9.5
Zaire	- d/	22.8	- d/	- d/
Spain	3.0	- f/	- f/	- f/
Greece	-	65.0	-	-
Operating Expenses	2.2	22.6	5.5	19.6
Middle East Special Requirements Fund	100.0	50.0	10.0	35.0

- a/ \$83 million financed from Middle East Special Requirements Fund.
- b/ Portugal portion of availabilities under Section 496 of the Foreign Assistance Act of 1961 as amended.
- c/ \$25 million financed from Famine and Disaster Relief Funds.
- d/ \$1.6 million in FY 1975 financed from Development Assistance; \$8.8 million in TQ and \$4 million in FY 1977 to be funded from Development Assistance.
- e/ \$25 million in FY 1976 and \$5 million in TQ requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.
- f/ Requirements will be submitted at a later date.

- Second, to give tangible expression to our new and fruitful relations with the Arab nations most directly involved and to encourage those which are seriously prepared to work for peace.
- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The countries of the region - Israel, Egypt, Jordan, and Syria - continue to face serious economic difficulties for which they seek our help. It continues to be in the U.S. national interest to be responsive to their needs.

Israel

The interim peace agreement of September 1975 between Israel and Egypt has not reduced Israel's economic problems.

Although Israel is, by most standards, a developed economy, the burden imposed by its extraordinary defense costs and the related foreign debt are more than the economy can bear without very substantial outside support.

- Defense expenditures are of the order of one-third of GNP.
- Israel's foreign debt, relative to the size of its economy, is perhaps the highest in the world; this debt was estimated at the end of 1975 to be nearly \$8 billion, or some \$2,300 per capita.
- Despite severe measures of economic austerity carried out by the government, Israel's balance-of-trade deficit for 1975 is estimated to be \$4.7 billion.

It is evident that, until security conditions in the region improve, Israel's economy will need large-scale help from outside.

- For this help, Israel depends largely on the United States.
- The only other donors providing substantial economic assistance to Israel are Germany and the international organizations, and their help is on a much smaller scale.
- A Supporting Assistance program of \$785 million is proposed - \$260 million in loans and \$525 million in grants.

Egypt

The leaders of Egypt have shown great courage in their pursuit of peace while at the same time confronting massive economic problems. A reasonable measure of success in dealing with these problems is essential if this two-pronged strategy of peace and development is to succeed.

The Egyptian economy, despite many elements of sophistication, is clearly a less developed one.

- Per capita GNP is less than \$300.
- Literacy is only 40 percent.
- The small amount of arable land provides little scope in agriculture for dealing with population pressures.

Such basic problems are compounded by the effects of a very heavy defense burden and the results of war.

- The Suez Canal area reconstruction must be completed.
- Egypt's industrial plant has deteriorated due to the emphasis on military expenditures in past years.
- The level of external debt is so great that it has become extremely difficult for the Egyptians to find lenders willing to negotiate new medium-term loans on conventional terms.
- The balance-of-payments, which is chronically in deficit, constitutes a particularly acute situation; the trade deficit for 1975 is estimated to be around \$3.2 billion.

The proposed Supporting Assistance program is \$750 million. These funds will finance assistance for essential imports, and important capital development projects. Large-scale aid from Egypt's oil-producing Arab neighbors is helping Egypt with its economic problems. But United States assistance is essential if Egypt is to meet its immediate needs and bring economic progress to its people.

Jordan

Jordan continues to be a force for moderation in the Middle East and is a strong friend of the United States in the area.

- Jordan's economy has a limited resource base. It continues to be dependent on outside help. For example, despite substantial recent increases in exports, the 1975 balance of trade deficit is estimated to be \$451 million.

Jordan seeks to take advantage of improving security in the Middle East to devote increased attention to its development needs.

- The relatively modest three year plan (1973-75) has substantially achieved its goals. For example, investment reached 96 percent of the target.
- A more ambitious Five Year Plan (1976-80) has recently been drawn up and will be initiated this year.

The proposed Supporting Assistance Program for FY 1977 of \$77.5 million is for budget support and development projects, including technical assistance. Assistance from its oil-producing neighbors is enabling Jordan to meet its high defense costs and is helping in development. But aid from the United States is needed to assist in filling the resource gap and to support Jordan's increasing emphasis on development.

Syria

In Syria, U.S. economic aid is part of our efforts to strengthen the new U.S.-Syria relationship through which the goal of a peaceful solution to the Middle East problem is being sought.

Syria is a less developed country with a need to sustain its recent economic progress.

- Per capita income is about \$500.
- Literacy is only 40 percent.
- More than half of the labor force is in agriculture.

First priority in Syria's development plans is given to increasing agricultural production through expanded irrigation and land reclamation and small-scale industry.

-- Syria has conducted a relatively successful development program, and good use has been made of external assistance.

The proposed Supporting Assistance program is for \$90.0 million, primarily for projects in agriculture and rural development. The other Arab countries and international organizations are contributing to the Syrian development effort. Our overall relationships with Syria are strengthened by participating in this multidonor effort and helping Syria meet some of its pressing development needs.

Portugal

The efforts of the current government of Portugal to strengthen democracy in that country merit strong United States support. The Government of Portugal must be able to meet forcefully the country's serious economic problems if it is to be successful in this effort.

The economic problems stem from a number of causes:

- Disruptions in the economy were an inevitable result of the major change in government of April 1974.
- The recession in Western Europe, Portugal's principal customer for exports and the tourist trade, has seriously cut into foreign exchange earnings.
- Rising prices for petroleum and food imports have greatly increased import costs.
- The influx of some 350,000 refugees from Portugal's former African colonies has added to unemployment, which is estimated to be around 13 percent, and has required major budgetary outlays.

External assistance is essential both to meet these immediate needs and to help in the longer-term restructuring of the Portuguese economy. Portugal's European neighbors are taking the lead in helping Portugal but United States aid is also sought and needed.

The proposed Supporting Assistance program is for \$55 million for the financing of essential imports and capital projects and a small amount of technical assistance.

Cyprus, UNFICYP, Bahrain, and Malta

Cyprus continues to have a serious refugee problem as a result of the coup d'etat and subsequent Turkish military intervention in 1974. The need for help for the refugees is diminishing as our past assistance efforts take effect. We expect a smaller number of refugees will be found with unsatisfactory living conditions by 1977. As in the past, it is expected that most of the relief assistance will be provided through the UN High Commission for Refugees.

UNFICYP (The United Nations Force in Cyprus) was created as a peacekeeping force in 1974. Annual costs at present troop strength are estimated at about \$27 million of which the U.S. contributed \$9.6 million. We propose to continue this contribution. The remainder is expected to be made available by a number of West European countries.

Bahrain has been cooperative in providing port facilities for U.S. naval vessels in the Persian gulf for more than 25 years. In response to a request by the Bahrain government, we are providing advisors to the Government of Bahrain in technical and administrative fields. \$400,000 is requested in FY 1977 to continue this program.

Malta occupies a position in the Mediterranean of considerable importance to the defense of NATO. Military forces of the United Kingdom have been stationed there under a 1972 agreement supported by NATO. The

agreement provides for a payment of about \$47 million a year for seven years. The U.S. share of this payment is \$9.5 million per year.

Middle East Special Requirements Fund (MESRF)

Continuing uncertainties in the Middle East make it essential that the United States be able to respond quickly to special needs arising in this area. Needs that are now foreseeable are financial help for the U.S. private voluntary organizations working with refugees on the West Bank of the Jordan and the Gaza strip and continued support for the U.S.-manned surveillance station in the Sinai. The proposed level for the MESRF is \$35.0 million.

FY 1977 Program Composition

Middle East

Egypt

For Egypt we are requesting \$750 million in Security Supporting Assistance funds for FY 1977 of which \$661 million will be loans and \$89 million grants. A.I.D. also plans, as availabilities permit, to provide approximately 1 million tons of wheat and 3,600 tons of tobacco, valued at about \$150 million at present prices, under a PL 480 Title I loan. The Security Supporting Assistance funds are to be used for:

- Financing essential imports primarily from the United States (\$250 million loan);
- Reconstruction and development of the Suez Area (\$100 million in loans and \$80 million in grants). This will include a loan for a major power plant, and reconstruction grants for port equipment and water and sewage systems;

-- National Development Program (\$311 million in loans). Major proposed projects are in food storage and distribution, power generation and distribution, irrigation canal maintenance equipment, industrial credit, and production of a synthetic fibers and materials plant for Egyptian textile industries;

-- Technical Assistance Grants (\$9 million). Main activities include technology transfer, feasibility studies, rural health delivery systems, and family planning.

Israel

The FY 1977 Security Supporting Assistance requested for Israel is \$785 million. In addition, 70,000 tons of wheat with an estimated value of \$9 million is planned under PL 480 Title I and \$25 million is planned under the Housing Guaranty Program.

The major portion of the planned aid to Israel is to pay for essential imports to help meet the very serious imbalance in foreign trade. As noted above, the trade deficit for 1975 is estimated at \$4.7 billion and the forces causing it will continue to have an adverse effect in the year ahead. A total of \$635 million is programmed for commodity imports, of which \$375 million will be a grant and \$260 million will be a loan on regular A.I.D. concessional terms. As a cash grant, \$150 million is to be provided in consideration of the continuing readjustment costs resulting from the Sinai agreements.

Jordan

We are requesting \$77.5 million of Security Supporting Assistance for Jordan for FY 1977. A PL 480 program of \$6 million for 47,000 tons of wheat also is planned.

The major portion of the Security Supporting Assistance Program, \$50 million, is for budgetary support.

A total of \$24.5 million is programmed for capital developments projects. The amount requested for loans is up from the \$18 million programmed for FY 1976, and reflects increasing emphasis in U.S. assistance to development. Loan projects proposed for financing include design work for the Maquarin dam, rural water supply, agricultural and rural development in the Jordan River valley, road construction, and rural electrification.

The technical assistance program for which \$3 million is requested is concentrated in three areas:

- Food production and nutrition.
- Education and human resource development.
- Feasibility studies in the most promising investment sectors.

Syria

The requested Security Supporting Assistance program for Syria is \$90 million. A program of approximately \$10 million under PL 480 for rice and vegetable oil is also planned.

The loan program for capital development projects is for \$87 million.

- \$60 million for rural electricification, benefitting nearly 15 percent of the population, is the major project.
- Agricultural machinery and equipment are programmed for \$27 million.

The technical assistance program is planned for \$3 million. The major areas of activity will be:

- Agricultural research;

- Feasibility studies;
- Technical training for professional personnel in the United States;
- English language training;
- A health services and family planning delivery program.

Portugal

The Security Supporting Assistance program requested for FY 1977 is for \$55 million. In addition, a PL 480 program of about \$30 million for wheat and rice is planned and an additional \$10 million is planned under the Housing Investment Guaranty program.

The major portion of the Security Supporting Assistance program - \$33 million - is planned for project loans.

- These loans will be in priority areas agreed with the government of Portugal such as low-income housing, health and sanitation facilities, and feasibility studies in priority areas.

Another \$20 million is programmed for commodity imports as part of a broader multidonor stabilization program.

The technical assistance program is planned at \$2 million for activities related to capital projects.

Cyprus, UNFICYP, Bahrain and Malta

The proposed program for Cyprus is for \$10 million. This program is to help deal with the continuing, albeit diminishing, needs of the refugees. A part of the

funds will deal with immediate problems such as refugee feeding and a part with employment creating and development-oriented activities such as housing and reforestation.

The UNFICYP (United Nations Forces in Cyprus) proposed program is for \$9.6 million. The force level as of December 1975 was 3,069 and the annual total cost at this level will be \$27 million. The cost beyond the U.S. contribution is to be covered by West European donors.

The proposed program for Bahrain is for \$400,000 to continue a technical assistance program for improving government skills in public and budgetary administration.

The proposed program for Malta is for \$9.5 million to cover the U.S. share of a NATO commitment.

Middle East Special Requirements Fund

The request is for \$35 million for FY 1977. Financial assistance of \$3 million is planned for U.S. private voluntary organizations working in the West Bank of the Jordan and the Gaza areas and an additional \$15 million is programmed for continued operation of the U.S.-manned surveillance station in the Sinai. The remainder is to enable the U.S. to respond quickly to special needs arising in this area.

SUMMARY OF A.I.D. PERSONNEL BY COUNTRY
(U.S. Nationals on Duty at End of Fiscal Year)

REGION:

TABLE II

A.I.D. Organization/Country	A.I.D. DIRECT HIRE (Full-time Employees in Permanent Positions)			PARTICIPATING AGENCY TECHNICIANS			CONTRACTOR TECHNICIANS			TOTAL		
	FY 1975 Actual	FY 1976 Estimated ^a	FY 1977 Proposed ^o	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed	FY 1975 Actual	FY 1976 Estimated	FY 1977 Proposed
Cyprus	-	1	1	-	-	-	-	-	-	-	1	1
Egypt	9	22	50	-	1	4	-	1	-	9	22	21
Israel	-	-	-	-	2	2	-	-	-	-	2	2
Jordan	4	8	9	-	2	2	1	-	-	5	7	8
Portugal	1	3	3	-	-	-	-	-	-	1	3	3
Syria	4	11	11	-	3	3	-	12	25	4	25	39
TOTAL	18	45	74	-	8	11	1	13	25	19	60	74

^aAuthorized as of December 31, 1975.

SECURITY SUPPORTING ASSISTANCE
 SUMMARY OF PARTICIPANTS BY COUNTRY

(Programmed During Fiscal Year)

TABLE III

COUNTRY	NONCONTRACT			CONTRACT			TOTAL		
	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED	FY 1975 ACTUAL	FY 1976 ESTIMATED	FY 1977 PROPOSED
Egypt	70	110	150	-	40	45	70	150	195
Israel	-	-	-	-	-	-	-	-	-
Jordan	52	45	30	12	8	19	64	53	49
Portugal	3	50	100	-	-	-	3	50	100
Syria	-	43	132	-	6	10	-	49	142
TOTAL	125	248	412	12	54	74	137	302	486

ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV a

COUNTRY	POPULATION				HEALTH			EDUCATION					
	TOTAL (Mid-1975)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICUL- TURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECT- ANCY YEARS	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
			1960	1975					1960	1971	1960	1971	
	MILLIONS	PERCENT					THOUSANDS		AS PERCENT 5-19 AGE GROUP		PERCENT		
Egypt	37.7	2.3	38	48	46	1,510	52	100	3,210	5,430	35	46	40
Israel	3.4	1.7	78	84	7	380	72	22	470	642	71	66	88
Jordan	2.7	3.6	43	56	35	2,290	55	23	270	400	43	62	32
Portugal	8.5	-0.4	23	29	29	960	68	45	1,116	1,476	45	61	65
Syria	7.3	3.1	37	46	54	3,500	54	22	580	1,380	36	57	40

NOTE: Data for developing countries often represent approximate orders of magnitude rather than precise measurements, and may not be fully comparable between countries. Where year is not stated, data are the most recent information available.

ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV b

COUNTRY	PER CAPITA GROSS NATIONAL PRODUCT		AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE				
	1973 ^a	AVERAGE ANNUAL GROWTH RATE 1965-1973 ^b	AVERAGE ANNUAL GROWTH RATE 1970-75		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)	
			TOTAL	PER CAPITA	1970	1975 Est.		1970	1975 Est.
	DOLLARS	PERCENT	PERCENT		\$ MILLIONS		ITEM	\$ MILLIONS	
Egypt	250	0.8	1.5	-0.6	762	1,540	Cotton	787	4,740
Israel	2,790	6.7	5.9	2.7	779	1,870	Diamonds, citrus fruits	2,079	6,620
Jordan	290	-2.6	5.5	2.1	34	160	Phosphate	184	510
Portugal	1,130	8.0	-0.2	0.4	950	1,760	Wine, cork	1,590	4,150
Syria	370	3.6	4.9	1.6	203	784 ^c	Cotton	360	1,230 ^c

a - Estimates in the IBRD 1975 Annual Report. Briefly described, the 1973 GNP data in national currencies, expressed in average 1965-71 domestic prices, were converted to U.S. dollar equivalents at an average 1965-71 exchange rate, and then adjusted for inflation of the U.S. dollar from the 1965-71 base period to 1973. b - Estimates in the IBRD 1975 World Atlas. c - 1974.

ECONOMIC AND SOCIAL DATA

REGION: SECURITY SUPPORTING ASSISTANCE

TABLE IV ^c

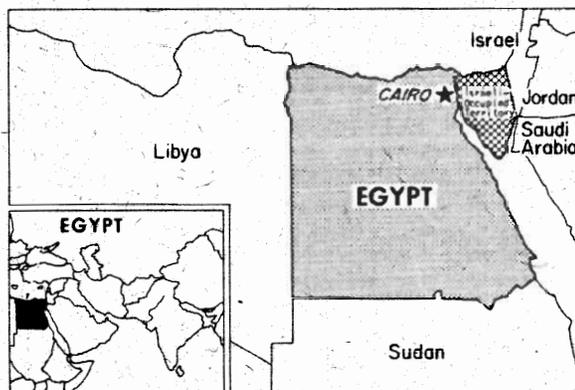
COUNTRY	GOLD & FOREIGN EXCHANGE ^a			CENTRAL GOVERNMENT FINANCES ^b							
				EXPENDITURES						DOMESTIC REVENUES	
	TOTAL		DEFENSE EXPENDITURES								
	AMOUNT		AS % OF TOTAL EXPENDITURES		AS % OF GNP ^c						
	1973	1974	1975	1973	1974 ^E	1973	1974 ^E	1973	1974 ^E	1973	1974 ^E
	\$ MILLIONS			\$ MILLIONS		PERCENT		PERCENT		\$ MILLIONS	
Egypt	363	356	362(Sep)	4,483	5,789	38.9	35.4	18.8	18.9	2,127	2,568
Israel ^d	1,815	1,201	1,271(Oct)	6,302	8,222	54.1	48.9	40.8	34.4	3,800	6,201
Jordan	312	350	466(Nov)	358	473	35.2	29.4	n.a.	n.a.	144	197
Portugal	2,839	2,354	1,633(Oct)	1,927	2,361	34.2	34.9	6.1	6.0	1,706	1,968
Syria	481	835	1,148(May)	897	1,503	44.5	36.1	15.6	13.8	719	1,153

E - Estimate. n.a. - Not available.

a - Official reserves, gross basis, end of period, current prices that reflect the impact of inflation. fiscal year begins April 1.

b - Converted to U.S. dollar equivalents at 1974 exchange rates. Data are in national currencies.
 c - Derived from current price data in national currencies. d - Israel

Egypt - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions - mid-1975)	37.7
Annual Growth Rate (percent)	2.3
Area (1,000 square miles)	387
Population Density per square mile	94
Agricultural Land as % of Total Area	3
Percent of Labor Force in Agriculture	46
Life Expectancy (years)	52
People per Doctor	1,510
Literacy Rate (percent)	44
Students as Percent of 5-19 Age Group	46
(Primary & Secondary)	
GNP per Capita (dollars - 1973)	250*
Annual Average Growth Rate (percent--1965-73)	0.8 ⁺

* - Estimate in IBRD 1975 Annual Report.
 + - Estimate in IBRD 1975 World Atlas.

GROWTH INDICATORS	1971	1972	1973	1974	1975 ^{Est.}
Agricultural Production Index (1961-65=100)	117	119	119	118	122
Index per Capita	97	97	95	92	93
Corn (1,000 M.T.)	2,342	2,421	2,508	2,640	2,850
Rice (1,000 M.T.)	2,681	2,507	2,274	2,240	2,650
Wheat (1,000 M.T.)	1,732	1,618	1,837	1,884	1,913
Cotton (1,000 M.T.)	510	514	490	438	400
INTERNATIONAL TRADE (\$ millions) ^a					
Total Exports (f.o.b.)	789	825	1,125	1,516	1,540
Cotton	402	373	482	700	520
Total Imports (c.i.f.)	904	877	906	2,349	4,740
Trade Balance	-115	-52	219	-833	-3,200
GOLD & FOREIGN EXCHANGE (\$ millions) ^b					
Official Reserves	149	139	363	356	362 ^c
Commercial Bank Holdings	98	139	416	1,042	1,363 ^c
CONSUMER PRICE INDEX (1970=100)	103	105	110	122	130(6 mos)
				- Million Dollar Equivalents -	
CENTRAL GOVERNMENT FINANCES ^d	1972	1973	1974 ^P	1975 ^e	
Total Expenditures	3,878	4,483	5,789	8,082	
(Defense Expenditures)	(1,580)	(1,743)	(2,048)	(2,775)	
(As % of Total Expenditures)	(41%)	(39%)	(35%)	(34%)	
(Capital Outlays)	(1,060)	(1,155)	(1,492)	(1,938)	
Total Domestic Revenues	1,907	2,127	2,568	3,425	
Deficit (-) or Surplus (+)	-1,971	-2,356	-3,212	-4,657	

n.a. - Not available. P - Preliminary.
 a - Excludes trade in military goods. b - Gross basis, end of period. c - End of September, 1975. d - Current price data converted at \$2.56 per/Egyptian pound. e - Original budget.

EGYPT

Objectives of U.S. Assistance

Peace in the Middle East is a major U.S. foreign policy goal.

Egypt has demonstrated its desire and willingness to work toward a negotiated peace by playing a key role in the two interim settlements already concluded:

- a negotiated disengagement of forces between Egypt and Israel and between Israel and Syria which was reached early in 1974;
- a second-step agreement between Egypt and Israel in September 1975, which:
 - ** sets forth a general policy framework for the achievement of a just and lasting peace;
 - ** establishes rules for the deployment of respective military forces;
 - ** provides the means to ensure compliance with this deployment.

The successful implementation of these agreements, as well as further progress toward permanent peace, will depend in large part on Egypt, and specifically on:

- willingness of the Egyptian people to support further measures leading to a permanent settlement;
- an economic and social atmosphere within Egypt conducive to growth, development, and peace.

The objective of U.S. assistance is to foster economic and social development within Egypt and thereby to

create the preconditions to a continued and a more permanent peace.

Political and Economic Setting

In its external relationships and particularly in its leadership role in the Arab world, the Government of Egypt has taken both a courageous step and a calculated risk by proceeding with its recent second-step agreement with Israel.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Suez Area Reconstruction and Development	53.5	223.5		180.0
National Development Program	47.5	276.5		320.0
Commodity Import Program	<u>150.0</u>	<u>250.0</u>		<u>250.0</u>
Total	251.0	750.0		750.0

- It is of paramount importance to the achievement of lasting peace in the area that implementation of this agreement succeed and that it lead to more comprehensive understandings and agreements in the future.
- The ability and willingness of Egyptian society to proceed with further steps toward peace will depend in large measure on the success achieved by the Government in its efforts to direct the

EGYPT

nation's energies toward economic development rather than confrontation as a way of achieving national goals.

Egypt today is also a force for moderation in the councils of the world community. Its decision to concentrate on developing its own country sets a positive example for future events in the Middle East.

Egypt suffers from a serious shortage of foreign exchange with which to sustain its economic recovery and undertake a development program. This affects every aspect of the economy and has created:

- shortages of raw materials and spare parts for domestic industry, resulting in a scarcity of basic consumer items;
- low levels of domestic investment in new industry, infrastructure, and in the agricultural sector, which has slowed Egypt's per capita GDP growth to under one percent annually over the past 10 years.

The new agreement between Egypt and Israel will, in itself, improve Egypt's economic situation through:

- restoration of oil from the Abu Rudeis oil fields:
 - ** Approximately \$300 million worth of oil is expected to be produced from these fields annually for the next several years.
- stimulating further use of the Canal:
 - ** The Government of Egypt expects Suez Canal revenues to rise to

more than \$500 million in 1976.

-- encouraging the tourism industry and private foreign investments:

- ** Tourism will amount to an expected \$450 million in 1976 and considerably higher by 1978 when new hotel facilities are completed.

As significant as these gains are, they will cover only part of the total requirement. Egypt will continue to require substantial assistance to achieve its development objectives and at the same time provide for improving the current standard of living of its people. Egyptian development programs must contend with:

-- a continuing balance of trade deficit:

- ** The foreign trade deficit in 1975 is estimated at more than \$3 billion.

-- standards of living which have not improved significantly over the past 10 years:

- ** Per capita income has remained about constant since 1965.

-- an overly high rate of population growth:

- ** Population is growing at a rate of 2.3% per year; at this rate, population will grow from its current level of 37 million to 48 million by 1985. Meanwhile, population growth in urban areas is 5%. Increased population means a higher demand for foodstuffs.

-- a scarcity of arable land:

EGYPT

** Egypt has approximately 6 million acres of good arable land located in the Nile Valley and Delta; cultivation in surrounding desert areas can be accomplished only at very high costs.

-- insufficient domestic production of food grains:

** In 1976, Egypt will import more than 3 million tons of wheat; with projected rates of population growth, this will rise to more than 5 million tons by 1985.

-- vast needs for capital goods, infrastructure, and technical assistance to better develop its industrial sector:

** The Government of Egypt plans to import approximately \$4 billion in capital and intermediate goods during 1976.

Egypt's economic recovery requires resources far beyond its own or any single donor's ability to provide.

Substantial Arab economic assistance and economic assistance from other donors has been provided in the past and is expected to continue in the future to assist Egypt in overcoming its current balance of payments problems.

-- Arab economic assistance in 1975 amounted to \$2 billion.

-- Other donors, including the international organizations, provided nearly \$1 billion in 1975.

United States economic assistance also is needed

urgently to bring Egypt through this crucial period of its post-war recovery and development.

Terms for U.S. assistance will be:

- grants for technical assistance and also for the capital projects related to Suez area reconstruction;
- loans at 2% for a 10 year grace period and 3% for a 30 year repayment period for development projects and general commodity imports;
- commodity procurement principally from U.S. sources.

FY 1977 Program

The sum of \$750 million is requested for the proposed economic assistance program during FY 1977 to:

- continue our support of the Suez Area Reconstruction and Development program;
- initiate selected projects in the Egyptian national economic development program;
- support technical assistance projects focused on improving agricultural productivity and the living conditions of the poor;
- continue broad support to productive sectors of the economy through continuation of the Commodity Import Program.

Reconstruction and Development of the Suez Area

Since the October 1973 war, the Government of Egypt has

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been investing a major portion of its civilian budget in the reconstruction and economic development of the Suez Canal Area. Significant progress has been made in physical construction of housing and overall planning. Master plans for Suez City, Ismailia, and Port Said will be completed in April 1976.

The United States will continue to participate in development of the area during FY 1977. We propose financial assistance of \$80 million in grants and \$100 million in loans for this purpose, to include the following projects:

- Suez Electric Power Plant rated at 300 MW to be built at Suez City to provide power for the heavily damaged southern third of the Canal area which includes a sizable industrial zone and Port Tewfiq (\$100 million loan).
- Port Operating and Maintenance Equipment for the three Suez ports needed to bring these ports into full operation and thereby relieve congestion at the port of Alexandria (\$20 million grant).
- Water and Sewage Systems urgently needed for the urban areas (\$60 million grant).

National Development Program

Considerable effort by the Government of Egypt has been directed toward the formulation of an integrated national economic development plan aimed at improving the standard of living for the population and establishing the physical infrastructure necessary for improved economic growth. This plan involves large investments in infrastructure, agriculture and new industrial

starts over the next five year period. A.I.D. proposes \$320 million to support this plan during FY 1977 through the following capital project loans and technical assistance grants.

Capital Projects (\$311 million)

- Foodgrain and Vegetable Oil Storage and Distribution Facilities to reduce the losses of stocks due to weather, pests and inefficiencies in handling (\$95 million);
- Electric Power Distribution to upgrade the outmoded power distribution system now in existence; this is particularly critical in larger urban areas such as Cairo and Alexandria (\$80 million);
- Small Scale Agricultural Equipment required to improve productivity in the agricultural sector (\$15 million);
- Irrigation Canal Maintenance Equipment to improve the capability of existing public sector companies to maintain and improve Egypt's system of irrigation canals (\$26 million);
- Industrial Credit (Bank of Alexandria) to make available foreign exchange financing needed by private as well as public industries to implement investment plans (\$40 million);
- Synthetic Fiber Production to increase capacity to produce the essential inputs to Egypt's textile industries which are

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in process of increasing their output of synthetic fabrics (\$15 million);

- Synthetic Material Production (DMT) to establish a plant for the manufacture of dimethylterephthalate needed as raw materials for new polyester production facilities in Egypt (\$40 million).

Technical Assistance Grants (\$9 million)

- Technology Transfer and Manpower Development as a vehicle for fostering the exchange of knowledge through training and short-term consultancies (\$1 million);
- Technical and Feasibility Studies to enable the Government of Egypt to avail itself of U.S. private as well as public sector expertise in the development and study of investment programs and projects (\$2 million);
- Rural Health Delivery System to improve the organization and management of rural health services and enhance the ability of the existing system to deliver preventive services (\$2.1 million);
- Integrated Social Work Training Centers to broaden and upgrade the skills of social workers operating in rural areas (\$1 million);
- Development of Rural Villages to improve the ability of the Ministry of Local Government to plan and evaluate village development programs (\$500,000);

- Small-Scale Mechanization of Agriculture to increase the efficiency of agricultural production in pilot areas through the mechanization of tillage, harvesting and water pumping operations (\$600,000);

- Water Use and Management to improve the efficiency of water use through better application techniques (\$800,000);

- Family Planning to improve the ability and effectiveness of the Government in providing family planning services and contraceptive supplies to fertile members of its population (\$1 million).

Commodity Import Program Loan (\$250 million)

This program is needed in order to provide equipment, parts, and material required for effective utilization of domestic industry and for increasing the productivity of the agricultural sector. Increases in domestic production will enable the general population to purchase more of the essential goods required for everyday life, thus improving their level of living.

PL 480

As availabilities permit, we intend to provide approximately 1,000,000 metric tons of wheat and 3,600 metric tons of tobacco under PL 480 Title I for FY 1977, valued at \$150 million at present prices.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

COUNTRY: EGYPT

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
A. Suez Reconstruction Area				<u>40.0</u>			<u>223.5</u>				<u>80.0</u>		
Construction Equipment	263-12-310-004	1975	1975	10.0	-	10.0	-	10.0	-	-	-	10.0	
Electrical Distribution Equipment	263-12-220-001	1975	1975	30.0	-	30.0	-	30.0	-	-	-	30.0	
Port Said Minefield Sweep	263-11-390-005	1976	1976	-	-	-	3.5	3.5	-	-	-	3.5	
Water and Sewage Systems I	263-12-520	1976	1976	-	-	-	10.0	-	10.0	-	-	10.0	
Water and Sewage Systems II	263-12-520	1977	1977	-	-	-	-	-	-	60.0	-	60.0	
Cement Plant	263-12-230	1976	1976	-	-	-	100.0	-	100.0	-	-	100.0	
Ismailia Power Plant	263-12-220	1976	1976	-	-	-	100.0	-	100.0	-	-	100.0	
Cargo Handling and Port Maintenance Equipment I	263-12-340	1976	1976	-	-	-	10.0	-	10.0	-	-	10.0	
Cargo Handling and Port Maintenance Equipment II	263-12-340	1977	1977	-	-	-	-	-	-	20.0	-	20.0	
B. National Development Program				<u>2.0</u>			<u>6.5</u>				<u>9.0</u>		
Technology Transfer and Manpower Development I	263-11-995-002	1975	1975	1.0	0.1	0.9	-	0.9	-	-	-	1.0	
Technology Transfer and Manpower Development II	263-11-995	1976	1976	-	-	-	2.0	-	2.0	-	-	2.0	
Technology Transfer and Manpower Development III	263-11-995	1977	1977	-	-	-	-	-	-	1.0	-	1.0	
Feasibilities Studies	263-11-995-003	1975	1975	1.0	-	1.0	-	1.0	-	-	-	1.0	
Technical and Feasibility Studies I	263-11-995	1976	1976	-	-	-	3.0	-	3.0	-	-	3.0	
Technical and Feasibility Studies II	263-11-995	1977	1977	-	-	-	-	-	-	2.0	-	2.0	
Water Use and Management	263-11-120	1976	1980	-	-	-	0.5	0.1	0.4	-	0.8	3.7	
Improvement of Rural Health Services	263-11-590	1976	1979	-	-	-	0.5	0.1	0.4	-	2.1	2.4	
Development of Rural Villages	263-11-740	1977	1980	-	-	-	-	-	-	0.5	1.3	1.8	
Integrated Social Work Training Centers	263-11-810	1977	1978	-	-	-	-	-	-	1.0	0.3	1.3	
Small Scale Mechanization of Agri.	263-11-190	1977	1980	-	-	-	-	-	-	0.6	1.4	2.0	
Family Planning	263-11-580	1976	1980	-	-	-	0.5	-	0.5	-	4.5	6.0	
*Detailed project narrative—See Table VI.				Total			230.0	45.6	226.3	-	89.0		

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)	
		INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
Technology Transfer and Manpower Development III NUMBER 263-11-995	Security Supporting Assistance	FY 77 1,000	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 23	FY: 1977	FY: 1977

Goal: To strengthen the scientific, technical, administrative and problem solving capabilities of government agencies, public enterprises, research and training institutions and other development-oriented organizations in Egypt.

Purpose: To upgrade the scientific, technical and managerial staff of public agencies, institutions and enterprises in Egypt.

Background: Egyptian scientists, administrators and managers, isolated from U.S. technology and administrative expertise because of the break in diplomatic relations from 1967 to 1974, want to be brought up-to-date quickly through renewed contact with American expertise. This project finances the foreign exchange cost of technical assistance to the Government of Egypt for upgrading the scientific, technological, planning, managerial, and administrative capabilities of government agencies, research institutions, and other development-oriented organizations in Egypt.

Similar grants in FY 1975 and FY 1976 were utilized to provide highly qualified U.S. specialists to Egypt on a short-term basis to assist the Government on a wide variety of subjects.

Also under this program more than 50 Egyptians have been brought to the United States for consultation, specialized training, or observational tours. The Egyptians are very enthusiastic about this program and have requested that support for these activities continue in FY 1977.

Outputs: (1) Increase in the quality and number of trained specialists assigned to high and middle-level positions in government agencies, research and training institutions and public enterprises in Egypt. (2) Increased cooperation between Egyptians and American specialists in solving scientific, technological and managerial problems.

Host Country and Other Donors: The Government of Egypt provides administrative support for the U.S. specialists, including in-country transportation, secretarial services, and translation services.

FY 1977 Program: One million dollars requested for FY 1977 will finance an estimated 125 employee-months of specialized contract services (\$500,000); 400 employee-months of participant training in a wide variety of fields related to economic development (\$400,000); and selected commodities needed to fully implement technical exchanges (\$100,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/75	-	-	-		-	-	-	-	-	-	-	-	-	Various U.S. private sector contractors and US agencies
Estimated FY 76	-	-	-		-	-	-	-	-	-	-	-	-	
Estimated through 6/30/76	-	-	-		-	-	-	-	-	-	400	-	400	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost		-	-	-	-	-	-	100	-	100	
					-	-	-	-	-	-	-	-	-	
Proposed FY 77	1,000	-	1,000	Total Obligations ..	-	-	-	-	-	-	500	500	1,000	

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Technical and Feasibility Studies II	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 2,000	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 24	INITIAL OBLIGATION FY: 1977	SCHEDULED FINAL OBLIGATION FY: 1977
NUMBER 263-11-995			

Goal: To enhance the capacity of the Egyptian Government to attract and utilize foreign financing for development projects.

Purpose: To improve the quality and expand the number of sector assessments, analytical studies and feasibility studies now being undertaken in Egypt by making available to the Government of Egypt on a grant basis the services of U.S. firms and institutions to assist in the preparation of development programs and projects and in the conduct of feasibility studies.

Background: One of the most serious constraints to Egyptian economic development at this point continues to be the shortage of thoroughly planned financeable projects and programs to absorb offers of assistance and interested investment capital. While many prospective donors have made offers of financial assistance for projects in Egypt, much of this assistance has not yet been committed due to a paucity of programs and projects that have been professionally researched, analyzed and found to be economically feasible.

Egypt lacks the internal resources to conduct the studies needed to effectively utilize the economic development assistance potentially available from donors and investors,

and has requested our assistance in conducting such studies. A similar grant was made in FY 1975 and at the request of the Government of Egypt, we plan additional assistance of this type in FY 1976.

Major Outputs: An enlarged shelf of projects that are ready for financing by private investors, other donors, or in some cases, by A.I.D.

Host Country and Other Donors: In 1975 offers of project financing from other donor countries amounted to over \$1 billion. Many of these project offers have not moved forward because of the inability of the Egyptian Government to complete technical and feasibility studies in a timely fashion. This grant is intended to serve a catalytic purpose bringing these projects to fruition.

FY 1977 Program: Two million dollars is requested for use in engaging U.S. private sector expertise to assist the Government of Egypt in a wide variety of development project studies.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
	-	-	-		Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 76	-	-	-	U.S. Technicians . . .	-	-	-	-	-	-	-	2,000	2,000	Various U.S. private sector contractors.
Estimated through 6/30/76	-	-	-	Participants	-	-	-	-	-	-	-	-	-	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	-	-	-	-	-	-	-	-	-	
Proposed FY 77	2,000	-	2,000	Other Costs	-	-	-	-	-	-	-	-	-	
				Total Obligations . .	-	-	-	-	-	-	-	2,000	2,000	

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Water Use and Management	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 800	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 27	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1980
NUMBER 263-11-120			

Project Target and Course of Action: The purpose of this project is to improve on farm management practices in Egypt as a means of ameliorating serious waterlogging problems which now affect productivity in many agricultural areas of the country. This will be accomplished through education and demonstration and through research and testing of alternative water application techniques.

Progress to Date: Egyptian agriculture is wholly dependent on irrigation. Water is delivered throughout the Nile Valley by an extensive system of public water delivery canals extending some 26,000 kilometers. The recent completion of the High Dam at Aswan has made possible perennial irrigation throughout the growing areas of the country. The cropping index for the country as a whole now exceeds 1.9 (or 190%) indicating the high intensity of land use and the prevalence of double cropping which has existed in Egypt since the early 1970s.

This increased land use and increase in water application per acre of land has brought with it, in many areas, serious problems of rising water tables, waterlogging and increasing surface salinity. However, much of this problem is directly attributable to poor water application techniques used on the farms. This project, which addresses

itself to more efficient application of water on the farm, is scheduled to commence in FY 1976 with the assignment of long-term technical advisors and the scheduling of participant training in the United States.

FY 1977 Program: Technical assistance through an eight-employee contract team, including expertise in agronomy as well as hydrology, irrigation engineering, and farm management (\$400,000); approximately eight employee-months of specialized short-term technical assistance (\$50,000); 100 employee-months of participant training and observation tours in the United States (\$100,000); and \$250,000 for procurement of experimental and prototype equipment.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 76	500	100		U.S. Technicians . . .	-	300	300	-	-	-	-	450	450	U.S. Department of Agriculture and various private contractors.
Estimated through 6/30/76	500	100	400	Participants	100	-	100	-	-	-	100	-	100	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	100	-	100	-	-	-	250	-	250	
				Other Costs	-	-	-	-	-	-	-	-	-	
Proposed FY 77	800	3,700	5,000	Total Obligations . .	200	300	500	-	-	-	350	450	800	

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Improvement of Rural Health Services NUMBER 263-11-590	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 2,100	
	PRIOR REFERENCE FY 76 Middle East Peace & Security Supporting Assistance, p. 26	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1979

Project Target and Course of Action: To improve existing government rural health services in Egypt through the provision of advisory services, training and equipment which will be needed to introduce preventive services and environmental health measures into the current system.

Progress to Date: The Government of Egypt maintains and operates approximately 2,800 health clinics located at village centers throughout the rural areas of the country. Through this chain of facilities, the Government is able to reach an estimated 85% of its non-urban population with minimum medical services. For the most part, however, these services have been limited to treatment of disease; little has been accomplished in developing a preventive medicine program. There is virtually no outreach capacity in this system and little cognizance of its need. Yet, a large share of the disease caseloads of these clinics - e.g., diarrheal diseases -- are directly attributable to poor environmental health conditions and to a lack of basic information on nutrition and health by the general populace. A major effort in this project will be directed toward training of rural health workers and toward increasing the general level of environmental health awareness among the rural population. Work is scheduled to commence in FY 1976 with the assignment of a contract technical assistance team,

establishment of initial participant training programs and procurement of environmental health materials. The Government of Egypt will provide approximately 50% of total project costs.

FY 1977 Program: In FY 1977 A.I.D. intends to provide a ten-employee contract team to work with Egyptian Ministry of Health personnel in the training of medical personnel and the establishment of public health programs through rural clinics (\$500,000); ten employee-months of short-term contract services in specialized fields such as health records management and management systems (\$50,000); 50 employee-months of participant training and observation tours (\$50,000); and \$1.5 million to provide equipment and material such as potable water equipment, simple filtration devices, chlorinators, pumps and limited amounts of medical equipment.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/75	-	-	-											Various U.S. private contractors and the Department of Health, Education and Welfare
Estimated FY 76	500	-		U.S. Technicians ..	-	150	150	-	-	-	-	550	550	
Estimated through 6/30/76	500	-	500	Participants	-	50	50	-	-	-	50	-	50	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	300	-	300	-	-	-	1,500	-	1,500	
				Other Costs	-	-	-	-	-	-	-	-	-	
Proposed FY 77	2,100	2,400	5,000	Total Obligations ..	300	200	500	-	-	-	1,550	550	2,100	

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE		FUNDS	PROPOSED OBLIGATION (\$000)	
Development of Rural Villages		Security Supporting Assistance	FY 77 500	
NUMBER	263-11-740	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
			FY: 1977	FY: 1980

Goal: To advance economic and social development in rural Egypt.

Purpose: To improve the ability of the Organization for Reconstruction and Development of Egyptian Villages (ORDEV): (1) to plan and evaluate village development programs; (2) to coordinate implementation of rural programs with other Ministries operational at the rural level; and (3) to train elected and appointed officials to function effectively at the village council level.

Background: The Organization for Reconstruction and Development of Egyptian Villages (ORDEV) is the Agency of the Ministry of Local Government which has responsibility for over-all coordination of rural development efforts within the Government of Egypt. It is this Agency that works directly with the elected village councils of Egypt in the planning of community projects and in the programming of resources made available for rural development purposes by the Central Government.

A.I.D. has considerable experience in the development of local government institutions and intends through this project to help ORDEV in its efforts to: (1) stimulate

village council development activity, and (2) through appropriate training programs, to develop the abilities of village council members to deal with the planning and administration of community level development projects.

Outputs: End of 1978: (1) establishment of district level training sites and programs for village council members; (2) design of training curriculum; and (3) design of an evaluation system.

Host Country and Other Donors: The Government of Egypt will meet approximately 50% of the costs of this project.

FY 1977 Program: A total of \$500,000 will finance: three direct-hire community development advisors (\$130,000); 30 employee-months of specialized contract assistance in the fields of project design, evaluations and systems development (\$120,000); 50 employee-months of participant training in U.S. institutions plus visitation tours to the U.S. and possibly third countries (\$50,000); and commodities such as pumps and hand tools for use in self-help projects (\$200,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	-	-		-	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	-	-	-	U.S. Technicians ..	-	-	-	-	-	-	130	120	250	To be selected	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	-	-	-	50	-	50		
Proposed FY 77	500	1,300	1,800	Commodities	-	-	-	-	-	-	200	-	200		
				Other Costs	-	-	-	-	-	-	-	-	-		
				Total Obligations ..	-	-	-	-	-	-	380	120	500		

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Integrated Social Work Training Centers	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 1,000	
	PRIOR REFERENCE	INITIAL OBLIGATION FY: 1977	SCHEDULED FINAL OBLIGATION FY: 1978
NUMBER 263-11-810			

Goal: To improve the quality of life of the most needy in Egyptian society.

Purpose: To broaden and upgrade the social development skills of the Ministry of Social Affairs personnel and to improve the Ministry's capability to deliver outreach social services in such areas as mother and child care, nutrition, family planning, and integration of women in development.

Background: The Ministry of Social Affairs is perhaps the most active institution of the Egyptian Government in delivering social services of a wide variety to the most needy elements of the population, particularly in rural villages. Special efforts are made in Ministry activities to raise the status of women through programs in family planning and training of rural women in various cottage industries.

To better prepare their social workers, the Ministry intends to establish regional training centers on an experimental basis in several selected areas and has requested A.I.D. assistance in design of facilities and curriculum.

Major Outputs. By mid-1978:

- (1) Three or four pilot training centers will have been constructed and equipped.
- (2) A general curriculum of study will have been developed, together with specialized courses in particular skills.
- (3) A system for evaluating results of the new training procedures will have been developed.
- (4) Approximately 250 trained staff members.

Host Country and Other Donors. The Government of Egypt will finance approximately 50% of total project costs.

FY 1977 Program: The sum of \$1 million will finance: 30 employee-months in contracts for facility and curriculum design (\$150,000); 20 employee-months in a PASA for advisory services in social welfare (\$100,000); 90 employee-months of short-term U.S. training and observation in federal and state welfare institutions (\$100,000); and training-related equipment (\$650,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS								
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/75	-	-	-		-	-	-	-	-	-	-	250	250
Estimated FY 76	-	-	-		-	-	-	-	-	-	100	-	100
Estimated through 6/30/76	-	-	-		-	-	-	-	-	-	650	-	650
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost		-	-	-	-	-	-	-	-	-
Proposed FY 77	1,000	300	1,300	Total Obligations ..	-	-	-	-	-	-	750	250	1,000

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Small-scale Mechanization of Agriculture	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
		FY 77	600
NUMBER 263-11-190	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
		FY: 1977	FY: 1980

Goal: To increase the efficiency of land use in Egypt.

Purpose: To demonstrate, on an operational scale, the mechanization of small farms and subsequent transformation of land use from maintenance of draft animals to high value productive purposes.

Background: There are well over five million large domesticated animals in Egypt. Even considering the combined outputs from these animals (i.e., power, milk and meat), the growing of feed for their support represents a relatively inefficient use of land resources. In spite of Egypt's limited arable land, growing population, and the general pressure on all types of food supplies, berseem clover for the feeding of livestock (principally draft animals) remains the single largest crop of Egyptian agriculture.

Outputs: By the close of 1978 the following outputs are expected:

- (1) alternative small equipment packages for use on small Egyptian farms identified and tested for various soils types and crops and on specific farm sites;
- (2) preliminary studies completed in various locations to determine optimum land use;

(3) problems with farmer acceptance of and adaptation to mechanization package identified;

(4) system for marketing, servicing, and financing machinery developed in test phase.

Host Country and Other Donors: The Ford Foundation currently is engaged in experimental work to develop small farm machinery appropriate to Egyptian agricultural needs. It is expected that the results of the Foundation's efforts can be utilized in this project.

FY 1977 Program: A total of \$600,000 is requested for this project in FY 1977 to finance a five employee PASA or contract team in small farm mechanization(\$300,000);10 employee months of special contract services in agricultural credit and livestock improvement (\$50,000); five employee-months of participant training and observation tours (\$10,000); and experimental agricultural machinery (\$240,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 76	-	-	-	U.S. Technicians ..	-	-	-	-	-	-	-	350	350	To be selected
Estimated through 6/30/76	-	-	-	Participants	-	-	-	-	-	-	10	-	10	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	-	-	-	-	-	-	240	-	240	
Proposed FY 77	600	1,400	2,000	Other Costs	-	-	-	-	-	-	-	-	-	
				Total Obligations ..	-	-	-	-	-	-	250	350	600	

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Family Planning	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
		FY 77 1,000	
NUMBER 263-11-580	PRIOR REFERENCE Section 113 Notification to Congress during FY 1976	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1980

Goal: To lower Egypt's annual growth rate, now estimated at 2.3% per year, by assisting the Government of Egypt to achieve its target of reducing the crude birth rate from the present estimate of 35 per 1,000 to 30 per 1,000 by 1980.

Purpose: To improve the quality and consistency of family planning services offered by the Ministry of Health through the provision of advisory services, training of staff members and contraceptive supplies.

Background: Egypt's population is estimated (1975) at 36.9 million, and if the present annual growth rate (2.3%) is not curbed, will double in 33 years. Some 43% of the people live in urban areas where for almost half a century growth rates have been far higher than 2.3%. In 1962 President Nasser enunciated a national population policy later endorsed by President Sadat. Despite the long history of family planning in Egypt, efforts by the Government in this area continue to be impeded by shortcomings in program management, shortages of trained manpower, and a lack of reliable systems for contraceptive supply.

Major Outputs	END OF	FY 77	FY 78	FY 79	FY 80
Staff Trained		720	1,880	2,925	3,920
Eligible couples receiving services in pilot areas (000s)		600	750	900	1,050

Information gathering, analysis and evaluation systems in place by December 1976.

Host Country and Other Donors: UNFPA has funded more than \$3.5 million in 1971-1975. The IBRD also has provided funds, largely for construction. Support also has been provided by IPPF, Ford Foundation and Population Council.

FY 1977 Program: A total of \$1,000,000 will fund: one full-time direct hire population advisor (\$50,000); 12 months of contract services in areas such as curriculum and evaluation system design (\$60,000); 35 months of specialized training in the U.S. (\$40,000); and contraceptive and related supplies (\$850,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	500	500		-	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	500	500	-	U.S. Technicians . . .	-	-	-	-	-	-	50	60	110	To be selected.	
Estimated Transition Quarter	"	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	-	-	-	40	-	40		
Proposed FY 77	1,000	4,500	6,000	Commodities	500	-	500	-	-	-	850	-	850		
				Other Costs	-	-	-	-	-	-	-	-	-		
				Total Obligations . .	500	-	500	-	-	-	940	60	1,000		

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Water and Sewage Systems II	Security Supporting Assistance	60,000
	PRIOR REFERENCE FY 1976 Middle East & Security Supporting Assistance, p. 15	INITIAL OBLIGATION FY: 1977

Goal: To facilitate the resettlement of Egyptians returning to Suez Canal cities in order to further urban reconstruction and development in the Suez Canal Area.

Purpose: To improve the urban health, sanitation, and environment and industrial potential in the three Suez Canal Area cities--Ismailia, Port Said, and Suez--by providing new potable water and sewage treatment facilities.

Background: Widespread concern about health hazards and environmental pollution caused by inadequate water and sewage systems in major urban areas of Egypt, particularly the war-damaged Suez Canal Area, has led the Government of Egypt to give high priority to improving and expanding those systems.

Master plans for the Suez Canal Area cities of Ismailia, Port Said and Suez place special emphasis on adequate water and sewage systems as a prerequisite to urban and industrial development. Master plan cost estimates for water and sewage systems project a total investment of some \$100 million for immediately needed sewage treatment plants in the Suez Canal Area cities with a probable foreign exchange component of \$70 million, of which \$10 million is planned for obligation in FY 1976. Investment would be tailored to studied needs in determining whether waste water or potable water projects, or both, would make up the final scope of the project.

Major Outputs: The installation of new water and sewage treatment plants at Ismailia, Port Said and Suez, and related improvements.

Host Country and Other Donors: The Arab Republic of Egypt will finance the estimated \$30 million equivalent local currency costs associated with construction.

FY 1977 Program: A.I.D. proposes to grant \$60 million for the remaining foreign exchange component of this project to procure engineering services (\$2 million) and the required hardware and equipment (\$58 million).

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Cargo Handling and Port Maintenance Equipment II	Security Supporting Assistance	20,000
	PRIOR REFERENCE Middle East Peace & Security Supporting Assistance, p.16	INITIAL OBLIGATION FY: 1977

Goal: Redevelopment of the Suez Canal region as a major area of economic growth, capable of providing employment for an increasing labor force and relief for the overcrowded port of Alexandria.

Purpose: Within the framework of Master Plans for the three cities in the Canal area (Port Said, Ismailia and Suez), to increase the cargo handling capacities of the ports of these three cities.

Background: The disengagement of military forces along the Suez Canal in March 1974 opened up the three Canal Zone Governates of Suez, Ismailia and Port Said for resettlement of civilian population. Destruction in this zone had been considerable, and major investments in repairing or replacing infrastructure were a pre-condition of fully resumed settlement and economic growth in these areas.

During the last two years, efforts have been concentrated on bringing the Suez Canal back into operating condition and making the cities in the area habitable. While housing construction will continue, reconstruction of industrial plants, re-equipping the ports, and generally, the development of the area's economic base now are becoming high priorities.

Increasing the capacity of the ports also will relieve the congestion of the port of Alexandria through which most of Egypt's external trade now is routed. This grant will supplement a similar grant for \$10 million planned in FY 1976.

Major Outputs: Increased cargo handling capacity and operational efficiency at the ports of Suez, Port Said, and Ismailia.

Host Country and Other Donors: Egypt will provide the funds needed for construction and other local costs.

FY 1977 Program: This \$20 million grant will provide the foreign exchange to enable the Government of Egypt to procure, primarily from U.S. sources, the services and equipment needed to increase the capacity and efficiency of operation of the Suez Canal ports: consulting services (\$0.5 million); and equipment (such as cranes, fork lifts, trucks and other cargo handling equipment) (\$19.5 million).

SUMMARY OF ACTIVE SECURITY SUPPORTING ASSISTANCE LOANS
 Authorized as of 12/31/75
 (In millions of dollars)

COUNTRY: EGYPT

TABLE VIII

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/75		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
263-K-026	Commodity Assistance	1/14/75	2/13/75	10	40	2	3	U.S.\$	80	14.652		
263-K-027	Basic Import and Production II	6/27/75	6/30/75	10	40	2	3	U.S.\$	70	.729		
263-K-028	Grain Storage Loan	6/27/75	6/29/75	10	40	2	3	U.S.\$	44.275			
263-K-029	Basic Import and Production III	12/10/75	12/18/75	10	40	2	3	U.S.\$	100			

SUMMARY OF ESTIMATED SECURITY SUPPORTING ASSISTANCE LOAN AUTHORIZATIONS
 Balance FY 1976 and Transition Quarter (1/1/76 - 9/30/76)
 (In millions of dollars)

COUNTRY: EGYPT

TABLE VIIIa

TITLE	AMOUNT
Commodity Import Program II	150
Gas Turbine Generators	50
Bank of Alexandria	30
Grain Storage and Distribution Facilities	30
Cargo Handling Equipment for Port of Alexandria	40
Agricultural Sector Equipment	25
Scientific and Research Equipment	5
Mahalla Textile Plant Rehabilitation	<u>90</u>
TOTAL	420

SUMMARY OF PROPOSED SECURITY SUPPORTING ASSISTANCE LOANS
FY 1977

(In millions of dollars)

COUNTRY: EGYPT

TABLE IX

TITLE	AMOUNT
<u>Suez Area</u>	<u>100</u>
Suez Electric Power Plant	100
<u>National Development Program</u>	<u>311</u>
Food Grain and Vegetable Oil Storage and Distribution Facilities	95
Electric Power Distribution	80
Small-Scale Agricultural Equipment	15
Irrigation Canal Maintenance Equipment	26
Industrial Credit (Bank of Alexandria)	40
Synthetic Fiber Production	15
Synthetic Material Production (DMT)	40
<u>Commodity Import Program</u>	<u>250</u>
Total	661

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Suez Electric Generating Plant	Security Supporting Assistance	100,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: FY 1977

Goal: To provide power needed for the continuing industrial expansion and urban growth in the Suez Area and for improvement of rural and urban living conditions.

Purpose: To augment the capacity of the Egyptian power industry to meet increasing energy demands of industrial and residential customers in the Suez area and, through the national power grid, in other areas of the country.

Background: As a result of years of war, the General Egyptian Electric Corporation could not finance or construct adequate electric generation facilities to service existing industrial and residential loads. A 9.6% annual load growth is projected with a number of large new industrial ventures and substantial increases in the use of electricity in connection with land reclamation projects expected. Therefore, substantial additional generating capacity is needed.

Included in the immediate expansion program are a new thermal station with a 300 MW capacity at Abu Qir to come on stream in 1980, a thermal station with 300 MW capacity at Ismailia, planned for FY 1976 A.I.D. financing, to come on stream in 1981, and the proposed 300 MW station at Suez to come on stream in 1982.

A recently completed review and analysis of electric power load projections by a U.S. consulting firm has confirmed that demand projections of the GEEC are realistic and its generation program sound. The firm's report supports the need for the Suez steam power plant which is to be financed by the proposed loan. A further feasibility study will be undertaken shortly to review detailed plans and costs of the plant.

Major Outputs: Construction of a 300 MW thermal plant consisting of two 150 MW steam turbine/generator units to be located at Suez City.

Host Country and Other Donors: The Government of Egypt will finance the equivalent of \$67 million in local currency costs associated with construction.

FY 1977 Program: We propose to loan to the Government of Egypt \$100 million to enable it to purchase, primarily from U.S. sources, engineering services and equipment required to design, construct and equip a thermal power plant with a rated capacity of 300 MW.

A.I.D. Financed Inputs

Engineer design and supervision of construction	\$ 2.0 million
Equipment	\$98.0 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Food Grain and Vegetable Oil Storage and Distribution Facilities	Security Supporting Assistance	95,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To increase the efficiency of grain and vegetable oil storage and distribution in Egypt and, by reducing wastage, to lower the costs of these foods.

Purpose: To reduce costs of distribution between points of import or production and consumption, and to provide sufficient storage facilities to serve all parts of the country.

Background: There has been an almost total lack of investment in food storage and distribution facilities for 15 years, which has been especially difficult for a country like Egypt that imports a substantial part of its food grain and vegetable oil needs. Losses due to inadequate storage facilities are large and the efficiency of the distribution system is uneven. The foreign exchange savings resulting from loss reduction and local cost savings due to greater efficiency would quickly amortize the investment in better facilities.

A FY 1975 loan of \$44.3 million provides for the erection of the major storage and bulk handling facilities, one in Alexandria and the other in Cairo. In FY 1976, we plan to finance the construction of additional facilities in other areas of most critical need. To determine future year investments required in storage and distribution facilities, a U.S. consultant is being selected to prepare a master plan for the remainder of the facilities needed for storage and handling of grain and vegetable oil. This study should be completed by November 1976; it should identify facilities required in urban areas and other storage and distribution points and establish the soundness and feasibility of constructing these secondary facilities.

Major Outputs: Construction of grain silos, oil storage tanks, and associated equipment and civil works at major and intermediate distribution points.

Host Country and Other Donors: The Government of Egypt will finance all local currency costs associated with construction.

FY 1977 Program: This loan of \$95 million is proposed to provide the foreign exchange for the Egyptians to acquire from U.S. sources (1) engineering and advisory expertise for construction of the facilities; and (2) equipment and materiel required to develop an efficient distribution system.

A.I.D. Financed Inputs:

Engineering design and supervision of construction	\$3.0 million
Equipment	\$92.0 million

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE Electric Power Distribution	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) 80,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To provide the energy needed for further industrial expansion and improvement of urban and rural living conditions.

Purpose: To increase the capability of the Egyptian power industry to meet the electric power demands of industrial and residential consumers.

Background: Egypt's electric power system has deteriorated considerably in recent years due to lack of foreign exchange funds for day-to-day maintenance and replacement of outworn and obsolete equipment. A report by an A.I.D.-financed engineering consulting firm, completed in November 1975, emphasized the need for rehabilitation and expansion of the distribution system to meet present and future power requirements. The present distribution system consists of various networks of 66 KV, 11 KV and 3 KV primary feeders stepping down to a 380/220 volt secondary system, which includes oversized transformers and primary and secondary feeders of inadequate capacity. As a result, the system is expensive to operate and maintain, and prone to break down due to overloading. Low voltage, poor regulation, and excessive power losses are indicators of the inadequacy of the system.

The Egyptian Ministry of Electricity recognizes these problems and has developed a five-year program for the rehabilitation and expansion of the existing distribution system. Current cost estimates for this program for the major cities alone exceed \$300 million. In addition, the Egyptian master plan for the three canal cities projects a need for considerable expansion of transmission and for the rehabilitation and expansion of low voltage and distribution systems. A FY 1975 A.I.D. grant of \$30 million for electric distribution systems in the Suez zone will provide for the basic

power distribution needs of this area.

Studies now underway by the Ministry of Electricity will be supported further by an A.I.D.-financed engineering review in early 1976. This review will confirm the specific priority inputs required for the system and provide a verification of the detailed cost estimates.

Major Outputs: Rehabilitation and expansion of electric power distribution systems in major Egyptian cities.

Host Country and Other Donors: The Government of Egypt will provide all the local currency cost of this project.

FY 1977 Program: A loan of \$80 million is proposed to provide the Egyptian Government foreign exchange to procure from U.S. sources technical assistance and equipment needed for the rehabilitation and expansion of the electric distribution system. The equipment will include such items as cable, transformers, switching gear, etc.

A.I.D. - Financed Inputs

Engineering Services	\$ 2.0 million
Equipment	\$78.0 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE Small Scale Agricultural Equipment	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) 15,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goals: To increase agricultural production and rural income.

almost total reliance on inefficient animal power.

Purpose: To improve the efficiency of Egyptian agricultural production and improve the processing of harvested crops through use of small-scale agricultural equipment.

A.I.D. Financed Inputs

Equipment \$15 million.

Background: Small-scale farm machinery and equipment to free the Egyptian farmer from his almost total reliance on animal power holds significant potential for increasing rural production and farm income. A substantial proportion of the best agricultural land in Egypt is now devoted to the feeding of animals kept primarily as a source of power. The use of mechanical power on a selective basis could free much of this land for income-producing crops.

Under a technical assistance project beginning in FY 1977 A.I.D. will be working with the Ministry of Agriculture on appropriate ways to expand the use of small scale mechanization in Egypt. This loan will help to satisfy the resultant increase in demand for this machinery which is anticipated.

Major Outputs: Increased farm land under cultivation and increased crop production.

Host Country and Other Donors: The Government of Egypt will finance all local currency costs associated with the importation and credit administration of this project.

FY 1977 Program: This loan of \$15 million is proposed to provide foreign exchange with which to purchase farm machinery such as tractors, pumps, mills, motors, etc., in order to reduce the Egyptian farmers'

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE Irrigation Canal Maintenance Equipment	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) 26,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To increase agricultural production and farm income.

Purpose: To increase the productivity of Egyptian agriculture by improving operation and maintenance of the irrigation canal system.

Background: Nearly 100% of Egyptian agricultural production comes from irrigated land. Some 50 billion cubic meters of water is used annually for irrigation. Most of it comes from the Nile River as there are only minor sources of groundwater. The canal network required to feed the Nile water to the farms and to carry away drainage water consists of some 45,000 kilometers of main, secondary and feeder canals. The task of maintaining the canal network thus is immense. Canals are often choked with aquatic plants. As they are unlined, the siltation rate is high, and up to 58 million cubic meters of earth must be removed from them annually.

The Government of Egypt depends on two public sector companies to maintain the main, secondary and feeder irrigation canals. The two companies have discussed with A.I.D. replacement equipment and a limited amount of new equipment which is urgently needed to accomplish this continuous maintenance operation. Financing for this equipment is estimated at \$26 million. The needs of both companies will be assessed by an A.I.D. survey team in the near future, and a definitive equipment list and firm cost estimate will be established.

Major Outputs: Improved main, secondary and feeder irrigation canals which operate in a more efficient and economical manner.

Host Country and Other Donors: The Government of Egypt will finance all the local currency costs associated with the use of this equipment.

FY 1977 Program: A.I.D. proposes to provide a loan of \$26 million to enable the Egyptians to purchase equipment such as draglines, bulldozers, trucks, tools and equipment maintenance items, and materiel (steel cable, steel rods, wire mesh, etc.) needed for the improvement and maintenance of the irrigation canal network.

AID-Financed Inputs

Equipment - \$26 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Industrial Credit (Bank of Alexandria)	Security Supporting Assistance	40,000
	KIND OF LOAN	INITIAL OBLIGATION
	Project Loan	FY: 1977

Goal: To stimulate industrial employment and production.

Purpose: To increase the capacity of the Bank of Alexandria to support industrial investment plans currently awaiting bank approval for foreign exchange financing.

Background: In the recent past, private investment has played a minor role in the industrial development of Egypt compared to the role of the public sector. Only quick pay-back projects were entered into by private investors because the long-term business and political situation was uncertain. The Government of Egypt now has recognized the importance of the private sector as an essential factor in economic growth and is encouraging private investment in industry.

While local currency financing has been readily available, foreign exchange required to import capital equipment has been inadequate. During the past two years, an IDA credit extended to the Bank of Alexandria, the only bank in Egypt making medium- and long-term loans for industrial projects, was practically the only source for such funds. Including the IDA credit mentioned above, the World Bank Group has extended two credits totaling \$40 million to the Egyptian Government for relending to the Bank of Alexandria. As of November 1975, the Bank of Alexandria held \$70 million in loan applications for projects over and above those for which IBRD/IDA funds were available. A.I.D. has proposed a \$30 million loan to the Bank of Alexandria for FY 1976 to finance a portion of existing loan applications. The proposed additional loan in FY 1977 would permit the Bank of

Alexandria to finance current and new requirements for industrial and agri-business credit.

The Bank of Alexandria lends to sub-borrowers at 10% interest with a 15-year repayment period, including a 3-year grace period. Sub-loans would be allocated approximately 65% to the private sector and 35% to the public sector.

Major Outputs: Increased private sector importation of capital equipment; stimulation of private industrial output.

Host Country and Other Donors: The IBRD has provided \$40 million to the Bank of Alexandria for industrial credit.

FY 1977 Program: A.I.D. proposes to loan to the Government of Egypt \$40 million for use by the industrial credit window of the Bank of Alexandria to finance requirements for industrial and agri-business credit.

A.I.D.-Financed Inputs

Capital Equipment	\$36 million
Services	\$ 4 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Synthetic Fiber Production	Security Supporting Assistance	15,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To increase the capacity of Egyptian industry to meet the increasing demand for cheaper synthetic and blended fabrics.

Purpose: To modernize the operations of an existing plant producing rayon by replacing obsolete processes and worn-out equipment with up-to-date production techniques and new equipment.

Background: The MISR Rayon Company is a public enterprise located at Kafr El-Dwar, 28 kilometers south of Alexandria. It was established in 1946 to supply the domestic market with rayon filament. The company began to manufacture nylon filament in 1957. The company employs over 7,000 people and annually produces 12,000 tons of various fibers. It is adding a 33,000 spindle plant to spin cotton synthetic blends.

Much of the MISR Rayon Company's production equipment is in need of replacement. The company recently reviewed its rayon operations to determine the feasibility of modernizing and upgrading them. As a result, the company determined to seek financing for the modernization of its plant, which is expected to result in greater and more efficient production.

Major Outputs: New production equipment installed, based on modern process design; necessary training accomplished.

Host Country and Other Donors: The government of Egypt will finance any local currency requirements associated with execution of this project.

FY 1977 Program: A.I.D. proposes a loan of \$15 million to finance the costs of U.S. technology, engineering and equipment needed to expand synthetic filament production.

A.I.D.-Financed Inputs

Technicians	\$ 0.3 million
Equipment	\$14.7 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Synthetic Material Production (DMT)	Security Supporting Assistance	40,000
	KIND OF LOAN	INITIAL OBLIGATION
	Project Loan	FY: 1977

Goal: To increase the ability of the Egyptian textile industry to meet the growing domestic demand for cheaper blended fabrics while reducing the foreign exchange cost of importing raw materials for man-made fibers.

Purpose: To establish a plant for the production of dimethylterephthalate (DMT), the raw material for the production of polyester staple and filament.

Background: The MISR Rayon Company recently signed an agreement with a French firm for the establishment of a 23,000-ton per year polyester staple fiber plant, the first in Egypt. The principal raw materials in polyester production are dimethylterephthalate (DMT) and ethylene glycol (EG). Neither material is now produced in Egypt; however, the Government of Egypt has plans for the construction of sizeable plants to produce these two materials and has requested A.I.D. assistance for the DMT plant. Production of such materials would result in an annual foreign exchange savings of about \$20 million, of which \$15 million would be for DMT.

Egypt would utilize its own petroleum resources as a raw material and produce DMT domestically. The Government of Egypt has decided to build a DMT plant capable of producing 25,000 tons per year. The Egyptian General Petroleum Corporation will be responsible for the project. A feasibility study will be undertaken shortly to appraise the technical and economic viability of a DMT plant in Egypt. Based on our knowledge of Egypt's ability to support such a project, we are confident that this investment will be sound.

Major Output: A plant, and related infrastructure, producing 25,000 tons of DMT annually.

Host Country and Other Donors: The Government of Egypt will provide all the local currency required to finance construction of the plant.

FY 1977 Program: Following confirmation of the project's viability by a feasibility study, A.I.D. intends to provide a \$40 million loan to enable the procurement from U.S. sources of the technology, engineering services, and equipment required to establish a plant to produce DMT.

A.I.D.-Financed Inputs

Engineering design and construction supervision	\$ 2 million
Equipment	\$38 million.

Country: EGYPT

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Commodity Import Program III	Security Supporting Assistance	250,000
	KIND OF LOAN Program Loan	INITIAL OBLIGATION FY: 1977

Project Target and Course of Action: The Commodity Import Program provides the Government of Egypt with loan financing to import, primarily from U.S. sources, machinery and equipment, spare parts and raw and semi-finished goods needed by its agricultural and industrial sectors to increase domestic production.

Progress to Date: Despite sizeable amounts of assistance from other donor countries over the past two years, Egypt continues to face extremely difficult balance of payments problems and has requested support in the form of commodity financing. Without this kind of assistance, Egypt, under its current financial circumstances, would be unable to continue to import the goods it badly needs in its program of reconstruction and economic revitalization.

During FY 1975, and thus far in FY 1976, IBRD and A.I.D. loans as well as long-term commodity loans from other donors have helped substantially to alleviate Egypt's continuing difficulties; additional commodity financing loans are expected in FY 1977 from the IBRD and also from other countries such as Iran, Japan and the European nations. With a projected deficit for 1977 of more than \$3 billion, Egypt will continue to need substantial additional concessional financing from sources other than the United States.

FY 1977 Program: \$250 million is requested to continue broad scale support to the Egyptian economy which was begun in FY 1975. As was true of the FY 1975 and FY 1976 loans for this program, these funds will be utilized to procure, primarily from U.S. sources, a wide range of commodities needed by the agricultural and industrial sectors of Egypt, which continue to suffer the effects of pervasive under-investment and foreign exchange shortage over the past several years.

Egypt

(U.S. Fiscal Years - Millions of Dollars)

(Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS					TOTAL 1946 1975	REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975			
I. ECONOMIC ASSISTANCE - TOTAL	-	1.5	0.8	21.3	370.1	1,261.7	251.9	1,009.8
Loans	-	1.5	-	9.5	298.8	885.0	251.9	633.1
Grants	-	-	0.8	11.8	71.3	376.7	-	376.7
a. A.I.D. and Predecessor Agencies	-	1.5	-	8.5	252.8	420.5	44.5	376.0
Loans	-	1.5 ^{a/}	-	-	194.3	285.0 ^{b/}	44.5	240.5
Grants	-	-	-	8.5	58.5	135.6	-	135.6
(Security Supporting Assistance)	(-)	(-)	(-)	(8.5)	(252.8)	(290.2)	b/	-
b. Food for Peace (PL 480)	-	-	0.8	12.8	117.3	830.1	196.6	633.5
Title I - Total	-	-	-	9.5	104.5	625.3	196.6	428.7
Repayable in U.S. Dollars - Loans	-	-	-	9.5	104.5	130.4	6.0	124.4
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	494.9	190.6	304.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(458.9)	(190.6)	(268.3)
(Grants)	(-)	(-)	(-)	(-)	(-)	(35.9)	(-)	(35.9)
Title II - Total Grants	-	-	0.8	3.3	12.8	204.8	-	204.8
Emergency Relief, Econ. Development, & World Food	-	-	-	0.3	1.6	30.9	-	30.9
Voluntary Relief Agencies	-	-	0.8	3.0	11.2	173.9	-	173.9
c. Other Economic Assistance	-	-	-	-	-	11.1	10.8	0.3
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	11.1	10.8	0.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(10.7)	(10.8)	(-0.1)
(Grants)	(-)	(-)	(-)	(-)	(-)	(0.4)	(-)	(0.4)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants								
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants	-	18.3	10.7	9.0	39.1	116.3	59.6	56.7
a. Export-Import Bank Loans	-	7.5	-	9.0	16.5	73.2	43.4	29.8
b. All Other Loans	-	10.8 ^{c/}	10.7	-	21.6	43.1	16.2	26.9

NO MILITARY ASSISTANCE

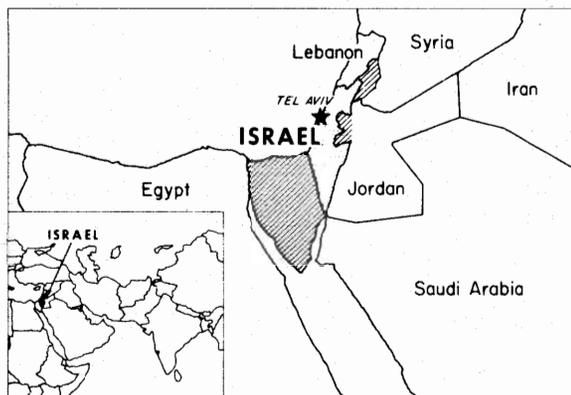
ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
	51.1	244.4	519.4
IBRD - World Bank	-	162.0	218.5
Inter-Am. Dev. Bank	43.9	65.0	216.1
African Dev. Bank	-	5.0	5.0
UN Development Program	5.6	8.8	66.0
Other UN	1.6	3.6	13.8
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	181.1	143.7	791.3
Germany	139.5	112.1	363.8
Italy	31.3	11.1	314.2
France	-	4.0	52.5
U.K.	3.9	5.1	21.0
Japan	1.1	9.1	16.3
Other	5.3	2.3	23.5
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75
	-	25	2,230
USSR	-	-	1,300
Eastern Europe	-	25	796
China, People's Rep. of	-	-	134

^{a/} Capitalized interest on prior year loans.

^{b/} Includes \$3.9 million in capitalized interest on prior year loans, of which \$3.4 million is Security Supporting Assistance.

^{c/} Excludes refunding of \$84.8 million.

Israel - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions - mid-1975)	3.4
Annual Growth Rate (percent)	1.7
Area (1,000 square miles)	8
Population Density per square mile	421
Agricultural Land as % of Total Area	60
Percent of Labor Force in Agriculture ...	7
Life Expectancy (years)	72
People per Doctor	380
Literacy Rate (percent)	88
Students as Percent of 5-19 Age Group	66
(Primary & Secondary)	
GNP per Capita (dollars - 1973)	2,790*
Annual Average Growth Rate(percent--1965-73)	6.7 ⁺

* - Estimate in IBRD 1975 Annual Report

+ - Estimate in IBRD 1975 World Atlas

GROWTH INDICATORS	1971	1972	1973	1974	1975 ^{Est.}
Agricultural Production Index (1961-65=100) .	156	171	170	181	184
Index per Capita	122	130	125	129	127
Citrus fruits (1,000 M.T.)	1,473	1,511	1,647	1,644	1,660
Industrial Production Index (1970=100)	110	123	129	135	135(7 mos)
INTERNATIONAL TRADE (\$ millions)					
Total Exports (f.o.b.)	958	1,147	1,449	1,825	1,870
Polished diamonds	304	427	617	641	610
Total Imports (c.i.f.) ^a	-2,363	-2,473	-4,240	-5,389	-6,620
Trade Balance	-1,405	-1,326	-2,791	-3,564	-4,750
GOLD & FOREIGN EXCHANGE (\$ millions) ^b					
Official Reserves	737	1,222	1,815	1,201	1,271(Oct)
Commercial Bank Holdings	796	1,281	1,695	1,816	1,411(Aug)
CONSUMER PRICE INDEX (1970=100)	112	126	152	212	288
	- Million Dollar Equivalents -				
CENTRAL GOVERNMENT FINANCES ^c	1972	1973	1974 ^E	1975 ^d	
Total Expenditures	3,567	6,302	8,222	11,360	
(Defense Expenditures)	(1,347)	(3,409)	(4,018)	(5,168)	
(As % of Total Expenditures)	(38%)	(54%)	(49%)	(45%)	
(Capital Outlays)	(644)	(659)	(1,128)	(1,467)	
Total Domestic Revenues	2,764	3,800	6,201	7,855	
Deficit (-) or Surplus (+)	-803	-2,502	-2,021	-3,505	

E - Estimate.

a - Includes military imports. b - Gross basis, end of period. c - Current price data converted at 4.5 Israeli pounds per U.S. dollar. d - Estimated before September 1975 tax increase and subsequent devaluation of the pound.

ISRAEL

Objectives of U.S. Assistance

The United States seeks a just and durable peace in the Middle East which will enable the countries concerned to turn their energies and resources toward development instead of military goals.

The recent interim peace agreement between Israel and Egypt of September 4, 1975 was an essential step in this process.

Israel's political and economic stability is a key factor in achieving peace in the area, and in light of the heavy financial burdens besetting the Israeli economy, U.S. economic assistance is especially important.

Confidence in U.S. support for Israel's security is essential for Israel to negotiate a settlement of hostilities, and that confidence provided the basis for the recent agreements with Egypt.

Economic Setting

Israel has limited resources with which to meet its heavy defense burden and civilian requirements and must depend upon donations and loans from abroad to meet its financial requirements. The Government must resort to extensive private borrowings to meet its foreign exchange requirements.

Israel's foreign debt continues to rise rapidly. It is estimated to exceed \$7.8 billion at the end of 1975, equivalent to \$2,300 per capita, perhaps the highest per capita debt level of any country in the world.

The Israel Government has initiated a variety of self-help measures to maintain economic stability in the face of Israel's exceptionally high defense requirements and pressures resulting from this and worldwide economic

problems. Over the past year the following economic austerity measures have been undertaken by the Israeli Government:

- a 72% devaluation of the Israeli pound;
- price and tax increases on imported goods;
- tax incentives and other measures to stimulate growth of the export sector;
- reduced government subsidies on food items;
- a restrictive monetary and credit policy to dampen liquidity and demand pressures.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Commodity Import Program	324.5	605	-	635
Program Grant	-	150	-	150
Total	324.5	755	-	785

However, until a permanent peace is achieved Israel's defense expenditures will remain large. For 1975, Israel's defense expenditures are estimated at some \$5.2 billion or 46% of total government expenditures.

Israel's foreign exchange requirements to meet civilian needs, though held to a minimum by fiscal and monetary efforts of the Israel Government, continue to grow

ISRAEL

with worldwide inflation due to Israel's dependence on imports of vital commodities.

Security Supporting Assistance provides needed foreign exchange to Israel to enable the Government to purchase imported goods from the United States. The commodities imported include a wide variety of industrial and consumer goods, e.g., agricultural products and equipment, pharmaceuticals and chemicals, manufacturing machinery and equipment, paper products.

These imported U.S. goods are sold in Israel and the proceeds in Israeli pounds are applied to general support of Israel's national budget. Taking into account Israel's deteriorating economic situation, a total of \$605 million was requested in FY 1976 to finance an expanded commodity import program and to assist Israel to meet its extraordinary import and budget requirements.

In FY 1976 Security Supporting Assistance funds also were used to provide \$150 million as a cash grant to help Israel offset the indirect foreign exchange demand resulting from the costs associated with the September 1975 disengagement agreement with Egypt.

In addition to Supporting Assistance, PL 480 Title I food was provided to Israel to help the country meet its food import requirements. Housing Guaranties were provided to assist Israel in its shelter program. Assistance was provided under other legislation to help Israel to settle new immigrants from the Soviet Union and other countries.

FY 1977 Program

In FY 1977, A.I.D. requests \$785 in Security Supporting Assistance funds as our contribution to help meet Israel's continuing heavy financial burdens. Of this amount, \$635 million will be used to finance commodity imports, of which \$375 million will be provided on a grant basis and \$260 million will be provided as a loan on concessionary terms.

The remaining \$150 million will be provided as a cash grant in consideration of the continuing readjustment costs resulting from the Sinai withdrawal.

In addition, 70,000 metric tons of wheat, estimated at \$9 million, is programmed for Israel in FY 1977 under the PL 480 Title I program and \$25 million is planned under the Housing Guaranty Program.

TABLE V

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

COUNTRY: ISRAEL

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Commodity Import Program	NA	1972	Cont.	474.5	474.5	-	360	360	-	-	375	Continuing	
Program Grant	NA	1976	Undet.	-	-	-	150	150	-	-	150	Continuing	
							Total	510	510	-	-	525	

*Detailed project narrative—See Table VI.

Country: ISRAEL

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Commodity Import Program	Security Supporting Assistance	375,000
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance Programs, p. 37	INITIAL OBLIGATION FY: 1972

Project Target and Course of Action: The purpose of this project is to provide foreign exchange to Israel to enable the Government to purchase essential commodity imports and thereby assist in the stabilization of the Israeli economy.

Progress to Date: Security supporting assistance has been instrumental in enabling the Israeli Government to maintain economic stability. We believe this program will continue to be an essential and useful stabilization tool for some time to come.

To maintain economic stability and growth Israel must import about twice as much as it exports. Over the last three years, Israel's annual trade gap has risen from \$2.8 billion in 1973 to nearly \$4.8 billion in 1975. Assistance for commodity imports is therefore very important in helping Israel to meet its overall resource requirements.

Prior to FY 1976, all commodity import assistance was provided on a grant basis. However, last year part of the program was financed on a loan basis, in recognition of the improved longer-term economic prospects expected to result from Israel's efforts to expand its exports and restrain imports. Furthermore, our use of an expanded commodity eligibility list for the commodity import program enables Israel to forego the opening of new supplier credits at commercial terms.

The categories of commodities authorized for financing last year included chemical products, agricultural equipment and products, pharmaceuticals, textiles, structural steel and metal goods, electrical equipment, paper products, soybeans and other goods. In FY 1977 this list will be expanded to include wheat, corn,

sorghum and other grains.

FY 1977 Program: \$375 million in Security Supporting Assistance is requested to continue the grant commodity import program for an additional 12 months.

Country: ISRAEL

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Program Grant	Security Supporting Assistance	150,000
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance Programs, p. 38	INITIAL OBLIGATION FY: 1976

Project Target and Course of Action: The purpose of this project is to assist the Government of Israel to meet the continuing readjustment costs resulting from the implementation of the Egypt-Israel interim disengagement agreement of September 4, 1975.

Background: In FY 1976 \$150 million was programmed to provide Israel with rapidly available foreign exchange needed to offset demand resulting from expenditures associated with the Sinai withdrawal. In recognition of the special nature of this requirement, these funds were provided as a financial grant.

FY 1977 Program: \$150 million is requested in FY 1977 Supporting Assistance funding to continue this special program.

SUMMARY OF PROPOSED SECURITY SUPPORTING ASSISTANCE LOANS
FY 1977

(In millions of dollars)

COUNTRY: ISRAEL

TABLE IX

TITLE	AMOUNT
Commodity Import Program	260

Country: ISRAEL

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Commodity Import Program	Security Supporting Assistance	260,000
	KIND OF LOAN Program	INITIAL OBLIGATION FY: 1976

Project Target and Course of Action: The purpose of this project is to provide foreign exchange to Israel to enable the Government to purchase essential commodity imports and thereby assist in the stabilization of the Israeli economy.

Progress to Date: Security supporting assistance has been instrumental in enabling the Israeli Government to maintain economic stability. We believe this program will continue to be an essential and useful stabilization tool for some time to come.

To maintain economic stability and growth Israel must import about twice as much as it exports. Over the last three years, Israel's annual trade gap has risen from \$2.8 billion in 1973 to nearly \$4.8 billion in 1975. Assistance for commodity imports is therefore very important in helping Israel to meet its overall resource requirements.

Prior to FY 1976, all commodity import assistance was provided on a grant basis. However, last year part of the program was financed on a loan basis, in recognition of the improved longer-term economic prospects expected to result from Israel's efforts to expand its exports and restrain imports. Furthermore, our use of an expanded commodity eligibility list for the commodity import program enables Israel to forego the opening of new supplier credits at commercial terms.

The categories of commodities authorized for financing last year included chemical products, agricultural equipment and products, pharmaceuticals, textiles, structural steel and metal goods, electrical equipment, paper products, soybeans and other goods. In FY 1977 this list will be expanded to include wheat, corn,

sorghum and other grains.

FY 1977 Program: \$260 million is requested in loan financing for the commodity import program. These funds will be provided on A.I.D.'s regular concessional loan terms, that is, repayment in U.S. dollars over a 40-year period, a grace period of 10 years, and an annual interest rate of 2% during the grace period and 3% thereafter.

Israel

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946- 1975		
I. ECONOMIC ASSISTANCE - TOTAL	55.8	104.2	109.8	51.5	353.1	1,632.6	429.3	1,203.3
Loans	55.5	53.8	59.4	-	8.6	766.1	429.3	336.8
Grants	0.3	50.4	50.4	51.5	344.5	866.4	-	866.4
a. A.I.D. and Predecessor Agencies	-	50.0	50.0	50.0	344.5	1,006.8	177.2	829.6
Loans	-	-	-	-	-	234.3	177.2	57.1
Grants	-	50.0	50.0	50.0	344.5	772.5	-	772.5
(Security Supporting Assistance)	(-)	(50.0)	(50.0)	(50.0)	(324.5)	(474.5)	-	-
b. Food for Peace (PL 480)	55.8	54.2	59.8	1.5	8.6	625.7	252.1	373.6
Title I - Total	55.5	53.8	59.4	-	8.6	563.3	252.1	311.2
Repayable in U.S. Dollars - Loans	55.5	53.8	59.4	-	8.6	284.6	59.7	224.9
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	278.7	192.4	86.3
(Loans)	(-)	(-)	(-)	(-)	(-)	(247.2)	(192.4)	(54.8)
(Grants)	(-)	(-)	(-)	(-)	(-)	(31.4)	(-)	(31.4)
Title II - Total Grants	0.3	0.4	0.4	1.5	-	62.4	-	62.4
Emergency Relief, Econ. Development, & World Food	-	-	-	1.4	-	2.2	-	2.2
Voluntary Relief Agencies	0.3	0.4	0.4	0.1	-	60.2	-	60.2
c. Other Economic Assistance	-	-	-	-	-	0.1	-	0.1
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	0.1	-	0.1
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(0.1)	(-)	(0.1)
II. MILITARY ASSISTANCE - TOTAL	545.0	300.0	307.5	2,482.7	300.0	4,211.7	406.2	3,805.5
Credits or Loans	545.0	300.0	307.5	982.7	200.0	2,611.7	406.2	2,205.5
Grants	-	-	-	1,500.0	100.0	1,600.0	-	1,600.0
a. MAP Grants	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	545.0	300.0	307.5	982.7	200.0	2,611.7	406.2	2,205.5
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	1,500.0 ^{a/}	100.0 ^{b/}	1,600.0	-	1,600.0
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	600.8	404.2	417.8	2,534.2	653.1	5,844.3	835.5	5,008.8
Loans	600.5	353.8	366.9	982.7	208.6	3,377.8	835.5	2,542.3
Grants	0.3	50.4	50.9	1,551.5	444.5	2,466.4	-	2,466.4
Other U.S. Government Loans and Grants	31.0	21.1	21.1	47.3	62.4	451.7	397.1	54.6
a. Export-Import Bank Loans	31.0	21.1	21.1	47.3	62.4	451.7	397.1	54.6
b. All Other Loans	-	-	-	-	-	-	-	-

* Less than \$50,000.

^{a/} Represents non-reimbursable financing pursuant to the Emergency Security Assistance Act of 1973 (PL 93-199).

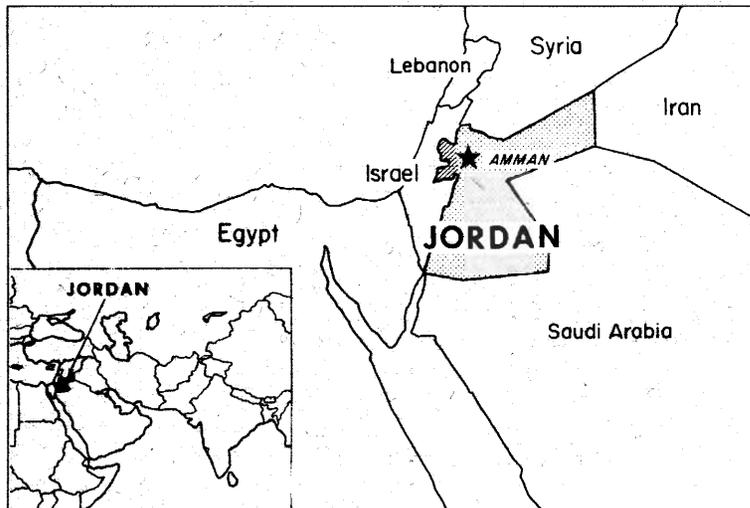
^{b/} Represents non-reimbursable financing pursuant to Section 31(b) of the Foreign Military Sales Act, as amended by the Foreign Assistance Act of 1974 (PL 93-559).

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
	39.6	35.1	304.1
IBRD - World Bank	35.0	35.0	284.4
Int'l. Finance Corp.	3.5	-	3.5
UN Development Program	1.1	0.1	15.0
Other UN	-	-	1.2
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	78.8	72.5	873.8
Germany	58.2	61.1	811.3
Canada	2.5	7.5	25.3
Italy	17.2	*	23.7
Other	0.9	3.9	13.5
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75

NO PROGRAMS

Jordan - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions - mid-1975)	2.7
Annual Growth Rate (percent)	3.6
Area (1,000 square miles)	38
Population Density per square mile	70
Agricultural Land as % of Total Area	14
Percent of Labor Force in Agriculture	35
Life Expectancy (years)	55
People per Doctor	2,290
Literacy Rate (percent)	32
Students as Percent of 5-19 Age Group	62
(Primary & Secondary)	
GNP per Capita (dollars - 1973)	290 [*]
Annual Average Growth Rate (percent--1965-73) ..	-2.6 ⁺

* - Estimate in IBRD 1975 Annual Report.
+ - Estimate in IBRD 1975 World Atlas

GROWTH INDICATORS

	1971	1972	1973	1974	1975 Est.
Agricultural Production Index (1961-65=100)	107	132	71	184	90
Index per Capita	82	98	51	129	61
Wheat (1,000 M.T.)	201	256	86	312	90
Tomatoes (1,000 M.T.)	216	171	160	210	200

INTERNATIONAL TRADE (\$ millions)

Total Exports (f.o.b.)	32	48	58	155	155
Phosphates	6	9	12	60	n.a.
Tomatoes	3	2	3	6	n.a.
Total Imports (c.i.f.)	215	274	331	488	606
Trade Balance	-183	-226	-273	-333	-451

GOLD & FOREIGN EXCHANGE (\$ millions)^a

Official Reserves	253	270	312	350	466 ^b
Commercial Bank Holdings	9	10	20	25	27 ^c
CONSUMER PRICE INDEX (1970=100)	104	113	125	149	167
(Amman)					

- Million Dollar Equivalents -

CENTRAL GOVERNMENT FINANCES^d

	1972	1973 ^P	1974 ^P	1975 ^e
Total Expenditures	317	358	473	681
(Defense Expenditures)	(123)	(126)	(139)	(150)
(As % of Total Expenditures)	(39%)	(35%)	(29%)	(22%)
(Capital Outlays)	(97)	(120)	(146)	(310)
Total Domestic Revenues	134	144	197	299
Deficit (-) or Surplus (+)	-183	-214	-276	-382

n.a. - Not available. P - Preliminary.

a - Gross basis, end of period. b - End of November, 1975.

d - Current price data converted at \$3.12 per Jordanian dinar. e - Original budget.

c - End of October, 1975.

JORDAN

Objectives of U.S. Assistance

The objective of U.S. assistance is to ensure a Government of Jordan capable of continuing its role as a moderating political force in the Middle East.

U.S. assistance supports Jordan's efforts to develop its economy and sustain its internal stability, without which Jordan's policies would be critically vulnerable to extremist pressures.

Political and Economic Setting

The U.S. and Jordan enjoy very close political ties and mutually desire to bring a lasting peace to the Middle East. Jordan's strategic location is of crucial importance for current and future peace efforts. However, a limited resources base has circumscribed Jordan's development. Because of its economic vulnerability and heavy dependence on foreign assistance, Jordan is unusually susceptible to destabilizing external influences.

Jordan's vulnerability is illustrated by the termination of financial assistance in 1970 by Libya and Kuwait. Previously these countries had provided two-thirds of Jordan's external budget support requirements, but when they disagreed with King Hussein's suppression of the fedayeen aid was terminated. The Kuwaiti subsidy was restored some three years later; Libya's has not yet been restored.

U.S. assistance is necessary to diversify Jordan's sources of external support, thus helping Jordan to maintain a certain measure of economic independence and thus a moderate political posture.

Jordan is organizing for a major economic development thrust. The Jordanians have long recognized that their future interests will be served best by reducing their dependence on foreign financial assistance. Their recently concluded Three Year Plan plus the anticipated

Five Year Plan reflect their intentions to achieve this goal.

A main result of the Three Year Plan (1973-1975) was the resumption of development momentum, which had been lost after the 1967 War. Development successes of this Plan include:

-- a 6% increase in national income per year;

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Budgetary Support	67.5	57.0	-	50.0
Loans for Development	8.7	18.0	-	24.5
Technical Assistance	1.3	2.5	-	3.0
Total	77.5	77.5	-	77.5
Middle East Special Requirements Fund	10.0	-	-	-

-- an increase in investment to 31% of the national income;

-- an increase in exports from 6% to 16% of national income;

-- a 7% decrease in the contribution of foreign revenues to total revenues, from 57% prior to the Plan to 50% at the end of the Plan period.

The new Five Year Plan (1976-1980) is designed to:

-- secure a national income growth rate of 12% per

JORDAN

annum;

- increase from 50% to 70% that portion of the annual budget which is covered by domestic revenues by 1980;
- reduce the trade deficit from 48% to 24% of national income by 1980.

Considerable external assistance is needed to sustain essential budget outlays and help finance Jordan's Five Year Plan. Investments for the Plan period are estimated to be \$2.3 billion.

Other donors will play an important role. Pledges of economic assistance from other Arab countries totalled \$126.8 million in 1975, and in addition Kuwait recently indicated its willingness to make up to \$100 million available for housing investment purposes. In 1975, Jordan established additional incentives to encourage foreign investment and began to develop cooperative industrial ties with its Arab neighbors, especially Syria.

These developments have enabled the U.S. to begin shifting the emphasis of our Jordan economic assistance program from budget support to development activities.

FY 1977 Program

In FY 1977, a total of \$77.5 million in Supporting Assistance funding is requested for the following activities:

- Budget Support - \$50 million to supplement Jordanian resources for essential civilian outlays;
- Capital Loans - \$24.5 million for new development activities. The focus will be on agriculture and rural development, including:

** \$4 million for Maqarin dam design;

** \$3 million for rural water supply;

** \$3 million for rural development in the Jordan Valley;

** \$5 million for road construction;

** \$4 million for Karak rural electrification;

** \$5.5 million to complete existing construction and engineering projects.

Loans are repayable in U.S. dollars over 40 years, including a grace period of 10 years, at an annual rate of 2% during the grace period and 3% for the remainder. Source of procurement will be primarily in the United States.

Grant Project Assistance - \$3 million is requested to finance technical assistance programs in three priority development areas:

** Food Production and Nutrition - \$850,000 for five projects which are to assist Jordan in increasing its agricultural production, especially with respect to cereals. The projects will be concentrated in the Jordan Valley, the most productive agricultural area of the country.

** Education and Human Resource Development - \$300,000 to provide training to Jordanian government officials in project design and implementation procedures. This will increase the efficiency and effectiveness of project implementation while at the same time enhancing the Government of Jordan's ability to prepare project proposals attractive to other potential donors.

JORDAN

** Selected Development Programs - \$1.85 million to enable the Jordanians to augment their indigenous expertise by contracting for external assistance in project planning and development. Feasibility studies and technical advisors financed in this category will be concentrated in key areas that potentially should yield quick investment returns such as tourism, mineral resources and telecommunications.

PL 480

The United States presently plans to provide Jordan 47,000 metric tons of wheat, valued at approximately \$6.0 million, under the FY 1977 PL 480, Title I program.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY

TABLE V

COUNTRY: JORDAN

(In Thousands of Dollars)

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1978			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/78				
Wheat Research and Production	278-11-130-139	1968	1975	625	525	100	-	100	-	-	-	-	625
Agricultural Economics and Planning	278-11-140-134	1970	1975	178	154	24	-	24	-	-	-	-	178
Development Administration Training	* 278-11-790-146	1970	1979	1,889	1,559	330	450	445	335	-	300	581	3,220
Faculty of Agriculture Research and Development	* 278-11-110-178	1975	1978	550	10	540	600	800	340	-	450	260	1,860
Village Development Advisory Services	278-15-599-180	1975	1975	335	-	335	-	210	125	-	-	-	335
Telecommunications Management	* 278-11-225-182	1976	1977	-	-	-	300	75	225	-	200	-	500
Dryland Cereal Production	* 278-11-110-184	1976	1979	-	-	-	150	50	100	-	200	200	550
Technical Services and Feasibility Studies	* 278-15-995-181	1976	1980	-	-	-	1,000	200	800	-	1,500	2,000	4,500
Farm Cooperatives Development	* 278-15-150-186	1977	1980	-	-	-	-	-	-	-	200	1,300	1,500
Jordan Valley Agricultural Development	* 278-15-140-187	1977	1979	-	-	-	-	-	-	-	150	850	1,000
Budgetary Support	*	1971	Cont.	67,500 ^{1/}	67,500	-	57,000	57,000	-	-	50,000	Cont.	Cont.
				Total			59,500	58,904	-	-	53,000		

*Detailed project narrative—See Table VI. ^{1/} -FY 1975 obligations only.

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Development Administration Training	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 46	FY 77 300	INITIAL OBLIGATION FY: 1970
NUMBER 278-11-790-146		SCHEDULED FINAL OBLIGATION FY: 1979	

Project Target and Course of Action: The objective of this project is to develop the competence of selected Jordanian officials to plan, implement and evaluate development projects and programs. It also provides short-term technical assistance to assist the Government of Jordan to resolve manpower problems relating to U.S.-financed development activities.

Progress to Date: Since this project began in FY 1970, the U.S. has provided training to over 200 participants; forty of these were funded in 1976. This training has been in such fields as economics and public administration, geology, tax collection, customs administration and tourism. Advanced degree training has been provided to instructors and professors of the University of Jordan. More recently a PASA team has gone to Jordan to do a manpower analysis of the Jordan Valley.

FY 1977 Program: A grant of \$300,000 is requested to finance the training of 10 long-term and 20 short-term participants in the U.S. and third countries, and continued training for 11 participants.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	1,889	1,559	330		Estimated FY 76			Estimated Transition Quarter			Proposed FY 77				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 76	450	445		U.S. Technicians . . .	-	95	95	-	-	-	-	-	-	-	Department of Labor
Estimated through 6/30/76	2,339	2,004	335	Participants	340	-	340	-	-	-	300	-	300		
Estimated Transition Quarter		Future Year Obligations	Estimated Total Cost	Commodities	-	-	-	-	-	-	-	-	-		
				Other Costs	15	-	15	-	-	-	-	-	-		
Proposed FY 77	300	581	3,220	Total Obligations . . .	335	95	450	-	-	-	300	-	300		

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Faculty of Agriculture Research and Development	FUNDS	PROPOSED OBLIGATION (\$000)	
	Security Supporting Assistance	FY 77 450	
NUMBER 278-11-110-178	PRIOR REFERENCE FY 1976 Middle East Peace and Security Supporting Assistance, p. 44	INITIAL OBLIGATION FY: 1975	SCHEDULED FINAL OBLIGATION FY: 1978

Project Target and Course of Action: The objective of this four-year project is to upgrade and develop Jordan University's Faculty of Agriculture in order to improve its capability in the broad areas of agricultural research and development. This will be accomplished by providing U.S. agricultural advisors, training of Jordanian faculty staff, and improvement of technical equipment and facilities.

Progress to Date: A contract between the University of Jordan and Washington State University was signed in late FY 1975 to implement this project.

Contractor personnel began arriving in Jordan in early FY 1976; the first arrived at post in late August. Three participants began training, and arrangements were made to enter 13 others in academic training courses.

Commodities ordered in FY 1976 are in the pipeline; however, delivery has been delayed due to the Lebanese conflict.

FY 1977 Program: A grant of \$450,000 is requested to continue project activities in FY 1977. \$262,000 will finance a contract for two long-term advisors in general agriculture and agriculture extension, and for short-term specialists in virology, irrigation, farm machinery, and agricul-

tural economics. \$80,000 will finance training for 16 participants and \$108,000 is requested for commodities to be procured under the contract, to include scientific equipment needed to support agricultural research.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
	550	10	540		Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 76	600	800		U.S. Technicians ..	-	235	235	-	-	-	-	262	262	Washington State University
Estimated through 6/30/76	1,150	810	340	Participants	30	70	100	-	-	-	-	80	80	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	-	265	265	-	-	-	-	108	108	
Proposed FY 77	450	260	1,860	Other Costs	-	-	-	-	-	-	-	-	-	
				Total Obligations ..	30	570	600	-	-	-	-	450	450	

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Telecommunications Management	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
		FY 77	200
NUMBER 278-11-225-182	PRIOR REFERENCE FY 1976 Middle East Peace and Security Supporting Assistance, p. 48	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1977

Project Target and Course of Action: The Jordan Telecommunications Corporation is a new public company established in 1973 to operate a fiscally autonomous civil communications system throughout Jordan. The new staff lacks the experience necessary to run the organization effectively, and there are no facilities presently in Jordan that can be used to train and upgrade the staff. This project will provide the training and advisory guidance needed to improve the managerial capability of the corporation staff.

the plan developed by the consultant retained under the Technical Services and Feasibility Studies Project.

Progress to Date: In early FY 1976, action was initiated to furnish a management expert to provide immediate advisory assistance to the Telecommunications Corporation to improve its administrative, technical and operational capabilities. The consultant's assignment includes assisting the corporation to design a comprehensive work plan for the project team. The full project team of four U.S. contract personnel will arrive in late FY 1976 or early FY 1977 to provide advisory services to inside and outside plant managers and financial management personnel.

FY 1977 Program: In FY 1977 a grant in the amount of \$200,000 is requested to finance the second-year costs of a two-year contract with a U.S. firm to provide the advisory services and staff training that is required to implement

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	300	75		-	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	300	75	225	U.S. Technicians ..	-	300	300	-	-	-	-	-	200	200	To be selected
Estimated Transition Quarter		Future Year Obligations	Estimated Total Cost	Participants	-	-	-	-	-	-	-	-	-	-	
Proposed FY 77	200	-	500	Commodities	-	-	-	-	-	-	-	-	-	-	
				Other Costs	-	-	-	-	-	-	-	-	-	-	
				Total Obligations ..	-	300	300	-	-	-	-	-	200	200	

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Dryland Cereal Production	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 200	
	PRIOR REFERENCE FY 1976 Middle East Peace and Security Supporting Assistance, p.45	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1979
NUMBER 278-11-110-184			

Project Target and Course of Action: This project is designed to develop and extend a dryland cereal production system which will increase the production and income of the farmers of the Jordanian uplands. Two interdependent aspects of the high-yield wheat production technology will be studied as part of this project. First, conventional Jordanian dryland farming practices will be reviewed for the purpose of identifying those practices that must be changed if higher wheat yields are to be attained. Second, means of extending new production practices will be explored. In addition to a study of wheat technologies, market forces and government policies will be analyzed to determine whether there are structural and policy barriers to growth in cereal production.

Progress to Date: Cereals, including wheat, the staple food in Jordan, are grown mainly in highland areas and are heavily dependent on erratic rainfall patterns, causing large variations in harvest from year to year. In FY 1976, a university contract team initiated a study that is designed to identify constraints on the use of new techniques in the production of all cereal crops. Recent U.S. technical assistance in agriculture has centered on wheat research, the results of which have included the development of improved strains and cultural practices. The study includes the disaggregation of the new technology into its components and an

estimation of the importance of each in production. The completed study will provide the basis for the development of a cereal production system.

FY 1977 Program: A grant of \$200,000 is requested to finance the continuation of the cereal production project described above and to apply the findings of the study completed in FY 1976. \$150,000 of this amount is requested to continue a contract for advisory assistance with a U.S. university or an agro-business firm. The work will be undertaken by one full-time and several short-term specialists; training is planned for two long-term and four short-term participants in comparative production systems (\$30,000); and the provision of equipment for testing cultural practices on small farms also is planned under the contract (\$20,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	150	50		100	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
				U.S. Technicians ..	-	150	150	-	-	-	-	150	150	To be selected	
				Participants	-	-	-	-	-	-	10	20	30		
				Commodities	-	-	-	-	-	-	-	20	20		
				Other Costs	-	-	-	-	-	-	-	-	-		
Proposed FY 77	200	200	550	Total Obligations ..	-	150	150	-	-	-	10	190	200		

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Technical Services and Feasibility Studies NUMBER 278-15-995-181	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE FY 1976 Middle East Peace and Security Supporting Assistance, p. 47	FY 77 1 500	INITIAL OBLIGATION FY: 1976

Project Target and Course of Action: The Government of Jordan requires assistance in the formulation, design and development of programs and projects in various sectors of its economy. Most of these programs and projects will require outside financial assistance. To obtain such assistance, the Government of Jordan must be in a position to provide potential donors with sufficient technical, economic and financial information to permit an assessment of the programs and projects for which financing is being sought. Outside expertise is in many cases required to collect relevant data, carry out feasibility studies, advise management, or to supplement expertise available in the country. The Government of Jordan has recently completed a five-year national economic plan for 1976-1980, and has requested A.I.D.'s assistance in project preparation.

ing studies, and project management assistance. The scope of the technical services to be provided will be broad. Sectors that will require such services include mineral and water resources development; agriculture and agro-business; transportation; rural development, particularly in the Jordan Valley; tourism; telecommunications; and social infrastructure. The basic guidance for allocation of funds will be that projects selected for assistance will be of high priority within the 1976-1980 development plan.

Progress to Date: Activities initiated to date under this project include preparation of the scopes of work for technical services to be provided under contract to the National Resources Authority for mineral resources development, and to the Ministry of Public Works for national road planning.

FY 1977 Program: For FY 1977, we request a grant of \$1,500,000 to finance the costs of analytical studies, feasibility and pre-investment studies, market surveys, engineer-

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	1,000	200		800	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	1,000	200	800	U.S. Technicians ..	-	-	-	-	-	-	-	-	-	-	To be selected
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	-	-	-	-	-	-	-	
Proposed FY 77	1,500	2,000	4,500	Commodities	-	-	-	-	-	-	-	-	-	-	
				Other Costs	-	1,000	1,000	-	-	-	-	1,500	1,500		
				Total Obligations ..	-	1,000	1,000	-	-	-	-	1,500	1,500		

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Farm Cooperative Development	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 200	
	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1977	SCHEDULED FINAL OBLIGATION FY: 1980
NUMBER 278-15-150-186			

Goal: To increase farmers' productivity.

Purpose: To create a viable farm cooperative network in the Jordan Valley.

Background: With the assets of intensive irrigation and a year-round growing season, the Jordan River Valley offers the most immediately exploitable opportunity for expanding food production and increasing farmers' income. The Valley is a 20,000 hectare area of small farms averaging about 3.4 hectares in size. The Jordan Valley Commission (JVC) is charged with overall coordination in developing the Valley. The Farmers Association has been granted broad powers to manage the production inputs and the marketing of farm produce. Neither the central association nor the primary units have achieved the degree of success desired because of rapidly changing prices of both inputs and farm products, inadequate storage and handling facilities, and inexperience in marketing and management of a complex business. By its very nature a multi-purpose, multi-commodity cooperative has a number of inherent problems of cash flow, storage, marketing, farmer relations and management.

A phased program of development is required that will analyze the specific nature and scope of these problems and establish a plan of action for the improvement of services to farmers

through their cooperative organizations.

Outputs: Phase I (Analysis and Planning)

1. Analysis of technical and capital requirements for a cooperative network.

2. Management information system.

Phase II (Operational Development)

1. A marketing system which reaches all Valley farmers for both production supplies and farm products.

2. A farmer-financed and directed cooperative system.

3. A technically trained staff for performing management and farmer service functions.

Host Country and Other Donors: The Jordan Valley Commission is the principal host-country support agency for the Valley cooperatives. The FAO/UNDP has a small vegetable packing and marketing technical assistance project.

FY 1977 Program: A grant of \$200,000 is requested in FY 1977. Of this amount, \$140,000 will finance consultant services to

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/AGENCIES To be selected					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	-	-		-	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	-	-	-	U.S. Technicians ..	-	-	-	-	-	-	-	-	140	140	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	-	-	-	-	-	60	60	
Proposed FY 77	200	1,300	1,500	Commodities	-	-	-	-	-	-	-	-	-	-	
				Other Costs	-	-	-	-	-	-	-	-	-	-	
				Total Obligations ..	-	-	-	-	-	-	-	-	200	200	

GRANT ACTIVITY DATA

Continuation Sheet

TITLE	NUMBER
Farm Cooperative Development	278-15-150-186

undertake the following tasks: (a) to analyze cooperative activities to identify problem areas, and (b) to develop a proposed course of action to remedy deficiencies in the cooperative system. In addition, three long-term and 11 short-term participant training programs are planned for selected cooperative staff (\$60,000) in such areas as financial management, market survey techniques, packaging and transport of produce, and management information systems.

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Jordan Valley Agricultural Development	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE	FY 77 150	SCHEDULED FINAL OBLIGATION
NUMBER 278-15-140-187	-	FY: 1977	FY: 1979

Goal: To increase farmers' productivity.

Purpose: To provide improved agricultural extension services to Jordan Valley farmers.

Background: Favored with a year-round growing climate and an increasing availability of irrigation and farm service infrastructure, the Jordan Valley provides the best immediate opportunity for increasing farm output and income. The Valley is an area of small farms, averaging 3.4 hectares in size. The 14.7 thousand hectares now in cultivation will be expanded by 36% in the next decade.

A new irrigation network and intensive crop production methods still unfamiliar to farmers have caused a number of organizational and technical problems in exploiting the potential of the Valley. The Jordan Valley Commission (JVC) has the overall responsibility for development of the Valley and, as such, must either develop a technical capability to provide farm advisory services or ensure that such services are provided on a timely basis by cooperating agencies. The central tasks of the JVC are: 1) to identify technical solutions for such farm problems as (a) management of newly-irrigated farms, (b) disease and plant protection problems resulting from intensive irrigated cropping, and (c) maintenance

of soil fertility; and 2) to improve the organization and management of agricultural services and development efforts. This project will provide in-depth investigations of critical problems in Valley agricultural extension programs and recommend solutions. A companion project will assist in establishing farmer cooperatives that will be responsible for providing infrastructure for production inputs and crop marketing.

Outputs: 1. Investigation and analysis of the present organization for agriculture extension in the Jordan Valley. 2. Recommendation of solutions for existing extension program problems. 3. Determination of key inputs and services to be extended to farmers, particularly in the areas of land management, disease control, plant protection, and maintenance of soil fertility.

Host Country and Other Donors: Principle counterpart agency: Jordan Valley Commission. Other cooperating agencies: The Ministry of Agriculture, University of Jordan and the Farmers' Association. IBRD: Irrigation and Community Infrastructure Projects. UNDP/FAO: Vegetable and Fruit Marketing Technician Assistance.

FY 1977 Program: A.I.D. proposes a grant of \$150,000 to

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/75	-	-	-											To be selected
Estimated FY 76	-	-	-											
Estimated through 6/30/76	-	-	-											
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost											
Proposed FY 77	150	850	1,000	Total Obligations ..	-	-	-	-	-	-	-	150	150	
				U.S. Technicians ..	-	-	-	-	-	-	-	100	100	
				Participants	-	-	-	-	-	-	-	50	50	
				Commodities	-	-	-	-	-	-	-	-	-	
				Other Costs	-	-	-	-	-	-	-	-	-	

GRANT ACTIVITY DATA

Continuation Sheet

TITLE	NUMBER
Jordan Valley Agricultural Development	278-15-140-187

finance: 1) the services of consultants (\$100,000) who will (a) investigate technical farm problems, (b) study developmental organization and management issues, and (c) develop follow-up action programs to ensure attainment of project purposes; and 2) academic and on-the-job training in the U.S. and third countries for five participants (\$50,000).

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)	
	Budgetary Support	Security Supporting Assistance	FY 77
	PRIOR REFERENCE FY 76 Middle East Peace & Security Supporting Assistance, p. 49	INITIAL OBLIGATION FY: 1971 Continuing	

Project Target and Course of Action: The purpose of this activity is to provide budget support to the Jordan Government to enable the Government to maintain the essential level of domestic outlays, thereby enhancing economic and political stability.

Background: Prior to the 1967 Arab-Israeli War, Jordan had achieved an annual economic growth rate of about 10% with the help of development assistance from the United States and other donors. Following the war much of Jordan's more productive territory was occupied by Israel, and most of Jordan's traditional sources of foreign exchange, such as tourism, were lost. Loss of revenue and other economic disruptions initially were offset to a large extent by budget support payments from Jordan's Arab neighbors under the so-called "Khartoum Agreement."

However, the growing military strength of the Arab guerrillas led them to challenge the Jordan Government, and in September 1970 King Hussein successfully pressed a campaign against the fedayeen which resulted in a cessation of firing along the Israeli-Jordanian border and reestablished King Hussein's control over the East Bank.

This was a very favorable development in the Middle East situation from the U.S. point of view, but was attained at a considerable economic cost to Jordan, as it prompted several Arab donors to halt their substantial cash subsidies. In the wake of this fighting, the United States undertook a supporting assistance program to bolster Jordan's economy and enable the Government of Jordan to maintain a certain measure of economic independence. Budgetary support is an essential element of this program.

As a result of the November 1974 Rabat Summit Conference, Arab oil-producing states pledged up to \$300 million a year to Jordan in economic and military assistance. However, actual annual payments may be considerably less than the amount pledged, and the bulk of these funds will go for military equipment purchases. Thus, there will continue to be a need for budget support from the United States until Jordan's narrow economic base is expanded and developed to the point where it can yield adequate revenues to cover Jordan's national budgetary requirements.

FY 1977 Program: A total of \$50 million in security supporting assistance funding is requested to continue this program during FY 1977.

SUMMARY OF ACTIVE SECURITY SUPPORTING ASSISTANCE LOANS

Authorized as of 12/31/75
(In Thousands of Dollars)

COUNTRY: JORDAN

TABLE VIII

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/75		
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation			Amount Disbursed	Principal Repay- ments	Interest Collected
278-H-009	East Ghor Canal Extension	2/9/73	2/22/73	10	40	2	3	U.S.\$	10,000	1,770	-	-
278-W-010	Yarmouk - Dead Sea Road	6/12/74	7/1/74	10	40	2	3	U.S.\$	2,900	590	-	-
278-T-011	Zarqa Triangle Irrigation Project	6/18/74	7/4/74	10	40	2	3	U.S.\$	4,500	-	-	-
278-K-012	Ma'an - Quweria Highway <u>1/</u>	6/24/75	6/25/75	10	40	2	3	U.S.\$	10,000	-	-	-
278-K-013	Village Development	6/24/75	6/25/75	10	40	2	3	U.S.\$	8,650	-	-	-
278-K-014	Maqarin Dam Pre-Investment Studies	11/28/75		10	40	2	3	U.S.\$	1,000	-	-	-
	Total								37,050	2,360		
	<u>1/</u> Funded under Middle East Special Requirements Fund.											

SUMMARY OF ESTIMATED SECURITY SUPPORTING ASSISTANCE LOAN AUTHORIZATIONS
 Balance FY 1976 and Transition Quarter (1/1/76 - 9/30/76)

COUNTRY: JORDAN

(In Thousands of Dollars)

TABLE VIIIa

TITLE	AMOUNT
Pilot Potash Project	6,000
Aqaba Grain Storage	7,000
School Construction and equipment	<u>4,000</u>
Total	17,000

**SUMMARY OF PROPOSED SECURITY SUPPORTING ASSISTANCE LOANS
FY 1977**

COUNTRY: JORDAN

(In Thousands of Dollars)

TABLE IX

TITLE	AMOUNT
Road Construction and Improvement	5,000
Rural Water Supply	3,000
Karak Rural Electrification	4,000
Yarmouk - Dead Sea Road (additional funds)	1,000
Zarqa Triangle Irrigation Project (additional funds)	2,000
East Ghor Canal Extension (additional funds)	2,500
Jordan Valley Agriculture and Rural Development	3,000
Maqarin Dam Design	<u>4,000</u>
Total	24,500

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Road Construction and Improvement	Security Supporting Assistance	5,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: A Government of Jordan goal is to induce structural changes in the Jordan economy through improvement of basic infrastructure, thereby achieving a more equitable distribution of national income.

Purpose: To provide improved access to commercial markets for the rural population.

Background: The Government of Jordan long has recognized the necessity to integrate its rural population into the mainstream of the Jordanian economy. Government programs are being designed to improve the quality of life of the rural population. A major obstacle to development in many rural areas is the absence of adequate roads over which produce can be brought to market without excessive spoilage. Under the "Five Year Plan for Economic and Social Development, 1976-1980" the Government of Jordan plans to extend and improve its road system, and will expend about \$112 million equivalent for this purpose during the Plan period. Improvements proposed include the construction of new highways, resurfacing of primary and secondary roads, and construction of village roads.

Major Outputs: Improvement of approximately 50 miles of roads.

Host Country and Other Donors: Two million dollars equivalent for local currency costs associated with construction to be provided by the Government of Jordan.

FY 1977 Program: This proposed \$5 million FY 1977 A.I.D. loan will be used to finance design, supervision of construction, and construction of selected rural roads. The criterion to be used for selection of roads

to be constructed or improved will be the impact that the road improvements will have on the rural population and on the movement of agricultural products to market areas.

A.I.D. Financed Inputs

Supervision of construction (48 man-months)	250,000
Construction contracts	<u>4,750,000</u>
	5,000,000

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Rural Water Supply	Security Supporting Assistance	3,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: A Government of Jordan goal is to improve the quality of life of the population in the various regions of the country.

A.I.D. Financed Inputs

Engineering design and supervision	250,000
Construction facilities	<u>2,750,000</u>
	3,000,000

Purpose: To provide potable water to the rural population.

Background: The "Five Year Plan for Economic and Social Development, 1976-1980" has as a major objective the expansion, by about 20% per annum, of the water to be made available for household consumption. The Five Year Plan provides for improvement and extension of domestic water supplies nationwide over the 1976-1980 period. For FY 1977 the Government of Jordan has requested A.I.D.'s assistance in financing the design, materials, equipment, construction and supervision of construction for improvement and expansion of domestic water supply systems in selected rural towns and villages.

Major Outputs: The major output of the project will be greater availability of potable water for rural household use, with a potential of reaching up to 80,000 people.

Host Country and Other Donors: A total of approximately \$2 million equivalent will be provided by the Government of Jordan over a two-year period, FY 1977 and FY 1978, in direct contribution to this construction program.

FY 1977 Program: A.I.D. proposes to provide a loan of \$3 million to finance the engineering design and construction contracts.

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Karak Rural Electrification	Security Supporting Assistance	4,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To improve the quality of life and provide a base for rural growth in the various regions of Jordan.

Purpose: The purpose of the project is to make electrical energy available to the rural areas of Karak District.

Background: At present, there is no electrical transmission network in the middle region of Jordan where the Karak District is located. The Government of Jordan plans to add four 500-KW diesel generating units to the existing diesel generating plant in the main city of Karak, and to construct approximately 80 kilometers of 33-KV transmission lines to supply and/or improve electricity services to 19 towns and villages in the Karak District.

The "Five Year Plan for Economic and Social Development, 1976-1980" has programmed approximately \$7.8 million equivalent for 1977 and 1978 for the project.

Major Outputs: The major output will be the availability of assured electric power in 19 villages and towns in the Karak District.

Host Country and Other Donors: The Government of Jordan will provide approximately \$3.8 million equivalent in local currency, primarily for local construction costs.

FY 1977 Program: A.I.D. proposes to provide a loan of \$4 million to finance the necessary engineering services, local construction contracts for the expanded generating plant, and the provision of transmission line materials and generating units.

A.I.D. Financed Inputs

Engineering consultant services, including design and supervision of construction 500,000

Four generating units and accompanying transmission line materials 3,500,000

4,000,000

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Yarmouk - Dead Sea Road (Additional Funds)	Security Supporting Assistance	1,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977 - Additional Funds

Goal: The goals to which the project will contribute are: (a) to make a wider variety of agricultural produce available, at a cheaper price, to Jordanians residing in major consumption centers; and (b) to make agricultural export operations more efficient and profitable.

Purpose: The purpose of this project is to upgrade the existing road that serves the entire Jordan Valley to a primary-class highway capable of facilitating quick and efficient movement of an increased volume of traffic. It is projected that the increased traffic will be generated by the additional agricultural production resulting from implementation of the several irrigation projects being constructed in the Jordan Valley.

Background: In July 1974, a \$2.9 million Development Loan was executed with the Government of Jordan to upgrade the entire 104-kilometer long road, which lies between the northern and southern extremities of the Jordan Valley, to a primary highway classification having a uniform carriageway of 7.2 meters with two-meter wide paved shoulders. A limited (7.66 kilometers) amount of new construction was included, as was the replacement of a single-lane bridge by a two-lane structure. About 20% of the work was completed by the end of 1975. However, recent heavy rains caused road base failures in sections of the road where previously only widening and resurfacing were planned under the project. To correct the problems now being experienced requires complete reconstruction of some sections of the roadway base, with adjustment to the vertical alignment and improved drainage.

Major Outputs: The major output will be the completed 104-kilometer road by CY 1977.

Host Country and Other Donors: The Government of Jordan agreed to make available \$960,000 equivalent in support of the original project, as follows:

Consulting engineering services	75,000
Force account construction	335,000
Inspection/supervision	270,000
Materials, construction costs	280,000

The Government of Jordan will provide an additional \$400,000 equivalent toward the cost of the corrective work proposed.

FY 1977 Program: We propose to provide a loan of \$1 million to complete the final seal coat, replace a single-lane bridge and complete reconstruction of the failed sections of the road.

A.I.D. Financed Inputs

Construction contract	1,000,000
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Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Zarqa Triangle Irrigation Project (Additional Funds)	Security Supporting Assistance	2,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977 - Additional Funds

Goal: The goal of the Government of Jordan is to increase the agricultural production capacity of the national economy and thus increase foreign exchange earnings.

Purpose: To provide the necessary irrigation water and concomitant irrigation water delivery system to individual farms to permit the full utilization of irrigable farm land within the project area.

Background: In 1974, A.I.D. authorized a Development Loan of \$4.5 million to assist the Government of Jordan in financing the project, initially estimated to cost \$6.0 million. The project included construction of a diversion weir on the Zarqa River, and the pipeline for a water transmission and distribution system to provide sprinkler irrigation to 3,718 acres of land in the Jordan Valley. The project is under construction and was approximately 5% complete at the end of 1975. However, because of cost escalations between the time the original cost estimate was made and the time the construction contract was let, it was not possible to finance the maintenance equipment and the on-farm portable irrigation equipment that were included in the original project design. The additional cost is estimated to be approximately \$3.0 million.

Major Output: The principal output will be the completed project, providing on-farm sprinkler irrigation of 3,718 acres of land.

Host Country and Other Donors: Under the current project the Government of Jordan is providing \$1.5 million equivalent in financing of the construction contract and approximately \$450,000 equivalent for engineering

design and supervision of construction. It also will provide \$1 million equivalent to meet the balance of the additional costs.

FY 1977 Program: We propose to provide a loan of \$2.0 million to assist the Government of Jordan to meet the additional costs resulting from the escalation of prices. The project will be completed in FY 1977.

A.I.D. Financed Inputs

Maintenance equipment	1,000,000
On-farm irrigation equipment	1,000,000
	2,000,000

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
East Ghor Canal Extension (Additional Funds)	Security Supporting Assistance	2,500
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977 - Additional Funds

Goal: The goal is to increase agricultural production and thus increase Jordan's foreign exchange earnings.

Purpose: To provide the necessary irrigation water and an irrigation water delivery system to permit the full utilization of irrigable farmland within the project area.

Background: In February 1973, A.I.D. authorized a Development Loan of \$10 million to finance construction costs for an 18-kilometer extension of the existing East Ghor Canal. The main elements of the project were: construction of a 2-kilometer carrier canal between the water source of the Zarqa River and the existing East Ghor Canal; an 18-kilometer extension of the existing canal; installation of a pressure-pipe irrigation network for about 9,000 acres of land that are to be sprinkler-irrigated; provision of portable on-farm sprinkler irrigation equipment; construction and equipping of four pumping stations; and construction of gravel-surfaced service roads for the carrier canal, extended canal, and irrigation pipe network.

Between the time the loan was authorized (1973) and construction commenced (1975), material and labor costs escalated substantially. Sufficient funds, therefore, were not available to finance the portable farm sprinkler irrigation equipment. The total estimated increase in project costs now is projected to be \$3.5 million, of which A.I.D. has been requested to finance the portable farm equipment (\$1.8 million) included in the original project, and a portion of additional funds required for excavation and concrete work.

Major Outputs: The project will be completed by the end of FY 1977. During 1977 portable farm equipment and other materials affected by cost increases will be procured and made available.

Host Country and Other Donors: The Government of Jordan will finance the major portion of increased material and labor costs (\$1,000,000).

FY 1977 Program: This loan will finance the procurement of additional equipment, materials, and work required to complete the project.

A.I.D. Financed Inputs

On-farm portable irrigation equipment	1,800,000
Additional excavation and concrete work required under contract	<u>700,000</u>
	2,500,000

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Jordan Valley Agriculture and Rural Development	Security Supporting Assistance	3,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To improve the welfare and productivity of present and future residents of the East Bank of the Jordan River Valley, and establish stable, adequately serviced communities.

Purpose: The purpose of the project is to improve the productive base and the quality of life in Jordan Valley communities.

Background: In June of 1975, A.I.D. authorized an \$8.6 million loan to finance the Village Development Project, which was designed to assist the Government of Jordan in its efforts to provide basic health, education and municipal services to the inhabitants of selected villages in the Jordan Valley, and to initiate a mortgage-lending program designed to facilitate home ownership in the Jordan Valley. Areas covered by the loan include the construction of schools, health clinics, and administrative and marketing centers; and provision of home mortgage loans in villages located in priority areas served by infrastructure that is either completed or scheduled for construction. Disbursement will begin during FY 1976 for school, clinic and water supply construction, and for mortgage loans.

Major Output: The major output will be planned and fully serviced communities providing essential services such as schools, clinics, water and credit to the inhabitants of the Jordan Valley.

Host Country and Other Donors: The Government of Jordan will provide the approximately \$2.0 million equivalent required for acquisition of the land on which village service units, i.e., schools, clinics, etc., are to be built.

FY 1977 Program: A.I.D. proposes to provide a loan of \$3 million to begin school, clinic and water supply construction programs in four additional villages in secondary priority areas, and to initiate a program of agricultural credit in the Valley.

A.I.D. Financed Input

Construction of community service facilities	2,500,000
Funding for credit programs	<u>500,000</u>
	3,000,000

Country: JORDAN

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE Maqarin Dam Design	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) 4,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: The project goal is to increase agricultural production and foreign exchange earnings from agricultural production.

Purpose: The project purpose is to bring under irrigation all of the arable and irrigable land (15,000 hectares) not presently irrigated in the Yarmouk and Jordan River Valleys and to improve the effectiveness of irrigation of land (21,000 hectares) currently being irrigated in the Jordan River Valley.

Background: In November 1975, A.I.D. authorized a loan of \$1.0 million to finance an economic, technical and financial feasibility study of the proposed Maqarin Dam and its associated power generation facilities and irrigation system. A United States engineering consultant, Harza Engineering Company, was selected to perform the feasibility study, which is expected to be completed in approximately one year.

Major Outputs: The major output of this phase of the project will be the documents necessary to permit bids to be requested for construction of the Maqarin Dam.

Host Country and Other Donors: The Government of Jordan is expected to contribute approximately \$1.0 million equivalent to the cost of the preparation of the design and bidding documents.

FY 1977 Program: On the assumption that the results of the feasibility study warrant further investment in the project, A.I.D. proposes that a loan of \$4 million in FY 1977 funds be provided for the preparation of final design, drawings and bid documents

for construction of the dam. The completion of final design, during FY 1977, will permit the Government of Jordan to seek financing from various donors for construction of the dam and the downstream irrigation network.

A.I.D. Financed Inputs

Engineering design and preparation of bidding documents	4,000,000
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Jordan

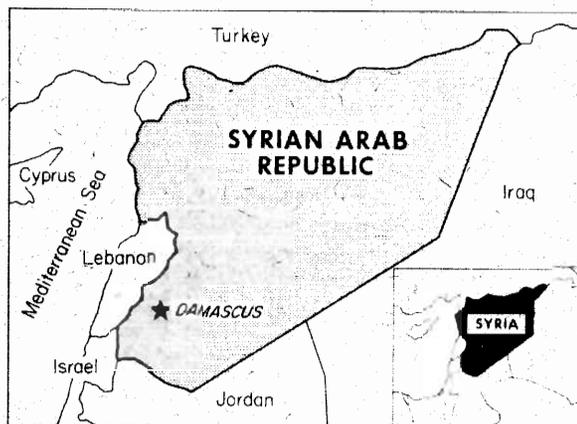
(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS					TOTAL 1946- 1975	REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975			
I. ECONOMIC ASSISTANCE - TOTAL	16.8	59.4	71.1	64.5	99.3	899.5	8.4	891.1
Loans	1.2	1.7	15.9	15.6	25.0	78.6	8.4	70.2
Grants	15.6	57.7	55.2	48.9	74.3	820.8	-	820.8
a. A.I.D. and Predecessor Agencies	6.0	55.6	61.0	53.2	87.5	748.1	3.4	744.7
Loans	-	-	10.0	7.4	18.6	48.2	3.4	44.8
Grants	6.0	55.6	51.0	45.8	68.9	699.8	-	699.8
<i>(Security Supporting Assistance)</i>	(5.0)	(55.0)	(50.0)	(45.0)	(87.5)	(452.1)	-	-
b. Food for Peace (PL 480)	10.8	3.8	10.1	11.3	11.6	149.9	5.0	144.9
Title I - Total	1.2	1.7	5.9	8.2	6.4	30.4	5.0	25.4
Repayable in U.S. Dollars - Loans	1.2	1.7	5.9	8.2	6.4	26.7	3.8	22.9
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	3.7	1.2	2.5
<i>(Loans)</i>	(-)	(-)	(-)	(-)	(-)	(3.7)	(1.2)	(2.5)
<i>(Grants)</i>	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	9.6	2.1	4.2	3.1	5.2	119.5	-	119.5
Emergency Relief, Econ. Development, & World Food	6.7	0.4	3.2	2.0	3.4	84.7	-	84.7
Voluntary Relief Agencies	2.9	1.7	1.0	1.1	1.8	34.8	-	34.8
c. Other Economic Assistance	-	-	-	-	0.2	1.5	-	1.5
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	0.2	1.5	-	1.5
<i>(Loans)</i>	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
<i>(Grants)</i>	(-)	(-)	(-)	(-)	(0.2)	(1.5)	(-)	(1.5)
II. MILITARY ASSISTANCE - TOTAL	59.2	52.2	39.5	42.2	104.6	386.9	36.2	350.7
Credits or Loans	30.0	10.0	-	-	30.0	99.0	36.2	62.8
Grants	29.2	42.2	39.5	42.2	74.6	287.9	-	287.9
a. MAP Grants	28.8	40.3	32.8	40.5	69.9	268.3	-	268.3
b. Credit Sales under FMS	30.0	10.0	-	-	30.0	99.0	36.2	62.8
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	0.4	1.9	6.7	1.7	4.7	19.6	-	19.6
e. Other Grants	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	76.0	111.6	110.1	106.7	203.9	1,286.4	44.6	1,241.8
Loans	31.2	11.7	15.9	15.6	55.0	177.6	44.6	133.0
Grants	44.8	99.9	94.2	91.1	148.9	1,108.7	-	1,108.7
Other U.S. Government Loans and Grants	-	-	6.6	7.9	-	24.2	7.8	16.4
a. Export-Import Bank Loans	-	-	5.9	3.9	-	19.5	5.4	14.1
b. All Other Loans	-	-	0.7	4.0	-	4.7	2.4	2.3

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
	5.0	18.5	92.9
Int'l. Dev. Association	-	13.5	53.8
Int'l. Finance Corp.	1.8	3.2	5.0
UN Development Program	3.2	1.8	29.8
Other UN	-	-	4.3
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	18.1	24.1	176.9
U.K.	6.0	2.5	93.3
Germany	11.0	19.5	74.1
Japan	-	0.1	2.0
Other	1.1	2.0	7.5
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75
NO PROGRAMS			

Syria - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions - mid-1975)	7.3
Annual Growth Rate (percent)	3.1
Area (1,000 square miles)	71
Population Density per square mile	100
Agricultural Land as % of Total Area	67
Percent of Labor Force in Agriculture ...	54
Life Expectancy (years)	54
People per Doctor	3,490
Literacy Rate (percent).....	40
Students as Percent of 5-19 Age Group	57
(Primary & Secondary)	
GNP per Capita (dollars - 1973)	370*
Annual Average Growth Rate(percent--1965-73)	3.6 ⁺

* - Estimate in IBRD 1975 Annual Report.
 + - Estimate in IBRD 1975 World Atlas.

GROWTH INDICATORS

	1971	1972	1973	1974	1975 ^{Est.}
Agricultural Production Index (1961-65=100) ..	83	127	74	110	99
Index per Capita	64	95	53	77	67
Food Production Index (1961-65=100)	76	138	62	118	101
Index per Capita	58	103	45	82	68
Wheat (1,000 M.T.)	662	1,806	593	1,381	1,300

INTERNATIONAL TRADE (\$ millions)

Total Exports (f.o.b.)	207	287	351	784	n.a.
Cotton	82	98	117	192	n.a.
Total Imports (c.i.f.)	446	545	613	1,230	n.a.
Trade Balance	-239	-258	-262	-446	n.a.

GOLD & FOREIGN EXCHANGE (\$ millions)^a

Official Reserves	88	135	481	835	1,148 ^b
Commercial Bank Holdings	10	22	33	62	n.a.

CONSUMER PRICE INDEX (1970=100)	105	106	127	146	163(6 mos)
(Damascus)					

- Million Dollar Equivalents -

CENTRAL GOVERNMENT FINANCES^c

	1972	1973	1974 ^P	1975 ^d
Total Expenditures	717	897	1,503	2,805
(Defense Expenditures)	(213)	(399)	(543)	(702)
(As % of Total Expenditures)	(30%)	(45%)	(36%)	(25%)
(Capital Outlays)	(251)	(295)	(643)	(1,570)
Total Domestic Revenues	521	719	1,153	1,555
Deficit (-) or Surplus (+)	-196	-178	-350	-1,250

n.a. - Not available. P - Preliminary.

a - Gross basis, end of period. b - End of May, 1975. c - Current price data converted at 3.723 Syrian pounds per U.S. dollar. d - Original budget.

SYRIA

Objectives of U.S. Assistance

Syria plays a vital role in the search for a lasting peace in the Middle East, and U.S.-Syrian cooperation and mutual trust are essential for the success of our efforts in the area.

U.S. economic assistance to Syria:

- provides evidence of our understanding of Syria's economic and social problems;
- demonstrates our desire to be responsive to Syria's urgent developmental needs;
- serves to relax tensions by directing mutual contacts and efforts to peaceful purposes.

Political Setting

The United States and Syria re-established diplomatic relations in 1974. U.S. Foreign Assistance to Syria resumed in FY 1975 with a \$83 million program funded from the Middle East Special Requirements Fund.

Present Syrian diplomacy includes a persistent search for diversification in foreign economic relations.

The Economic Setting

The Syrian economy has generally recovered from the effects of the 1973 October War, but there has been no significant growth in agriculture and food production levels over the period 1964-1974.

Government development programs reflect a concerted search for a better defined role for the private sector in a centrally regulated economy.

The nature of Syria's economy is illustrated by the following factors:

- Per capita GNP in 1973 is estimated to be \$370.
- Fifty-four percent of the labor force is engaged in agriculture.
- Agriculture accounts for 22% of national income, industry and mining for about 22%, government and other services about 56%.
- About 60% of the population is illiterate, and only about 50% of the children are enrolled in school.
- There is only one doctor for every 3,490 persons.
- Infant mortality rates are estimated at about 110 per thousand.
- Only 3% of Syria's villages have been electrified.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Loans	78*	\$86	-	87
Technical Assistance	5*	4	-	3
Total	83	\$90		90
*Funded under the Middle East Special Requirements Fund.				

SYRIA

Syria's National Economic Development Plans place primary stress on:

- increased agricultural production through expanded irrigation, land development reform programs, and introduction of modern agricultural technology.
- wider diversification of the economy by encouragement of the manufacturing sector:
 - ** creation of agro-industrial establishments;
 - ** expansion of mining and extractive activities;
 - ** strengthening of the services sector (water, power, transportation and communications).

Syria's economic trade policies are being reshaped to create a more open mixed society. Controls on trade and foreign exchange have been relaxed.

Since 1972 Western countries have become Syria's principal trading partners. Imports from the United States have risen as a result of growing demand for U.S. goods, equipment, and technology.

FY 1977 Program

In 1977, \$90 million in Security Supporting Assistance is requested to continue a program of economic support for Syria. This economic assistance program will include \$87 million in capital project loans and \$3 million in grants for technical assistance activities in priority development sectors.

Loan and grant funds will be applied to the procurement of goods and services primarily from U.S. sources. U.S. assistance will focus on:

-- Agriculture Development. Projects will include:

** Agricultural Machinery and Production Inputs. Syrian plans for development of the agricultural sector include massive requirements for agricultural machinery and equipment to continue the process of modernization of production methods and practices. A \$27 million loan is requested for this purpose.

** Agriculture Research and Production. This project continues efforts begun in FY 1976 to strengthen the institutional infrastructure needed for more modern research and development at agricultural field stations. A \$150,000 grant is requested for this purpose.

-- Rural Development (Rural Electrification)

This \$60 million project will support a long-range rural electrification program under which Syria hopes to bring electricity to 800 additional villages with a total population of 900,000-1,000,000 people during the period 1976-1980. Originally this loan project was planned for initial funding of \$20 million in FY 1976, but delays in the preparation of a World Bank-financed feasibility study forced postponement to FY 1977. On the basis of preliminary discussions, it now appears that the Syrian Government plans to request A.I.D. participation in a major segment of Syria's rural electrification program. A \$60 million loan is requested to

SYRIA

permit utilization of U.S. rural electrification experience and procurement of equipment for the installation of power distribution lines, and other needed accessories.

-- Technical Services and Feasibility Studies

This activity will continue to provide the foreign exchange funding for U.S. experts and consultants for project development work, and to provide technical assistance training and advisory services in agricultural production, irrigation and water management, minerals development, and other development activities. A grant of \$1.25 million is required for this activity.

-- General Participant Training

The Syrian Government requires further assistance in carrying out its policy of giving its professional and technical specialists greater access to U.S. technology and skills training. For FY 1977, a grant of \$1.25 million is requested to involve 100-200 additional Syrian participants in training and refresher activities in the United States.

-- English Language Training

A grant of \$175,000 is needed to give continued support to a U.S.-financed English Language training facility in Damascus offering intensive language preparation for prospective participants, and providing an opportunity for limited numbers of government officials to acquire or improve their proficiency in English.

-- Development of Integrated Health/Family Planning/Nutrition Services

In response to a Syrian request, the United States plans to increase technical assistance in developing an integrated health services and delivery program. This program combines separate projects for Development of Health Services and Family Planning which were identified in the FY 1976 program. The objective is to bring basic aspects of health, nutrition, and family planning services, health education and counseling to rural areas and villages, utilizing to a maximum extent rural public health personnel and paramedical workers. Grant funding of \$175,000 is requested for this effort.

PL 480

In addition to Security Supporting Assistance, PL 480 Title I food aid is required to meet continuing gaps in production of essential food commodities. In FY 1977, 20,000 MT of rice and 8,500 MT of vegetable oil valued at approximately \$10 million are planned for Syria.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In thousands of dollars)

TABLE V

COUNTRY: SYRIA

Project Title	* Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Agriculture Development (Research & Production)	* 276-11-110-003	1976	1978	-	-	-	200	12	188	-	150	400	750
Feasibility Studies & Project ^{1/} Development I	276-11-995-001	1975	1975	4,000	2	3,998	-	176	3,822	-	-	-	4,000
Feasibility Studies & Project Development II	276-11-995-005	1976	1976	-	-	-	1,850	-	1,850	-	-	-	1,850
General Participant Training ^{1/}	* 276-11-690-004	1975	Cont.	1,000	6	994	1,250	226	2,018	-	1,250	Continuing	
English Language Training	* 276-11-690-002	1976	1979	-	-	-	275	11	264	-	175	550	1,000
Development of Health/Family Planning/ Nutrition Services	* 276-11-570-006	1976	1979	-	-	-	425	24	401	-	175	960	1,560
Feasibility Studies & Project Development III	* 276-11-995-009	1977	1977	-	-	-	-	-	-	-	1,250	-	1,250
^{1/} FY 1975 activities funded under the Middle East Special Requirements Fund.													
*Detailed project narrative—See Table VI.							Total	4,000	449	8,543	-	3,000	

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Agriculture Development (Research and Production) NUMBER 276-11-110-003	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 62	FY 77 150	INITIAL OBLIGATION SCHEDULED FINAL OBLIGATION FY: 1976 FY: 1978

Project Target and Course of Action: This project aims at providing the scientific basis for sustained growth in agricultural production by strengthening Syria's institutional framework for agricultural research and development. Primary attention is devoted to new arid-land soil treatment and farming methods, research on improved crop varieties and food processing, and work on the control of plant diseases and pests. Under this project, to begin late in FY 1976, the United States will continue to provide advisory services, training, scientific equipment and supplies and related assistance. Cooperative research activities with U.S. scientists and institutions also are being considered.

Progress to Date: In FY 1975 initial discussion with a U.S. survey team was held to outline in general terms the areas in this field where U.S. assistance would be most effective. More detailed preparations for this project were financed during FY 1976 from the Feasibility Studies and Project Development grant. Because more time than was originally envisaged was required to recruit a U.S. contractor, planned obligations during FY 1976 are for \$200,000 rather than \$350,000 as projected in the FY 1976 Congressional Presentation.

Related Activities: Similar research is being conducted under the A.I.D. Feasibility Studies and Project Development grant

and a branch of the Ford Foundation's International Center for Agricultural Research in the dry areas is planned for northern Syria. The Ford Foundation and U.S. Government activities will be complementary.

FY 1977 Program: A \$150,000 grant will continue U.S. assistance activities in support of Syrian agricultural research and development institutions and facilities. The grant will provide a three-four person team for approximately 18 man-months (\$127,000); six man-months of non-academic participant training (\$11,000); instruments for testing and analysis, small quantities of seed, fertilizer and other inputs for demonstration purposes (\$7,000); and miscellaneous local support and in-country travel (\$5,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	200	12		-	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/76	200	12	188	U.S. Technicians ..	-	112	112	-	-	-	-	127	127	To be selected	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Participants	-	63	63	-	-	-	-	11	11		
Proposed FY 77	150	400	750	Commodities	-	20	20	-	-	-	-	7	7		
				Other Costs	-	5	5	-	-	-	-	5	5		
				Total Obligations ..	-	200	200	-	-	-	-	150	150		

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE General Participant Training	FUNDS Middle East Special Requirements Fund/SSA	PROPOSED OBLIGATION (\$000) FY 77 1,250	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 65	INITIAL OBLIGATION FY: 1975	SCHEDULED FINAL OBLIGATION FY: Continuing
NUMBER 275-11-690-004			

Project Target and Course of Action: This project is designed to help Syria overcome its acute shortage of technical and managerial skills by providing training in the United States and other countries. Emphasis will continue to be placed on the study of practical and technical skills and methods applications rather than on academic disciplines or degree-type training. The activity will continue to focus on upgrading specialists and technicians to handle increasingly more complex responsibilities in their assigned positions.

Progress to Date: The Syrian Government has just completed its Third Five-Year Plan (1971-1975) and is beginning its Fourth Plan (1976-1980). An integral part of its economic planning is the objective of initiating programs aimed at meeting the development aspirations of the Syrian people, taking full advantage of the latest professional and technical achievements in the rest of the world.

The training activities already planned will bring to the U.S. important technical, scientific and professional Syrian personnel and expose them to their peers in the United States. It is expected that this experience will contribute to a better understanding of mutual concerns and problems. It also will permit the Syrians to have access to American technology, which for a long period was unavailable to them. In addition, English language instruction facilities in

Syria have been surveyed and recommendations made to strengthen and expand facilities for such training under a separate project.

With the help of an A.I.D. Washington training specialist, a total of 170 potential candidates were tested and interviewed in Damascus in mid-FY 1976. Of these persons, 71 have been identified as priority candidates. For these, training needs have been defined and programs developed, and arrangements for acceptance by U.S. institutions are well underway. Funding documentation for these individuals is now nearing completion. Seven participants have already arrived in the United States and begun training.

Related Activities: The English Language Training project provides English language instruction in Syria to potential A.I.D. participants whose English language proficiency is below a level at which they can benefit from technical training in the United States.

FY 1977 Program: New training programs for an estimated 142 Syrian participants are planned. Emphasis will continue to be placed on specialized nondegree technical training, rather than academic degree-type programs. Accordingly, participants will continue to be drawn primarily from mid-level, mid-career Syrian Government personnel.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES	
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 76	Estimated through 6/30/76	Estimated Transition Quarter		Estimated FY 76			Proposed FY 77			
Proposed FY 77	Future Year Obligations	Estimated Total Cost	Total		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
	1,000	6	994								
	1,250	226		U.S. Technicians ...	-	-	-	-	-	-	
	2,250	232	2,018	Participants	1,250	-	1,250	-	-	-	
	--			Commodities	-	-	-	-	-	-	
				Other Costs	-	-	-	-	-	-	
	1,250	-	-	Total Obligations ..	1,250	-	1,250	-	-	1,250	

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE English Language Training	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 175	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 66	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1979
NUMBER 276-11-690-002			

Project Target and Course of Action: This activity is designed to help the Syrian Government create an English Language Training Program in order to improve the proficiency in English of potential A.I.D. participant trainees and of selected Syrian Government officials who have need of English in their jobs.

Progress to Date: In FY 1976, A.I.D. responded to Syrian interest in establishing an English language instruction facility in Damascus by commissioning the American University of Beirut (AUB) to study and report on existing English language training facilities in Syria. AUB recommended a broad program that would have permitted starting classes in the summer/fall 1976. A more modest program could, however, be implemented rapidly. During early 1976, A.I.D. selected an English language teacher to begin a program for 15-25 participants. Preliminary arrangements also have been made to provide short-term consulting services of a senior language specialist.

Related Activities: This project prepares potential A.I.D. participants for later technical training in the United States under the General Participant Training Project.

FY 1977 Program: A grant of \$175,000 will provide two U.S. administrative and teaching advisors under U.S. contract (\$75,000), training in the United States or at AUB for selected participants (\$15,000), equipment and supplies to help outfit language laboratory training facilities (\$75,000), and miscellaneous local support and supply costs (\$10,000). Syrian support will include, as in FY 1976, all local costs, office space, local salaries of staff and those attending the school, and other in-country expenses.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
	Estimated FY 76	275	11		264	Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
						Estimated through 6/30/76	275	11	264		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	U.S. Technicians ..	-	125	125	-	-	-	-	75	75		
Proposed FY 77	175	550	1,000	Participants	-	20	20	-	-	-	-	15	15		
				Commodities	-	105	105	-	-	-	-	75	75		
				Other Costs	-	25	25	-	-	-	-	10	10		
				Total Obligations ..	-	275	275	-	-	-	-	175	175		

To be selected

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Development of Health/Family Planning/ Nutrition Services NUMBER 276-11-570-006	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, pp. 67 & 68	FY 77 175	INITIAL OBLIGATION FY: 1976
		SCHEDULED FINAL OBLIGATION FY: 1979	

Project Target and Course of Action: This project assists the Syrian Ministry of Health to upgrade the quality of health technicians and paramedics who serve in integrated health centers around the country. The long-run objectives of the project are to assist Syria in reducing its present high rate of population growth (3.1% per annum) and in focusing on improving the nutritive composition of diets of certain groups of Syrians, especially pre-school age children and lactating mothers.

Progress to Date: The FY 1976 Congressional Presentation cited separate projects for Development of Health Services and Family Planning. In order to fix more precisely and to develop fully the two projects, A.I.D. sent a health/family planning/nutrition reconnaissance team to Syria during mid-FY 1976. Observations and discussions by the team confirmed that Syria has serious health and nutrition problems. The team found that diseases affecting the populace include tuberculosis, trachoma, endemic infections, parasitism, gastro-enteritis and malnutrition. In addition, calorie, protein, vitamin and mineral deficiencies were determined to be wide-spread. Moreover, health and nutrition problems are exacerbated by the high population growth rate of 3.1%. Based on its findings, the team recommended an integrated approach to help Syrians focus

on its health sector problems. Development of the integrated approach has led to a markedly slower rate of obligation of funds in FY 1976 (\$425,000 vice \$2.15 million) than initially projected.

The Ministry of Health now has underway a program to establish approximately 200 integrated health centers in the rural areas as well as in the poorer sections of the cities to provide improved health services and to supplement or replace maternal and child health clinics.

Although family planning is not now a high priority program there, Syria is likely to be faced with increasing problems of providing sufficient food for its rapidly increasing population. The family planning/nutrition component of this project will assist the Syrians in recognizing and solving these problems.

Related Activities: The UNFPA has a project of limited scope in this area. Planned U.S. efforts will be coordinated with those of UN and other organizations active in this field.

FY 1977 Program: Funds will provide a contract team of U.S. technical advisors to the National Technical Health

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/75	-	-	-											
Estimated FY 76	425	24												
Estimated through 6/30/76	425	24	401	U.S. Technicians . . .	-	242	242	-	-	-	-	115	115	
Estimated Transition Quarter		Future Year Obligations	Estimated Total Cost	Participants	-	63	63	-	-	-	-	10	10	
Proposed FY 77	175	960	1,560	Commodities	100	-	100	-	-	-	50	-	50	
				Other Costs	-	20	20	-	-	-	-	-	-	
				Total Obligations . .	100	325	425	-	-	-	50	125	175	

To be selected

GRANT ACTIVITY DATA

Continuation Sheet

TITLE Development of Health/Family Planning/Nutrition Services	NUMBER 276-11-570-006
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Institute of the Ministry of Health for assistance in research, contraceptive usage, and nutrition surveys (\$115,000); short-term training in the United States for three Syrian officials in population planning (\$10,000); and limited amounts of contraceptives (\$50,000).

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE Feasibility Studies and Project Development - III NUMBER 276-11-995-009	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE -	FY 77 1,250	INITIAL OBLIGATION FY: 1977
		SCHEDULED FINAL OBLIGATION FY: 1977	

Goal: To assist the Syrian Government to plan for, design, and implement programs in key development areas, especially those related to increasing the productivity of the rural population.

Purpose: To provide technical advisory services and finance selected feasibility studies or other consulting services in priority development areas.

Background: Syria is embarking on its Fourth Five Year Plan (1976-1980). Important objectives of its economic planning are increasing agricultural production, creating employment, expanding industrial production, and improving the general welfare of the bulk of the population, which is located in rural areas.

This project will assist the Syrians by providing some of the economic and technical planning and analysis expertise needed to carry out its Plan. Previous grants of this kind funded studies in basic health/family planning/nutrition, mineral resources development, and advisory services to help expand productive capability in agriculture. Assistance in conducting a transportation survey also has been proposed.

Outputs: The basic outputs of this project will be the reports resulting from each consultancy. In addition, groups of Syrian technicians will travel to the U.S. for short-term and on-the-job training; U.S. technicians will travel to Syria for on-site demonstrations; and, training and research linkages will be established with U.S. universities, technical institutions or other agencies. These outputs are expected to serve as the basis for future development of comprehensively designed projects in the broad area of agricultural production.

Host Country and Other Donors: The Syrian Government places high priority on increasing its agricultural production capability, especially by means of developing its irrigation, and during the Fourth Five Year Plan plans to bring approximately 240,000 hectares under cultivation.

Other donor feasibility study projects include an IBRD-financed feasibility study for possible subsequent involvement in the Balikh (north) region of the Euphrates Basin, and a Romanian-financed feasibility study of the middle region of the Euphrates Basin.

FY 1977 Program: A grant of \$1.25 million to cover contractor advisory and training services (\$1,220,000)

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES											
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS																
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77										
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total							
	-	-	-																	To be selected	
Estimated FY 76	-	-																			
Estimated through 6/30/76	-	-	-																		
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost																		
Proposed FY 77	1,250	-	1,250	Total Obligations																	

GRANT ACTIVITY DATA

Continuation Sheet

TITLE Feasibility Studies and Project Development - III	NUMBER 276-11-995-009
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and miscellaneous in-country costs including travel, supplies and training materials (\$30,000). The scope of technical services to be provided will be broad; however, it is anticipated that emphasis will be given primarily to expansion of agricultural production. Priority areas include forage and fodder production, a feasibility study of the Akkar Plain, and an assessment of equipment needed in Syria's agriculture and irrigation programs.

SUMMARY OF ACTIVE SECURITY SUPPORTING ASSISTANCE LOANS

Authorized as of 12/31/75

(In millions of dollars)

COUNTRY: SYRIA

TABLE VIII

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/75		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
276-J-007	Agricultural Production (Agriculture Machinery & Production Inputs I) <u>1/</u>	2/25/75	2/27/75	10	40	2	3	US\$	30	-	-	-
276-J-008	Damascus Water Supply <u>1/</u>	6/27/75	6/30/75	10	40	2	3	US\$	48	-	-	-

1/ Funded under the Middle East
Special Requirements Fund

SUMMARY OF ESTIMATED SECURITY SUPPORTING ASSISTANCE LOAN AUTHORIZATIONS
 Balance FY 1976 and Transition Quarter (1/1/76 - 9/30/76)

TABLE VIIIa

COUNTRY: SYRIA

(In Thousands of Dollars)

TITLE	AMOUNT
Agricultural Development (Agriculture Machinery & Production Inputs II)	21,000
Agriculture Development (Irrigation)	65,000

SUMMARY OF PROPOSED SECURITY SUPPORTING ASSISTANCE LOANS
FY 1977

COUNTRY: SYRIA

(In Thousands of Dollars)

TABLE IX

TITLE	AMOUNT
Agricultural Development (Agriculture Machinery & Production Inputs III)	27,000
Rural Electrification	60,000

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Agricultural Development (Agricultural Machinery and Production Inputs - III)	Security Supporting Assistance	27,000
	KIND OF LOAN	INITIAL OBLIGATION
	Project Loan	FY: 1977

Goal: To promote rural development by modernizing and expanding rural and agricultural production capacity, thereby leading to increased incomes for the rural poor.

Purpose: To provide essential agricultural machinery, equipment, spare parts and other commodities to increase Syria's food production.

Background: In FY 1975, A.I.D. authorized a \$30 million loan to the Syrian Government to finance the procurement of U.S. agricultural equipment and production inputs. Procurement under this loan has progressed to the point where, if all pending bids are awarded, available funds under that loan will be exhausted. An additional \$25 million is planned in FY 1976 for the same purposes. Recent visits to Syria by A.I.D. consultants and technicians have reconfirmed Syria's continuing need for modern agricultural equipment, machinery and production inputs.

Major Outputs: Increased farm sector production in areas receiving the agricultural machinery.

Host Country and Other Donors: The Syrians continue to give priority attention to the development of the agricultural sector. During the Fourth Five-Year Plan (1976-80), U.S. \$3.3 billion, or 17% of total estimated investment, has been programmed for development in agriculture. Syrian efforts will continue to be focused on increasing agricultural production by expanding irrigated land areas, and extending government services to the newly irrigated land. Other donors active in supporting agricultural development in Syria include: the World Bank, Food and Agriculture Organization, World Food Program, Japan, France, USSR, Romania, Yugoslavia, Iran and the Arab oil exporting countries.

FY 1977 Program: In conjunction with the Syrian Ministry of Agriculture and other concerned Syrian Arab Republic Government officials, lists have been developed for equipment required for irrigation and land development projects, reclamation projects, and projects involving saline and gypsiferous soil conditions. In addition, requirements continue to exist for machinery and other agricultural inputs to increase farmer production of various crops, such as: fodder and forage, wheat, citrus, maize, soybean, rice, sugar, beets, etc.

A.I.D. Financed Inputs:

Heavy and light farm equipment
and machinery \$27 million
(including: self-propelled combines,
bulldozers, cranes, excavators, farm
tractors, fuel and water tankers,
trucks and trailers, as well as other
selected farm machinery and equipment).

Country: SYRIA

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Rural Electrification	Security Supporting Assistance	60,000
	KIND OF LOAN Project Loan	INITIAL OBLIGATION FY: 1977

Goal: To promote rural development by modernizing and expanding rural and agricultural production capacity, thereby leading to increased incomes for the rural poor.

Purpose: To improve the quality of life and to promote economic activity in the rural area by providing increased access to cheap energy for agricultural purposes, irrigation, agro- and related small-scale industry and family use.

Background: This project previously was presented as the first phase of a proposed project loan for initiation in FY 1976. Slippage in completion of the comprehensive feasibility study discussed below has caused postponement of this activity to FY 1977. The Syrian Etablissement Public de l'Electricite (EPE) has for some time been active in moderately sized rural electrification programs. In rural areas where services have been furnished, the connection density is estimated at 65%, which is considered a good response from the market. The expansion program envisioned for a five-year period will require spending by the EPE of \$85 million equivalent, of which about \$60 million is expected to be foreign exchange costs. The Syrian Government will finance 30% of total project costs in local currency, but the Government has requested A.I.D. to finance the foreign exchange costs.

Work on a broad study with respect to the technical, financial and economic feasibility of an enlarged Syrian rural electrification program shortly will be undertaken by the World Bank, which has agreed to provide \$500,000 for this purpose. A.I.D. staff has made preliminary reviews of data made available by the EPE and believe that a sound project can be developed for A.I.D. financing. Results of the comprehensive study, to be available about August 1976, are expected to

further confirm the soundness of the concept of U.S. participation in Syria's five-year rural electrification program.

Major Outputs: To electrify 800 villages having a total population of 900,000 to 1,000,000 people over a period of five years.

Host Country and Other Donors: The Syrian Government will finance about \$25.5 million equivalent for local currency costs associated with construction.

FY 1977 Program: For FY 1977, a loan for engineering services and transmission and distribution equipment is planned.

A.I.D. Financed Inputs:

Engineering design and supervision of construction	\$2 million
Equipment (including: transformers, medium tension transmission lines, switch gears, circuit breakers, isolators, metering equipment and assorted sub-station equipment)	\$58 million

Syria

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946- 1975		
I. ECONOMIC ASSISTANCE - TOTAL	0.2	0.3	0.2	-	104.6	165.7	5.1	160.6
Loans	-	-	-	-	99.4	123.4	5.1	118.3
Grants	0.2	0.3	0.2	-	5.2	42.2	-	42.2
a. A.I.D. and Predecessor Agencies	-	-	-	-	83.0	87.8	3.5	84.3
Loans	-	-	-	-	78.0	81.2	3.5	77.7
Grants	-	-	-	-	5.0	6.5	-	6.5
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(83.0)	(83.0)	-	-
b. Food for Peace (PL 480)	0.2	0.3	0.2	-	21.6	77.9	1.6	76.3
Title I - Total	-	-	-	-	21.4	42.2	1.6	40.6
Repayable in U.S. Dollars - Loans	-	-	-	-	21.4	21.8	0.4	21.4
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	20.4	1.2	19.2
(Loans)	(-)	(-)	(-)	(-)	(-)	(20.4)	(1.2)	(19.2)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	0.2	0.3	0.2	-	0.2	35.7	-	35.7
Emergency Relief, Econ. Development, & World Food	-	-	-	-	0.2	31.8	-	31.8
Voluntary Relief Agencies	0.2	0.3	0.2	-	-	3.9	-	3.9
c. Other Economic Assistance	-	-	-	-	-	-	-	-
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL	-	-	-	-	-	0.1	-	0.1
Credits or Loans	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	0.1	-	0.1
a. MAP Grants	-	-	-	-	-	0.1	-	0.1
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	0.2	0.3	0.2	-	104.6	165.8	5.1	160.7
Loans	-	-	-	-	99.4	123.4	5.1	118.3
Grants	0.2	0.3	0.2	-	5.2	42.3	-	42.3
Other U.S. Government Loans and Grants								
a. Export-Import Bank Loans								
b. All Other Loans								
				NO PROGRAMS				

* Less than \$50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
	99.8	9.3	178.3
IBRD - World Bank	88.0	8.6	96.6
Int'l. Dev. Association	10.0	-	47.3
UN Development Program	1.8	0.7	30.6
Other UN	-	-	3.8
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	1.8	5.6	54.6
Italy	0.1	*	19.5
Germany	0.8	2.5	18.1
Japan	0.3	0.6	9.9
Netherlands	0.1	1.7	1.9
Belgium	0.5	0.5	1.1
Other	*	0.3	4.1
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75
	453	-	1,256
Eastern Europe	353	-	778
USSR	100	-	417
China, People's Rep. of	-	-	61

Middle East
Special Requirements Fund

MIDDLE EAST REGIONAL

Middle East Special Requirements Fund

The United States plays a central role in Middle East peace efforts by nurturing and supporting efforts that give promise of leading to further progress toward a peaceful and durable settlement of the conflict in the area.

The Middle East Special Requirements Fund facilitates U.S. peace efforts by permitting prompt U.S. response to special needs arising from the Middle East peace efforts being undertaken by the United States.

The framework for peace in the Middle East is still quite fragile and a great deal of work remains to be done. It will be essential for the U.S. to have the capability to move rapidly to support activities which could further peace efforts in the area. The Special Requirements Fund has been extremely useful in this regard, because it is a flexible tool which enables the United States to respond promptly and effectively to special needs arising in the area.

In FY 1975, the Fund was used to:

- initiate the new Syrian bilateral aid program;
- assist UNRWA to settle its large operating deficit;
- finance an important national road project in Jordan;
- undertake a number of development projects on the West Bank and Gaza.

In FY 1976, the Fund will be used to:

- establish the American civilian early warning system in the Sinai;
- assist the Egyptian Government to establish its own warning system;

-- continue support to West Bank and Gaza development activities;

-- make a special U.S. contribution to meet the expanded requirements for the United Nations Emergency Force (UNEF) in the Sinai.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Special Requirements Fund	100	50	10	35

FY 1977 Program

A total of \$35 million is requested in FY 1977 for the Special Requirements Fund. Two ongoing programs to be supported in FY 1977 by the Fund are:

- American Sinai Support Mission. One of the key provisions of the September 1975 disengagement agreement between Israel and Egypt was the establishment of a U.S. civilian early warning system in the Sinai to monitor and report truce violations. This American Sinai Support Mission, approved by the Congress, became operational in February 1976, with financing from the Special Requirements Fund. The operation of the American Mission in FY 1977 will require an estimated \$15 million.
- Development Activities on the West Bank and Gaza. When the Special Requirements Fund was established in FY 1975 the Congress (in House Report No. 93-1471) expressed its desire that "some of the funds

MIDDLE EAST REGIONAL

-- authorized...should be made available to support projects and expand institutions in the occupied territories of the West Bank and Gaza...to help build the socio-economic underpinnings necessary to preserve peace both for the immediate and long-term futures."

** In response to this sentiment \$1 million of the FY 1975 Special Requirements Fund was devoted to small-scale development projects on the West Bank and Gaza to benefit the people living there. These projects were implemented through the U.S. private voluntary organizations already operating in the area. In FY 1976, \$2 million is planned for this program. In FY 1977 \$3 million is requested to further expand this continuing special program.

By the very nature of the situation in the area, it is not possible at this time to specify precisely how the remaining \$17 million will be used. Congress will be provided a complete and timely explanation of proposed uses of these funds before obligations are incurred.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

COUNTRY: MIDDLE EAST REGIONAL

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Special Requirements Fund:													
<u>Syria:</u>													
Feasibility Studies and Project Development	276-11-995-001	1975	1975	4	.002	3.998	--	.044	3.954	--	--	--	4.000
Participant Training	276-11-690-004	1975	1975	1	.006	.994	--	.226	.768	--	--	--	1.000
<u>UNRWA</u>													
Special Contribution	N/A	1975	1975	6	6	--	--	--	--	--	--	--	6.000
<u>West Bank and Gaza</u>													
Private Voluntary Agency Development Projects	* N/A	1975	Cont.	1	.05	.95	2	.500	2.450	--	3.000	Continuing	
<u>American Sinai Support Mission</u>	* N/A	1976	Cont.	--	--	--	25	18.000	7.000	5.000	15.000	Continuing	
<u>Egyptian Surveillance Station</u>	N/A	1976	1976	--	--	--	13	13.000	--	--	--	--	13.000
<u>United Nations Emergency Force</u>													
Special Contribution	N/A	1976	1976	--	--	--	10	10.000	--	--	--	--	10.000
<u>Unallocated</u>	N/A			--	--	--	--	--	--	5.000	17.000	--	--
*Detailed project narrative—See Table VI.							Total	50	41.770	14.172	10.000	35.000	

Country: MIDDLE EAST REGIONAL SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Private Voluntary Agency Development Programs	Special Requirements Fund	3,000
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 75	INITIAL OBLIGATION FY: 1975

Project Target and Course of Action: The purpose of this project is to finance small-scale development projects on the West Bank and Gaza to benefit the people living in the territories. These projects will be implemented through U.S. private voluntary organizations currently operating in the area.

FY 1977 Program: In FY 1977, a total of \$3 million is proposed to expand support for selected PVO activities in the West Bank and Gaza. Activities under consideration for financing in FY 1977 include: vocational education, development of rural agriculture, and health and education.

Progress to Date: The United States has provided assistance to the West Bank and Gaza for a number of years, beginning well before the 1967 war. This assistance has been largely through PL 480, Title II assistance projects administered by private and voluntary agencies (PVO's). These assistance activities have been well received by all concerned parties in the area.

When the Special Requirements Fund was initially established in 1975, \$1 million of the fund was set aside to support projects that could help to build the socio-economic underpinnings necessary for the long-term development of the West Bank and Gaza. Projects undertaken included vocational training activities through American Near East Refugee Aid (ANERA), a rural development/self-help project under Catholic Relief Services (CRS), and a nutritional educational project, also under CRS.

In FY 1976, the level of assistance was increased to \$2 million to continue ongoing activities and to expand the number of indigenous institutions being supported.

The area remains a poor region with little infrastructure. The per capita GNP is only slightly over \$200. Only the major urban areas have basic services such as electricity, potable water, etc. The majority of the population knows little about health care or sanitation. Agricultural marketing systems are poorly developed.

Country: MIDDLE EAST REGIONAL SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VII

TITLE Sinai Support Mission	FUNDS Special Requirements Fund	PROPOSED OBLIGATION (\$000) 15,000
	PRIOR REFERENCE FY 1976 Middle East Peace & Security Supporting Assistance, p. 73	INITIAL OBLIGATION FY: 1976

Project Target and Course of Action: The purpose of this project is to establish and operate a U.S. civilian early warning system in the Sinai to monitor troop and aircraft movements and report truce violations.

Progress to Date: One of the key provisions of the September 1975 disengagement agreement between Israel and Egypt was the establishment of a buffer zone in the Sinai and the placing of American-manned warning stations in the buffer zone to safeguard the Israel-Egyptian truce, by giving early warning of any movement into the buffer zone by one side or the other.

On January 16, 1976, a contract was signed with an American contractor to construct, operate and maintain the U.S. early warning system in the Sinai, including four sensor fields, three watch stations and base camp facilities. The U.S. warning system is scheduled to become fully operational by February 22, 1976, using tents, trailers and other temporary facilities. Permanent facilities are scheduled for completion by July 1, 1976. U.S. Government oversight of the contractor will be accomplished by a field staff of approximately 25-30 USG personnel, and the entire Sinai early warning system is managed from Washington by the Sinai Support Mission, established by Executive Order on January 13, 1976.

FY 1977 Program: A total of \$15 million will be required during FY 1977 to continue the operation of the Sinai Support Mission as described above.

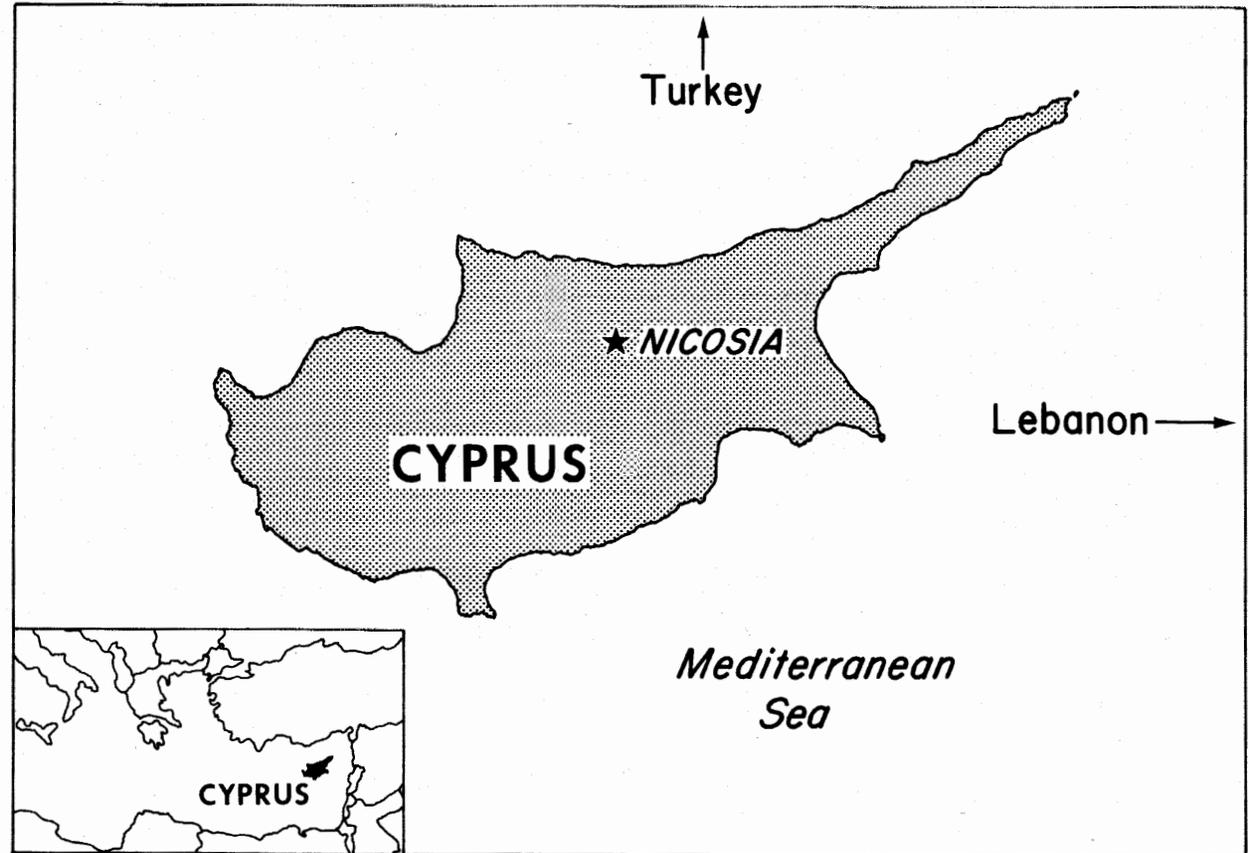
SUMMARY OF ACTIVE SECURITY SUPPORTING ASSISTANCE LOANS
 Authorized as of 12/31/75
 (In millions of dollars)

COUNTRY: MIDDLE EAST REGIONAL

TABLE VIII

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/75		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
	Special Requirements Fund											
	<u>Syria:</u>											
276-J-007	Agricultural Production (Agriculture Machinery & Production Inputs I)	2/25/75	2/27/75	10	40	2	3	US\$	30	-	-	-
276-J-008	Damascus Water Supply	6/27/75	6/30/75	10	40	2	3	US\$	48	-	-	-
	<u>Jordan:</u>											
278-K-012	Ma'an-Quweria Highway	6/24/75	6/25/75	10	40	2	3	US\$	10	-	-	-

Cyprus



BASIC DATA

Population (millions - mid-1975)	0.7
Annual Growth Rate (percent)	0.9
Population in Urban Areas	42
(Percent - 1975)	
Labor Force in Agriculture	35
(Percent)	

Per Capita GNP (dollars - 1973)	1,290*
Life Expectancy (years)	70
People Per Doctor	1,300
Literacy Rate (percent)	76
Students as % of 5 - 19 Age Group	55
(Primary and Secondary)	

* - Estimate in IBRD 1975 Annual Report.

CYPRUS

The July 1974 coup d'etat and subsequent Turkish military intervention in Cyprus left over 200,000 needy and displaced persons (about 182,000 Greek Cypriots and 30,000 Turkish Cypriots), and 40% of the island controlled by Turkish authorities.

According to Government of Cyprus estimates of late October 1975, about 183,000 people are considered displaced and another 24,000 either in enclaves or needy but not displaced. About 164,000 are considered to need food rations and allowances. Most of the displaced persons are living with friends and relatives rather than in tents. The number of people in tents in October 1975 was about 17,900.

The Government of Cyprus is undertaking housing projects to give better shelter to some of the refugees. A well-managed relief program is being carried out by the Government of Cyprus Office of Special Service for the Care and Rehabilitation of Displaced Persons with resources provided mainly by foreign donors.

Most foreign assistance to displaced persons has been provided through the UN High Commission for Refugees and the International Committee of the Red Cross.

-- The UN High Commission for Refugees (UNHCR) coordinates all UN and some bilateral relief to Cyprus and has played a key role in channelling international contributions, estimating relief needs, arranging for purchase and shipment of food and relief items. It has distributed in both northern and southern parts of the island camp beds, blankets, food and medical supplies in cooperation with the local authorities, the International Committee of the Red Cross (ICRC) and the UN Force in Cyprus (UNFICYP)

-- The UNHCR mandate in Cyprus has been expanded to include activities to provide employment and rehabilitation for refugees, but its presence is likely to be of limited duration.

-- The International Committee of the Red Cross (ICRC) is concerned with treatment of detainees, protection of civilians, tracing missing persons and humanitarian matters such as providing food, shelter, and medical assistance.

In FY 1975 the U.S. contributed \$25 million of Famine and Disaster Relief funds (\$20.8 million to UNHCR and \$4.2 million to the ICRC) in response to appeals to the international community for funds to cover Cypriot relief needs. These funds together with about \$25 million contributed by other donors (46 governments and private sources in more than 20 countries), financed relief activities through early 1976.

In addition to the emergency relief mentioned above, the U.S. contribution to UNHCR helped finance a continuing refugee feeding program, low-cost housing for refugees, reforestation and a number of small refugee welfare projects.

In FY 1976 the U.S. expects to provide an additional \$25 million of assistance funds for aid to refugees in both the north and south. Most of this amount will be provided to the UNHCR to continue support for refugee feeding activities, refugee housing, reforestation, and small refugee assistance projects. Assistance may also

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	25 <u>a/</u>	25 <u>b/</u>	5 <u>b/</u>	10

a/ Famine and Disaster Relief funds

b/ Requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.

CYPRUS

be provided to humanitarian support activities of the UN Force in Cyprus and to the Intergovernmental Committee for European Migration (ICEM) to support a refugee emigration program. An additional \$5 million in the Transitional Quarter is planned to support these programs.

FY 1977 Program

During 1975 Cypriot efforts got underway to reactivate the economic life of both portions of the island. During 1976 it is probable that the economy of the south will have improved sufficiently so that most of the refugees will become self-supporting. We nevertheless expect that relief assistance will still be required in FY 1977, although at a reduced level. We, therefore, plan to provide a final \$10 million of Security Supporting Assistance funds in FY 1977 for:

- refugee feeding programs where they are still necessary;
- further UNHCR support for Government of Cyprus refugee housing, and other employment creating projects such as reforestation;
- other refugee welfare activities directly benefitting displaced and war-affected persons.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

COUNTRY: CYPRUS

Project Title	*	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
					Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Relief and Rehabilitation Activities	*	n.a.	1975	1977	25 ^{1/}	10	15	25 ^{2/}	25	15	5 ^{2/}	10	-	65
					Total			25	25	15	5	10		

^{1/}Famine and Disaster Relief funds

^{2/}Requested under Security Supporting Assistance; subsequently authorized under Section 495 of the Foreign Assistance Act of 1961 as amended.

*Detailed project narrative—See Table VI.

Country: CYPRUS

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)	
		FY 77	10,000
Relief and Rehabilitation Activities	Security Supporting Assistance	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
		FY: 1975 <u>1/</u>	FY: 1977
NUMBER	PRIOR REFERENCE	FY 1976 Middle East Peace & Security Supporting Assistance Program, p.78	

Project Target and Course of Action: To contribute to the relief of displaced persons in Cyprus.

Progress to Date: Since July 1974, the U.S. has contributed well over half of all foreign donations for the relief of displaced persons in Cyprus. U.S. assistance through the United Nations High Commission for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC) has helped meet emergency needs for tents, blankets, medicines and food for displaced persons and has supported continuing feeding and relief operations in northern and southern Cyprus.

By the end of FY 1975 the U.S. had contributed \$20.8 million to UNHCR for emergency relief efforts as well as continued feeding programs, a low-cost refugee housing project, and other relief and rehabilitation activities directly benefitting refugees in the north and south.

In FY 1976 A.I.D. expects to provide an additional \$25 million of Famine and Disaster Relief funds for displaced Cypriots. Of this amount, about \$10 million constitutes a U.S. contribution of roughly 55% of the estimated \$19 million cost of emergency feeding programs for displaced persons through CY 1976. Contributions by the European Economic Community

and other donors to UNHCR are expected to fill out the balance of the island's food relief needs. An additional \$5 million for UNHCR would support Government of Cyprus low-cost refugee housing projects now being developed. The remaining \$10 million would contribute to UNHCR support for efforts to provide employment and make displaced persons more self-sufficient through assistance loans, labor intensive reforestation programs, and other refugee welfare projects directly benefitting displaced and war-affected persons. Contributions are also planned to support humanitarian activities of the UN Force in Cyprus (UNFICYP) and an emigration program to be carried out by the Intergovernmental Committee for European Migration (ICEM).

FY 1977 Program: A.I.D. anticipates that refugee relief assistance will still be required in FY 1977, although at a reduced level. A final \$10 million grant of Security Supporting Assistance funds is, therefore, requested for refugee feeding programs where they are still necessary, further UNHCR support for Government of Cyprus refugee housing and other small refugee welfare projects. A contribution would also be made to UNFICYP in support of its humanitarian activities.

1/ Famine and Disaster Relief Funds

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/AGENCIES								
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS													
	25,000	25,000			Estimated FY 76			Estimated Transition Quarter			Proposed FY 77							
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total				
Estimated FY 76	25,000	25,000		U.S. Technicians ..	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated through 6/30/76	50,000	50,000		Participants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Transition Quarter	5,000	Future Year Obligations	Estimated Total Cost	Commodities	20,000	-	20,000	5,000	-	5,000	7,000	-	7,000	-	-	-	-	-
Proposed FY 77	10,000	-	65,000	Other Costs	5,000	-	5,000	-	-	-	3,000	-	3,000	-	-	-	-	-
				Total Obligations ..	25,000	-	25,000	5,000	-	5,000	10,000	-	10,000	-	-	-	-	-

UNITED NATIONS FORCE IN CYPRUS (UNFICYP)

In 1964 the United Nations Security Council created UNFICYP as a peacekeeping force to restore and maintain a climate conducive to establishing an equitable and enduring peace.

The Force is financed on a purely voluntary basis and its mandate has been extended in 6-month periods with the current extension ending June 15, 1976.

As a result of the July 1974 coup in Cyprus and the subsequent Turkish intervention, United Nations Secretary General Waldheim increased the size of the Force in Cyprus from 2,341 to 4,335.

To maintain UNFICYP at this troop strength requires about \$27 million annually. In September 1974 United Nations Secretary General Waldheim appealed for further voluntary contributions for the UNFICYP fund to help meet the needs of the expanded Force and in response the U.S. doubled its FY 1975 contribution from \$4.8 to \$9.6 million. The troop strength as of December 1975 was 3,069 composed of troops from Australia, Canada, Denmark, Finland, Ireland, Sweden and the United Kingdom.

U.S. interest in the Cyprus problem reflects our goal of maintaining peace in the Eastern Mediterranean. The situation in Cyprus will doubtless remain unstable and potentially dangerous as long as a settlement of the basic problems is not reached.

In these circumstances the continued presence of UNFICYP is regarded as essential not only to help maintain the ceasefire called for by the Security Council, to promote the security of civilian population and to assist in providing humanitarian relief assistance, but also to foster a climate for peaceful and productive negotiations between the parties concerned by providing a quick and neutral way to implement interim agreements achieved in those negotiations.

FY 1977 Program

In FY 1977, \$9.6 million is requested to finance the U.S. share of the costs of the UN Force in Cyprus. The balance of the approximately \$27 million in annual operating costs is expected to be met by contributions from other voluntary donors including Belgium, Denmark, Greece, West Germany, Italy, Norway, Sweden, Switzerland and the United Kingdom.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Supporting Assistance	9.6	9.6	4.8	9.6

Cyprus

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS					TOTAL 1946- 1975	REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975			
I. ECONOMIC ASSISTANCE - TOTAL	1.2	4.3	2.1	1.1	25.9	55.4	0.3	55.1
Loans	-	-	-	-	-	1.2	0.3	0.9
Grants	1.2	4.3	2.1	1.1	25.9	54.2	-	54.2
a. A.I.D. and Predecessor Agencies	-	-	-	-	25.0	26.6	-	26.6
Loans	-	-	-	-	-	-	-	-
Grants	-	-	-	-	25.0	26.6	-	26.6
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
b. Food for Peace (PL 480)	1.2	4.3	2.1	1.1	0.9	28.5	0.3	28.2
Title I - Total	-	-	-	-	-	1.2	0.3	0.9
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	1.2	0.3	0.9
(Loans)	(-)	(-)	(-)	(-)	(-)	(1.2)	(0.3)	(0.9)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	1.2	4.3	2.1	1.1	0.9	27.3	-	27.3
Emergency Relief, Econ. Development, & World Food	1.2	4.3	2.1	1.1	0.9	26.6	-	26.6
Voluntary Relief Agencies	-	-	-	-	-	0.7	-	0.7
c. Other Economic Assistance	-	-	-	-	-	0.3	-	0.3
Peace Corps	-	-	-	-	-	0.3	-	0.3
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants								
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants	3.2	0.9	-	-	-	4.0	4.5	-0.5
a. Export-Import Bank Loans	-	-	-	-	-	-	-	-
b. All Other Loans	3.2	0.9	-	-	-	4.0	4.5	-0.5

NO MILITARY ASSISTANCE

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
	FY 1974	FY 1975	FY 1946-75
TOTAL	14.2	0.3	86.4
IBRD - World Bank	14.0	-	70.1
Int'l. Finance Corp.	-	-	2.9
UN Development Program	0.2	0.3	12.6
Other UN	-	-	0.8
B. O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	3.3	6.5	83.3
U.K.	0.8	0.8	65.8
Germany	2.2	3.4	13.7
Switzerland	-	0.9	0.9
Japan	-	*	0.8
Netherlands	0.1	0.5	0.6
Italy	0.2	*	0.6
Other	-	0.9	0.9
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
	CY 1974	CY 1975	CY 1954-75
TOTAL			
NO PROGRAMS			

* Less than \$50,000.

PORTUGAL

The U.S. Government began an assistance program to Portugal in FY 1975 in order to provide tangible U.S. support for efforts of the new Portuguese Government to return to democracy.

Rapid political change and decolonization has produced serious economic problems which the Government of Portugal must be able to meet forcefully if it is to succeed in this effort.

Key economic problems in Portugal now include:

- loss of growth, as GNP declined by more than 10% in 1975;
- unemployment of at least 13% concentrated most heavily in urban and industrial areas around Lisbon and Oporto;
- underemployment of about an equal number of persons (over 300,000) which affects rural as well as urban zones;
- inflation, which has been running at a rate of about 20 percent per year and could climb higher this year;
- shortages of housing, health and educational facilities to care for a five percent increase in population (about 430,000) caused by the return of refugees from the former colonies and the decline in jobs for Portuguese workers elsewhere in Europe.

Political instability prevented the Portuguese Government from giving serious attention to its growing economic difficulties during most of 1975. By the end of that year

Portugal's foreign exchange reserves were nearly exhausted, and the country was faced with urgent balance of payments and liquidity problems. The Portuguese Government is now beginning to make progress in overcoming these difficulties.

The Portuguese Government is undertaking an economic reconstruction program, essential if economic revival is to be achieved. Major capital investments are planned in the public sector, which now has a major interest in 60-70% of Portuguese industry, and heavy promotion of the tourist sector (which earned 16% of Portugal's foreign exchange in 1973) is underway.

External assistance is essential to meet immediate needs and to help in the longer-term restructuring of the Portuguese economy. Portugal's European neighbors are taking the lead in helping Portugal, but United States aid is also sought and needed. Short-term rapidly disbursing assistance of substantial magnitude will help assure the success of Portuguese economic stabilization and development efforts.

U.S. assistance to Portugal is temporary in nature. Its purpose is to support a sound Portuguese program of economic stabilization and growth as part of a broader Western response at a most critical time.

To demonstrate U.S. support to Portugal during this difficult period, Congress appropriated \$25 million in FY 1975 for Portugal and its overseas territories; \$10 million was reserved for the Cape Verde Islands and the other territories and the balance of \$15 million was allocated to

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	15 a/	55	10	55

a/ Portugal portion of Section 496 availabilities.

PORTUGAL

Portugal in the form of loans for low-cost housing and feasibility studies, and grants for technical consultants and training in housing, public management and health planning.

In FY 1976 the United States is expanding its aid to help Portugal deal with its continuing urgent economic problems.

In September and October 1975 the United States also assisted the Portuguese Government in its airlift of refugees from Angola before that colony became independent November 11. The U.S. provided \$7.4 million from the Famine and Disaster Relief account for this purpose.

U.S. aid for FY 1976 is planned also to include:

- a \$35 million grant for programs of relief, re-settlement and employment for returnees from Angola. An agreement for the first \$15 million was signed in February 1976 to reimburse the Portuguese Government for emergency relief costs including blankets, clothing, relief allowances and medical and social services for refugees. A second grant will finance further refugee related activities, including programs to generate employment opportunities.
- a \$1 million grant for technical consultants and training in priority development areas such as low-income housing, agriculture, rural development, sanitation and health education, international marketing and public management.
- \$19 million in loans to finance commodities and projects in priority development areas such as housing and urban development, transportation modernization, health and sanitation, and other initiatives in agricultural and industrial modernization.

A PL 480 Title I credit sales agreement for 100,000 MT of rice is planned at a cost of \$15 million.

A \$10 million commodity import loan is being considered for the Transition Quarter to finance essential imports of machinery, spare parts, equipment, essential materials and agricultural products.

Western European governments are also providing assistance and have so far pledged over \$300 million through the European Economic Community as well as bilaterally in the form of both project assistance and emergency balance of payments relief.

FY 1977 Program

In FY 1977, Supporting Assistance to Portugal is requested for:

- \$32 million in capital project loans in low-income housing, health and sanitation;
- A \$20 million commodity import loan to provide balance of payments support as part of the broader Western European and multilateral stabilization program;
- A \$1 million loan for feasibility studies and related consulting services;
- A \$2 million grant for technical consultants and training in the same areas as project lending.

A \$30 million PL 480 Title I credit sales program of wheat and rice is planned.

A \$10 million Housing Investment Guaranty is also planned to support the Portuguese national housing program.

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

COUNTRY: Portugal

Project Title	* Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76				
Technical Consultants and Training	* 150-15-995-001	1975	1978	.750	-	-	1	1	.750	-	2	1	4.750
Returnee Assistance	150-K-601	1976	1976	-	-	-	35	20	15	-	-	-	35
				Total			36	21	15.75	-	2		

*Detailed project narrative—See Table VI.

Country: PORTUGAL

GRANT ACTIVITY DATA

TABLE VI

TITLE Technical Consultants and Training NUMBER 150-15-995-001	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000) FY 77 2,000	
	PRIOR REFERENCE FY 1976 Middle East Peace and Security Supporting Assistance Programs, p.85	INITIAL OBLIGATION FY: 1975 a/	SCHEDULED FINAL OBLIGATION FY: 1978

Purpose and Course of Action: The purpose of the project is to help Portugal through a difficult period of political and economic transition by providing financing for short-term U.S. consultants and training of Portuguese in fields critical to the success of Portugal's development program.

Progress to Date: A grant agreement of \$750,000 was signed by the Government of Portugal and the United States in February 1975 to finance 1) contracts with United States private firms, universities, or other organizations and individuals to conduct studies, to provide advisory services, or to prepare projects for implementation; and 2) training programs in development fields of high priority to the Portuguese Government.

Political uncertainties in Portugal delayed the initial use of this grant for several months, but by December 1975 eleven high-level Portuguese officials had begun or were programmed for observation visits or training in the United States in the fields of housing and urban planning, health planning, international marketing, advanced public administration, investment and banking management, urban and regional planning. Plans are now underway for expanded exchanges in sectors where the U.S. is providing capital assistance (e.g., low-income housing). Using the remaining FY 1975

funds and \$1 million requested in FY 1976, these exchanges will combine U.S. direct-hire and contract consulting services with training of key Portuguese officials in the U.S. and third countries in a cooperative effort to assist the Portuguese Government in confronting some of its most important and long-neglected economic development problems. Beginning in early 1976 consultants from the Massachusetts Institute of Technology and elsewhere will visit Portugal to advise on the planning, technology and management of low-income housing construction. Further technical assistance exchanges are envisioned in the areas mentioned above as well as other areas to be agreed with the Portuguese Government.

FY 1977 Program: Approximately 20 man-years of long and short-term consultant services at an average cost of \$50,000 per man-year (\$1 million) -- consultants will be drawn from U.S. universities private contractors and state and federal government agencies; and training costs and observation visits for 200 Portuguese participants for six months each (\$1 million).

a/ Section 496 funds.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
	750	50	700		Estimated FY 76			Estimated Transition Quarter			Proposed FY 77			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 76	1,000	1,350	-	U.S. Technicians . . .	50	450	500	-	-	-	100	900	1000	M.I.T. and others to be selected.
Estimated through 6/30/76	1,750	1,400	350	Participants	100	400	500	-	-	-	200	800	1000	
Estimated Transition Quarter	-	Future Year Obligations	Estimated Total Cost	Commodities	-	-	-	-	-	-	-	-	-	
Proposed FY 77	2,000	1,000	4,750	Other Costs	-	-	-	-	-	-	-	-	-	
				Total Obligations . .	150	850	1000	-	-	-	300	1700	2000	

SUMMARY OF ACTIVE SECURITY SUPPORTING ASSISTANCE LOANS
 Authorized as of 12/31/75
 (In millions of dollars)

COUNTRY: PORTUGAL

TABLE VIII

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/75		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
150-Z-004	Feasibility Studies	2/26/75	2/28/75	5	25	5	5	\$	1.0	-	-	-
150-Z-005	Low Income Housing	6/29/75	6/30/75	5	25	5	5	\$	13.25	-	-	-

SUMMARY OF ESTIMATED SECURITY SUPPORTING ASSISTANCE LOAN AUTHORIZATIONS
Balance FY 1976 and Transition Quarter (1/1/76 - 9/30/76
(In millions of dollars)

COUNTRY: PORTUGAL

TABLE VIIIa

	TITLE	AMOUNT
Low-Income Housing		9
Commodity Imports		10

SUMMARY OF PROPOSED SECURITY SUPPORTING ASSISTANCE LOANS
FY 1977
(In millions of dollars)

COUNTRY: PORTUGAL

TABLE IX

TITLE	AMOUNT
Low-Income Housing	20
Health and Sanitation	12
Feasibility Studies	1
Commodity Imports	20

Country: PORTUGAL

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Low-Income Housing	Security Supporting Assistance	20,000
	KIND OF LOAN Project	INITIAL OBLIGATION FY: 1977

Goal: To meet an increasing demand for housing and to increase employment in Portugal.

Purpose: To assist the Portuguese Government in its program to construct low-rental housing for low-income groups.

Background: The construction industry in Portugal has been one of the dynamic elements in Portugal's economic development. It has provided a major portion of industrial employment. In 1973 some 277,000 workers were employed in the construction sector, equal to about two-fifths of employment in manufacturing. The future of the construction industry is closely linked to the level of demand for housing which has been growing strongly because of population migration to urban centers. House building has not kept pace with demand creating a deficit which is now estimated to be more than 500,000 dwelling units.

In order to stimulate housing construction the new government decided to become more active in this sector. A public housing program was launched in 1975 which included a target of 38,000 dwelling units for low income groups to be built during 1975 and 1976. The bulk of the financing for house construction comes from public funds, including the state budget which in 1975 allocated one-third of its development expenditures (nearly \$200 million) for this purpose.

In FY 1975, the U.S. provided a \$13.25 million loan and a \$20 million housing investment guaranty to finance 4,600 of the 38,000 new low-income houses to be built in 1975 and 1976 as part of the Portuguese Government's national housing program. The national housing program is now being expanded to meet a current need for 500,000 housing units during the next

few years. We expect to continue U.S. support for about 25% of this program by providing a \$9 million loan and a \$10 million housing investment guaranty in FY 1976.

Low income housing continues to be among the highest priorities of the Portuguese Government. The Government of Portugal urgently seeks additional assistance for its housing program.

Major Outputs: Construction of approximately 5,000 new low-income houses and generation of on-site employment for about 50,000 people.

Host Country and Other Donors: The Portuguese Government is financing about 75% of the overall housing program from its own resources. Modest assistance in housing is also being provided by Sweden and the Federal Republic of Germany.

FY 1977 Program: A loan of \$20 million to continue U.S. support of the Portuguese national housing begun in 1975. A \$10 million housing investment guaranty is also planned.

Country: PORTUGAL

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Health and Sanitation	Security Supporting Assistance	12,000
	KIND OF LOAN	INITIAL OBLIGATION FY: 1977

Goal: To expand health and sanitation services throughout Portugal, particularly as they can be made available to lower-income groups.

Purpose: To assist Portugal in planning and execution of programs to provide comprehensive health care through improved health centers and sanitation facilities in the most needed areas.

Background: In health terms Portugal is considered in the intermediate stage of development; major health problems include both chronic diseases found in developed countries, (such as cardiovascular and cancer) and the persistent communicable diseases and high infant mortality of less developed countries. Environmental sanitation, immunization and preventive health programs are not yet available to a large portion of the population. Access to health services is largely skewed in favor of the urban population and workers covered by voluntary insurance agencies. In 1974 about 35% of the population was still without protected water and 83% without sewerage systems. Around 82% of urban centers are equipped with piped water systems but only 15% of rural settlements. Since almost 80% of the population reside in rural areas, overall coverage is low.

Since 1971 Portugal has attempted to integrate health services at the municipal level, emphasizing the promotion of basic medical care through rural health centers and broadening preventive services at the community level. While 304 centers were planned by the end of 1973, only 168 had been completed by January 1975.

Since the April 1974 revolution, a common concern of successive provisional governments has been the reallocation of public services for the welfare of

the lower income rural and industrial workers. This has manifested itself in new housing, agrarian reform and health service policies. Successive changes in administration have prevented realizing many measurable gains in these areas to date; however, it is the firm intention of the Portuguese Government to both improve health and sanitation facilities where needed most and make them accessible to the lower income groups.

This project will provide (1) professional, experienced guidance during planning and execution phases, (2) program options based on analyses of costs and target groups, (3) training in both paramedical and advanced health services management, and (4) financing for equipment and construction of facilities.

Talks with Portugal are still in initial stages but indications are that A.I.D. assistance will include experimental clinics using paramedical personnel in low-income urban and rural areas presently without health services. Ways will be tested to expeditiously provide better health services at lower cost, to a larger percentage of the population. Training for paramedics may be an important element of such a program as well as the training facility itself.

Combatting communicable diseases is also a major problem, requiring, in particular, water and sewerage system construction. This project would address critical needs in smaller towns and villages as well as provide an important source of employment.

Major Outputs: Outputs will include: trained paramedic personnel; a revised national health delivery plan; new or improved health outreach facilities with equipment; comprehensive sanitation facilities construction plan; trained program managers.

PORTUGAL

Host Country and Other Donors: A.I.D. will finance a portion of the overall program costs; at least an equal amount will be contributed by the Government of Portugal. OECD countries may share in financing the program.

FY 1977 Program: \$12,000,000 in health and sanitation delivery systems, commodities, equipment and services.

Country: PORTUGAL

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Feasibility Studies	Security Supporting Assistance	1,000
	KIND OF LOAN Project	INITIAL OBLIGATION FY: 1977

Goal: To increase public and private investment in sound economic and social infrastructure projects.

Purpose: To prepare feasibility studies which would verify the economic, technical and financial aspects of projects to be financed by various donors including A.I.D.

Background: A loan agreement for \$1 million to finance feasibility studies and consulting services was signed by the Governments of Portugal and the United States in February 1975. This agreement provides concessional financing for: (1) studies, including sectoral market and project feasibility studies; (2) consulting services needed for the planning, design and scheduling of projects; and (3) other studies and consulting services agreed to by the Government of Portugal and A.I.D. The studies and services eligible for financing are in the general fields of food and nutrition, health and sanitation, education and human resources development, transportation, power, industry, housing and urban development. Specific services to be financed are determined on a case by case basis. Completed studies will form a basis for financing decisions by the Portuguese Government and by potential bilateral and multilateral donors.

Because of political instability within Portugal during 1975, much public and private development and investment planning was suspended, with the result that the \$1 million provided in FY 1975 has not so far been used. Therefore, although \$2 million was requested in the FY 1976 Congressional Presentation for a second feasibility studies loan, none has yet been used.

However, by early 1976 the Portuguese domestic situation was sufficiently stable to allow the government

to resume the planning and design of development projects. Discussions began with the World Bank, the European Investment Bank and a number of bilateral donors regarding possible areas of investment and it is likely that available U.S. feasibility study funds will be quickly programmed.

Major Outputs: Completed feasibility studies for various sectors and projects.

Host Country and Other Donors: The Portuguese Government will finance most of the local cost requirements.

FY 1977 Program: \$1 million for a program of feasibility studies and consultant services.

A.I.D. Financed Inputs (\$000)

Engineering and consulting services and related equipment for feasibility studies 1,000

Country: PORTUGAL

SECURITY SUPPORTING ASSISTANCE LOAN ACTIVITY DATA

TABLE X

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)
Commodity Import Program	Security Supporting Assistance	20,000
	KIND OF LOAN	INITIAL OBLIGATION
	Commodity Import	FY: 1977

Goal: To alleviate Portugal's liquidity problems and thus contribute to the country's political and economic stability.

Purpose: To provide foreign exchange in the form of a commodity import loan to finance essential industrial and agricultural equipment, materials and commodities.

Background: Following a period of political and economic instability which lasted throughout most of 1975, the Government of Portugal began in early 1976 to confront increasingly serious economic problems. The recession in Western Europe, Portugal's principal customer for exports and the tourist trade, cut seriously into foreign exchange earnings and rising prices for petroleum and food imports greatly increased import costs. In early 1976 Portugal faces a liquidity crisis of considerable magnitude. Free foreign exchange reserves are perilously low. Unemployment is over 13% and increasing; investment has fallen off and prices are rising rapidly.

The Portuguese Government, facing up to these problems imposed austerity measures beginning in January. Outside help in the form of short-term, rapidly disbursing assistance of substantial magnitude will be essential to insure the success of the Portuguese economic stabilization and development program.

Major Outputs: Increased industrial and agricultural production, income and employment.

Other Donors: The European Economic Community countries and the IBRD are also providing assistance to Portugal.

FY 1977 Program: To enable the U.S. to assist Portugal as part of a broader Western effort, we propose to provide a \$20 million commodity import loan to finance a range of agricultural and industrial commodities.

The loan will provide critical balance of payments assistance by financing machinery, spare parts, equipment, essential raw materials and agricultural products.

Loan terms will provide a 25-year maturity including a five year grace period at 5% interest. This loan is proposed as a continuation of a similar activity scheduled to begin in the Transition Quarter.

Portugal

(U.S. Fiscal Years - Millions of Dollars)

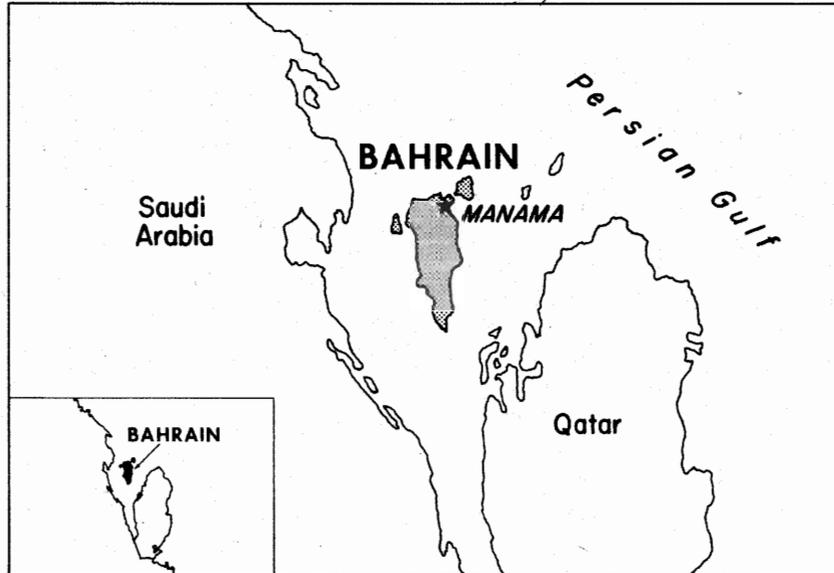
(Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946- 1975		
I. ECONOMIC ASSISTANCE - TOTAL	-	28.5	-	-	15.0	174.9	72.1	102.8
Loans	-	28.5	-	-	14.3	104.8	72.1	32.7
Grants	-	-	-	-	0.7	70.1	-	70.1
a. A.I.D. and Predecessor Agencies	-	-	-	-	15.0	66.1	38.0	28.1
Loans	-	-	-	-	14.3	50.3	38.0	12.3
Grants	-	-	-	-	0.7	15.8	-	15.8
<i>(Security Supporting Assistance)</i>	(-)	(-)	(-)	(-)	(15.0)	(15.0)	-	-
b. Food for Peace (PL 480)	-	28.5	-	-	-	108.8	34.1	74.7
Title I - Total	-	28.5	-	-	-	54.5	34.1	20.4
Repayable in U.S. Dollars - Loans	-	28.5	-	-	-	51.1	31.6	19.5
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	3.4	2.5	0.9
(Loans)	(-)	(-)	(-)	(-)	(-)	(3.4)	(2.5)	(0.9)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	-	-	-	-	-	54.3	-	54.3
Emergency Relief, Econ. Development, & World Food	-	-	-	-	-	-	-	-
Voluntary Relief Agencies	-	-	-	-	-	54.3	-	54.3
c. Other Economic Assistance	-	-	-	-	-	-	-	-
Peace Corps	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL	1.0	7.5	1.1	0.9	0.4	345.9	-	345.9
Credits or Loans	-	-	-	-	-	-	-	-
Grants	1.0	7.5	1.1	0.9	0.4	345.9	-	345.9
a. MAP Grants	1.0	1.0	1.1	0.9	0.4	323.6	-	323.6
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	*	*	-	-	-	8.0	-	8.0
e. Other Grants	-	6.5	-	-	-	14.3	-	14.3
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	1.0	36.0	1.1	0.9	15.4	520.8	72.1	448.7
Loans	-	28.5	-	-	14.3	104.8	72.1	32.7
Grants	1.0	7.5	1.1	0.9	1.1	416.0	-	416.0
Other U.S. Government Loans and Grants	17.1	1.9	12.9	33.1	5.0	111.4	63.7	47.7
a. Export-Import Bank Loans	17.1	1.9	12.9	33.1	5.0	111.4	63.7	47.7
b. All Other Loans	-	-	-	-	-	-	-	-

* Less than \$50,000.

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
TOTAL	-	-	57.9
IBRD - World Bank	-	-	57.5
UN Development Program	-	-	0.2
Other UN	-	-	0.2
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	-	-	-
NOT APPLICABLE			
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75
NO PROGRAMS			

Bahrain

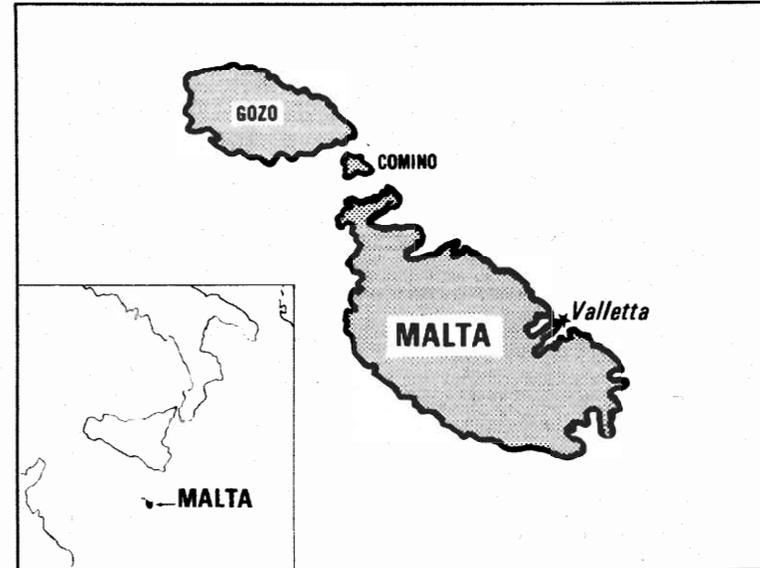


BASIC DATA

Population (<i>millions - mid-1975</i>)	0.2
Annual Growth Rate (<i>percent</i>)	2.9
Population in Urban Areas	80
(<i>Percent - 1975</i>)	
Labor Force in Agriculture	7
Per Capita GNP (<i>dollars - 1973</i>)	670*
Life Expectancy (<i>years</i>)	61
People per Doctor	1,800
Literacy Rate (<i>percent</i>)	40
Students as % of 5 - 19 Age Group	62
(<i>Primary and Secondary</i>)	

* - Estimate in IBRD in 1975 Annual Report. *

Malta



BASIC DATA

Population (<i>millions - mid-1975</i>)	0.3
Annual Growth Rate (<i>percent</i>)	-0-
Population in Urban Areas	75
(<i>Percent - 1975</i>)	
Labor Force in Agriculture	6
(<i>Percent</i>)	
Per Capita GNP (<i>dollars - 1973</i>)	340*
Life Expectancy (<i>years</i>)	70
People per Doctor	1,000
Literacy Rate (<i>percent</i>)	83
Students as % of 5 - 19 Age Group	82
(<i>Primary and Secondary</i>)	

* - Estimate in IBRD 1975 Annual Report.

BAHRAIN

Bahrain became independent only in 1971 and is seeking to develop its economy to meet the requirements of a new nation in this modern age.

Since 1949 the U.S. Navy has had port facilities in Bahrain. One of our principal interests in Bahrain is the continued availability of these port facilities for U.S. naval vessels in the Persian Gulf.

In our discussions with the Government of Bahrain it has expressed interest in improving government administration, management practices and techniques. Manpower development has a high priority with the Bahraini Government and they are interested in receiving U.S. consultants.

In this context A.I.D. is proposing the provision of U.S. advisors and technical experts to assist the Government of Bahrain to meet its development objectives.

U.S. technical assistance will be provided on a cost-sharing basis. The Bahrain Government has agreed to share the cost of salaries for these personnel and pay local support costs of the program such as office space, housing, transportation, etc. Bahrain's contributions are estimated at 20% of total project costs.

In FY 1976, \$600,000 of Security Supporting Assistance funds was requested to finance approximately 144 man-months of U.S. technical services which will assist the development of more effective government management systems and procedures in selected ministries and departments of the Government of Bahrain in such fields as urban planning, public administration, housing, and medical administration. Arrangements for these advisors are now being developed.

A total of \$100,000 was requested in the transition period to continue these technical advisory services.

FY 1977 Program

A total of \$400,000 is proposed to continue the program described above.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Development Administration	-	0.6	0.1	0.4

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY SUMMARY
(In millions of dollars)

TABLE V

COUNTRY: BAHRAIN

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1975			Estimated FY 1976			Estimated Transition Quarter	Proposed Program FY 1977	Future Year Obligations	Estimated Total Cost	
				Obligations	Expenditures	Unliquidated Obligations 6/30/75	Obligations	Expenditures	Unliquidated Obligations 6/30/76					
Development Administration	231-11-720-001	1976	1977	-	-	-	0.6	0.05	0.55	0.1	0.4	-	1.1	
							Total	0.6	0.05	0.55	0.1	0.4	-	1.1

*Detailed project narrative—See Table VI.

Country: BAHRAIN

SECURITY SUPPORTING ASSISTANCE GRANT ACTIVITY DATA

TABLE VI

TITLE	Development Administration	FUNDS	PROPOSED OBLIGATION (\$000)	
		Security Supporting Assistance	FY 77	400
NUMBER	231-11-720-001	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
		FY 1976 Middle East Peace & Security Supporting Assistance Programs, p. 107	FY: 1976	FY: 1977

Project Target and Course of Action: This project is designed to provide to the Government of Bahrain a variety of U.S. technical experts to develop and improve current systems of administration and management, to research and develop new management systems, and to train Government counterparts in the techniques of modern administration and management. Specific organizations within the Government will become responsive to development needs and operate programs adapted to the requirements of their constituencies. Key leaders will understand modern concepts of administration and management and will be able to assist their organizations in the development and implementation of effective administrative and managerial practices. A key element of the project is to assist the Government with the administration of its highest governmental priority, i.e., the construction of housing for Bahrain's people.

emphasis is on the sectors of urban planning, housing administration, fiscal management and accounting, telecommunications and construction standards.

FY 1977 Program: For FY 1977, a total of \$400,000 is being requested to finance the services of U.S. technicians for assistance to the targeted areas agreed to by the Government and A.I.D.

Progress to Date: A priority list of requirements for technical services was prepared in FY 1975 by the Bahrain Government for discussion with A.I.D. However, initiation of the program was delayed to FY 1976, and the list of advisors subsequently was updated and modified. Present

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/75	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
	Estimated FY 76	600	50		Estimated through 6/30/76	Estimated FY 76		Estimated Transition Quarter			Proposed FY 77			
						Direct AID	Contract/Other Agency	Total	Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency
Estimated FY 76	600	50		U.S. Technicians ..	200	400	600	-	100	100	200	200	400	To be selected
Estimated through 6/30/76	600	50	550	Participants	-	-	-	-	-	-	-	-	-	
Estimated Transition Quarter	100	Future Year Obligations	Estimated Total Cost	Commodities	-	-	-	-	-	-	-	-	-	
				Other Costs	-	-	-	-	-	-	-	-	-	
Proposed FY 77	400	-	1,100	Total Obligations ..	200	400	600	-	100	100	200	200	400	

Bahrain

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS					TOTAL 1946- 1975	REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975			
I. ECONOMIC ASSISTANCE - TOTAL					0.1	0.1	-	0.1
Loans					-	-	-	-
Grants					0.1	0.1	-	0.1
a. A.I.D. and Predecessor Agencies	NO ECONOMIC ASSISTANCE							
Loans					-	-	-	-
Grants					-	-	-	-
<i>(Security Supporting Assistance)</i>					(-)	(-)	-	-
b. Food for Peace (PL 480)					-	-	-	-
Title I - Total					-	-	-	-
Repayable in U.S. Dollars - Loans					-	-	-	-
Payable in Foreign Currency - Planned for Country Use					-	-	-	-
<i>(Loans)</i>					(-)	(-)	(-)	(-)
<i>(Grants)</i>					(-)	(-)	(-)	(-)
Title II - Total Grants					-	-	-	-
Emergency Relief, Econ. Development, & World Food					-	-	-	-
Voluntary Relief Agencies					-	-	-	-
c. Other Economic Assistance					0.1	0.1	-	0.1
Peace Corps					0.1	0.1	-	0.1
Other					-	-	-	-
<i>(Loans)</i>					(-)	(-)	(-)	(-)
<i>(Grants)</i>					(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL								
Credits or Loans								
Grants								
a. MAP Grants								
b. Credit Sales under FMS								
c. Military Assistance Service-funded (MASF) Grants								
d. Transfers from Excess Stocks								
e. Other Grants								
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE								
Loans								
Grants								
Other U.S. Government Loans and Grants								
a. Export-Import Bank Loans								
b. All Other Loans								
	NO PROGRAMS							

* Less than \$50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
	FY 1974	FY 1975	FY 1946-75
TOTAL	0.2	0.7	3.0
UN Development Program	0.2	0.6	2.8
Other UN	-	0.1	0.2
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	0.5	0.8	11.1
U.K.	0.5	0.6	10.9
Other	*	0.2	0.2
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
	CY 1974	CY 1975	CY 1954-75
TOTAL			
NO PROGRAMS			

MALTA

Malta's position in the Mediterranean is important to the defense of Europe and especially to the security of the Mediterranean. Military forces of the United Kingdom have been stationed there under agreements with the Government of Malta.

In June 1971 the Government of Malta began renegotiation of the financial and military arrangements with the United Kingdom to continue a military presence on Malta. The North Atlantic Treaty Organization (NATO) supported negotiations. NATO members have agreed that a continued U.K. military presence on Malta warrants a substantial financial outlay by members of the Alliance.

Under the Defense Agreement signed March 1972 between the United Kingdom and Malta, NATO members provide the Government of Malta an annual payment for base rental of about \$37 million in pounds sterling for a 7 year period until March 1979. The United States share is about 26%, \$9.5 million. The United Kingdom provides 38%, Germany and Italy 17% each, and Belgium and the Netherlands about 1% each.

In addition to the annual payments, the United States extended a \$5 million loan from Security Supporting Assistance funds to the Government of Malta in FY 1973 to purchase U.S. equipment and services to support Maltese development programs aimed at achieving economic self-sufficiency for the island by 1979.

Under a grant agreement which expired in April 1975, the United States has also provided excess property to the Maltese Government to support development activities. During FY 1973-75 the Government of Malta selected U.S. excess property items located in Europe worth \$3.6 million in original acquisition value. PL 480 Title II foodstuffs worth approximately \$250,000 were allocated to Catholic Relief Services in 1974 for distribution in Malta, but no contribution has been made since.

FY 1977 Program

In FY 1977, \$9.5 million of Security Supporting Assistance funds are requested for the U.S. share of payments to Malta under the NATO Agreement, which are made in two installments, usually in August and March.

SECURITY SUPPORTING ASSISTANCE PROGRAM SUMMARY (In millions of dollars)				
	FY 1975 Actual	FY 1976 Estimated	TQ Estimated	FY 1977 Proposed
Total	9.5	9.5	4.8	9.5

Malta

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS						REPAY- MENTS AND INTEREST 1946- 1975	TOTAL LESS REPAY- MENTS AND INTEREST
	1971	1972	1973	1974	1975	TOTAL 1946- 1975		
I. ECONOMIC ASSISTANCE - TOTAL	0.2	9.7	14.7	9.9	9.5	52.2	-	52.2
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	0.2	9.7	9.7	9.9	9.5	47.2	-	47.2
a. A.I.D. and Predecessor Agencies	-	9.5	14.4	9.5	9.5	42.9	-	42.9
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	-	9.5	9.4	9.5	9.5	37.9	-	37.9
(Security Supporting Assistance)	(-)	(9.5)	(14.4)	(9.5)	(9.5)	(42.9)	-	-
b. Food for Peace (PL 480)	0.2	0.2	0.3	0.4	-	9.3	-	9.3
Title I - Total	-	-	-	-	-	-	-	-
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total Grants	0.2	0.2	0.3	0.4	-	9.3	-	9.3
Emergency Relief, Econ. Development, & World Food	-	-	-	-	-	2.4	-	2.4
Voluntary Relief Agencies	0.2	0.2	0.3	0.4	-	6.9	-	6.9
c. Other Economic Assistance	*	*	*	*	*	*	-	*
Peace Corps	*	*	*	*	*	*	-	*
Other	-	-	-	-	-	-	-	-
(Loans)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(Grants)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
II. MILITARY ASSISTANCE - TOTAL	0.5	-	-	-	-	0.5	-	0.5
Credits or Loans	-	-	-	-	-	-	-	-
Grants	0.5	-	-	-	-	0.5	-	0.5
a. MAP Grants	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-
e. Other Grants	0.5	-	-	-	-	0.5	-	0.5
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	0.7	9.7	14.7	9.9	9.5	52.7	-	52.7
Loans	-	-	5.0	-	-	5.0	-	5.0
Grants	0.7	9.7	9.7	9.9	9.5	47.7	-	47.7
Other U.S. Government Loans and Grants	-	0.8	0.2	0.2	-	1.2	1.2	-
a. Export-Import Bank Loans	-	-	-	-	-	-	-	-
b. All Other Loans	-	0.8	0.2	0.2	-	1.2	1.2	-

* Less than \$50,000.

(Millions of Dollars)

ECONOMIC PROGRAMS OF OTHER DONORS			
A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			
TOTAL	FY 1974	FY 1975	FY 1946-75
	0.5	1.3	11.9
IBRD - World Bank	-	-	6.0
UN Development Program	0.5	1.3	5.8
Other UN	-	-	0.1
B. D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
Donor	CY 1973	CY 1974	CY 1960-74
TOTAL	14.9	11.2	223.0
U.K.	10.9	8.3	208.4
Italy	3.7	0.9	10.9
Germany	0.2	0.4	1.4
Other	0.1	1.6	2.3
C. ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
TOTAL	CY 1974	CY 1975	CY 1954-75
	-	-	45
China, People's Rep. of	-	-	45