Supplement to the

AGENCY FOR INTERNATIONAL DEVELOPMENT

Fiscal Year 1978
Submission to the Congress

March 1977

AGENCY FOR INTERNATIONAL DEVELOPMENT
Fiscal Year 1978
SUBMISSION TO THE CONGRESS
SUPPLEMENT

Introduction	1
New Summary Volume Sheets	3
Security Supporting Assistance	3
Near East	3
Africa	5
Latin America	
Economic and Military Assistance Tables	15
Budget Request	26
Food and Nutrition	34
Health	37
Education and Human Resources Development	41
Selected Development Activities	
Summary Tables	47
International Organizations and Programs	49
Availabilities and Outlays Tables	53
New Security Supporting Assistance Volume Sheets	57
Near East	59
Egypt	67
Israel	79
Jordan	87
Syria	105
Africa	114
Latin America	
Supporting Assistance Tables	
New Latin America Program Volume Sheets	137
Jamaica	119
New International Organizations and Program Volume Sheets	149
UN Development Program	155
UN University	160

INTRODUCTION

INTRODUCTORY NOTES

This Supplementary Volume contains the changes in the A.I.D. FY 1978 Submission to the Congress made by President Carter. The major alterations are as follows:

1) Decrease of $1 million in A.I.D.'s Functional Development Assistance Program.

2) Addition of $428 million to the Security Assistance Program, the change being:

   -- Egypt: increased $125 million to $750 million.

   -- Israel: increased $285 million to $785 million.

   -- Jordan: increased $33 million to $93 million.

   -- Syria: increased $15 million to $90 million.

   -- Southern Africa: decreased $40 million to $135 million.

   -- Jamaica: new program of $10 million.

3) Addition of $30 million for International Organizations, divided as follows:

   -- UNDP: Increased $20 million to $130 million.

   -- UN University: new program of $10 million.

These changes affect four volumes of the FY 1978 Submission to the Congress:

-- The Summary Volume.

-- The Security Supporting Assistance Volume.

-- The International Organizations and Program Volume.

-- The Latin America Program Volume.

For the convenience of users of the FY 1978 A.I.D. Submission to the Congress, this supplement has been designed so that the changed pages may be removed from the four affected volumes and replaced with new pages taken from this volume.

Divider tabs identify the volume to which each page belongs. The page numbers centered at the bottom of each page indicate the sheet's position in the volume. Both sides of each sheet have been reprinted, so that superceded pages may be discarded.

Should the reader prefer to keep this Supplementary Volume intact, a second page number appears on the right-hand side of each page which refers to the page's position in this volume.

SUMMARY VOLUME

SECURITY SUPPORTING ASSISTANCE

The Security Supporting Assistance programs are designed to assist recipient countries with their economic problems through efforts consistent with U.S. interests in securing stability and peace.

In FY 1978 A.I.D. proposes a total program of $1,892.3 million for:

-- continued assistance to key Near East region countries to encourage movement toward permanent peace in that region;

-- expanded assistance to African countries in support of U.S. efforts to help attain majority rule in southern Africa through peaceful means;

-- new assistance to Jamaica to help overcome a severe economic crisis.

In addition, continuation of the Middle East Special Requirements Fund for FY 1978 is proposed at a level of $25 million.

Near East Region

Although delayed by events in Lebanon, there is promise of gaining renewed momentum toward lasting peace in the region.

-- Major programs are proposed for Israel, Egypt, Jordan, and Syria, and the Sinai Support Mission. The total requested is $1,730.2 million.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Total Security Supporting Assistance	1087.2	871.7	1751.0	1892.3
Near East	1075.2	871.1	1697.0	1747.3
Egypt	258.2	536.8	700.0	750.0
Israel	700.0	75.0	735.0	785.0
Jordan	46.4	86.1	70.0	93.0
Syria	16.5	78.5	80.0	90.0
Sinai Support Mission	a/	a/	a/	12.2
Bahrain	-	.7	.4	.1
Malta	9.5	4.8	9.5	9.5
Spain	-	-	10.0b/	7.0
Greece	-	65.0	-	-
Regional	-	-	-	.5
Cyprus	c/	-	17.5	-
Portugal	35.0	20.0	65.0d/	-
UNFICYP	9.6	4.8	9.6	e/
Africa	12.0	-	54.0	135.0
Botswana	*	*	10.0	3.0
Lesotho	*	*	*	5.0
Swaziland	*	*	*	10.5
Zambia	-	-	20.0	-
Zaire	12.0	-	20.0	10.0
Regional	*	*	4.0	6.5
Special Requirements	-	-	-	100.0
Latin America	-	-	-	10.0
Jamaica	*	*	*	10.0
Middle East Special Requirements Fund	34.3	18.3	30.4	25.0

• Programs financed with Development Assistance funds.

a/ Funded under Middle East Special Requirements Fund
b/ Includes $3.0 million carry-in from Transition Quarter
c/ $10 million provided under Section 495 of the Foreign Assistance Act of 1961 as amended
d/ Includes $10.0 million carry-in from Transition Quarter
e/ To be transferred to Department of State and funded under the International Organizations account.

-- Smaller programs are proposed for Bahrain, Malta, Spain, and Regional activities. The total requested is $17.1 million.

-- There is continued need for the Middle East Special Requirements Fund to finance programs for the West Bank and Gaza as well as to meet unanticipated needs. The request is $25 million.

Africa

Efforts to achieve peaceful political change in Africa can be strengthened by assistance to promote economic stability in the region.

-- The major element of U.S. security assistance to Africa is a Special Requirements Fund to meet economic needs arising from transition to majority rule. A total of $100 million is requested for these affected countries: Zimbabwe, Namibia, Zambia, Zaire, Botswana, Lesotho, and Swaziland.

-- An additional amount, $35 million, is requested to continue financing development activities for Botswana, Lesotho, Swaziland, Zaire and Regional activities.

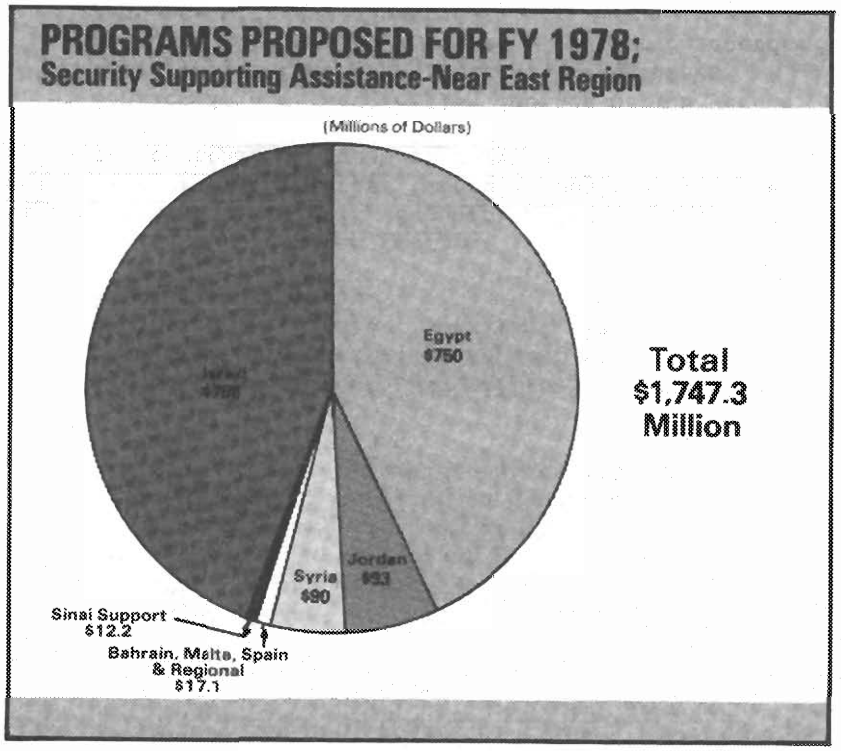
Latin America

A single program of Security Supporting Assistance, to combine with efforts of other friendly countries in alleviating the economic distress of Jamaica.

-- Jamaica is a strategically located nation with a long tradition of close ties with the United States. It has a high degree of economic interdependence with our country.

-- A request of $10 million is sought for a commodity import program and for selected technical assistance activities.

SECURITY SUPPORTING ASSISTANCE AND MIDDLE EAST
SPECIAL REQUIREMENTS FUND



Middle East

Movement toward a permanent peace in the Middle East, although delayed by the events in Lebanon, now appears to have promise of gaining renewed momentum.

The realization of that promise will depend in part on continued strengthening of the economies of the region and improving the prospects offered to the people for sustained economic and social development.

The overall purposes of Security Supporting Assistance in the Middle East cited to the Congress last year continue to be valid:

-- to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process;

-- 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;

-- to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The countries of the region as a whole have achieved economic gains in the past year.

-- Israel, after nearly no growth in 1975 and a large increase in the balance of payments deficit, has registered growth of about 3% in GNP in 1976 and with rising exports has achieved a substantial reduction in its trade deficit.

-- Egypt continued to rebuild the Suez area and to rehabilitate the economy. The economy benefited particularly from the reopening of the Suez Canal and the return of the Sinai oil fields.

-- Jordan's economy received a strong stimulus from the growing remittances of workers emigrating to the Gulf States.

-- Syria, on the other hand, has had to adjust its economic plans, in part because of the economic strain of its involvement in Lebanon and the burden of the Lebanese refugees.

All of these countries continue to face serious economic

BEST AVAILABLE

difficulties for which they seek our help. It continues to be in the U.S. national interest to be responsive to their needs.

Israel

Despite arduous efforts, Israel still confronts massive economic problems. While 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 one of the highest in the world; this debt at the end of 1976 was nearly $9 billion, or some $2,550 per capita.

-- Economic austerity measures carried out by the government are, however, beginning to take hold in some areas; the balance of payments, in particular, has shown improvement. Exports in 1976 grew even more than expected and Israel has been able to pay off an estimated $250 million of its short-term foreign debt.

Until security conditions in the region improve and Israel's defense burden is lessened, Israel will need help from outside.

-- For this help, Israel depends almost exclusively on the United States.

-- The only other donors providing substantial economic assistance to Israel are Germany and the international organizations. Their help is on a much smaller scale.

FY 1978 Program

In FY 1978, A.I.D. requests $785 million in Supporting Assistance funds to continue to help Israel meet its very substantial financial burdens. Of this amount, $400 million will be used to finance commodity imports ($235 million on a grant basis and $165 million on a concessionary loan basis), and the remaining $100 million will be provided as a cash grant in consideration of the continuing readjustment costs resulting from the Sinai withdrawal.

In addition to Security Supporting Assistance, $8.3 million is programmed for FY 1978 under the PL 480 Title I program and $25 million is contemplated for the Housing Investment Guaranty program.

Egypt

Egypt's leaders continue to show courage and moderation 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 interdependent strategy of peace and development is to succeed. The recently appointed new cabinet with its strong "economic team" will hopefully accelerate movement in this direction.

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

-- Per capita GNP is less than $300 and has gained little in recent years.

-- Literacy is only 40%.

-- The small amount of arable land, only 3% of the total, 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 and development must be continued.

-- Egypt's industrial plant and infrastructure have deteriorated as resources have been used for heavy military expenditures in past years.

-- The level of external debt is so great that it is now 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 problem; although current estimates are that the 1976 trade deficit will be slightly less than the $2.5 billion gap in 1975, it will still be a problem of huge proportions.

Current Program Activities

From its inception in FY 1975, A.I.D.'s assistance program has sought to support Egypt's economic priorities by placing heavy emphasis on commodity import financing to support the balance of payments, reconstruction of the Suez area, and improvements to those aspects of infrastructure necessary to restore economic stability and promote growth. PL 480 assistance also has played an important role in helping to meet Egypt's food import requirements.

Major projects for which funding already has been provided, or is planned under the FY 1977 program, include power plants and distribution systems in the Suez area and a new cement plant to be located near Suez city.

-- Power plants are also being financed at Helwan and Talka.

-- Improvements are being financed for the Port of Alexandria along with additional grain handling and storage facilities for Alexandria and Cairo.

-- Projects are also in the program for drainage, irrigation equipment, water management and health programs for the rural poor.

The oil-producing Arab countries and the international organizations also are providing strong support to the Egyptian economy, and progress is being made toward the formation of a World Bank Consultative Group. Assistance from all available sources continues to be essential if Egypt is to meet its immediate needs and bring some measure of economic progress to its people.

FY 1978 Program

The FY 1978 Security Supporting Assistance requested for Egypt is $750 million of which $526.5 million is for loans on concessional terms and $98.5 million is for grants. PL 480 programs of $146 million are also planned. Major elements are:

-- financing essential imports primarily from the United States ($250 million loan);

-- reconstruction and development of the Suez area with a grant of $60 million for water and sewerage facilities and a loan of $30 million for port development;

-- National Development Program ($250 million in loans), including major proposed projects for telecommunications, railway rolling stock, cement and flat glass plants, the Development Industrial Bank, food storage, and agricultural mechanization.

-- National Development Program ($35 million in technical assistance grants), including the areas of rural development, health and population, education and manpower, and technology transfer and planning where programs deal increasingly with the problems of the poor majority;

-- A PL 480 Title I program of almost $130 million consisting primarily of wheat along with a Title II program of $16.1 million.

Jordan

Jordan continues to be a force for moderation in the Middle East and to maintain its traditional friendship with the United States. These positions depend, in part, on continued economic stability in Jordan. This, in turn, depends upon the availability of economic assistance on concessional terms.

-- Jordan's economy has a limited resource base and thus is dependent on outside help. For example, despite substantial recent increases in exports, they still pay for only about a quarter of Jordan's imports.

Jordan seeks to take advantage of improving security in the Middle East to devote increased attention to its development needs. It is currently launching an ambitious five-year development plan (1976-80). Key targets include:

-- annual national income growth of 12%;

-- an increase from 50% to 70% of that portion of the national budget financed from domestic revenues.

Current Program Activities

Budgetary support to help Jordan meet essential civilian outlays continues to be our major emphasis but the relative emphasis on priority development activities is increasing.

Important current A.I.D.-financed activities now being implemented include:

-- expanding irrigation in the Jordan Valley;

-- other Jordan Valley infrastructure and extensive technical assistance and rural development activities;

-- road construction from Yarmouk to the Dead Sea and from Ma'an to Quweria;

-- school construction at various locations in Jordan.

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 the increasing emphasis Jordan wants to give to development.

FY 1978 Program

We are requesting Security Supporting Assistance of $93 million for Jordan for FY 1978 of which $45 million is to be grants and $15 million loans. PL 480 programs are also planned. Major elements of Security Supporting Assistance are:

-- budgetary support grants of $40 million;

-- capital loans of $15 million for rural development in the Jordan Valley and for Aqaba water and sewerage;

-- technical assistance grants of $5 million for food and nutrition, health, education, and selected projects in planning and development.

PL 480 programs are planned at $5.9 million in FY 1978 under Title I and at $1.8 million under Title II.

Syria

U.S. economic assistance to Syria is a continuing, tangible demonstration of the importance we place on our new relationship with Syria and on Syria's positive role in the Middle East. Syria is a less developed country with a need to sustain its recent economic progress.

-- Per capita income is about $560.

-- Literacy is only 40%.

-- More than half of the labor force is in agriculture.

High priority in Syria's development plans is given to increasing agricultural production and small-scale industry. Needed infrastructure is also given great weight.

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

-- Economic growth has slackened in the past year but, with the Lebanon situation stabilizing and a decline in the refugee burden, it is expected to resume its upward trend.

Current Program Activities

Since the resumption of aid to Syria in FY 1975, U.S. assistance has been directed towards Syria's major developmental priorities. Major programs and projects being implemented include:

-- the import of modern agricultural equipment;

-- a new highway from Damascus to the Jordanian border;

-- the Damascus municipal water supply system;

-- improved health delivery systems for both rural and urban poor;

-- training of Syrian technicians and policy-level officers in the United States.

The other Arab countries and the international organizations also are contributing to the Syrian development effort. Our overall relationships with Syria are strengthened by participating in this effort and helping Syria meet some of its pressing development needs.

FY 1978 Program

The proposed Supporting Assistance program is for $90 million, of which $73 million will be for loans on concessional terms and $2 million will be grants. PL 480 programs of $19.2 million also are planned.

The main elements in the program are:

-- Akkar Plain irrigation system ($13 million loan) for irrigating about 55,000 acres;

-- Latakkia-Tartous highway ($60 million loan) for improving transportation between these two important centers;

SECURITY SUPPORTING ASSISTANCE - AFRICA

United States policy is dedicated to the attainment of majority rule in southern Africa through peaceful means.

The political obstacles to peaceful transition to majority rule are numerous. They are exacerbated by the region's many economic problems, including the dislocation of large numbers of people who have become refugees, the disruption of regional transport links, and relatively low commodity prices, particularly for copper.

The prospects for successful transition to majority rule can be markedly enhanced by alleviating the present economic distress in southern Africa, and improving prospects for sustained economic and social development for all its people.

The United States has played a major role in the political process aimed at peaceful transition to majority rule in southern Africa. It is critically important that this effort be reinforced by economic actions to promote political stability and to demonstrate that the U.S. can be counted on to cooperate in a constructive manner.

The Administration is requesting $175 million for FY 1978 to respond to anticipated needs arising from the transition to majority rule in the region and to fund ongoing and new development projects.

The Administration's request for the region consists of two parts:

-- Southern Africa Special Requirements Fund - $100 million. Country requirements under this Fund cannot be quantified with precision at this time. The specific amounts required during FY 1978 will depend on intervening developments in the region, primarily in Zimbabwe and Namibia, but also in Botswana, Lesotho, Swaziland, Zambia and Zaire.

-- Ongoing and new development projects - $35 million. These funds would be used for ongoing and new development activities in Botswana, Lesotho, Swaziland and Zaire.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Supporting Assistance	12.0	-	54.0	135.0
Botswana	*	*	10.0	3.0
Lesotho	*	*	*	5.0
Swaziland	*	*	*	10.5
Zambia	-	-	20.0	-
Zaire	12.0	-	20.0	10.0
Regional	*	*	4.0	6.5
Special Requirements	-	-	-	100.0

*Programs financed with Development Assistance funds.

Zimbabwe

The U.S. has contributed substantially to the diplomatic process that has led to negotiations to settle the

Zimbabwe problem. The political and economic future of the country is not secure, however. We must continue efforts to achieve:

-- a peaceful transition to full independence;

-- development of foundations of understanding that could produce a true multiracial society;

-- avoidance of great power confrontation;

-- establishment of a pattern of peaceful change to be emulated elsewhere in southern Africa.

During the transitional period of independence, the human resource and economic needs of Zimbabwe will be great.

-- Public services will have to be maintained while African capabilities are enhanced through special training programs.

-- Humanitarian assistance also will be necessary to meet the needs of the many thousands of people affected by years of conflict.

-- Education and health facilities for Africans will be greatly expanded.

-- Agricultural projects are essential to increase local food production and meet population pressures in the Tribal Trust Lands.

-- Financial support will be necessary to promote economic security and balanced and sustained economic growth for Zimbabweans.

To meet these manifold requirements, a multilateral Zimbabwe Development Fund is planned and new bilateral programs will also be required.

Namibia

The former trust territory is expected to achieve independence in 1978. It will experience economic difficulties similar to those which attend Zimbabwe's transition to independence. To alleviate these difficulties, the United Nations and its Specialized Agencies are expected to play a significant role. The U.S. plans to contribute to this essentially multilateral effort.

In addition, already independent countries of the region which will be the recipients of Security Supporting Assistance-- Zambia, Botswana, Lesotho, Swaziland and Zaire--face serious economic difficulties. It is in the U.S. interest to be responsive to their needs.

Zambia

The fundamental U.S. interest in Zambia is to:

-- maintain political and economic stability in this country which is exercising a crucial moderating influence in the search for a solution to southern African problems.

Consistent with these interests, the current focus of U.S. efforts is to assist in solving Zambia's serious economic problems.

Since early 1975, Zambia has encountered severe and unexpectedly tenacious economic difficulties.

-- Copper prices have dropped to just over a third of their April 1974 peak, and 1975 and 1976 average prices were below Zambia's break-even point.

-- As a result, Zambia's economy, heavily dependent on foreign trade and the price of copper, has been

-- From 1974 to 1975, copper prices dropped from $1.50 per lb. to $0.52 per lb. resulting in drastically reduced revenues and depleted foreign exchange reserves.

-- The government, as a result, is unable to meet its current debt-service requirements.

-- Shortages of essential imports including spare parts, fuel, industrial raw materials and other basic necessities have seriously curtailed the domestic economy bringing key industrial/commercial development activities to a virtual standstill.

-- Import requirements for food continue to increase and domestic prices continue to rise as unemployment and labor unrest deepen.

In the face of this deteriorating situation Zaire has moved to resolve its mounting problems.

-- A stabilization agreement, in which Zaire pledged to undertake stringent fiscal and economic reforms, was concluded with the International Monetary Fund in March 1976.

-- Zaire's currency was devalued by 42% in April 1976.

-- Meetings with the major creditor nations in June 1976 resulted in a debt rescheduling agreement which is being implemented by subsequent individual bilateral agreements.

-- Zaire has completed negotiations with its major bank creditors concerning refinancing of its medium-term debt.

-- At the IBRD/IMF Annual Meeting in Manila last fall, the IBRD agreed with a Zairian request for the reactivation of the Consultative Group for Zaire to mobilize resources for Zaire's longer-term development. A meeting of the Consultative Group is tentatively scheduled for February 1977.

-- An IMF delegation arrived in Zaire in late November 1976 to prepare a follow-on stabilization program to improve Zaire's economic management in 1977.

Zaire's financial stringency is likely to continue as it will take some time before basic reforms become effective.

-- Copper prices have not recovered as rapidly as expected.

-- Serious interruptions in major transportation links may continue.

-- The sharp reduction in import of essential spare parts, raw materials and other necessities over the past two years is proving to have more severe effects than anticipated by government planners.

P. L. 480 Programs

There are P.L. 480 programs in five of the countries covered by this presentation;

-- Botswana, Lesotho, Swaziland, Zaire and Zambia.

These programs are discussed in the respective country narratives following this overview statement except for Zambia which is presented here.

The proposed Title I program for Zambia in FY 1978 is valued at about $4.2 million. It includes wheat and vegetable oil, and will provide vital assistance to Zambia during its present economic crisis.

-- The P.L. 480 Title I commodities will help to meet Zambia's needs for imported foodstuffs.

-- It will contribute to the country's effort in solving its balance of payments problems.

-- It will generate counterpart funds for agricultural and rural development.

In FY 1978 Zambia will also receive a small amount of P.L. 480 Title II assistance through the World Food Program.

Special Requirements Fund

The economic prospects of the countries for which Security Supporting Assistance is proposed directly relate to the evolving political situation in southern Africa, which will affect the achievement of U.S. foreign policy objectives.

United States policy in southern Africa is clear and principled: To support self-determination, majority rule, equal rights and human dignity for all people of the region.

The economic assistance corollary to that policy is equally clear and principled: that the region have an opportunity to establish the foundations for economic growth and to become a full-fledged participant in the evolving international economic system.

The circumstances of transition in the region are still uncertain. The pursuit of peaceful change requires the vigorous support of neighboring independent states, and a multilateral program of economic assistance.

It is essential for the U.S. to have the capability to move rapidly to support efforts on the part of several nations to promote economic stability in the region.

In FY 1978, U.S. assistance may be necessary to:

-- alleviate chronic balance-of-payments difficulties in Zaire and Zambia;

-- sustain economic development in Botswana, Lesotho, Swaziland, Zambia and Zaire;

-- bolster U.S. Government and international programs for the resettlement of refugees;

-- respond to requests for humanitarian assistance arising from political and security developments in the region;

-- meet urgent transition problems which will be faced by majority governments in Zimbabwe and Namibia;

-- initiate and continue programs for human resource development in the region;

-- promote long-term economic and human resource development by expanding food production and by financing major programs in regional capital and social infrastructure.

In FY 1978, $100 million is requested for a Special Requirements Fund to enable the U.S. to play a constructive role in encouraging and supporting a peaceful southern Africa transition. By the very nature of the situation, it is not possible at this time to specify precisely how the requested funds would be used. Clearly, however, requirements will exceed the resources of any single donor.

A.I.D. will submit a Special Report to the Congress not later than September 30, 1977, outlining progress in meeting U.S. objectives in the region and the proposed uses for the Special Requirements Fund. Congress also will be provided a complete and timely explanation of specific projects before they are obligated.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAM ACTUAL FOR FY 1976
(in thousands of dollars)

	Economic Assistance Programs						Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
LATIN AMERICA - TOTAL	560,086	419,924	237,411	153,114[b/]	16,145	13,254	140,162	4,413	8,791	125,100	1,858
Argentina	34,334	20	-	-	-	20	34,314	-	314	34,000	-
Barbados	50	50	-	50	-	-	-	-	-	-	-
Belize	327	327	-	-	327	-	-	-	-	-	-
Bolivia	33,260	29,907	22,175	7,287	-	445	3,353	2,200	674	-	479
Brazil	49,155	4,540	900	1,773	1,683	184	44,615	-	615	44,00	-
Chile	81,451	81,451	14,299	66,501	656	-5	-	-	-	-	-
Colombia	49,035	28,727	13,118	13,010	1,668	931	20,308	-	708	19,600	-
Costa Rica	9,153	9,153	6,434	1,538	1,179	2	-	-	-	-	-
Dominican Republic	29,674	28,868	15,786	12,353	729	-	806	183	623	-	-
Ecuador	14,384	3,974	-	2,171	1,346	457	10,410	-	410	10,000	-
El Salvador	6,462	5,426	1,448	3,098	880	-	1,036	225	767	-	44
Guatemala	57,654	55,555	41,311	12,833	1,411	-	2,099	196	403	1,500	-
Guyana	2,069	2,069	1,825	244	-	-	-	-	-	-	-
Haiti	23,076	22,974	8,974	14,000	-	-	102	-	102	-	-
Honduras	25,078	21,630	14,332	5,989	1,309	-	3,448	225	723	2,500	-
Jamaica	3,143	3,143	765	1,367	1,011	-	-	-	-	-	-
Mexico	10,957	10,857	-	-	-	10,857	100	-	100	-	-
Nicaragua	21,920	18,351	16,372	824	1,155	-	3,569	200	717	2,500	152
Panama	24,130	22,946	21,746	1,200	-	-	1,184	201	388	500	95
Paraguay	7,420	5,060	4,271	15	759	15	2,360	421	383	500	1,056
Peru	22,606	21,769	12,555	8,861	-	353	837	-	837	-	-
Uruguay	1,473	445	445	-	-	-	1,028	562	434	-	32
Venezuela	11,121	528	-	-	533	-5	10,593	-	593	10,000	-
Caribbean Regional	16,453	16,453	16,453	-	-	-	-	-	-	-	-
ROCAP Central America	2,193	2,193	2,193	-	-	-	-	-	-	-	-
Regional & Other Non-Country Program/Costs	23,508	23,508	22,009	-	1,499	-	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAM ACTUALS FOR FY 1976
(in thousands of dollars)

	Economic Assistance Programs						Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants, (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
NEAR EAST - TOTAL	3,326,525	1,481,535	1,147,889	327,645 b/	6,046	-45	1,844,990	56,800	4,690	1,783,500	-
Afghanistan	9,740	9,538	6,284	2,382	872	-	202	-	202	-	-
Algeria	7,092	7,092	-	7,092	-	-	-	-	-	-	-
Bahrain	185	185	-	-	185	-	-	-	-	-	-
Bhutan	32	32	-	32	-	-	-	-	-	-	-
Cyprus	10,000	10,000	10,000	-	-	-	-	-	-	-	-
Egypt	454,561	454,561	258,200	196,361	-	-	-	-	-	-	-
Greece	156,640	-	-	-	-	-	156,640	-	640	156,000	-
Iran	958	958	-	-	958	-	-	-	-	-	-
Israel	2,218,928	718,908	700,000	18,928 c/	-	-	1,500,000	-	-	1,500,000	-
Jordan	198,338	60,053	46,350	13,748	-	-45	138,285	55,000	785	82,500	-
Lebanon	225	81	-	81	-	-	144	-	144	-	-
Malta	9,506	9,506	9,500	-	6	-	-	-	-	-	-
Morocco	76,540	45,782	14,249	29,770	1,763	-	30,758	-	758	30,000	-
Oman	370	370	-	-	370	-	-	-	-	-	-
Portugal	60,985	58,604	35,000	23,604	-	-	2,381	1,400	981	-	-
Spain	783	-	-	-	-	-	783	200	583	-	-
Syria	40,795	40,795	16,500	24,295	-	-	-	-	-	-	-
Tunisia	27,374	11,783	2,439	8,074	1,270	-	15,591	200	391	15,000	-
Yemen	8,253	8,047	4,403	3,278	366	-	206	-	206	-	-
Regional & Other Non-Country Programs/Support Costs	1,247	1,247	991	-	256	-	-	-	-	-	-
UNFICYP	9,600	9,600	9,600	-	-	-	-	-	-	-	-
Middle East Special Requirements	34,373	34,373	34,373	-	-	-	-	-	-	-	-
EUROPE - TOTAL	877	835	835	-	-	-	42	-	42	-	-
Austria	18	-	-	-	-	-	18	-	18	-	-
Finland	24	-	-	-	-	-	24	-	24	-	-
Italy	835	835	835	-	-	-	-	-	-	-	-
OTHER - TOTAL	715,407	681,352	544,851 d/	108,234 e/	19,645 f/	8,622 g/	34,055	33,855 h/	200 h/	-	-
U.S. CONTRIBUTIONS TO IFIs - TOTAL	24,127	24,127	-	-	-	-	-	-	-	-	-
Asian Development Bank	24,127	24,127	-	-	-	-	-	-	-	-	-

a/ Includes $24,127 for International Financial Institutions, detailed on the last page of the FY 1976 tables.
b/ Includes P.L. 480 programs for FY 1976 and the Transition Quarter.
c/ Includes $3,411 of P.L. 480 Title II grants for Gaza and the West Bank.
d/ Includes interregional programs, $162,725; American Schools and Hospitals Abroad, $16,656; International Organizations and Programs, $131,514; International Disaster Assistance, $13,310; Indochina Postwar Reconstruction miscellaneous program termination costs, $1,710 (additional to the IPR operating expenses included with Operating Expenses) Operating Expenses, $202,836 (including $6,557 of Indochina Postwar Reconstruction funds for program termination expenses); Foreign Service Retirement Fund, $16,100.
e/ Includes Ocean Transportation, $106,926; Section 204 purchase of Title I currencies, $1,308.
f/ Includes World-Wide Support, $6,133; share of ACTION Support, $13,512.
g/ Includes International Organizations, $3,050; Interregional Programs, $4,844; Program Support and Development, $728.
h/ General and Other Non-Country/Regional Costs.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAM ACTUAL FOR THE TRANSITION QUARTER
(in thousands of dollars)

	Economic Assistance Programs						Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
LATIN AMERICA - TOTAL	103,205	66,396	53,194	- b/	4,877	8,325	36,809	1,221	2,435	32,500	653
Argentina	79	-	-	-	-	-	79	-	79	-	-
Barbados	-	-	-	-	-	-	-	-	-	-	-
Belize	101	101	-	-	101	-	-	-	-	-	-
Bolivia	12,038	1,803	1,745	-	-	58	10,235	1,110	125	9,000	-
Brazil	674	575	29	-	543	3	99	-	99	-	-
Chile	549	549	350	-	198	1	-	-	-	-	-
Colombia	11,243	10,792	6,346	-	615	3,831	451	-	451	-	-
Costa Rica	328	328	58	-	268	2	-	-	-	-	-
Dominican Republic	1,578	475	156	-	319	-	1,103	2	101	1,000	-
Ecuador	531	432	-	-	410	22	99	-	99	-	-
El Salvador	509	365	174	-	191	-	144	4	140	-	-
Guatemala	4,084	3,971	3,565	-	406	-	113	16	97	-	-
Guyana	6	6	6	-	-	-	-	-	-	-	-
Haiti	10,919	10,906	10,906	-	-	-	13	-	13	-	-
Honduras	2,024	1,877	1,636	-	241	-	147	11	136	-	-
Jamica	449	449	107	-	342	-	-	-	-	-	-
Mexico	3,715	3,687	-	-	-	3,687	28	-	28	-	-
Nicaragua	1,388	1,215	869	-	346	-	173	3	170	-	-
Panama	3,902	3,705	3,705	-	-	-	197	2	195	-	-
Paraguay	1,992	1,115	945	-	170	-	877	54	170	-	653
Peru	21,140	839	848	-	-	-9	20,301	-	301	20,000	-
Uruguay	2,706	55	55	-	-	-	2,651	19	132	2,500	-
Venezuela	190	90	-	-	90	-	100	-	100	-	-
Caribbean Regional	143	143	143	-	-	-	-	-	-	-	-
ROCAP Central America	15,972	15,972	15,972	-	-	-	-	-	-	-	-
Regional & Other Non-Country Program/Costs	6,946	6,946	5,579	-	637	730	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAM ACTUALS FOR TRANSITIONAL QUARTER
(in thousands of dollars)

	Economic Assistance Programs						Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants, (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
NEAR - EAST TOTAL	1,266,411	916,448	914,556	- b/	1,892	-	369,963	34,323	640	335,000	-
Afghanistan	1,674	1,625	1,412	-	213	-	49	-	49	-	-
Algeria	-	-	-	-	-	-	-	-	-	-	-
Bahrain	854	854	700	-	154	-	-	-	-	-	-
Cyprus	20,000	20,000	20,000	-	-	-	-	-	-	-	-
Egypt	536,800	536,800	536,800	-	-	-	-	-	-	-	-
Greece	99,100	65,000	65,000	-	-	-	34,100	34,100	-	-	-
Iran	118	118	-	-	118	-	-	-	-	-	-
Israel	275,000	75,000	75,000	-	-	-	200,000	-	-	200,000	-
Jordan	86,150	86,150	86,150	-	-	-	-	-	-	-	-
Lebanon	-	-	-	-	-	-	-	-	-	-	-
Malta	4,754	4,754	4,750	-	4	-	-	-	-	-	-
Morocco	1,367	1,203	494	-	709	-	164	-	164	-	-
Oman	89	89	-	-	89	-	-	-	-	-	-
Portugal	20,492	20,000	20,000	-	-	-	492	200	292	-	-
Spain	17	-	-	-	-	-	17	17	-	-	-
Syria	78,500	78,500	78,500	-	-	-	-	-	-	-	-
Tunisia	10,896	776	430	-	346	-	10,120	6	114	10,000	-
Turkey	125,000	-	-	-	-	-	125,000	-	-	125,000	-
Yemen	1,893	1,872	1,684	-	188	-	21	-	21	-	-
Regional & Other Non-Country Programs/Support Costs	715	715	644	-	71	-	-	-	-	-	-
UNFICYP	4,800	4,800	4,800	-	-	-	-	-	-	-	-
Middle East Special Requirements	18,192	18,192	18,192	-	-	-	-	-	-	-	-
EUROPE - TOTAL	19,101	19,101	19,101	-	-	-	10	-	10	-	-
Austria	10	-	-	-	-	-	10	-	10	-	-
Italy	19,091	19,091	19,091	-	-	-	-	-	-	-	-
OTHER - TOTAL	241,592	221,931	213,009 c/	-	8,095 d/	827 e/	19,661	19,600 f/	61 f/	-	-
U.S. CONTRIBUTION TO IFIs - TOTAL	344,127	344,127	-	-	-	-	-	-	-	-	-
Int'l. Development Assn.	320,000	320,000	-	-	-	-	-	-	-	-	-
Asian Development Bank	24,127	24,127	-	-	-	-	-	-	-	-	-

a/ Includes $344,127 for International Financial Institutions detailed on the last page of the Transition Quarter Tables.
b/ All activity for the Transition Quarter is included in the P.L. 480 figures on the FY 1976 tables (separate distribution not available).
c/ Includes Interregional Programs, $55,395; American Schools and Hospitals Abroad, $5,600; International Organizations and Programs, $89,236; International Disaster Assistance, $7,133; Operating Expenses, $54,285; Foreign Service Retirement Fund, $580; miscellaneous obligations in-transit at close of period, $780.
d/ Includes World-wide Support $3,962; share of ACTION Support, $4,133.
e/ Includes International Organizations, $50; Interregional Programs, $590; Program Support and Development, $187.
f/ General and Other Non-Country/ Regional Costs.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES
PROGRAMS ESTIMATED FOR FY 1977
(in thousands of dollars)

		Economic Assistance Programs					Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Credit Sales	Excess Defense Articles
LATIN AMERICA - TOTAL	515,727	331,427	203,809	92,250	17,347	18,021	184,300	2,950	7,475	170,075	3,800
Argentina	36,700	-	-	-	-	-	36,700	-	700	36,000	-
Barbados	45	45	-	45	-	-	-	-	-	-	-
Belize	435	435	-	-	435	-	-	-	-	-	-
Bolivia	49,599	34,094	25,570	5,424	-	3,100	15,505	2,305	600	12,000	600
Brazil	64,085	3,995	461	1,191	2,133	200	60,100	-	100	60,000	-
Chile	43,312	43,312	11,305	31,101	906	-	-	-	-	-	-
Colombia	37,718	11,018	767	6,570	1,502	2,179	26,700	-	700	26,000	-
Costa Rica	13,727	13,727	552	1,931	1,187	57	-	-	-	-	-
Dominica	48	48	-	48	-	-	-	-	-	-	-
Dominican Republic	10,431	8,916	661	7,364	891	-	1,515	15	500	1,000	-
Ecuador	14,290	3,890	-	1,576	1,669	645	10,400	-	400	10,000	-
El Salvador	11,098	7,978	5,337	1,682	959	-	3,120	20	600	2,500	-
Guatemala	38,333	37,218	27,932	8,102	1,184	-	1,115	15	500	600	-
Guyana	187	187	100	87	-	-	-	-	-	-	-
Haiti	36,132	35,457	23,007	12,450	-	-	675	-	175	500	-
Honduras	26,081	22,966	17,139	4,307	1,520	-	3,115	15	600	2,500	-
Jamica	12,418	12,418	11,107	135	1,176	-	-	-	-	-	-
Mexico	16,063	10,888	-	-	-	10,888	5,175	-	200	4,975	-
Nicaragua	24,785	21,670	20,020	490	1,160	-	3,115	15	600	2,500	-
Panama	12,743	10,518	7,945	2,573	-	-	2,225	225	400	1,000	600
Paraguay	11,199	7,359	6,291	415	644	9	3,840	340	400	500	2,600
Peru	29,850	18,950	11,416	6,759	-	775	10,900	-	900	10,000	-
Uruguay	220	220	220	-	-	-	-	-	-	-	-
Venezuela	100	-	-	-	-	-	100	-	100	-	-
Caribbean Regional	7,225	7,225	7,225	-	-	-	-	-	-	-	-
ROCAP Central America	2,798	2,798	2,798	-	-	-	-	-	-	-	-
Regional & Other Non-Country Programs/Costs	26,105	26,105	23,956	-	1,981	168	-	-	-	-	-

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAMS ESTIMATED FOR FY 1977
(in thousands of dollars)

		Economic Assistance Programs					Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
NEAR EAST - TOTAL	3,908,537	2,168,167	1,802,181	360,359	5,327	300	1,740,370	206,015	8,755	1,492,000	33,600
Afghanistan	25,957	25,767	21,722	3,107	638	300	190		190		
Algeria	2,701	2,701	-	2,701							
Bahrain	818	818	400	-	418						
Bhutan	85	85		85							
Cyprus	18,323	18,323	17,500	823							
Egypt	912,405	912,405	700,000	212,405							
Greece	170,000	-	-	-			170,000	33,000	1,000	122,000	14,000
Iran	-	-	-	-							
Israel	1,745,887 b/	745,887 b/	735,000	10,887 b/			1,000,000			1,000,000	
Jordan	214,134	77,834	70,000	7,834			136,300	55,000	1,000	75,000	5,300
Lebanon	46,936	41,886	20,000	21,886			5,050		50	5,000	
Maldive Islands	30	30		30							
Malta	9,516	9,516	9,500	-	16						
Morocco	54,768	23,933	3,255	18,920	1,758		30,835		835	30,000	
Oman	497	497			497						
Porgugal	146,300	115,000	65,000	50,000			31,300	30,000	1,000		300
Spain	147,000	10,000	10,000	-			137,000	15,000	2,000	120,000	
Syria	97,924	97,924	80,000	17,924							
Tunisia	37,654	22,239	10,108	10,958	1,173		15,415	15	400	15,000	
Turkey	214,690	690		690			214,000	73,000	2,000	125,000	14,000
Yemen	18,872	18,592	15,826	2,109	657		280		280		
UNFICYP	9,600	9,600	9,600	-							
Middle East Special Requirements	30,435	30,435	30,435	-							
Regional & Other Non-Country Programs/Support Costs	4,005 i/	4,005 i/	3,835 i/	-	170						
EUROPE - TOTAL	5,180	5,100	5,100				80		80		
Austria	40						40		40		
Finland	40						40		40		
Italy	5,100	5,100	5,100								
OTHER - TOTAL	1,374,868	1,302,268	972,282 c/	299,064 d/	19,932 e/	10,990 f/	72,600	72,150 g/	450 g/	-	-
U.S. CONTRIBUTIONS TO IFIs - TOTAL	784,127	784,127									
Int'l. Development Assn.	375,000	375,000									
Inter-Am. Developm. Bank	345,000	345,000									
Asian Development Bank	49,127	49,127									
African Dev. Bank: Dev. Fund	15,000	15,000									

a/ Includes $784,127 for International Financial Institutions detailed on the last page of the FY 1977 tables.
b/ Includes $2,587 of P.L. 480 Title II grants for Gaza and the West Bank.
c/ Includes interregional programs, $242,926; American Schools and Hospitals Abroad, $19,872; International Organizations and Programs, $244,064; International Fund for Agricultural Development, $200,000; International Disaster Assistance, $36,191; Contingency Fund, $5,000; Operating Expenses, $202,979; Foreign Service Retirement Fund, $21,250.
d/ Includes Title I Reserve, $72,100; Title II Reserve, $90,694; Ocean Transportation, $134,270; Section 204 Purchase of Title II currencies $2,000.
e/ Includes World-Wide Support, $6,489; share of ACTION Support, $13,443.
f/ Includes International Organizations, $4,100; Interregional Programs, $5,790; Program Support and Development, $1,100.
g/ General and Other Non-Country/Regional Costs.
h/ Includes supplemental appropriation requests currently planned for FY 1977.
i/ Includes $1,225 in unallocated carryover of prior period Security Supporting Assistance funds.

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAMS PROPOSED FOR FY 1978
(in thousands of dollars)

		Economic Assistance Programs					Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
WORLDWIDE - TOTAL	10,265,077	7,717,277[a]	3,617,433	1,365,904	78,800	39,000	2,547,800	284,600	35,700	2,217,500	10,000
AFRICA - TOTAL	543,618	475,718	357,829	91,704	26,185	-	67,900	1,100	4,300	62,500	-
Benin	1,277	1,277	-	659	618	-	-	-	-	-	-
Botswana	4,498	4,498	-	3,674	824	-	-	-	-	-	-
Burundi	2,081	2,081	800	1,281	-	-	-	-	-	-	-
Cameroon	20,289	15,289	12,657	1,504	1,128	-	5,000	-	-	5,000	-
Cape Verde Islands	6,545	6,545	6,500	45	-	-	-	-	-	-	-
Central African Empire	1,710	1,710	475	426	809	-	-	-	-	-	-
Chad	7,528	7,528	5,797	1,013	718	-	-	-	-	-	-
Congo	479	479	-	479	-	-	-	-	-	-	-
Ethiopia	32,770	20,670	13,927	6,738	5	-	12,100	1,100	1,000	10,000	-
Gabon	2,623	623	-	162	461	-	2,000	-	-	2,000	-
Gambia, The	830	830	-	511	319	-	-	-	-	-	-
Ghana	24,511	24,311	17,270	4,664	2,377	-	200	-	200	-	-
Guinea	6,498	6,498	1,400	5,098	-	-	-	-	-	-	-
Guinea-Bissau	1,150	1,150	1,150	-	-	-	-	-	-	-	-
Ivory Coast	834	834	-	160	674	-	-	-	-	-	-
Kenya	22,538	7,238	3,592	1,638	2,008	-	15,300	-	300	15,000	-
Lesotho	4,575	4,575	-	3,516	1,059	-	-	-	-	-	-
Liberia	12,592	11,942	8,845	382	2,715	-	650	-	150	500	-
Malagasy Republic	517	517	-	517	-	-	-	-	-	-	-
Malawi	974	974	-	961	13	-	-	-	-	-	-
Mali	8,254	8,254	6,988	523	743	-	-	-	-	-	-
Mauritania	3,600	3,600	1,411	1,855	334	-	-	-	-	-	-
Mauritius	114	114	-	114	-	-	-	-	-	-	-
Niger	7,569	7,569	5,890	608	1,071	-	-	-	-	-	-
Nigeria	633	633	-	633	-	-	-	-	-	-	-
Rwanda	2,161	2,161	1,085	967	109	-	-	-	-	-	-
Sao Tome & Principe	44	44	-	44	-	-	-	-	-	-	-
Senegal	16,817	16,767	8,361	6,969	1,437	-	50	-	50	-	-
Seychelles	181	181	-	136	45	-	-	-	-	-	-
Sierra Leone	6,218	6,218	2,100	2,109	2,009	-	-	-	-	-	-
Somalia	648	648	-	648	-	-	-	-	-	-	-
Sudan	9,748	9,648	-	9,648	-	-	100	-	100	-	-
Swaziland	1,392	1,392	-	485	907	-	-	-	-	-	-
Tanzania	18,497	18,497	7,854	10,643	-	-	-	-	-	-	-
Togo	3,548	3,548	300	2,182	1,066	-	-	-	-	-	-
Upper Volta	6,083	6,083	1,827	3,104	1,152	-	-	-	-	-	-
Zaire	47,491	14,991	-	12,100	2,891	-	32,500	-	2,500	30,000	-
Zambia	4,362	4,362	-	4,362	-	-	-	-	-	-	-
Sahel Development Program	50,000	50,000	50,000	-	-	-	-	-	-	-	-
Sahel Regional Activities	2,039	2,039	2,039	-	-	-	-	-	-	-	-
Entente Area	5,430	5,430	5,430	-	-	-	-	-	-	-	-
East Africa Regional	700	700	700	-	-	-	-	-	-	-	-
Portuguese-Speaking Africa Regional	3,042	3,042	3,042	-	-	-	-	-	-	-	-
Regional & Other Non-Country Programs/Support Costs	55,228	55,228	54,535	-	693	-	-	-	-	-	-
Security Supporting Assistance for Southern Africa	135,000	135,000	135,000	-	-	-	-	-	-	-	-

February 28, 1977

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAMS PROPOSED FOR FY 1978
(in thousands of dollars)

	Economic Assistance Programs						Military Assistance Programs				
	Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
ASIA AND PACIFIC - TOTAL	1,468,375	998,875	368,301	608,783	14,037	7,764	469,500	46,600	8,400	409,500	5,000
ASIA - TOTAL	1,463,188	993,688	368,301	608,464	9,159	7,764	469,500	46,600	8,400	409,500	5,000
Bangladesh	205,205	205,005	101,015	103,990	-	-	200	-	200	-	-
Burma	3,740	3,740	-	-	-	3,740	-	-	-	-	-
China, Rep. of (Taipeh)	25,500	-	-	-	-	-	25,500	-	500	25,000	-
India	175,712	175,412	-	175,412	-	-	300	-	300	-	-
Indonesia	207,969	147,869	57,200	90,669	-	-	60,100	15,000	3,100	40,000	2,000
Korea	391,589	111,189	-	109,300	1,889	-	280,400	4,000	1,400	275,000	-
Malaysia	22,626	2,126	-	-	2,126	-	20,500	-	500	20,000	-
Nepal	15,972	15,922	12,096	2,311	1,515	-	50	-	50	-	-
Pakistan	166,556	166,056	98,208	65,788	-	2,060	500	-	500	-	-
Philippines	141,420	100,020	62,971	34,803	2,246	-	41,400	19,600	800	20,000	1,000
Singapore	52	52	-	52	-	-	-	-	-	-	-
Sri Lanka	40,689	40,639	14,500	26,139	-	-	50	-	50	-	-
Thailand	48,036	7,536	4,405	-	1,167	1,964	40,500	8,000	1,000	29,500	2,000
Regional & Other Non-Country Programs/ Support Costs	18,122	18,122	17,906	-	216	-	-	-	-	-	-
PACIFIC - TOTAL	5,187	5,187	-	319	4,868	-	-	-	-	-	-
British Solomon Islands	445	445	-	189	256	-	-	-	-	-	-
Cook Islands	9	9	-	-	9	-	-	-	-	-	-
Fiji	1,736	1,736	-	130	1,606	-	-	-	-	-	-
Gilbert Islands	16	16	-	-	16	-	-	-	-	-	-
Micronesia	1,539	1,539	-	-	1,539	-	-	-	-	-	-
Tonga	398	398	-	-	398	-	-	-	-	-	-
Western Samoa	893	893	-	-	893	-	-	-	-	-	-
Regional Support Costs	151	151	-	-	151	-	-	-	-	-	-

February 28, 1977

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAMS PROPOSED FOR FY 1978
(in thousands of dollars)

		Economic Assistance Programs					Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
LATIN AMERICA - TOTAL	478,053	328,703	231,380	64,716	15,031	17,576	149,350	350	8,500	140,500	-
Argentina	15,700	-	-	-	-	-	15,700	-	700	15,000	-
Barbados	45	45	-	45	-	-	-	-	-	-	-
Belize	325	325	-	-	325	-	-	-	-	-	-
Bolivia	54,542	39,542	30,882	5,876	-	2,784	15,000	250	750	14,000	-
Brazil	54,484	4,384	-	2,020	2,364	-	50,100	-	100	50,000	-
Chile	5,771	5,771	-	5,000	771	-	-	-	-	-	-
Colombia	37,514	7,514	-	4,780	1,548	1,186	30,000	-	1,000	29,000	-
Costa Rica	13,520	13,520	12,239	303	978	-	-	-	-	-	-
Dominica	30	30	-	30	-	-	-	-	-	-	-
Dominican Republic	18,062	16,297	10,591	5,212	494	-	1,765	15	750	1,000	-
Ecuador	13,358	2,458	-	427	1,410	621	10,900	-	400	10,500	-
El Salvador	16,901	13,776	11,267	1,707	802	-	3,125	25	600	2,500	-
Guatemala	21,361	19,251	11,095	7,126	1,030	-	2,110	10	600	1,500	-
Guyana	187	187	100	87	-	-	-	-	-	-	-
Haiti	27,500	26,800	15,897	10,903	-	-	700	-	200	500	-
Honduras	30,191	27,071	19,144	6,774	1,153	-	3,120	20	600	2,500	-
Jamaica	13,959	13,959	10,661	2,183	1,115	-	-	-	-	-	-
Mexico	10,675	10,475	-	-	-	10,475	200	-	200	-	-
Nicaragua	19,268	16,168	15,115	174	879	-	3,100	-	600	2,500	-
Panama	27,084	25,654	23,774	1,880	-	-	1,430	30	400	1,000	-
Paraguay	9,981	8,881	8,069	110	702	-	1,100	-	600	500	-
Peru	44,631	33,731	21,522	10,079	-	2,130	10,900	-	900	10,000	-
Uruguay	25	25	25	-	-	-	-	-	-	-	-
Venezuela	100	-	-	-	-	-	100	-	100	-	-
Caribbean Regional	17,036	17,036	16,104	-	932	-	-	-	-	-	-
ROCAP Central America	2,876	2,876	2,876	-	-	-	-	-	-	-	-
Regional and Other Non-Country Programs/Costs	22,927	22,927	22,019	-	528	380	-	-	-	-	-

February 28, 1977

U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND MILITARY SALES FINANCING
PROGRAMS PROPOSED FOR FY 1978
(in thousands of dollars)

		Economic Assistance Programs					Military Assistance Programs				
	Total Economic & Military Assistance	Total Economic Assistance	A.I.D.	P.L. 480	Peace Corps	Int'l. Narcotics Control	Total Military Assistance	Military Assistance Grants (MAP)	Foreign Military Training	Foreign Military Sales Financing	Excess Defense Articles
NEAR EAST - TOTAL	3,878,183	2,077,983	1,825,587	247,485	4,411	500	1,800,200	176,000	14,200	1,605,000	5,000
Afghanistan	22,069	21,569	19,600	929	540	500	500	-	500	-	
Algeria	2,691	2,691	-	2,691	-	-	-	-	-	-	-
Bhutan	75	75	-	75	-	-	-	-	-	-	-
Bahrain	514	514	100	-	414	-	-	-	-	-	-
Cyprus	820	820	-	820	-	-	-	-	-	-	-
Egypt	896,022	896,022	750,000	146,022	-	-	-	-	-	-	-
Greece	177,000	-	-	-	-	-	177,000	33,000	2,000	140,000	2,000
Israel	1,796,043	796,043 b/	785,000	11,043 b/	-	-	1,000,000	-	-	1,000,000	-
Jordan	232,659	100,659	93,000	7,659	-	-	132,000	55,000	1,500	75,000	500
Lebanon	9,300	8,800	-	8,800	-	-	500	-	500	-	-
Maldive Island	30	30	-	30	-	-	-	-	-	-	-
Malta	9,508	9,508	9,500	-	8	-	-	-	-	-	-
Morocco	68,635	22,435	10,339	10,500	1,596	-	46,200	-	1,200	45,000	-
Oman	523	523	-	-	523	-	-	-	-	-	-
Portugal	58,300	29,800	-	29,800	-	-	28,500	25,000	3,000	-	500
Spain	144,000	7,000	7,000	-	-	-	137,000	15,000	2,000	120,000	-
Syria	109,175	109,175	90,000	19,175	-	-	-	-	-	-	-
Tunisia	44,073	18,073	10,555	6,774	744	-	26,000	-	1,000	25,000	-
Turkey	253,166	1,166	-	1,166	-	-	252,000	48,000	2,000	200,000	2,000
Yemen	12,210	11,710	9,310	2,001	399	-	500	-	500	-	-
Regional Development Support	500	500	500	-	-	-	-	-	-	-	-
Sinai Support	12,200	12,200	12,200	-	-	-	-	-	-	-	-
Middle East Special Requirements Fund	25,000	25,000	25,000	-	-	-	-	-	-	-	-
Regional & Other Non-Country Program/Support Costs	3,670	3,670	3,483	-	187	-	-	-	-	-	-
EUROPE - TOTAL	100	-	-	-	-	-	100	-	100	-	-
Austria	50	-	-	-	-	-	50	-	50	-	-
Finland	50	-	-	-	-	-	50	-	50	-	-
OTHER - TOTAL	1,280,608	1,219,858	834,336 c/	353,216 d/	19,146 e/	13,160 f/	60,750	60,550	200	-	-
U.S. CONTRIBUTIONS TO IFIs - TOTAL	2,616,123	2,616,123									
Int'l. Bank for Reconst. & Dev.	522,952	522,952									
Int'l. Development Assn.	1,175,000	1,175,000									
Int'l. Finance Corp'n.	44,597	44,597									
Inter-Am. Development Bank	600,003	600,003									
Asian Development Bank	263,571	263,571									
African Dev. Bank: Dev. Fund	10,000	10,000									

a/ Includes $1,602,256 for International Financial Institutions, detailed on the last page of the FY 1978 tables.
b/ Includes $2,743 of P.L. 480 Title II grants for Gaza and the West Bank.
c/ Includes interregional programs, $274,386; American Schools and Hospitals Abroad, $7,500; International Organizations and Programs $256,000 International Disaster Assistance, $45,000; Contingency Fund, $5,000; Operating Expenses, $225,000; Foreign Service Retirement Fund, $21,450.
d/ Includes Title I Reserve, $64,800; Title II Reserve, $133,300; Ocean Transportation, $153,116; Section 204 Purchase of Title I currencies, $2,000.
e/ Includes World-Wide Support, $5,973; share of ACTION Support, $13,173.
f/ Includes International Organizations, $6,100; Interregional Programs, $5,760; Program Support and Development, $1,300.

AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1978 BUDGET REQUEST AND PROPOSED PROGRAM
(in millions of dollars)

	Foreign Assistance Act Authorization Act Request			Revised Appropriation Request	Reimbursements	Estimated Recoveries	Revised Proposed Program
	Original	Amendments	Revised Request				
FUNCTIONAL DEVELOPMENT ASSISTANCE							
Food and Nutrition	550.0	-	550.0	550.0	-	37.0	587.0
Population Planning	167.0	-	167.0	167.0	-	10.0	177.0
Health	105.0	-.1	104.9	104.9	-	15.9	120.8
Education and Human Resources Dev.	84.8	-.4	84.4	84.4	-	10.8	95.2
Selected Development Activities	100.0	-.*	100.0	100.0	-	10.3	110.3
Subtotal, Functional Accounts	1,006.8	-.5	1,006.3	1,006.3	-	83.9	1,090.2
(Grants included above)	(681.8)		(681.3)	(681.3)		(18.2)	(699.5)
(Loans included above)	(325.0)		(325.0)	(325.0)		(65.7)	(390.7)
SAHEL DEVELOPMENT PROGRAM	50.0	-	50.0	50.0	-	-	50.0
INTERNATIONAL ORGAN. AND PROGRAMS							
UN Technical Assistance and Other Programs	216.0	+30.0 a/	246.0	246.0	-	-	246.0
UN Environment Fund	b/	-	b/	10.0	-	-	10.0
Subtotal, Int'l. Orgs. & Progs.	216.0	+30.0	246.0	256.0	-	-	256.0
AMERICAN SCHOOLS & HOSPITALS ABROAD c/	7.5	-	7.5	7.5	-	-	7.5
INTERNATIONAL DISASTER ASSISTANCE	45.0 d/	-	45.0	45.0 d/	-	-	45.0 d/
Subtotal, Development Assistance	1,325.3	+29.5	1,354.8	1,364.8	-	83.9	1,448.7
PRESIDENT'S FOREIGN ASSISTANCE CONTINGENCY FUND	5.0	-	5.0	5.0	-	-	5.0
SECURITY SUPPORTING ASSISTANCE	1,459.2	+428.0	1,887.2	1,887.2	-	5.1	1,892.3
MIDDLE EAST SPECIAL REQUIREMENTS FUND	25.0	-	25.0	25.0	-	-	25.0
OPERATING EXPENSES	220.2	-	220.2	220.2	2.8	2.0	225.0
FOREIGN SERVICE RETIREMENT AND DISABILITY FUND	e/	-	e/	21.45	-	-	21.45
TOTAL, AGENCY FOR INT'L DEV.	3,034.7	+457.5	3,492.2	3,523.65	2.8	91.0	3,617.45

a/ $20 million for UNDP and $10 million for the initial U.S. contribution to the UN University.
b/ The UN Environment Program Participation Act of 1973 authorized the appropriation of up to $40 million for this activity; $30 million has been appropriated through FY 1977. Beginning in FY 1979 the program will be funded pursuant to authority contained in Chapter 3 of Part I of the Foreign Assistance Act of 1961 as amended.
c/ In addition $7 million of excess foreign currencies is requested.
d/ Of which $20 million for Lebanon.
e/ Section 865 of the Foreign Service Act of 1946 authorizes necessary appropriation to the Foreign Service Retirement and Disability Fund, in 30 annual installments, to finance the unfunded liability resulting from increases in benefits or participation. The Foreign Assistance Act of 1973 authorized the participation of A.I.D. career Foreign Service personnel in the Fund and A.I.D. has requested appropriations to fund its share of the liability. Beginning in FY 1979 the State Department will request an appropriation sufficient to cover all Foreign Service personnel.
Note: Totals may not add due to rounding.
* $50,000 or less.

(Replaces Budget Request Divider Tab) 2/22/77

Previous Page Blank

FY 1978 BUDGET REQUEST

For FY 1978, A.I.D. requests an appropriation of $3,523,650,000 to provide a total economic program of $3,617,450,000.

-- The $93.8 million difference between appropriation and program level consists primarily of estimated amounts to be recovered from the pipeline of obligated but unexpended funds from prior year appropriations.

The development assistance program of $1,419,200,000 consists of:

-- $586,938,000 for Food and Nutrition;

-- $177,000,000 for Population Planning;

-- $120,771,000 for Health;

-- $95,274,000 for Education and Human Resources Development;

-- $110,200,000 for Selected Development Activities;

-- $50,000,000 for long range development in the Sahel;

-- $246,000,000 for support of the development programs of the UN and the OAS;

-- $10,000,000 for the UN Environment Fund;

-- $7,500,000 for American Schools and Hospitals Abroad;

-- $45,000,000 for International Disaster Assistance, including $20,000,000 for Lebanon.

The economic security assistance program consists of:

-- $1,892,300,000 for Security Supporting Assistance;

-- $25,000,000 for the Middle East Special Requirements Fund;

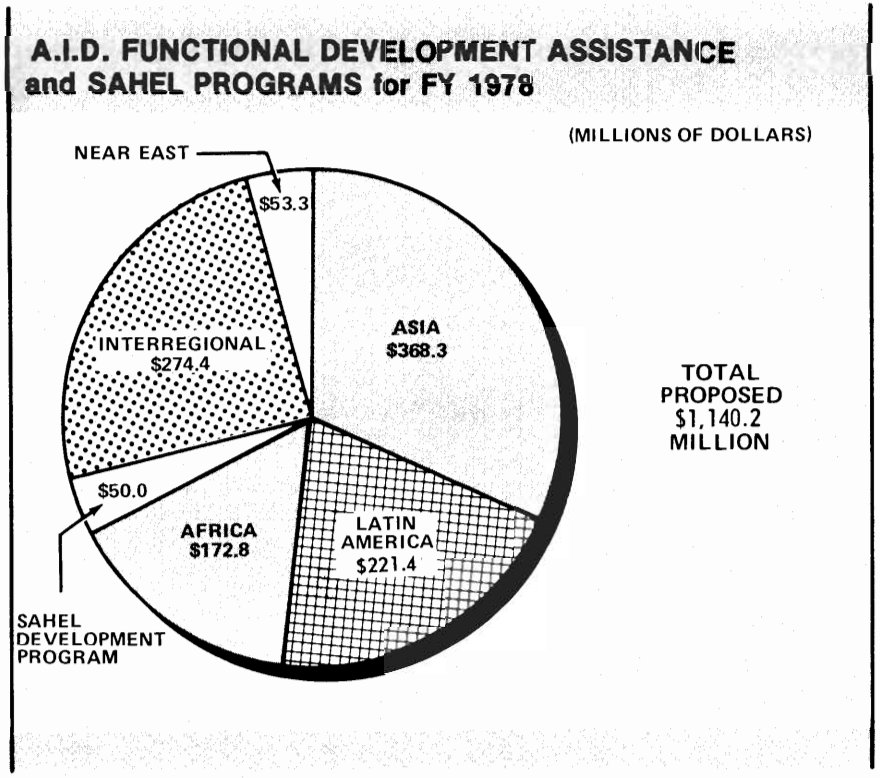
-- $5,000,000 for the President's Foreign Assistance Contingency Fund;

Operating Expenses of $225,000,000 will finance the costs of operating the total A.I.D. program.

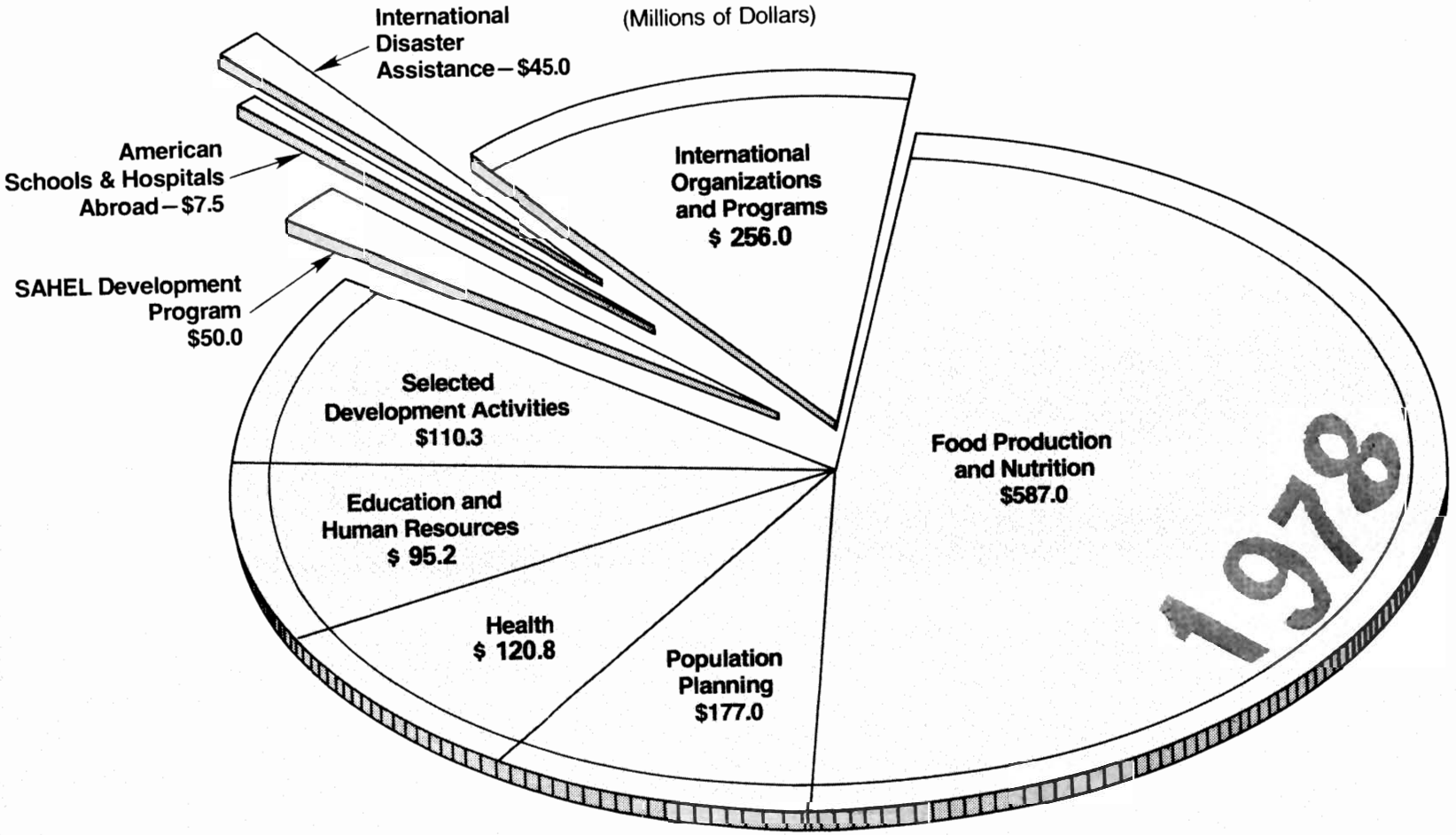
Foreign Service Retirement and Disability Fund:

-- $21,450,000 is requested to cover the FY 1978 installment for the unfunded liability for A.I.D. Foreign Service employees under the Foreign Service Retirement and Disability System;

-- Beginning in FY 1979 all such unfunded liability for the Foreign Service Retirement system will be covered by the appropriation request of the Department of State.



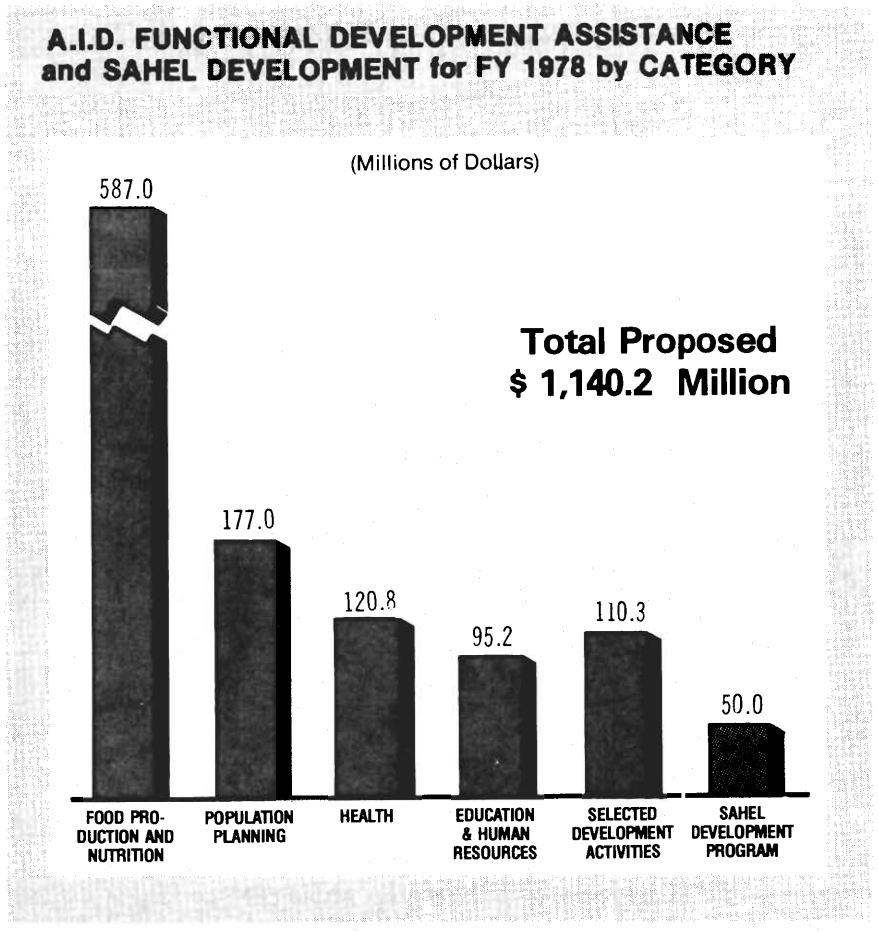
A.I.D. DEVELOPMENT ASSISTANCE PROGRAMS PROPOSED FOR FY 1978



TOTAL $ 1,448.7 MILLION

Excluding Operating Expenses and Foreign Service Retirement Fund.

A total of $1,140.2 million will be focused on the critical needs of the poor majority of the populations of developing nations through bilateral development assistance programs, worldwide technical assistance and research and the Sahel Development Program:



Food and Nutrition

-- $587.0 million is requested for programs to overcome malnutrition, improve the quality of life for the rural poor and to expand the agricultural output of small farmers. Emphasis will be on:

** expanding small farmer access to inputs and technology necessary for increased production;

** rural development projects which will help permit the rural poor to participate in the economic life of their communities;

** increasing small farmer access to and management of land and water resources;

** cooperative and other systems for agricultural storage and marketing and distribution of production credit and inputs;

** research, institutional development, and extension under the Title XII authority to improve agricultural methods and techniques.

Population Planning

-- $177 million is planned for programs to provide basic family planning services, research and education. The program will emphasize:

** implementation of village level information, education and contraceptive delivery systems;

** training of professional and paraprofessional family planning personnel;

** expansion of operations research and demographic activities to evaluate the demographic impact of various family planning programs;

** assistance in determining the fertility impact of overall development plans, policies and projects;

** research and studies of the determinants of fertility;

** organizations of pilot studies to test new and simpler village and household delivery systems, integrated where possible with health services.

Health

-- $120.8 million is planned for programs to provide health services and education through;

** projects that build effective integrated delivery systems and support increased training of paramedical and nonmedical personnel;

** development of more effective technologies to provide simple, effective and affordable health services for the majority, even in hard-to-reach rural areas;

** programs to focus on the importance of health planning;

** control of major tropical diseases;

** control of environmental conditions, particularly provision of potable water and management of human waste.

Education and Human Resources Development

-- $95.2 million to assist developing countries provide priority learning needs to the poor through:

** experimentation with and development of nonformal educational opportunities;

** improvement in the relevance, efficiency, and equity of existing educational systems;

** improvement in the analytical and administrative capacity of governments and development institutions at all levels.

Selected Development Activities

-- $110.3 million to finance development activities that:

** expand the relationship of A.I.D. and U.S. Private and Voluntary Organizations (PVOs) by providing funds to strengthen their institutional capability in project planning and evaluation, continue basic program support, and finance technical cooperation and development programs

** assist developing countries to select, adapt and use intermediate technologies that are suited to their circumstances.

** intensify studies designed to alleviate energy problems through increased production and conservation of energy;

** conduct research on the development process to increase the benefits of assistance to developing countries;

** assist in reconstruction following natural or man-made disasters;

** help solve special development problems in the poorest countries;

** assist the development efforts of regional and international development organizations;

** develop approaches to strengthening urban-based activities that support the development of rural areas and meet the basic needs of the urban poor.

Sahel Development Program

-- $50 million is request to provide assistance for the long-term development of the Sahel.

-- assistance will be furnished as a part of a multi-donor development plan based on an equitable sharing of costs with other donors and recipient countries.

International Organizations and Programs will finance a total of $256 million for voluntary contributions to the United Nations, the Organization of American States and the United Nations Environment Fund:

United Nations Technical Assistance and Other Programs

-- The $246 million request for voluntary contributions by the United States to selected development programs of the United Nations and the Organization of American States (OAS) will support ongoing programs of interest to the United States. The principal elements include:

** a contribution of $110 million for the United Nations Development Program (UNDP);

** $52.0 million for the United Nations Relief and Works Agency (UNRWA) for food, health and education services for Palestine refugees;

** $20.0 million for the United Nations Children's Fund (UNICEF);

** $16.5 million for the UN Atomic Energy Agency (IAEA), the World Meteorological Organization (WMO), the World Food Program (WFP), the UN Institute for Training and Research (UNITAR), training for Southern Africans and the UN Revolving Fund for Natural Resources Exploration;

** $17.4 million for contributions to the several assistance programs administered by the OAS throughout Latin America.

United Nations Environment Fund

-- A contribution of $10 million will complete the current U.S. commitment to provide $40 million to assist this organization to coordinate international cooperation to protect the human environment.

Funds in the amount of $7.5 million for American Schools and Hospitals Abroad will provide assistance to schools, libraries and hospitals abroad founded or sponsored by U.S. citizens which serve as demonstration centers for American ideas and practices.

International Disaster Assistance funds of $45 million are requested to permit A.I.D. to provide relief to foreign countries struck by disasters, and assist them in disaster preparedness and contingency planning:

-- $25 million is proposed for disasters such as floods, hurricanes, earthquakes and civil disturbances throughout the world;

-- $20 million is planned specifically for relief and rehabilitation in Lebanon.

Security Supporting Assistance programs are proposed for countries whose economic prospects affect U.S. security interests and the achievement of United States foreign policy objectives:

-- In the Middle East the total program will be $1,747.3 million:

** Major programs are proposed for Israel, Egypt, Jordan and Syria in support of our continuing efforts to achieve a just and durable peace in the Middle East;

** Smaller programs are proposed for Malta, Spain, and Bahrain;

-- In Africa the total program will be $135 million:

** $100 million is planned for a Special Requirement Fund to enable the United States to play a constructive role in encouraging and supporting a peaceful southern Africa transition.

** $35 million will finance ongoing activities in Botswana, Lesotho, Swaziland and Zaire.

Middle East Special Requirements Fund: $25 million:

-- Continuing uncertainties in the Middle East make it essential the United States be able to respond quickly to special needs arising in this area.

The President's Foreign Assistance Contingency Fund: $5 million:

-- This fund provides the President with a modest capability to respond to unanticipated foreign emergency requirements beyond those arising from disasters.

THIS PAGE INTENTIONALLY LEFT BLANK

FOOD AND NUTRITION

PROGRAM SUMMARY (In millions of dollars)			
FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
$406.7	$114.9	$492.6	$587.0

A.I.D.'s food and nutrition programs are directed toward overcoming malnutrition and increasing the productivity and incomes of the rural poor.

-- Severe hunger and malnutrition still affect a large percentage of the world's poor.

-- A recent study by the International Food Policy Research Institute indicates that the developing country food grain gap could increase to over 100 million tons by 1985, unless the trend growth rate of food grain production in poor countries turns upward; this long-term problem remains despite short-term improvements in the food situation due to good crop years in 1975 and 1976.

-- Much of the increase in incomes and employment for the poor must come from expanded agricultural production by small cultivators and herders, and from increased employment in related activities such as agribusiness and rural infrastructure development.

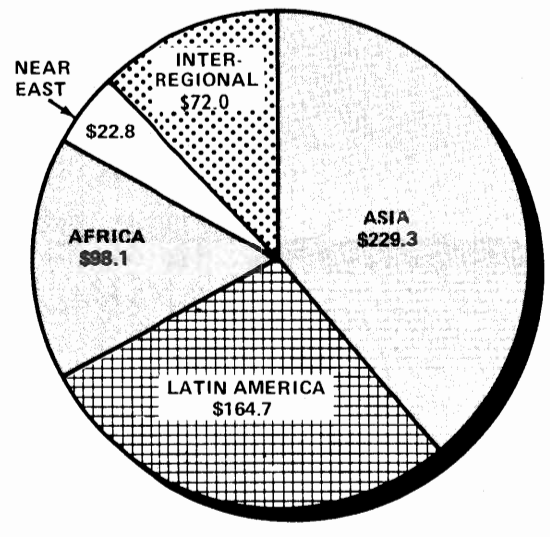
-- Increased incomes from increased rural production will contribute to wider acceptance of family planning practices, and will provide revenues to support the broader availability of elemental health, family planning, and education services.

The task ahead is immense. Yet it is clear that rapid increases in food production in poor countries are technically possible.

-- It has been demonstrated that widespread yield increases can be achieved, although average production per land unit in developing countries is still only a fraction of that achieved in some places.

FOOD AND NUTRITION;
Proposed FY 1978 Program By Region

(MILLIONS OF DOLLARS)



TOTAL PROPOSED $587.0 MILLION

As the government's major rural development agency, INVIERNO helps coordinate the delivery of government services to rural communities and provides integrated banking and development services directly to families, rural organizations and rural communities. Activities include guarantees for land sales to small farmers, input supply and flexible credit arrangements, access roads, development of cooperatives and rural enterprises, and low-cost housing improvements.

Agribusiness and Rural Industry

Private sector enterprises can play an important role in promoting small farmer production and increased rural welfare:

-- Small rural commercial, repair and manufacturing enterprises provide inputs, maintain equipment, process agricultural commodities and provide employment and consumer goods for rural areas.

** A.I.D. is supporting village-level food processing in Pakistan.

** FY 1978 loans to Bolivia and Guatemala will provide credit and supporting services for rural small enterprise development.

-- Small-scale and large-scale agribusiness firms can bring unique technical and management skills to bear on bottlenecks at all phases of the food production and marketing cycle.

A.I.D. is expanding its efforts to involve U.S. agribusiness in development programs and strengthen local private sector agribusiness in developing countries:

-- A proposed joint project with the FAO Industrial Cooperation Programme will draw on the expertise of private sector seed enterprises in developed countries to provide training and assistance in the development of viable commercial seed enterprises in developing countries.

-- Agribusiness project missions have recently visited the Philippines, Morocco, and Panama.

FY 1978 Program

The FY 1978 Program proposes $586.9 million for Food Production and Nutrition. The FY 1978 proposal by country is shown in the table on the following page, "Summary of Food and Nutrition Program Proposal--FY 1978." Details are in the geographic regional and interregional volumes of A.I.D.'s FY 1978 submission to the Congress.

SUMMARY
FOOD AND NUTRITION PROGRAM PROPOSAL -- FY 1978
(in millions of dollars)

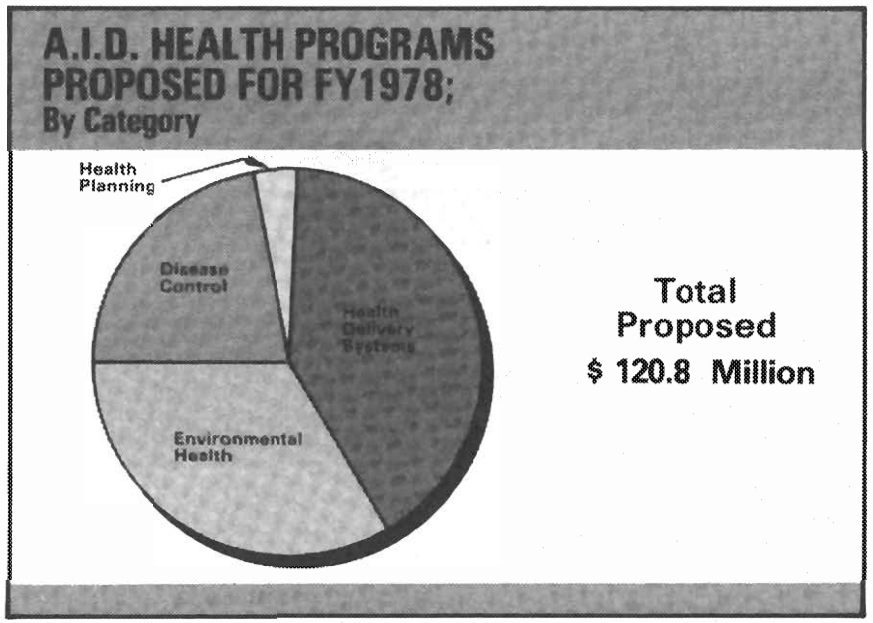
	TOTAL	GRANTS	LOANS
TOTAL PROGRAM	587.0	310.6	276.3
AFRICA	98.1	84.1	14.0
Burundi	.8	.8	-
Cameroon	2.6	2.6	-
Cape Verde	1.8	1.8	-
Central African Republic	*	*	-
Chad	3.8	3.8	-
Ethiopia	12.7	12.7	-
Ghana	14.8	2.8	12.0
Guinea	1.4	1.4	-
Guinea Bissau	.9	.9	-
Kenya	2.3	2.3	-
Liberia	2.0	2.0	-
Mali	5.9	5.9	-
Mauritania	1.4	1.4	-
Niger	4.4	4.4	-
Rwanda	1.1	1.1	-
Senegal	5.8	5.8	-
Sierra Leone	1.9	1.9	-
Tanzania	6.4	6.4	-
Upper Volta	1.2	1.2	-
East Africa Regional	.7	.7	-
Sahel/West Africa Regional	7.4	5.4	2.0
Africa Regional	18.8	18.8	-

* Less than $50,000

HEALTH

PROGRAM SUMMARY (In millions of dollars)			
FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
$54.4	$19.1	$93.6	$120.8

For FY 1978, A.I.D. requests $120.8 million for health programs, divided into the following categories:*



* In addition, $74 million in Security Supporting Assistance programs (chiefly water and sanitation) affect health directly.

Health delivery system
Health planning
Environmental health
Disease control

The Agency's view of programming in this field for FY 1978 is consistent with and builds upon the major statement made on program directions for health in last year's Congressional Presentation. As we noted then, development efforts over the past 20 years have helped improve the health of the millions of poor people in the developing countries.

Death and disease rates have declined rapidly, but they are still considerably above those found in the United States and other industrialized nations.

— Death rates have fallen more rapidly than birth rates, and resulting rapid population growth makes development more difficult and threatens the environment.

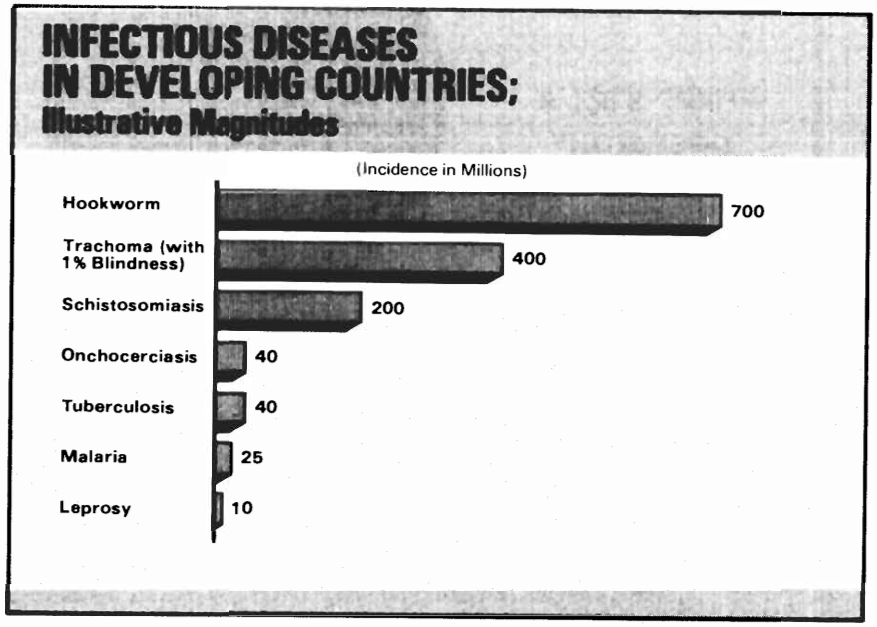
Given current modest economic growth rates, the quality of life in most developing countries shows little improvement and may even deteriorate if their populations continue to grow. Most of the 2.5 billion people who live in the developing countries continue to face hunger, malnutrition and disease with little or no access to programs or services needed to ease their plight.

— In Africa, one in seven, or 15%, of all children die before their first birthday as compared with one in fifty, or 2%, in the United States.

BEST AVAILABLE

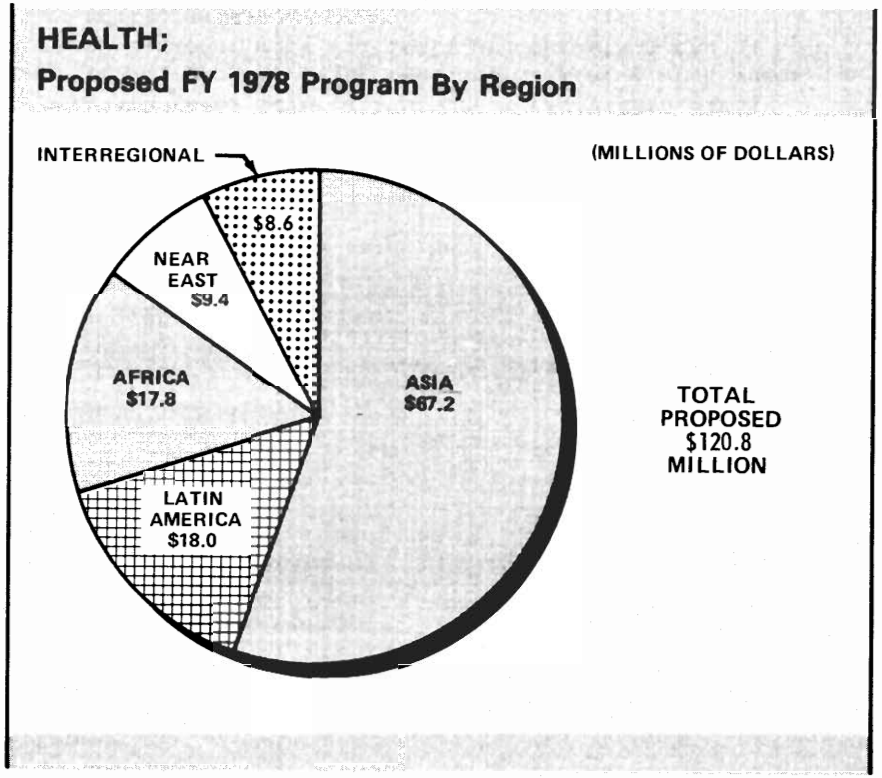
-- Nevertheless, half the population in developing countries are children under the age of 15, dependent upon but not yet contributors to economic development.

-- Life expectancy in developing countries is still only 50 years or less, compared to 71 years in the United States.



Today, some 85% of the people in developing countries still lack adequate access to basic health, family planning and nutrition services. While their government may put great emphasis on improving health, achieving that objective has proved to be extremely difficult.

The fundamental problem is how to improve health for the majority of these people when financial resources, skilled personnel, and required facilities are all extremely limited.



SUMMARY
HEALTH PROGRAM PROPOSAL -- FY 1978
(in millions of dollars)

	TOTAL	GRANTS	LOANS
TOTAL PROGRAM	120.8	53.2	67.7
AFRICA	17.8	17.8	-
Cameroon	1.8	1.8	-
Cape Verde	.2	.2	-
Central African Republic	.2	.2	-
Chad	.4	.4	-
Ghana	1.0	1.0	-
Liberia	2.6	2.6	-
Mali	.8	.8	-
Niger	1.5	1.5	-
Senegal	1.0	1.0	-
Togo	.1	.1	-
Africa Regional	8.3	8.3	-
ASIA	67.2	11.2	56.0
Bangladesh	5.0	5.0	-
Indonesia	.6	.6	-
Nepal	.9	.9	-
Pakistan	40.0	-	40.0
Philippines	10.0	1.0	9.0
Sri Lanka	7.0	-	7.0
Asia Regional	3.7	3.7	-
LATIN AMERICA	18.0	9.3	8.7
Bolivia	5.7	.5	5.2
Dominican Republic	.3	.3	-
El Salvador	.7	.7	-

	TOTAL	GRANTS	LOANS
LATIN AMERICA (continued)			
Guatemala	3.7	.2	3.5
Haiti	5.9	5.9	-
Honduras	.2	.2	-
Nicaragua	.2	.2	-
Latin America Regional	1.4	1.4	-
NEAR EAST	9.4	6.4	3.0
Afghanistan	1.2	1.2	-
Morocco	.5	.5	-
Tunisia	3.5	.5	3.0
Yemen	3.7	3.7	-
Near East Regional	.4	.4	-
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	8.5	8.5	-
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.1	.1	-

Note: Totals may not add due to rounding.

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

PROGRAM SUMMARY (In millions of dollars)			
FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
$70.8	$12.9	$122.4	$95.2

A.I.D.'s education and human resources development task is to assist poor children, men, and women of the developing countries to gain the skills, information, and knowledge necessary to enhance the quality of their lives.

Skills and knowledge are crucial to efforts designed:

-- to increase food production;

-- to achieve a more effective and equitable allocation of labor;

-- to improve health and nutrition; and

-- to reduce population growth rates.

A.I.D. supports the activities of the developing countries themselves to examine the effectiveness of existing formal and nonformal education programs and systems and to develop ways in which they can be modified, strengthened, and supplemented to reach and help the poor.

-- Formal schools and traditional education programs confront a myriad of complex problems which affect their ability and effectiveness to meet the educational needs of the poor, particularly the rural poor.

These include:

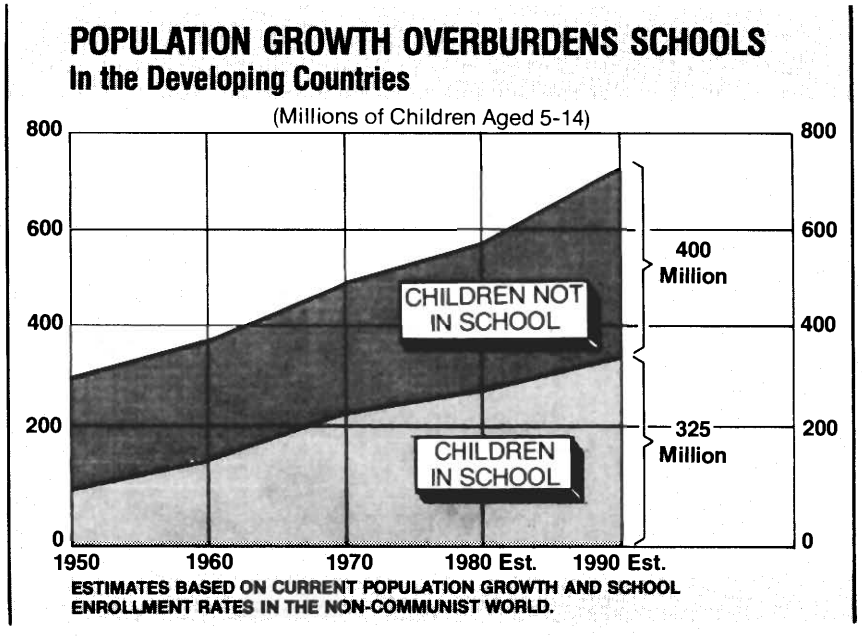
** irrelevant curricula;

** inadequate and poorly trained staff;

** unequal geographic distribution of schools;

** costly educational delivery systems.

A.I.D.'s program gives assistance to LDCs to develop and design relevant cost-effective means to extend the outreach of their formal educational systems.



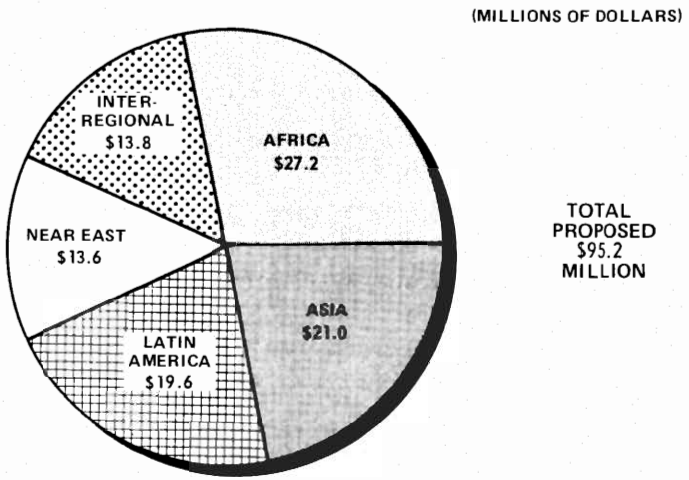
-- Developing countries do not, and cannot, rely on the schools alone to carry the entire human resources development burden (see chart above). A wide range of extra school or nonformal channels

exists and can be established to supplement and complement schooling. To reach disadvantaged groups at affordable cost, A.I.D. is encouraging developing nations to explore and apply alternative educational forms and structures, including nonformal approaches for learning new agricultural, health, nutritional, and family planning practices.

-- Developing countries need to expand and improve their own capacity to analyze and evaluate their human resource needs. A.I.D. contributes to this goal through extensive programs of participant training and technical assistance to local research institutions and government agencies concerned with economic and social development.

A.I.D.'s Program for FY 1978 is summarized below:

EDUCATION AND HUMAN RESOURCES;
Proposed FY 1978 Program By Region



A.I.D. is directing a substantial proportion of its education and human resources assistance to the world's poorest countries. Eighty percent of A.I.D.'s FY 1978 bilateral assistance in this area will go to countries with annual per capita incomes under $500. Most of these countries are in Africa and Asia.

-- Despite considerable progress since 1960 in the extension of primary education, half of the primary-school-aged population in Africa and one-third of this age group in Asia remained out of school in 1970. This proportion remains high in several low-income Latin American countries, especially among rural populations.

-- A.I.D.'s FY 1978 program continues to support activities to increase primary school participation and to improve its quality, primarily through programs of teacher training, curricula reform, and the development of inexpensive learning materials.

** Rural primary school teachers are being or will be trained in Guinea-Bissau, Nepal, Liberia, Bolivia, El Salvador, and Honduras. In the case of Nepal, radio technology is being utilized to reach primary teachers in remote rural areas.

** Support will continue to help Nepal institutionalize a process by which relevant educational materials are developed, tested, and evaluated. A major new initiative in the development of educational materials is planned for Afghanistan.

** Limited fiscal resources will go to support ongoing activities to increase the number and dispersion of rural primary schools in Afghanistan.

-- Two-thirds of the adult population (15 years and older) in these poor countries are illiterate

private business, industrial, and other institutions provide this training for A.I.D.

FY 1978 Program

The FY 1978 Program proposes $95.2 million for Education and Human Resources Development. The FY 1978 proposal by country is shown in the table on the following page, "Summary of Education and Human Resources Development Program Proposal--FY 1978." Details are in the geographic, regional, and interregional volumes of A.I.D.'s FY 1978 submission to the Congress.

SUMMARY

EDUCATION AND HUMAN RESOURCES DEVELOPMENT PROGRAM PROPOSAL -- FY 1978
(in millions of dollars)

	TOTAL	GRANTS	LOANS
TOTAL PROGRAM	95.6	84.1	11.5
AFRICA	27.2	27.2	-
Cameroon	.2	.2	-
Ethiopia	1.0	1.0	-
Ghana	.6	.6	-
Guinea Bissau	.3	.3	-
Liberia	3.6	3.6	-
Portuguese Spkg. Reg'l.	1.9	1.9	-
Regional	19.6	19.6	-
ASIA	21.0	12.5	8.5
Indonesia	6.5	1.5	5.0
Nepal	1.3	1.3	-
Pakistan	2.2	2.2	-
Philippines	4.0	.5	3.5
Regional	7.0	7.0	-
LATIN AMERICA	20.0	17.0	3.0
Bolivia	1.6	1.6	-
El Salvador	1.5	-	1.5
Guatemala	.2	.2	-
Haiti	.7	.7	-
Honduras	.7	.7	-
Nicaragua	2.0	.5	1.5
Panama	.3	.3	-
Paraguay	.3	.3	-
Peru	.4	.4	-
ROCAP	.6	.6	-
Caribbean Reg'l.	.9	.9	-
Regional	10.4	10.4	-

SUMMARY
SELECTED DEVELOPMENT ACTIVITIES PROGRAM PROPOSAL--FY 1978
(in millions of dollars)

	TOTAL	GRANTS	LOANS
TOTAL PROGRAM	110.3	86.8	23.5
AFRICA	22.9	10.9	12.0
Cameroon	7.6	.1	7.5
Cape Verde	4.5	-	4.5
Liberia	.5	.5	-
Sierra Leone	.2	.2	-
Africa/Regional	10.1	10.1	-
ASIA	11.8	7.8	4.0
Bangladesh	3.3	3.3	-
Indonesia	.6	.6	-
Philippines	6.5	2.5	4.0
Asia/Regional	1.4	1.4	-
LATIN AMERICA	13.8*	6.3*	7.5
Bolivia	.1	.1	-
Costa Rica	3.6	.1	3.5
Dominican Republic	.1	.1	-
El Salvador	.2	.2	-
Guatemala	.2	.2	-
Guyana	.1	.1	-
Haiti	.4	.4	-
Honduras	.8	.8	-
Nicaragua	.3	.3	-
Panama	.1	.1	-
Paraguay	.1	.1	-
Peru	.1	.1	-
Uruguay	**	**	-
Caribbean Regional	4.6	.6	4.0
Latin America Regional	3.4	3.4	-

	TOTAL	GRANTS	LOANS
NEAR EAST	2.5	2.5	-
Tunisia	1.0	1.0	-
Yemen	.6	.6	-
Near East Regional	.9	.9	-
WORLDWIDE TECHNICAL ASSISTANCE AND RESEARCH PROGRAMS	19.6	19.6	-
PRIVATE AND VOLUNTARY ORGANIZATIONS	32.8	32.8	-
PROGRAM AND MANAGEMENT SERVICES	6.7	6.7	-
INSPECTOR GENERAL OF FOREIGN ASSISTANCE	.2	.2	-

* Note: Totals do not add due to rounding
** Less than $50,000

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: NEAR EAST

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Selected Development Activities			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
Afghanistan	6,284	1,412	21,722	1,133	812	18,186	1,403	313	1,939	3,748	287	597	-	-	1,000	-	-	-
Morocco	14,249	494	3,255	13,803	483	1,940	446	11	1,315	-	-	-	-	-	-	-	-	-
Tunisia	2,439	430	10,108	976	430	6,224	1,262	-	2,574	201	-	130	-	-	1,180	-	-	-
Yemen	4,403	1,684	15,826	1,835	684	2,210	1,384	700	11,990	729	250	1,241	455	50	385	-	-	-
Regional	991	644	2,610	155	87	642	130	54	501	205	25	532	501	478	935	-	-	-
Total	28,366	4,664	53,521	17,902	2,496	29,202	4,625	1,078	18,319	4,883	562	2,500	956	528	3,500	-	-	-

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FISCAL YEAR 1978
(In thousands of dollars)

REGION: LATIN AMERICA

COUNTRY	Total	Food and Nutrition	Population Planning	Health	Education and Human Resources Development	Selected Development Activities	Other Programs
BOLIVIA	30,882	23,537	-	5,700	1,570	75	-
COSTA RICA	12,239	8,350	339	-	-	3,550	-
DOMINICAN REPUBLIC	10,591	10,275	-	266	-	50	-
EL SALVADOR	11,267	8,114	832	652	1,500	169	-
GUATEMALA	11,095	6,729	300	3,656	200	210	-
GUYANA	100	-	-	-	-	100	-
HAITI	15,897	8,105	850	5,850	677	415	-
HONDURAS	19,144	17,100	445	172	663	764	-
JAMAICA	10,661	-	661	-	-	-	10,000 1/
NICARAGUA	15,115	12,154	514	190	1,990	267	-
PANAMA	23,774	22,800	631	-	293	50	-
PARAGUAY	8,069	7,131	530	-	358	50	-
PERU	21,522	20,741	295	-	436	50	-
URUGUAY	25	-	-	-	-	25	-
CARIBBEAN REGIONAL	16,104	10,625	-	-	904	4,575	-
CENTRAL AMERICA REGIONAL	2,876	2,289	-	-	587	-	-
LA/REGIONAL	22,019	6,750	-	1,417	10,452	3,400	-
Total	231,380	164,700	5,397	17,903	19,630	13,750	10,000

1/ Security Supporting Assistance
(See SSA Presentation Book for program details.)

The foreign economic, social and political interests of the United States are served by assistance through international organizations dealing with pressing worldwide economic and social problems.

-- International programs are very effective and acceptable means of achieving constructive action on many complex and critical problems that affect the international development objectives of the United States with regard, for example, to food, population, energy, and the environment.

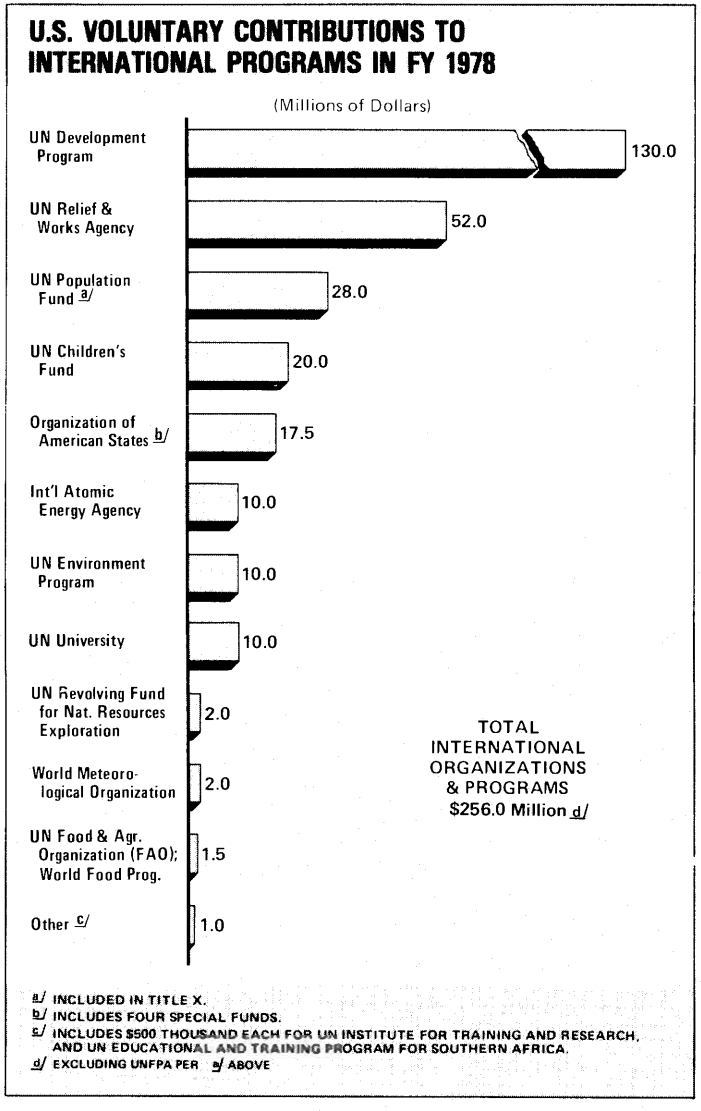
-- The United States is committed with other nations to achieve mutually satisfactory solutions to these and other issues through the development programs of international organizations.

-- The developing countries look to the United Nations (UN) and to regional organizations like the Organization of American States (OAS) as the instruments for cooperative action to address their own development needs as well as global issues.

Voluntary contributions to the programs of the UN and of the OAS support development activities complementary to U.S. bilateral assistance in areas of concern to the United States.

-- In FY 1978 it is proposed to continue support of 14 UN and OAS programs, and to initiate support to the United Nations University.

-- About one-half of all U.S. voluntary contributions to the International Organizations and Programs account is allocated to the United Nations Development Program (UNDP).



Summary Table
VOLUNTARY CONTRIBUTIONS TO
INTERNATIONAL ORGANIZATIONS AND PROGRAMS a/
(in millions of dollars)

	FY 1976 Actual c/	FY 1977 Appropriation	FY 1978 Proposed
United Nations Programs b/	162.4	182.0	238.5
UN Development Program	(100.0)	(100.0)	(130.0)
UN Relief and Works Agency for Palestine Refugees	(26.7)	(38.7)	(52.0)
UN Children's Fund	(20.0)	(20.0)	(20.0)
UN University	-	-	(10.0)
Other UN	(15.7)	(23.3)	(26.5)
Organization of American States	20.8	15.0	17.5
Total UN and OAS	183.2	197.0	256.0

a/ For detailed table see the volume International Organizations and Programs.

b/ Includes funds under UN Environment Program Act.

c/ Does not include Transition Quarter.

The UNDP is the principal funding and programming mechanism for UN technical assistance. It is the world's largest technical cooperation program, benefiting 148 countries and territories. Its members have approved a spending target of $3.46 billion for the second UNDP five-year program cycle (1977-1981) nearly doubling the resources it channeled into the developing countries during its first five-year cycle.

-- The principal share ($2.5 billion) is for field programs, and the balance is required to build up reserves for operations and contingencies, for UNDP administrative and program support, and to meet support costs of the Executing Agencies.

** There were 23 Participating and/or Executing Agencies of the UNDP in 1975, with the largest share of project expenditures made by the UN Food and Agricultural Organization.

-- UNDP is overcoming serious management and financial difficulties encountered in late 1975. Under a new Administrator, action has been taken to cut administrative costs, reshape the organization, strengthen field offices, and install improved financial management and reporting measures. These measures will improve UNDP's capacity to implement effectively its expanding activities.

Burden sharing by other UNDP members has increased as the U.S. share has gone down from 37% ten years ago to 20% or less in recent years. UNDP growth has been met by increased contributions from the Nordic and European Community countries, and to some extent from OPEC countries.

-- For the next five years, in which UNDP will almost double its program, it is in the interest of the United States to provide at least 20% and preferably up to 25% of contributions per year. This is essential to help meet UNDP's new growth targets which the United States has endorsed. This is also important as a means to maintain U.S. leadership in the program, and to stimulate support from other donors.

** The revised FY 1978 request of $130 million will bring the level of U.S. support to about 22% of total anticipated contributions as compared with only 19% In 1977.

** A number of developing countries including Saudi Arabia, Iran, and Kuwait, as well as Czechoslovakia and Yugoslavia, contribute more than the cost of the program in their own country.

-- Although 14 developed countries including the United States account for the lion's share of UNDP support, the developing country members -- some 127 -- also contribute substantially to UNDP's resources and fund local costs of projects.

There has been a major program shift to low income countries and peoples in the allocation of UNDP and UN Agency resources for economic and social development.

-- The United States has strongly influenced the UNDP formula for allocation of its resources over the next five years, whereby countries with an annual GNP per capita of $150 or less will receive 50% of all program funds. Eighty percent of UNDP funds in the next five years will be programmed for countries of $500 per capita or less, with 30% for the least developed countries ($100 per capita GNP or less).

-- The UN Children's Fund (UNICEF) has initiated a strategy to provide "basic services" for poor children in urban and rural areas.

The United States is committed to economic cooperation in the Americas, and has taken the lead in promoting OAS development programs. These reflect U.S. interests and initiatives for Inter-American collaboration. However, the programs emphasize Latin American capabilities to accelerate Latin American development, particularly the flow of expertise from the more advanced countries of the Hemisphere to their lesser developed neighbors.

-- OAS development programs are directed towards trade promotion, economic and social development, transfer of science and technology, and the improvement of education. In response to U.S. initiatives, efforts are being made to strengthen the design and evaluation of programs and projects.

The United States finances 66% of the assessed and the voluntary contributions of the OAS. This is actually less than the U.S. capacity to pay relative to other members based on the UN formula for assessed contributions. (Assessments are annual membership "dues" for operational costs whereas the "voluntary contributions" are for developmental activities).

-- The UN formula takes into consideration population and per capita income factors.

-- It is the policy of the United States to broaden the funding base of the OAS and counter a misleading impression of U.S. domination on account of its 66% share. The United States has formally declared its intention to seek to reduce its assessments to OAS to 49%.

-- The United States is encouraging other members to increase their voluntary assistance. The wealthier countries of the region, notably Brazil, Argentina and Mexico, are already net contributors to three of the four OAS programs, and are collaborating with less developed countries of Latin America through regional programming arrangements.

-- Our voluntary contributions to the OAS are only a small portion of our total voluntary contributions, and yet the United States has a special relationship with the developing countries of Latin America and the Caribbean.

The interests of the United States and its citizens are directly served by our support of, and participation in, the UN development system and the development programs of the OAS, as well as in the UN University.

-- The United Nations Relief and Works Agency (UNRWA) is easing political tensions in the Middle East through humanitarian efforts, supplementing U.S. peacemaking efforts.

-- The United Nations Environment Program (UNEP) has established "Earthwatch" including a Global Environmental Monitoring System (GEMS) to better assess the limits and effects of pollution of the earth's life support systems. Concurrently, the World Weather Watch of the UN Meteorological Organizations helps counter natural disasters. These kinds of problems require worldwide surveillance and cooperative action through the UN system.

-- United States contributions to the International Atomic Energy Agency advance the peaceful uses of atomic energy while improving acceptance and support for Agency safeguards and physical protection activities.

-- American research and training institutions will play an active role as part of a network of advanced training and research institutions working through the UN University to help find practical solutions to global problems.

-- UNDP procurement benefits U.S. suppliers. In 1975 the United States was the largest supplier of UNDP-funded equipment orders, of subcontracts awarded by UNDP to firms, and of UNDP training fellowships. When combined with the salaries of U.S. experts in the field, and of UNDP Headquarters expenditures in New York City, the value significantly exceeded the U.S. contribution to UNDP in 1975. Similarly, OAS headquarters expenditures in Washington, D. C., and OAS procurement in the United States return a significant share of our contributions to the U.S. economy.

-- American firms benefit from investment opportunities resulting from UNDP feasibility studies and pre-investment projects. UNDP studies serve as an important base for rational capital investment. Investment is made by the World Bank, governments, and private firms.

** In the past three years, for example, UNDP-funded projects in natural resources exploration led to an estimated $1.6 billion in follow-up investments.

-- U.S. citizens obtain direct benefits from multilateral action against epidemics, traffic in drugs, population expansion, and for the regulation of air and sea traffic and communications.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
TRANSITION QUARTER - ACTUAL
(in millions of dollars)

	Unliq. Bal. (Pipeline) 6/30/76	Transition Quarter Appropriation	Other Funds Available	Total Available for Disb.	From Prior Year Funds	From Trans. Qtr. Prog.	Total	Unliq. Bal. (Pipeline) 9/30/76
FUNCTIONAL DEVELOPMENT ASSISTANCE								
Food and Nutrition	769.9	112.5	-25.8	856.6	-10.0	-1.8	-11.8	868.4
Population Planning and Health	243.8	33.5	19.2	296.5	14.4	3.0	17.4	279.1
Education and Human Resources Development	97.6	8.8	8.7	115.1	- 1.0	- .1	- 1.1	116.2
Selected Development Activities	169.7	11.1	16.6	197.4	6.9	1.9	8.8	188.6
Development Loans, pre-1974	378.3	-	-	378.3	107.6	-	107.6	263.6 a/
Subtotal, Functional Accounts	1,659.3	165.9	18.7	1,843.9	117.9	3.0	120.9	1,715.9
INTERNATIONAL ORGANIZATIONS AND PROGRAMS								
UN Technical Assistance and Other Programs	93.6	16.3	.2	110.1	20.8	55.2	76.0	34.1
UN Environment Fund	7.5	-	-	7.5	5.0	1.5	6.5	1.0
Indus Basin Development Fund, Grants	8.8	2.3	- 8.9	2.2	-	2.2	2.2	-
Indus Basin Development Fund, Loans	1.2	-	8.8	10.0	-	-	-	10.0
Subtotal, Int'l. Organizs. and Programs	111.1	18.6	.1	129.8	25.8	58.9	84.7	45.1
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOP.	200.0	-	-	200.0	-	-	-	200.0
AMERICAN SCHOOLS AND HOSPITALS ABROAD	23.9	2.4	-	26.3	5.2	1.8	7.0	19.2
INTERNATIONAL DISASTER ASSISTANCE	64.7	5.0	-16.2	53.5	2.1	1.1	3.2	50.3
OTHER ASSISTANCE PROGRAMS								
Cyprus Relief and Rehabilitation	20.0	5.0	-	25.0	5.0	-	5.0	20.0
Famine or Disaster Relief in the Sahel	.5	-	- .4	.1	-	-	-.4	.5
Disaster Relief and Reconstruction	97.3	-	1.9	99.2	15.0	-	15.0	84.2
Refugee Relief Assistance (Bangladesh)	2.3	-	-2.2	-	.1	-	-.1	.1
Portugal and Portuguese Colonies in Africa	15.1	-	-1.3	13.8	.5	-	.5	13.3
African Development Program	5.0	-	-	5.0	-	-	-	5.0
Albert Schweitzer Hospital	1.0	-	-	1.0	-	-	-	1.0
Social Progress Trust Fund	18.1	-	-	18.1	-	-	-	18.1
Prototype Desalting Plant	19.5	-	.5	19.0	.5	-	-.5	19.5
Subtotal, Development Assistance	2,237.8	196.9	1.1	2,435.8	170.5	64.8	235.3	2,192.2
OPERATING EXPENSES	189.4	55.5	- 4.2	240.7	29.3	166.8	196.1	44.6
FOREIGN SERVICE RETIREMENT AND DISAB. FUND	.6	-	-	.6	.6	-	.6	-
INDOCHINA POSTWAR RECONSTRUCTION	127.6	-	-	127.6	- 3.3	-	- 3.3	15.1 b/
PRESIDENT'S FOREIGN ASST. CONTINGENCY FUND	13.0	1.3	-.4	13.9	.6	.4	1.0	6.2 c/
SECURITY SUPPORTING ASSISTANCE	1,551.5	269.7	-12.4	1,808.8	265.8	18.8	284.6	1,524.2
MIDDLE EAST SPECIAL REQUIREMENTS FUND	114.6	10.0	- 7.5	117.1	4.0	3.9	7.9	109.2
TOTAL	4,234.5	533.3	-23.4	4,744.5	467.5	254.7	722.2	3,891.5

a/ Excludes $7.1 in deobligations transferred to functional accounts.
b/ Excludes $115.7 unobligated balanced returned to Treasury.
c/ Excludes $6.7 of unobligated funds which lapsed.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
Fiscal Year 1977 - Estimated
(in millions of dollars)

	Unliq. Bal. (Pipeline) 9/30/76	FY 1977 Approp-riation	Other Funds Available	Total Available for Disb.	Outlays: From Prior Year Funds	Outlays: From FY 1977 Program	Outlays: Total	Unliq. Bal. (Pipeline) 9/30/77
FUNCTIONAL DEVELOPMENT ASSISTANCE								
Food and Nutrition	868.4	505.0	-18.7	1,354.7	269.1	111.8	380.9	973.8
Population Planning and Health	279.1	214.0	8.2	501.3	113.3	50.1	163.4	337.8
Education and Human Resources Development	116.2	70.0	23.7	209.9	48.9	20.2	69.1	140.9
Selected Development Activities	188.6	67.0	- 4.8	250.8	49.9	24.7	74.6	176.2
Development Loans, pre-1974	263.6	-	-	263.6	140.1	-	140.1	123.5
Subtotal, Functional Accounts	1,715.9	856.0	8.4	2,580.3	621.3	206.9	828.1	1,752.2
INTERNATIONAL ORGANIZATIONS AND PROGRAMS								
UN Technical Assistance and Other Programs	34.1	215.0	-	249.1	30.8	152.0	182.8	66.3
UN Environment Fund	1.0	10.0	-	11.0	1.0	5.0	6.0	5.0
Indus Basin Development Fund, Grants	-	15.8	-	15.8	-	15.7	15.7	.1
Indus Basin Development Fund, Loans	10.0	-	-	10.0	10.0	-	10.0	-
International Atomic Energy Agency Safeguards	-	3.0	-	3.0	-	2.1	2.1	.9
Subtotal, Int'l. Organiz. and Programs	45.1	243.8	-	288.9	41.8	174.8	216.6	72.3
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOP.	-	-	200.0	200.0	-	2.0	2.0	198.0
AMERICAN SCHOOLS AND HOSPITALS ABROAD	19.2	19.8	-	39.0	9.5	9.0	18.6	20.5
INTERNATIONAL DISASTER ASSISTANCE	70.3	45.0	16.3	131.6	42.2	30.6	72.8	58.8
OTHER ASSISTANCE PROGRAMS								
Cyprus Relief and Rehabilitation	20.0	-	-	20.0	5.0	-	5.0	15.0
Famine or Disaster Relief in the Sahel	.5	-	-	.5	.5	-	.5	-
Disaster Relief and Reconstruction	84.2	-	-	84.2	42.1	-	42.1	42.1
Refugee Relief Assistance (Bangladesh)	.1	-	-	.1	.1	-	.1	-
Portugal and Portuguese Colonies in Africa	13.3	-	1.3	14.6	5.1	.7	5.7	8.8
African Development Program	5.0	-	-	5.0	2.3	-	2.3	2.7
Albert Schweitzer Hospital	1.0	-	-	1.0	.5	-	.5	.5
Social Progress Trust Fund	18.1	-	-	18.1	6.0	-	6.0	12.1
Prototype Desalting Plant	20.0	-	-	20.0	3.5	-	3.5	16.5
Subtotal, Development Assistance	2,013.7	1,164.6	226.0	3,403.3	779.9	424.1	1,203.8	2,199.5
OPERATING EXPENSES	44.6	195.4	6.6	246.6	39.3	162.4	201.7	44.9
FOREIGN SERVICE RETIREMENT AND DISABILITY FUND	-	21.3	-	21.3	-	21.3	21.3	-
INDOCHINA POSTWAR RECONSTRUCTION	15.1	-	-	15.1	11.1	-	11.1	(4.0)[a]
PRESIDENT'S FOREIGN ASSISTANCE CONTINGENCY FUND	6.2	5.0	-	11.2	2.4	2.0	4.4	6.8
SECURITY SUPPORTING ASSISTANCE	1,524.2	1,734.7	12.4	3,271.3	642.8	881.0	1,523.8	1,747.5
MIDDLE EAST SPECIAL REQUIREMENTS FUND	109.2	23.0	7.4	139.6	27.3	8.3	35.6	104.0
TOTAL	3,712.0	3,144.0[b]	252.4	7,107.9	1,502.8	1,499.1	3,001.7	4,102.7
LESS LOAN RECEIPTS							-496.8	
NET OUTLAYS, AGENCY FOR INTERNATIONAL DEVELOPMENT							2,504.9	

a/ $4.0 deobligated and returned to Treasury.
b/ Includes supplemental requests of $28 for UNRWA, $3 for International Atomic Energy Agency Safeguards, $3.4 for expenses of the October 1976 pay raise and $4.57 for the Foreign Service Retirement and Disability Fund.

AGENCY FOR INTERNATIONAL DEVELOPMENT
Cash Outlays and Unliquidated Balances
Fiscal Year 1978 - Proposed
(in millions of dollars)

	Unliq. Bal. (Pipeline) 9/30/77	FY 1978 Approp-riation	Other Funds Available	Total Available for Disb.	Outlays: From Prior Year Funds	Outlays: From FY 1978 Program	Outlays: Total	Unliq. Bal. (Pipeline) 9/30/78
FUNCTIONAL DEVELOPMENT ASSISTANCE								
Food and Nutrition	973.8	550.0	-	1,523.8	306.6	128.7	435.3	1,088.5
Population Planning and Health	337.8	-	-	337.8	139.8	-	139.8	198.0
Population	-	167.0	-	167.0	-	46.1	46.1	120.9
Health	-	104.9	-	104.9	-	14.9	14.9	90.0
Education and Human Resources Development	140.9	84.4	-	225.3	59.5	21.6	81.2	144.1
Selected Development Activities	176.2	100.0	-	276.2	54.1	30.2	84.2	192.0
Development Loans, pre-1974	123.5	-	-	123.5	65.1	-	65.1	58.5
Subtotal, Functional Accounts	1,752.2	1,006.3	-	2,758.5	625.1	241.5	866.6	1,892.0
SAHEL DEVELOPMENT PROGRAM	-	50.0	-	50.0	-	5.0	5.0	45.0
INTERNATIONAL ORGANIZATIONS AND PROGRAMS								
UN Technical Assistance and Other Programs	66.3	236.0	-	302.3	60.0	46.6	226.6	75.7
UN Environment Fund	5.0	10.0	-	15.0	5.0	5.0	10.0	5.0
Indus Basin Development Fund, Grants	.1	-	-	.1	-	-	-	-
Indus Basin Development Fund, Loans	-	-	-	-	-	-	-	-
UN University	-	10.0	-	10.0	-	10.0	10.0	-
International Atomic Energy Agency Safeguards	.9	-	-	.9	.9	-	.9	-
Subtotal, Int'l. Organiz. and Programs	72.3	256.0	-	328.3	65.9	181.6	247.5	80.7
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOP.	198.0	-	-	198.0	12.0	-	12.0	186.0
AMERICAN SCHOOLS AND HOSPITALS ABROAD	20.5	7.5	-	28.0	10.2	3.4	13.6	14.5
INTERNATIONAL DISASTER ASSISTANCE	58.8	45.0	-	103.8	35.3	22.5	57.8	46.0
OTHER ASSISTANCE PROGRAMS								
Cyprus Relief and Rehabilitation	15.0	-	-	15.0	5.0	-	5.0	10.0
Disaster Relief and Reconstruction	42.1	-	-	42.1	21.1	-	21.1	21.1
Portugal and Portuguese Colonies in Africa	8.8	-	-	8.8	8.8	-	8.8	-
African Development Program	2.7	-	-	2.7	2.2	-	2.2	.5
Albert Schweitzer Hospital	.5	-	-	.5	.5	-	.5	-
Social Progress Trust Fund	12.1	-	-	12.1	4.3	-	4.3	7.8
Prototype Desalting Plant	16.5	-	-	16.5	7.4	-	7.4	9.1
Subtotal, Development Assistance	2,199.5	1,364.8	-	3,564.3	797.8	454.0	1,251.8	2,312.7
OPERATING EXPENSES	44.9	220.2	2.8	267.9	38.7	180.0	218.7	49.2
FOREIGN SERVICE RETIREMENT AND DISAB. FUND	-	21.4	-	21.4	-	21.4	21.4	-
PRESIDENT'S FOREIGN ASST. CONTINGENCY FUND	6.8	5.0	-	11.8	2.6	2.0	4.6	7.2
SECURITY SUPPORTING ASSISTANCE	1,747.5	1,887.2	-	3,634.7	680.5	1,107.0	1,787.5	1,847.2
MIDDLE EAST SPECIAL REQUIREMENTS FUND	104.0	25.0	-	129.0	31.2	6.8	38.0	90.9
TOTAL	4,102.7	3,523.6	2.8	7,629.1	1,550.8	1,771.2	3,322.0	4,307.2
LESS LOAN RECEIPTS							-533.4	
NET OUTLAYS, AGENCY FOR INTERNATIONAL DEVELOPMENT							2,788.6	

AUTHORIZATION AND APPROPRIATION HISTORY FOR ECONOMIC ASSISTANCE
Under the Foreign Assistance Act of 1961 and Predecessor Legislation
(Including supplementals, excluding International Narcotics Control)
FY 1948-1977
(in millions of dollars)

Fiscal Year	Authorization Request a/	Authorized by Congress b/	Appropriation Request a/	Appropriated by Congress c/
1948-49	7,370.0	6,913.0	7,370.0	6,446.3
1950	4,280.0	4,280.0	4,280.0	3,728.4
1951	2,950.0	2,762.5	2,950.0	2,262.5
1952	2,197.0	1,585.7	2,197.0	1,540.4
1953	2,475.0	1,894.3	2,499.0	1,782.1
1954	1,543.2	1,475.7	1,543.2	1,301.5
1955	1,798.1	1,571.9	1,788.5	1,528.8
1956	1,812.8	1,851.8	1,812.8	1,681.1
1957	1,860.0	1,815.1	1,860.0	1,749.1
1958	1,964.4	1,786.9	1,964.4	1,428.9
1959	2,142.1	2,070.6	2,142.1	1,933.1
1960	2,330.0	2,176.8	2,330.0	1,925.8
1961	2,875.0	2,786.3	2,875.0	2,631.4
1962	2,883.5	2,559.5	2,883.5	2,314.6
1963	3,281.3	3,074.8	3,281.3	2,573.9
1964	3,124.6	2,602.1	3,124.6	2,000.0
1965	2,461.7	2,452.0	2,461.7	2,195.0
1966	2,704.5	2,605.0	2,704.5	2,463.0
1967	3,443.4	2,628.0	2,469.0	2,143.5
1968	2,785.6	2,165.0	2,630.4	1,895.6
1969	2,554.2	1,609.8	2,498.5	1,380.6
1970	2,210.0	1,624.2	2,210.0	1,424.9
1971	2,093.7	2,093.7	2,008.0	1,733.9
1972	2,355.2	1,868.6	2,355.2	1,718.2
1973	1,970.5	1,026.5	2,256.6	1,664.2
1974	1,760.6	1,726.9	1,884.2	1,632.6
1975	2,603.5	2,584.9	2,948.7	2,049.8 d/
1976	3,192.3	3,388.3	3,216.5	3,168.9
1977	3,471.1	3,642.6	3,332.8	3,104.9

NOTE: Excludes Investment Guaranty Program (Borrowing Authority and Appropriations) and OPIC.

a/ Adjusted to fiscal year basis and includes Executive Branch adjustments.
b/ Adjusted to fiscal year basis and includes multiyear authorizations.
c/ Includes Borrowing Authority (other than for Investment Guaranties) during Marshall Plan period April 1948-52.
d/ Excludes $15,600 thousand for payment to the Foreign Service Retirement and Disability Fund. The FY 1975 payment of $16,080 thousand is funded by transfer of $480 thousand from Development Assistance funds and $15,600 thousand from funds appropriated for the same purpose in the Department of State Appropriation Act, 1975.

SECURITY SUPPORTING ASSISTANCE
VOLUME

The Security Supporting Assistance programs are designed to assist recipient countries with their economic problems through efforts consistent with U.S. interests in securing stability and peace.

In FY 1978 A.I.D. proposes a total program of $1,892.3 million for:

-- continued assistance to key Near East region countries to encourage movement toward permanent peace in that region;

-- expanded assistance to African countries in support of U.S. efforts to help attain majority rule in southern Africa through peaceful means;

-- new assistance to Jamaica to help overcome a severe economic crisis.

In addition, continuation of the Middle East Special Requirements Fund for FY 1978 is proposed at a level of $25 million.

Near East Region

Although delayed by events in Lebanon, there is promise of gaining renewed momentum toward lasting peace in the region.

-- Major programs are proposed for Israel, Egypt, Jordan, and Syria, and the Sinai Support Mission. The total requested is $1,730.2 million.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Total Security Supporting Assistance	1087.2	871.7	1751.0	1892.3
Near East	1075.2	871.1	1697.0	1747.3
Egypt	258.2	536.8	700.0	750.0
Israel	700.0	75.0	735.0	785.0
Jordan	46.4	86.1	70.0	93.0
Syria	16.5	78.5	80.0	90.0
Sinai Support Mission	a/	a/	a/	12.2
Bahrain	-	.7	.4	.1
Malta	9.5	4.8	9.5	9.5
Spain	-	-	10.0b/	7.0
Greece	-	65.0	-	-
Regional	-	-	-	.5
Cyprus	c/	-	17.5	-
Portugal	35.0	20.0	65.0d/	-
UNFICYP	9.6	4.8	9.6	e/
Africa	12.0	-	54.0	135.0
Botswana	*	*	10.0	3.0
Lesotho	*	*	*	5.0
Swaziland	*	*	*	10.5
Zambia	-	-	20.0	-
Zaire	12.0	-	20.0	10.0
Regional	*	*	4.0	6.5
Special Requirements	-	-	-	100.0
Latin America	-	-	-	10.0
Jamaica	*	*	*	10.0
Middle East Special Requirements Fund	34.3	18.3	30.4	25.0

* Programs financed with Development Assistance funds.

a/ Funded under Middle East Special Requirements Fund
b/ Includes $3.0 million carry-in from Transition Quarter
c/ $10 million provided under Section 495 of the Foreign Assistance Act of 1961 as amended
d/ Includes $10.0 million carry-in from Transition Quarter
e/ To be transferred to Department of State and funded under the International Organizations account.

-- Smaller programs are proposed for Bahrain, Malta, Spain, and Regional activities. The total requested is $17.1 million.

-- There is continued need for the Middle East Special Requirements Fund to finance programs for the West Bank and Gaza as well as to meet unanticipated needs. The request is $25 million.

Africa

Efforts to achieve peaceful political change in Africa can be strengthened by assistance to promote economic stability in the region.

-- The major element of U.S. security assistance to Africa is a Special Requirements Fund to meet economic needs arising from transition to majority rule. A total of $100 million is requested for these affected countries: Zimbabwe, Namibia, Zambia, Zaire, Botswana, Lesotho, and Swaziland.

-- An additional amount, $35 million, is requested to continue financing development activities for Botswana, Lesotho, Swaziland, Zaire and Regional activities.

Latin America

A single program of Security Supporting Assistance, to combine with efforts of other friendly countries in alleviating the economic distress of Jamaica.

-- Jamaica is a strategically located nation with a long tradition of close ties with the United States. It has a high degree of economic interdependence with our country.

-- A request of $10 million is sought for a commodity import program and for selected technical assistance activities.

NEAR EAST PROGRAMS

The request for FY 1978 Security Supporting Assistance funds for the Near East region, originally presented in the Fiscal Year 1978 Submission to the Congress, Security Supporting Assistance Programs and Middle East Special Requirements Fund (February 1977), is hereby increased from a total of $1,289.3 million to $1,747.3 million. This increase of $458 million is for the following four countries:

	$ Millions		
	Original FY 1978 Proposal	Revised FY 1978 Proposal	Increase
Egypt	625	750	125
Israel	500	785	285
Jordan	60	93	33
Syria	75	90	15
TOTAL	1,260	1,718	458

The purpose of this request is to restore the levels of Security Assistance for these four countries to the same levels as were requested for FY 1977, and thereby to demonstrate undiminished United States support for these countries' efforts to deal with their economic problems, and to demonstrate active support for their moderate policies and thereby further U.S. efforts to secure stability and lasting peace in the Middle East.

In the individual country sections that follow, revised summary tables and activity data sheets are provided to reflect the proposed changes and replace the equivalent sections of the original FY 1978 submission. In summary, the proposed changes for FY 1978 in the four country programs are as follows.

($ Millions)

EGYPT	FY 78 Original Proposal	FY 78 Revised Proposal	Change
TOTAL PROGRAM			
Suez Area Reconstruction & Development			
Grants	60	60	-
Loans	30	130	+100
National Development Program			
Grants	38.5	38.5	-
Loans	246.5	271.5	+ 25
Commodity Import Program	250	250	-
TOTAL	625	750	+125
INDIVIDUAL PROJECT CHANGES			
Suez Reconstruction - Loans			
Suez Electric Power Plant	-	100	+100
National Development Program - Loans			
Agribusiness Development	-	25	+ 25
TOTAL		125	+125

NEAR EAST PROGRAMS

($ Millions)

	FY 78		
ISRAEL	Original Proposal	Revised Proposal	Change
Commodity Import Program	400	635	+235
Cash Program Grant	100	150	+ 50
TOTAL	500	785	+285
JORDAN			
TOTAL PROGRAM			
Budget Support	40	42	+ 2
Loans for Development	15	46	+ 31
Technical Assistance	5	5	-
TOTAL	60	93	+ 33
LOANS FOR DEVELOPMENT			
Village Development II	8	5	- 3
Aqaba Water & Sewerage	7	6	- 1
Credit for Farmers Association	-	3	+ 3
Rural Electrification	-	4	+ 4
Potash Design	-	5	+ 5
Amman Water & Sewerage	-	18.5	+ 18.5
Roads Improvement II	-	4.5	+ 4.5
TOTAL	15	46	+ 31
SYRIA			
TOTAL PROGRAM			
Loans	73	88	+ 15
Technical Assistance	2	2	-
TOTAL	75	90	+ 15
LOANS			
Akkar Plain	13	28	+ 15

SECURITY SUPPORTING ASSISTANCE AND MIDDLE EAST
SPECIAL REQUIREMENTS FUND

The economic prospects of the countries in the Near East region for which Security Supporting Assistance and the Middle East Special Requirements Fund are proposed have a major impact on U.S. security interests and the achievement of United States foreign policy objectives. The Security Supporting Assistance programs outlined herein are designed to help these countries deal with their economic problems, to manifest active United States support for their moderate policies, and thereby further U.S. efforts to secure stability and lasting peace.

-- Major programs are proposed for Israel, Egypt, Jordan, and Syria, and the Sinai Support Mission, in support of our continuing efforts to achieve a just and durable peace in the Middle East. The total requested for these Security Supporting Assistance programs is $1730.2 million.

-- Other Security Supporting Assistance programs are proposed for Bahrain, Malta, Spain, and Regional Activities. For FY 1978 these total $17.1 million.

-- Of the total Near East Security Supporting Assistance request of $1747.3 million for FY 1978, $1045.5 million is to be loans and $701.8 million is to be grants.

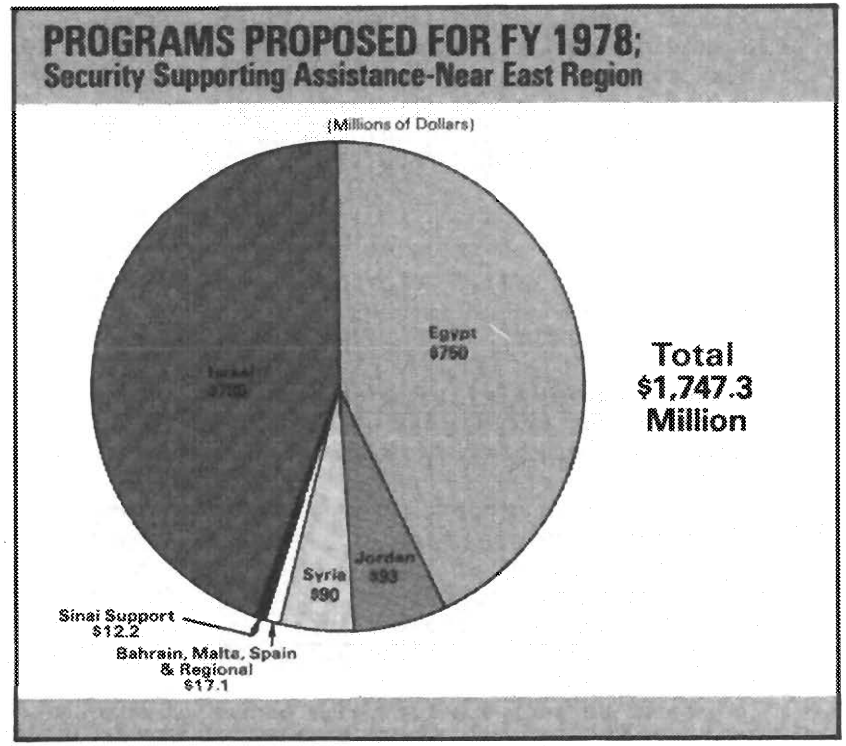
-- Continuation of the Middle East Special Requirements Fund (MESRF) for FY 1978 is also proposed. The $25.0 requested will provide $3 million for continuing programs for the West Bank and Gaza with the balance to enable the United States to respond quickly to unanticipated needs, particularly those that may be related to the peace process, arising in the Middle East.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Revised Proposal
Security Supporting Assist.	1075.2	871.7	1697.0	1747.3
Egypt	258.2	536.8	700.0	750.0
Israel	700.0	75.0	735.0	785.0
Jordan	46.4	86.1	70.0	93.0
Syria	16.5	78.5	80.0	90.0
Sinai Support Mission	a/	a/	a/	12.2
Bahrain	-	.7	.4	.1
Malta	9.5	4.8	9.5	9.5
Spain			10.0b/	7.0
Greece	-	65.0	-	-
Regional	-	-	-	.5
Cyprus	c/	-	17.5	-
Portugal	35.0	20.0	65.0d/	-
UNFICYP	9.6	4.8	9.6	e/
Middle East Special Requirements Fund	34.3	18.3	30.4	25.0

a/ Funded under Middle East Special Requirements Fund
b/ Includes $3.0 million carry-in from Transition Quarter
c/ $10 million provided under Section 495 of the Foreign Assistance Act of 1961 as amended
d/ Includes $10.0 million carry-in from Transition Quarter
e/ To be transferred to Department of State and funded under the International Organizations account.

SECURITY SUPPORTING ASSISTANCE AND MIDDLE EAST
SPECIAL REQUIREMENTS FUND



Middle East

Movement toward a permanent peace in the Middle East, although delayed by the events in Lebanon, now appears to have promise of gaining renewed momentum.

The realization of that promise will depend in part on continued strengthening of the economies of the region and improving the prospects offered to the people for sustained economic and social development.

The overall purposes of Security Supporting Assistance in the Middle East cited to the Congress last year continue to be valid:

-- to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process;

-- 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;

-- to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The countries of the region as a whole have achieved economic gains in the past year.

-- Israel, after nearly no growth in 1975 and a large increase in the balance of payments deficit, has registered growth of about 3% in GNP in 1976 and with rising exports has achieved a substantial reduction in its trade deficit.

-- Egypt continued to rebuild the Suez area and to rehabilitate the economy. The economy benefited particularly from the reopening of the Suez Canal and the return of the Sinai oil fields.

-- Jordan's economy received a strong stimulus from the growing remittances of workers emigrating to the Gulf States.

-- Syria, on the other hand, has had to adjust its economic plans, in part because of the economic strain of its involvement in Lebanon and the burden of the Lebanese refugees.

All of these countries continue to face serious economic

BEST AVAILABLE

difficulties for which they seek our help. It continues to be in the U.S. national interest to be responsive to their needs.

Israel

Despite arduous efforts, Israel still confronts massive economic problems. While 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 one of the highest in the world; this debt at the end of 1976 was nearly $9 billion, or some $2,550 per capita.

-- Economic austerity measures carried out by the government are, however, beginning to take hold in some areas; the balance of payments, in particular, has shown improvement. Exports in 1976 grew even more than expected and Israel has been able to pay off an estimated $250 million of its short-term foreign debt.

Until security conditions in the region improve and Israel's defense burden is lessened, Israel will need help from outside.

-- For this help, Israel depends almost exclusively on the United States.

-- The only other donors providing substantial economic assistance to Israel are Germany and the international organizations. Their help is on a much smaller scale.

FY 1978 Program

In FY 1978, A.I.D. requests $785 million in Supporting Assistance funds to continue to help Israel meet its very substantial financial burdens. Of this amount, $635 million will be used to finance commodity imports ($375 million on a grant basis and $260 million on a concessionary loan basis), and 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 to Security Supporting Assistance, $8.3 million is programmed for FY 1978 under the PL 480 Title I program and $25 million is contemplated for the Housing Investment Guaranty program.

Egypt

Egypt's leaders continue to show courage and moderation 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 interdependent strategy of peace and development is to succeed. The recently appointed new cabinet with its strong "economic team" will hopefully accelerate movement in this direction.

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

-- Per capita GNP is less than $300 and has gained little in recent years.

-- Literacy is only 40%.

-- The small amount of arable land, only 3% of the total, 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 and development must be continued.

-- Egypt's industrial plant and infrastructure have deteriorated as resources have been used for heavy military expenditures in past years.

-- The level of external debt is so great that it is now 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 problem; although current estimates are that the 1976 trade deficit will be slightly less than the $2.5 billion gap in 1975, it will still be a problem of huge proportions.

Current Program Activities

From its inception in FY 1975, A.I.D.'s assistance program has sought to support Egypt's economic priorities by placing heavy emphasis on commodity import financing to support the balance of payments, reconstruction of the Suez area, and improvements to those aspects of infrastructure necessary to restore economic stability and promote growth. PL 480 assistance also has played an important role in helping to meet Egypt's food import requirements.

Major projects for which funding already has been provided, or is planned under the FY 1977 program, include power plants and distribution systems in the Suez area and a new cement plant to be located near Suez city.

-- Power plants are also being financed at Helwan and Talka.

-- Improvements are being financed for the Port of Alexandria along with additional grain handling and storage facilities for Alexandria and Cairo.

-- Projects are also in the program for drainage, irrigation equipment, water management and health programs for the rural poor.

The oil-producing Arab countries and the international organizations also are providing strong support to the Egyptian economy, and progress is being made toward the formation of a World Bank Consultative Group. Assistance from all available sources continues to be essential if Egypt is to meet its immediate needs and bring some measure of economic progress to its people.

FY 1978 Program

The FY 1978 Security Supporting Assistance requested for Egypt is $750 million of which $651.5 million is for loans on concessional terms and $98.5 million is for grants. PL 480 programs of $146 million are also planned. Major elements are:

-- financing essential imports primarily from the United States ($250 million loan);

-- reconstruction and development of the Suez area with a grant of $60 million for water and sewerage facilities and loans of $30 million for port development and $100 million for electric power.

-- National Development Program ($271.5 million in loans), including major proposed projects for telecommunications, railway rolling stock, cement and flat glass plants, the Development Industrial Bank, food storage, and agricultural mechanization.

-- National Development Program ($38.5 million in technical assistance grants), including the areas of rural development, health and population, education and manpower, and technology transfer and planning where programs deal increasingly with the problems of the poor majority;

-- A PL 480 Title I program of almost $130 million consisting primarily of wheat along with a Title II program of $16.1 million.

Jordan

Jordan continues to be a force for moderation in the Middle East and to maintain its traditional friendship with the United States. These positions depend, in part, on continued economic stability in Jordan. This, in turn, depends upon the availability of economic assistance on concessional terms.

-- Jordan's economy has a limited resource base and thus is dependent on outside help. For example, despite substantial recent increases in exports, they still pay for only about a quarter of Jordan's imports.

Jordan seeks to take advantage of improving security in the Middle East to devote increased attention to its development needs. It is currently launching an ambitious five-year development plan (1976-80). Key targets include:

-- annual national income growth of 12%;

-- an increase from 50% to 70% of that portion of the national budget financed from domestic revenues.

Current Program Activities

Budgetary support to help Jordan meet essential civilian outlays continues to be our major emphasis but the relative emphasis on priority development activities is increasing.

Important current A.I.D.-financed activities now being implemented include:

-- expanding irrigation in the Jordan Valley;

-- other Jordan Valley infrastructure and extensive technical assistance and rural development activities;

-- road construction from Yarmouk to the Dead Sea and from Ma'an to Quweria;

-- school construction at various locations in Jordan.

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 the increasing emphasis Jordan wants to give to development.

FY 1978 Program

We are requesting Security Supporting Assistance of $93 million for Jordan for FY 1978 of which $47 million is to be grants and $46 million loans. PL 480 programs are also planned. Major elements of Security Supporting Assistance are:

-- budgetary support grants of $42 million;

-- capital loans of $46 million for rural development in the Jordan Valley and for Aqaba water and sewerage;

-- technical assistance grants of $5 million for food and nutrition, health, education, and selected projects in planning and development.

PL 480 programs are planned at $5.9 million in FY 1978 under Title I and at $1.8 million under Title II.

Syria

U.S. economic assistance to Syria is a continuing, tangible demonstration of the importance we place on our new relationship with Syria and on Syria's positive role in the Middle East. Syria is a less developed country with a need to sustain its recent economic progress.

-- Per capita income is about $560.

-- Literacy is only 40%.

-- More than half of the labor force is in agriculture.

High priority in Syria's development plans is given to increasing agricultural production and small-scale industry. Needed infrastructure is also given great weight.

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

-- Economic growth has slackened in the past year but, with the Lebanon situation stabilizing and a decline in the refugee burden, it is expected to resume its upward trend.

Current Program Activities

Since the resumption of aid to Syria in FY 1975, U.S. assistance has been directed towards Syria's major developmental priorities. Major programs and projects being implemented include:

-- the import of modern agricultural equipment;

-- a new highway from Damascus to the Jordanian border;

-- the Damascus municipal water supply system;

-- improved health delivery systems for both rural and urban poor;

-- training of Syrian technicians and policy-level officers in the United States.

The other Arab countries and the international organizations also are contributing to the Syrian development effort. Our overall relationships with Syria are strengthened by participating in this effort and helping Syria meet some of its pressing development needs.

FY 1978 Program

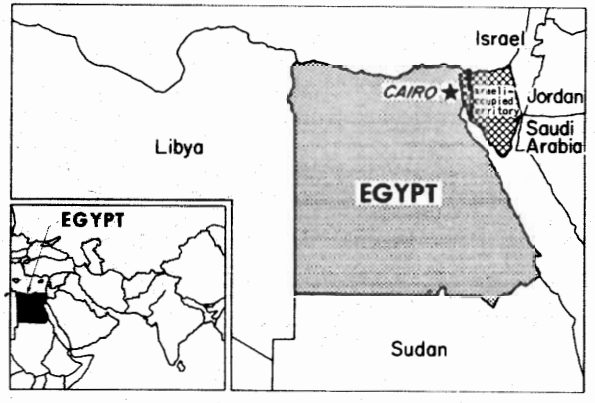
The proposed Supporting Assistance program is for $90 million, of which $88 million will be for loans on concessional terms and $2 million will be grants. PL 480 programs of $19.2 million also are planned.

The main elements in the program are:

-- Akkar Plain irrigation system ($28 million loan) for irrigating about 55,000 acres;

-- Latakkia-Tartous highway ($60 million loan) for improving transportation between these two important centers;

Egypt - GENERAL ECONOMIC AND SOCIAL DATA



BASIC DATA

Population (millions - mid-1976)	38.1
Annual Growth Rate (percent)	2.2
Area (1,000 square miles)	387
Population Density per square mile	98
Agricultural Land as % of Total Area	3
Percent of Labor Force in Agriculture	45
Life Expectancy (years)	52
People per Doctor	1,510
Literacy Rate (percent)	40
Students as Percent of 5-19 Age Group (Primary & Secondary)	43
GNP per Capita (dollars - 1974)	280*
Annual Average Growth Rate (percent - 1965-74)	1.0+

* - Estimate in IBRD 1976 Annual Report.
\+ - Estimate in IBRD 1976 World Atlas.

AGRICULTURE	1972	1973	1974	1975	1976 Est.
Agricultural Production Index (1961-65=100)	119	120	118	119	124
Index per Capita	95	94	91	89	91
Corn (1,000 M.T.)	2,421	2,508	2,641	2,782	2,850
Rice (1,000 M.T.)	2,507	2,274	2,242	2,423	2,500
Wheat (1,000 M.T.)	1,618	1,938	1,884	2,034	2,075
Cotton (1,000 M.T.)	514	493	440	370	385
INTERNATIONAL TRADE ($ millions)[a]					
Total Exports (f.o.b.)	813	1,001	1,671	1,566	n.a.
Cotton	373	295	700	514	n.a.
Total Imports (c.i.f.)	1,287	1,660	3,469	4,322	n.a.
Trade Balance	-474	-659	-1,798	-2,756	n.a.
INTERNATIONAL RESERVES ($ millions)[b]					
Official Reserves	139	363	356	294	284(Sept.)
Commercial Bank Holdings	139	416	1,042	1,265	2,066 "
CONSUMER PRICE INDEX (1970=100)	105	110	122	133	141(3 mos)

- Million Dollar Equivalents -

CENTRAL GOVERNMENT FINANCES[c] (FY Ending Dec. 31)	1972	1973	1974	1975(Prelim.)[R]
Total Expenditures	3,871	4,475	5,978	6,560
(Defense Expenditures)	(1,308)	(1,436)	(1,554)	(1,329)
(As % of Total Expenditures)	(34%)	(32%)	(26%)	(20%)
(Capital Outlays)	(1,058)	(1,153)	(1,443)	(1,735)
Total Domestic Revenues	1,904	2,124	2,533	3,133
Deficit (-) or Surplus (+)	-1,967	-2,351	-3,445	-3,427

FY 1975 U.S. ECONOMIC ASSISTANCE
a. As % of Country Central Government Expenditures 6%
b. As % of Country Imports of Goods and Services 7%

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT AS % OF GOODS AND NON-FACTOR SERVICES (1974) 32.0%

a - Balance of Payments data. b - Gross basis, end of period. c - Current price data converted at $2.556 per Egyptian pound. R - Revised data.
n.a. - Not available.

Objectives of U.S. Assistance

Peace in the Middle East is a major U.S. foreign policy goal. Egypt has played a leading role in the Arab world in moving away from confrontation and toward the implementation of two interim settlements that provide for the disengagement of Egyptian and Israeli forces and that establish a political framework conducive to the achievement of a just and lasting peace.

Further movement in negotiating a just settlement of a permanent, durable nature will be best served by an Egyptian commitment to economic and social progress rather than hostility as a means of achieving national goals. Egypt has demonstrated its desire to pursue this commitment.

--As Egypt's economy strengthens so does the ability of its leaders to act as a force for moderation in the Middle East and to provide leadership in achieving a permanent peace settlement.

The objective of U.S. assistance is to support these economic and social objectives in a way that will permit Egypt to meet its legitimate aspirations through peaceful means and thereby help to create important preconditions for a lasting peace.

Political and Economic Setting

Egypt's leaders have shown political courage in their efforts to negotiate a long-term peace settlement.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed Revised
Suez Area Reconstruction and Development				
Grants	101.7	94.0	-	60.0
Loans	-	-	-	130.0
National Development Program				
Grants	6.5	13.8	30.0	38.5
Loans	-	264.0	230.0	271.5
Commodity Import Program	150.0	165.0	440.0	250.0
Total	258.2	536.8	700.0	750.0
Grants	(108.2)	(107.8)	(30.0)	(98.5)
Loans	(150.0)	(429.0)	(670.0)	(651.5)

--Their turn toward moderation has helped in efforts to encourage other Arab confrontation states to seek a peaceful solution.

--The Egyptian leadership also has placed significant reliance on concessional assistance and private investment from Western nations to support their domestic economic and social objectives.

--Egypt's ability and willingness to continue movement toward a lasting peace will depend to a large extent on progress in solving its pressing economic problems.

Egypt's economy suffers from a critical shortage of foreign exchange needed to implement a vigorous national development program. For 1976, Egypt will have a trade deficit estimated at approximately $3 billion; it also will continue to have severe debt servicing problems. In past years oil-producing donor nations financed a large part of Egypt's balance of payments deficit, but their anticipated levels of assistance clearly are insufficient to meet Egypt's needs.

Egypt's current economic problems include:

--a shortage of foreign exchange with which to finance investment programs;

--a limited availability of arable land increasingly strained by a population growing at about 2.3% per year;

--shortages in electrical generation and cement production, a poor communications network, limited port facilities and inadequacies in other elements of economic and social infrastructure:

--seriously deteriorated industrial production facilities.

In spite of the problems that limit its economic expansion, Egypt possesses many of the resources needed to improve the standard of living of its people.

--It has a skilled population.

--It has varied capabilities for earning foreign exchange:

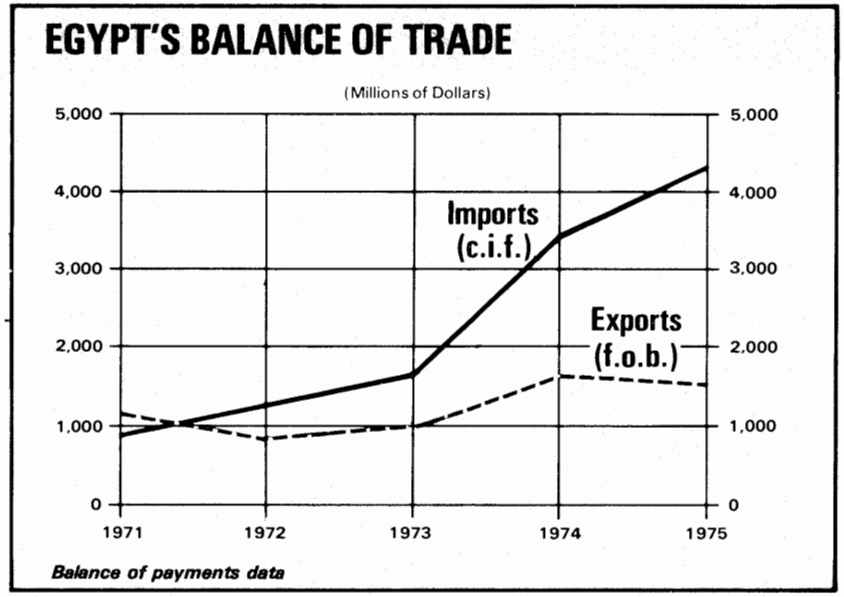
** A large number of its citizens are able to find relatively high paid employment abroad and remittances from these citizens are expected to total $400 million in 1976.

** Tourism is expected to contribute some $450 million in 1976 and considerably more in 1977 and beyond as new hotels are completed.

** Suez Canal revenues are increasing and should reach $500 million annually by 1980.

-- Oil production prospects are good; production may reach one million barrels per day by the early 1980s.

Egypt will need significant outside assistance, however, to help overcome its immediate balance of payments problems and to provide the basis for sustained growth in the future. Because of the severe scarcity of foreign exchange in Egypt during the late 1960s and early 1970s there is a large pent up demand in Egypt today for the imports needed to revitalize and modernize the productive sectors of the economy.



Education and Manpower

Egypt has an impressive University system that graduates approximately 50,000 baccalaureate level students annually. It also has a system of vocational schools to produce the technical skills needed in the economy. The vocational system, however, has proven inadequate to the task, and Egypt has a serious shortage of skilled workers, particularly in the construction and service trades. Egypt needs:

-- expanded and improved vocational training;

-- a better alignment of training and education with manpower needs of the economy.

Egypt also has a great need for updated technology and administrative systems. It needs:

-- technical and scientific information across a broad front;

-- improved scientific research and a better linkage of research efforts with development needs;

-- expanded contacts with U.S. technical and management specialists.

Current Program Activities

From the inception of A.I.D.'s current assistance program in FY 1975 we have followed Egypt's priorities by placing heavy emphasis on:

-- the reconstruction of the Suez area;

-- the provision of balance of payments support in the form of commodity import financing;

-- basic infrastructure necessary for better economic performance and growth.

FY 1975 and FY 1976 financing supported:

-- New power generation and distribution systems, largely in the Suez Canal area (through financing of the Ismailia power plant and power distribution network) but also in other areas of the country (notably Helwan and Talkha which will receive gas turbine generating facilities under a FY 1976 A.I.D. loan). This focus on power requirements will continue in FY 1977 with new generating facilities in Suez City and improved distribution networks in Cairo and other major cities.

-- Investments in other elements of infrastructure including

** the financing of road building equipment for the Suez reconstruction program in FY 1975;

** a new cement plant to be located near Suez City and required in connection with the Suez reconstruction program financed in FY 1976;

** new grain unloading and storage equipment for installation in Alexandria and Cairo in FY 1975. Additional grain storage facilities will be financed in FY 1977.

-- Improvements in agriculture infrastructure. A loan for the production of plastic pipe needed in Upper Egypt drainage programs was authorized in FY 1976. Efforts in this area will continue in FY 1977 with loans to provide improved irrigation canal maintenance equipment and new irrigation pumping systems.

To an increasing degree the program over the past two years has sought to bring the benefits of development to the poor, particularly those living in rural Egypt:

-- a Water Use and Management project begun in FY 1976 designed to increase farm productivity.

-- a rural health project, also begun in FY 1976, will improve the quality of health and family planning delivery services in rural areas;

-- new technical assistance activities in FY 1977 will deal with the development of local government, the delivery of social services, population and family planning, poultry production, rice research and applied scientific research.

Additional projects that deal directly with the problems of the poor majority are being developed for initial implementation in FY 1978.

FY 1978 Program

In FY 1978 we propose to provide $750 million to Egypt in the following program areas:

Balance of Payments Support

-- A $250 million loan will continue the Commodity Import program that helps fill Egypt's balance of payments gap by financing the import from U.S. sources of a variety of items needed in the production and service sectors of the economy.

-- We also plan a $130 million PL 480 Title I program primarily for wheat and wheat flour, and a PL 480 Title II program of $16 million that will concentrate on maternal-child health and nutrition programs.

Suez Reconstruction

A grant of $60 million will be provided for the reconstruction and development of water and sewage facilities in the canal cities of Port Said, Ismailia and Suez City.

Loans of $30 & $100 million will finance new port development at Suez City and Port Said and a Suez electric plant.

National Development Program

Infrastructure and Industrial Development

Loans amounting to $202.5 million will be provided for:

-- Telecommunications ($40 million) - to improve the capacity of the Egyptian telecommunications system to meet current needs and provide the basis for future expansion of telephone and telex systems in the country.

-- Railway Rolling Stock ($40 million) - to expand domestic construction of railway wagons to relieve current shortages and provide the basis for future railway traffic increases.

-- Maadi Cement Plant ($95 million) - to construct a cement plant capable of producing one million tons of cement per year to help meet a continuing cement shortage.

-- Flat Glass Plant ($15 million) - to alleviate the shortage of sheet glass required by the domestic construction and housing industry.

-- Development Industrial Bank ($12.5 million) - to support new private sector investment in the country.

Food and Agriculture

Loans amounting to $69 million will be provided for:

-- Grain and Vegetable Oil Storage ($25 million) - to construct silos and other storage facilities to reduce losses.

-- Agriculture Mechanization ($19 million) - to make it possible for Egyptian farmers to purchase appropriate kinds of machinery and equipment.

-- Agribusiness Development ($25 million) - to enlarge the role of the private sector in new agricultural production.

Grants of $5.7 million will be provided for:

-- Water Use and Management ($1.5 million) - to make it possible for Egyptian farmers to purchase appropriate kinds of machinery and equipment needed to increase the efficiency of land use.

-- Local Development ($1.5 million) - to improve the administration and evaluation of local development projects.

-- Rice Research ($450,000) - to improve the productivity of Egypt's rice growing regions.

-- Poultry Improvement ($1.5 million) - to increase the production of poultry.

-- Aquaculture Development ($750,000) - to expand fish capture in inland lake areas, improve the operations of existing public sector fish farms, and investigate the feasibility of introducing fish culture in village areas.

In addition, PL 480 Title II programs for maternal and child health and other feeding programs will amount to approximately $16 million in FY 1978.

Health and Population

A total of $8.8 million in technical assistance grants will be provided for:

-- Rural Health Development ($1.8 million) - to improve the effectiveness of the existing rural health system and expand its outreach capacity.

-- Urban Low Cost Health Delivery ($2 million) - to better systematize the delivery of health services in urban areas and to expand the outreach capacity of the system.

-- Family Planning ($5 million) - to assist Egypt in the comprehensive delivery of family planning services and to provide needed contraceptive supplies.

Education and Manpower

A total of $3.4 million will be provided to assist the Egyptians establish and equip vocational training facilities and improve their curriculum design and teaching technology.

Technology Transfer and Planning

A total of $18.1 million will be provided for the following technical assistance grants:

-- Technology and Feasibility Studies III ($6 million) - to provide for consultants to the Egyptian Government for development of projects for A.I.D. financing.

-- Technology Transfer and Manpower Development IV ($2 million) - to provide training in the United States and other countries for key Egyptian officials and to provide for experts in specific development fields.

-- Applied Science and Technology Research ($4.2 million) - to improve the institutional capability of the Egyptian scientific community to develop and manage research programs directed toward the solution of priority development problems in Egypt.

-- Social Affairs Training Center ($2 million) - to develop improved training systems for personnel involved in social work programs.

-- Development Information Systems ($1 million) - to increase the capacity of Egypt to reach its masses with development information and motivational messages.

-- Development Planning Studies ($2.2 million) to improve the capability of the Egyptian Government to design, review, and present projects for financing by private sector and other donor sources.

-- Low Cost Housing Development ($700,000) - to improve the housing of the urban poor in Egypt.

RESOURCE FLOWS
(In thousands of dollars)

Program	FY 1976* (Actual)	FY 1977 (Estimated)	FY 1978 (Estimated)
A.I.D.**			
Loans	92,343	317,275	534,100
Grants	1,341	41,951	95,515
Total A.I.D.	93,684	359,226	629,615
P.L. 480***			
Title I	190,807	200,000	129,900
Title II	5,554	12,405	16,122
Total P.L. 480	196,361	212,405	146,022
Total A.I.D. and P.L. 480	290,045	571,631	775,637

*Includes Transition Quarter.
**A.I.D. levels represent actual and estimated expenditures.
***P.L. 480 levels represent actual and estimated value of shipments.

ADDITIONAL PROGRAM DATA

Category	FY 1976 (Actual)	FY 1977 (Estimated)	FY 1978 (Proposed)
A.I.D. Personnel[a]			
Direct Hire[b]	33	68	85
PASA[c]	1	5	5
Contract	6	10	15
Total	40	83	105
Participants[d]			
Noncontract	166	380	500
Contract	–	30	35
Total	166	410	535

[a] *U.S. nationals on duty at the end of the fiscal year.*
[b] *FY 1977 and FY 1978 levels authorized as of Nov. 30, 1976.*
[c] *Participating agency technicians.*
[d] *Programmed during the fiscal year.*

COUNTRY: EGYPT

TABLE II

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(In thousands of dollars)

Project Title	*	Project Number	FY of Initial Obligation/Date of Loan Authorization	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Grant: Future Year Obligations	Loan**: Through 9/30/76 Amount Authorized	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Authorization	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Authorization	Loan**: Proposed FY 78 Expenditures
SUEZ AREA RECONSTRUCTION																		
Electric Distribution System		263-0001	1975	30,000	20,233		9,767				-	-	-	-	-	-	-	-
Road Construction Equip.-Suez Area		263-0007	1975	14,000	-	-	7,000	-	7,000	-	-	-	-	-	-	-	-	-
Electric Power Plant		263-0009	1976	99,000	-	-	1,000	-	32,000	-	-	-	-	-	-	-	-	-
Suez Cement Plant		263-0012	1976	90,000	-	-	2,000	-	30,000	-	-	-	-	-	-	-	-	-
Suez Electric Generating Plant	*	263-0030	1978	-	-	-	-	-	-	-	-	-	-	-		-	100,000	-
Suez Canal Port Development	*	263-0047	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000	100
Canal Cities Water and Sewage Systems	*	263-0048	1978	-	-	-	-	60,000	-	-	-	-	-	-	-	-	-	-
NATIONAL DEVELOPMENT PROGRAM																		
Technology Transfer and Manpower Development I		263-0002	1975	1,000	804	-	196	-	-	-	-	-	-	-	-	-	-	-
Feasibility Studies		263-0003	1975	1,000	462	-	538	-	-	-	-	-	-	-	-	-	-	-
Grain Storage Facilities		263-0028	1975	-	-	-	-	-	-	-	44,275	-	-	-	-	2,275	-	15,000
Gas Turbine Generators		263-0008	1976	-	-	-	-	-	-	-	50,000	-	-	-	-	5,000	-	35,000
Mahalla Textile Plant Rehabilitation		263-0010	1976	-	-	-	-	-	-	-	96,000	-	-	-	-	1,000	-	40,000
Cargo Handl'g Eqpt.(Port of Alex.)		263-0014	1976	-	-	-	-	-	-	-	31,000					5,000		16,000
Tech Transfer & Manpower Dev. II		263-0011	1976	2,000	160	-	1,300		540	-	-	-	-	-	-	-	-	-
Technical and Feasibility Studies		263-0013	1976	15,000	-	-	10,000	-	5,000	-	-	-	-	-	-	-	-	-
Improvement of Rural Health Services	*	263-0015	1976	1,800	-	2,100	1,200	1,800	1,000	2,100	-	-	-	-	-	-	-	-
Water Use and Management	*	263-0017	1976	1,500	-	1,000	1,500	1,500	1,500	1,900	-	-	-	-	-	-	-	-
Bank of Alexandria		263-0018	1976	-	-	-	-	-	-	-	32,000	-	-	-	-	-	-	10,000
PVC Pipe Drainage		263-0019	1976	-	-	-	-	-	-	-	31,000	-	-	-	-	1,000	-	10,000
National Energy Control Center		263-0023	1976	-	-	-	-	-	-	-	24,000	-	-	-	-	3,000	-	7,000
Applied Science and Technology Research	*	263-0016	1977	-	-	3,900	2,200	4,200	2,500	-	-	-	-	-	-	-	-	-
Integrated Social Work Training Centers	*	263-0020	1977	-	-	1,000	500	2,000	1,500	2,000		-	-	-	-	-	-	-
Local Development	*	263-0021	1977	-	-	1,000	100	1,500	800	3,000	-	-	-	-	-	-	-	-
Technical and Feasibility Studies II		263-0025	1977	-	-	12,000	-	-	5,000	-	-	-	-	-	-	-	-	-
Technology Transfer and Manpower Development III		263-0026	1977	-	-	2,500	1,000	-	1,500	-	-	-	-	-	-	-	-	-
Family Planning	*	263-0029	1977	-	-	3,000	2,000	5,000	3,000	5,000	-	-	-	-		-	-	-
Rice Research	*	263-0027	1977	-	-	400	250	450	350	1,250	-	-	-	-		-	-	-
Electric Power Distribution		263-0033	1977	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-	1,000
Agriculture Development Systems	*	263-0041	1977	-	-	2,500	1,000	1,000	1,500	4,000	-	-	-	-		-		-
Synthetic Material Production (DMT)		263-0036	1977	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-
Food Grain and Vegetable Oil Storage and Distribution Facilities	*	263-0037	1977	-	-	-	-	-	-	-	-	-	-	-	55,000	-	-	-
Cairo/Alexandria Water/Sewage		263-0038	1977	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-
Synthetic Fiber Production		263-0039	1977	-	-	-	-	-	-	-	-	-	-	-	15,000	-	-	-
Irrigation Equipment		263-0044	1977	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-
Agribusiness Development		263-0056	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	-
Agriculture Mechanization	*	263-0031	1978	-	-	-	-	1,000	-	-	-	-	-	-		-	19,000	-

*Detailed project narrative—See Table IV or V.

**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

(Replaces page 17)

COUNTRY: EGYPT

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(In thousands of dollars)

Continuation Sheet

Project Title	*	Project Number	FY of Initial Obligation/Date of Loan Authorization	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Grant: Future Year Obligations	Loan**: Through 9/30/76 Amount Authorized	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Authorization	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Authorization	Loan**: Proposed FY 78 Expenditures
National Development Program Cont'd																		
Poultry Improvement	*	263-0060	1977	-	-	600	400	1,500	750	1,500	-	-	-	-	-	-	-	-
Technical and Feasibility Studies III	*	263-0042	1978	-	-	-	-	6,000	-	-	-	-	-	-	-	-	-	-
Technology Transfer and Manpower Development IV	*	263-0043	1978	-	-	-	- -	2,000	200	-	-	-	-	-	-	-	-	-
Development Industrial Bank	*	263-0045	1978	-	-	-	-	500	-	-	-	-	-	-	-	-	12,500	-
Grain and Vegetable Oil Storage and Distribution Facilities	*	263-0049	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	-
Maadi Cement Plant	*	263-0052	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	95,000	-
Flat Glass Plant	*	263-0053	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-
Telecommunications Equipment	*	263-0054	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000	-
Railway Rolling Stock Plant	*	263-0055	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000	-
Development Planning Studies	*	263-0061	1978	-	-	-	-	2,200	175	-		-	-	-	-	-	-	-
Vocational Education	*	263-0062	1978	-	-	-	-	3,400	300	3,600	-	-	-	-	-	-	-	-
Development Information Systems	*	263-0063	1978	-	-	-	-	1,000	150	1,050	-	-	-	-	-	-	-	-
Aquaculture Development	*	263-0064	1978	-	-	-	-	750	150	3,000	-	-	-	-	-	-	-	-
Urban Low Cost Health Delivery	*	263-0065	1978	-	-	-	-	2,000	200	5,000	-	-	-	-	-	-	-	-
Low Cost Housing Development	*	263-0066	1978	-	-	-	-	700	400	700	-	-	-	-	-	-	-	-
COMMODITY IMPORT PROGRAM	*			-	-	-	-	-	-	-								
Commodity Import Program I		263-K-026	1975	-	-	-	-	-	-	-	80,000	44,937	-	-	-	35,063	-	-
Commodity Import Program II		263-K-027	1975	-	-	-	-	-	-	-	70,000	27,173	-	-	-	42,827	-	-
Commodity Import Program III		263-K-029	1976	-	-	-	-	-	-	-	100,000	-	-	-	-	35,110	-	40,000
Commodity Import Program IV		263-K-030	1976	-	-	-	-	-	-	-	150,000	-	-	-	-	32,000	-	80,000
Commodity Import Program V		263-K-036	1976	-	-	-	-	-	-	-	65,000	-	-	-	-	5,000	-	30,000
Commodity Import Program VI		263-K-038	1977	-	-	-	-	-	-	-	-	-	-	-	440,000	150,000	-	250,000
Commodity Import Program VII	*	263-K-067	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	250,000	-
Total				255,300	21,659	30,000	41,951	98,500	95,515	34,100	773,275	72,110	-	-	670,000	317,275	651,500	534,100

*Detailed project narrative—See Table IV or V.
**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

(Replaces page 10)

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978
(In thousands of dollars)

COUNTRY: EGYPT

TABLE III

FISCAL YEAR	TITLE	AMOUNT
1977	National Development Program	
	Food Grain & Vegetable Oil Storage and Distribution Facilities (FY 1977 Security Supporting Assistance Programs & MESRF, p. 33)	55,000
	Electric Power Distribution (FY 1977 Security Supporting Assistance Programs & MESRF, p. 34)	40,000
	Synthetic Material Production (DMT) (FY 1977 Security Supporting Assistance Programs & MESRF, p. 39)	40,000
	Synthetic Fiber Production (FY 1977 Security Supporting Assistance Programs & MESRF, p. 38)	15,000
	Irrigation Equipment * The purpose of this loan is to improve existing irrigation networks in the delta and upper Egypt through redesign and up-grading of pumping systems and by providing improved dredging equipment. A.I.D. inputs will finance pumps, dredging and related equipment.	40,000
	Cairo/Alexandria Water/Sewage * The purpose of this project is to improve urban health and sanitation conditions in the cities of Cairo and Alexandria by rehabilitation and expansion of water and sewage treatment facilities. A.I.D. inputs will finance foreign exchange costs of the system, including treatment facilities, pumping systems and engineering and design services.	40,000
	Commodity Import Program (FY 1977 Security Supporting Assistance Programs & MESRF, p. 40)	440,000
	Sub-total	670,000

*Notification to be transmitted (replaces page 19)

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978
(In thousands of dollars)

COUNTRY: EGYPT

TABLE III

FISCAL YEAR	TITLE	AMOUNT
1978	Suez Area	
	Suez Canal Port Development	30,000
	Suez Electric Generating Plant (FY 1977 Security Supporting Assistance Programs & MESRF, p. 32)	100,000
	National Development Program	
	Agriculture Mechanization	19,000
	Development Industrial Bank	12,500
	Grain and Vegetable Oil Storage and Distribution Facility	25,000
	Maadi Cement Plant	95,000
	Flat Glass Plant	15,000
	Telecommunications Equipment	40,000
	Railway Rolling Stock Plant	40,000
	Agribusiness Development	25,000
	Commodity Import Program	250,000
	Sub-total	651,500

(Replaces page 20)

Country: EGYPT

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Suez Electric Generating Plant	Security Supporting Assistance	FY 78 100,000		
NUMBER 263-0030		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1983
GRANT ☐ LOAN ☒				

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

Purpose: To augment the capacity of the Egyptian power industry by constructing a 300 megawatt thermal power generation plant 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: Because of years of war, the Egyptian Electric Authority (EEA) has not been able to 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 thermal station with 300 MW capacity at Ismailia financed by A.I.D. in FY 1976 to come on stream in 1981, a 300 MW station at Suez scheduled for completion in 1982, and this proposed 300 MW station at Suez to come on stream in 1983.

The Government of Egypt requested our support for this project based upon the electric power load projections of the EEA. In November 1975 a U.S. consulting firm reviewed these projections, finding them realistic and the electric generation expansion program sound.

The results of a new study by the IBRD, which will be available in March 1977, are expected to confirm the need for this project. Additional feasibility work will be undertaken as necessary to refine planning and project design.

This project initially was presented for FY 1977 funding in the FY 1977 Congressional Presentation, (page 32 Security Supporting Assistance Programs and MESRF), but has been postponed until FY 1978 in order to accommodate the increase in funding for the Commodity Import Program in FY 1977.

Major Outputs:	FY 78	All Years
A 300 MW thermal generating plant constructed, equipped, and operating at Suez City		X

Host Country and Other Donors:

Government of Egypt — Local currency as required for construction. Estimated to be equivalent to $67 million.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Engineering design and supervision of construction	2,000
Equipment and construction	98,000
Total	100,000

Country: EGYPT

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Agribusiness Development	Security Supporting Assistance	FY 78 25,000		
NUMBER 263-0056 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1982

Goal: To increase the production of exportable agricultural products in Egypt.

Purpose: To enlarge the role of the private sector in new agricultural production for export.

Background: Agriculture is the backbone of Egypt's foreign commerce, and accounts for over half of all exports. The Government of Egypt (GOE) is interested in expanding its production of fruits, vegetables and other agricultural products for export and has been encouraging investment from foreign firms to develop available lands, most of which are in the so-called "new lands", which are former arid areas now being opened to cultivation because of the year-round availability of irrigation water. While the Government has already installed main canals and drains in some of the new areas, sizeable capital investment is still required to finance secondary irrigation and drainage systems necessary to make cultivation possible. Expert management will also be necessary to make these new lands adequately productive and to justify the high costs of this development.

The proposed project would provide loan funds to the GOE to support several U.S.-Egyptian private sector joint ventures now under discussion. Foremost among these is an orange and grapefruit project that would utilize 15,000 acres of new lands in the Western Desert in the Nubariya Area. Another proposal would be for an integrated poultry and vegetable production and processing facility utilizing another 15,000 acre tract in the same area. A third would be a citrus project on 15,000 acres of new lands south of the Ismailia Sweetwater Canal. Several other possibilities are also under formulation and investigation. Detailed feasibility studies on these activities are now being prepared. The loan will finance U.S.-source equipment and other materials.

Major Outputs	FY 78	FY 79	FY 80	FY 81	FY 82
	(Cumulative as of end of FY)				
Investments initiated	-	1	2	3	3
Drainage systems installed (thousands of acres)	-	10	30	40	45
Thousands of acres in production	-	5	20	35	45

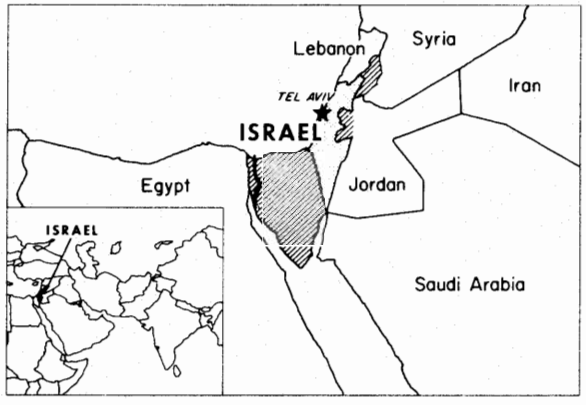
Host Country and Other Donors: We expect private equity capital investments to finance over one-half of the cost of the projects. This may come from Egyptian companies, and Arab, U.S. or other foreign investors.

FY 1978 Program: A loan of $25 million is proposed to provide foreign exchange financing needed for the sub-projects.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Equipment and materials	25,000

Israel - GENERAL ECONOMIC AND SOCIAL DATA



BASIC DATA

Population (millions - mid-1976)	3.5
Annual Growth Rate (percent)	2.5
Area (1,000 square miles)	8
Population Density per square mile	438
Agricultural Land as % of Total Area	60
Percent of Labor Force in Agriculture	6
Life Expectancy (years)	72
People per Doctor	360
Literacy Rate (percent)	88
Students as Percent of 5-19 Age Group (Primary & Secondary)	68
GNP per Capita (dollars - 1974)	3,460*
Annual Average Growth Rate (percent - 1965-74)	5.8+

* - Estimate in IBRD 1976 Annual Report.
\+ - Estimate in IBRD 1976 World Atlas.

AGRICULTURE AND INDUSTRY	1972	1973	1974	1975	1976Est.
Agricultural Production Index (1961-65=100)	170	179	189	178	183
Index per Capita	127	130	133	122	123
Citrus fruits (1,000 M.T.)	1,511	1,647	1,650	1,511	1,565
Industrial Production Index (1970=100)	124	131	136	139	144(8 mos)
INTERNATIONAL TRADE ($ millions)					
Total Exports (f.o.b.)	1,149	1,449	1,906	1,941	2,400
Polished diamonds	427	617	641	641	800
Total Imports (c.i.f.)[a]	-2,477	-4,240	-5,453	-5,997	-5,800
Trade Balance	-1,328	-2,791	-3,547	-4,056	-3,400
INTERNATIONAL RESERVES ($ millions)[b]					
Official Reserves	1,222	1,815	1,201	1,182	1,323(Oct)
Commercial Bank Holdings	1,281	1,695	1,816	1,875	1,549(May)
CONSUMER PRICE INDEX (1970=100)	126	152	212	295	385

	- Million Dollar Equivalents -			
CENTRAL GOVERNMENT FINANCES[c] (FY Beginning April 1)	1972	1973	1974	1975
Total Expenditures	2,512	4,438	5,987	9,475
(Defense Expenditures)	(949)	(2,401)	(2,591)	(4,052)
(As % of Total Expenditures)	(38%)	(54%)	(43%)	(43%)
(Capital Outlays)	514	531	847	1,248
Total Domestic Revenues	1,946	2,676	4,097	5,663
Deficit (-) or Surplus (+)	-566	-1,762	-1,890	-3,812

FY 1975 U.S. ECONOMIC ASSISTANCE
a. As % of Country Central Government Expenditures 4%
b. As % of Country Imports of Goods and Services 4%

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT AS % OF GOODS AND NON-FACTOR SERVICES (1974) 18.7%

a - Includes military imports. b - Gross basis, end of period. c - Current price data converted at 6.39 Israeli pounds per U.S. dollar.

Objectives of U.S. Assistance

The United States continues to strive to promote negotiations for a just and durable peace throughout the Middle East, a peace that will enable the confrontation countries to turn their energies and resources towards development and away from counterproductive, military preoccupations.

The interim agreement between Israel and Egypt of September 4, 1975, was an important 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 to that stability.

Israel's confidence in U.S. support for its security is a prerequisite for Israel's willingness to negotiate a settlement of hostilities; that confidence provided the basis for the agreements with Egypt and Syria.

Political and Economic Setting

The magnitude of the military burden borne by Israel was such that it may not have survived without massive external assistance. Our assistance helps to enable Israel to maintain its democratic system of government despite severe defense and economic stress.

Israel is a small nation of 3½ million people. The country lacks substantial natural resources, but has a major asset in its highly skilled, technologically advanced work force. The World Bank estimates Israel's GNP per capita at $3,460 in 1974 dollars.

Historically, Israel has not been able to meet its heavy defense burden and civilian requirements from its own resources and has had to depend heavily upon donations and loans from abroad. The Government has had to resort to extensive private, as well as governmental, borrowings.

Moreover, the increased military threat level and the shift in terms of trade that followed the 1973 war necessitated increased, large-scale U.S. assistance to meet critical military and civilian external resource needs.

Even with high U.S. assistance levels, the well-being of the Israeli economy remains dependent on several factors over which Israel has limited or no control:

- -- the general political climate in the Middle East,
- -- the pace of U.S. and European economic recovery,
- -- the continuation of substantial capital inflows from abroad,
- -- the price of energy imports.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

REVISED

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Commodity Import Program	550	60	535	635
Cash Program Grant	150	15	200	150
Total	700	75	735	785

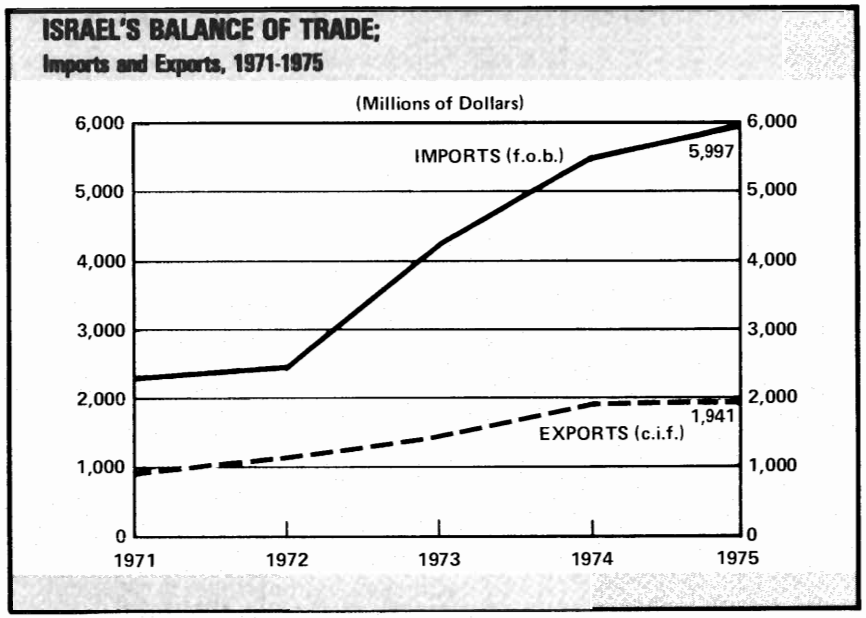
ISRAEL

Balance-of-payments considerations are a dominant influence in all aspects of Israel's economic policy.

In order to correct serious trade imbalances, the Government of Israel, starting in November 1974, has instituted numerous austerity reforms, including a progressive devaluation of the Israeli pound, designed to:

-- curtail civilian imports;

-- improve balance of trade;



-- stem inflation;

-- limit investment funds for non-critical, non-export oriented sectors;

-- introduce new and strengthen existing production and marketing incentives to export industries;

-- curtail less important government expenditures;

-- dampen private consumption by introducing an 8% value added tax (VAT).

Although the prospects for improved economic performance have brightened in recent months, the struggle that Israel has waged during the past few years has taken a heavy toll in terms of dampened economic growth, increased foreign debt, and low foreign exchange reserves.

-- Growth in GNP slowed to 1% in 1975, down from the 7.3% average annual growth achieved between 1965 and 1975.

-- Foreign debt will increase to an estimated $9 billion by March 1977, or $2,550 for each Israeli citizen.

-- Foreign exchange reserves have remained at roughly $1 billion for the past two years, equal to only one and a half months of imports at the present level.

The United States Government has sponsored a broad program of assistance in response to Israel's demonstrable economic requirements.

Supporting Assistance provides foreign exchange to enable the Government of Israel to purchase needed goods from the United States. The commodities imported include a wide variety of industrial goods, capital equipment, raw materials, and agricultural products.

The imported U.S. goods are sold in Israel and the local currency proceeds from the grant portion of the program are applied to general support of Israel's national budget.

Supporting Assistance funds also are used to provide a cash program grant, which amounted to $150 million in FY 1976, $200 million in FY 1977 and $15 million in the Transitional Quarter, to help Israel absorb the indirect foreign exchange requirements resulting from the Sinai withdrawal.

In addition to the Supporting Assistance programs, we have provided PL 480 Title I, housing investment guaranty, and immigration assistance.

ADDITIONAL PROGRAM DATA

Category	FY 1976 (Actual)	FY 1977 (Estimated)	FY 1978 (Proposed)
A.I.D. Personnel[a]			
Direct Hire[b]	–	–	–
PASA[c]	2	3	3
Contract	–	–	–
Total	2	3	3
Participants[d]			
Noncontract	–	–	–
Contract	–	–	–
Total	–	–	–

[a] *U.S. nationals on duty at the end of the fiscal year.*
[b] *FY 1977 and FY 1978 levels authorized as of Nov. 30, 1976.*
[c] *Participating agency technicians.*
[d] *Programmed during the fiscal year.*

PL 480 Program

P.L. 480 PROGRAMS SUMMARY
(In 000MT/$000)

Program	FY 1976* (Actual)		FY 1977 (Estimated)		FY 1978 (Projected)	
	MT	$	MT	$	MT	$
Title I						
Wheat	96.7	15,517	70	8,300	70	8,300
Rice	–	–	–	–	–	–
Feedgrains	–	–	–	–	–	–
Vegoil	–	–	–	–	–	–
Non-food	–	–	–	–	–	–
Title I Total		15,517		8,300		8,300
Title II						
Voluntary Agencies		–		–		–
World Food Programs		–		–		–
Gov't.-to-Gov't.		–		–		–
Title II Total		–		–		–
Total P.L. 480		15,517		8,300		8,300

**Includes Transition Quarter.*

PL 480 Title I food sales are an important element of the total U.S. economic assistance Program and help fill the large foreign-exchange gap. The Title I program will help meet part of Israel's food needs and strengthen commercial ties that involve nearly $300 million a year in agricultural exports from the United States to Israel.

Self-help has been a keynote in the Government of Israel's economic policies, especially since the disruptive economic aftereffects of the 1973 war. Among the more noteworthy measures to boost food production and improve distribution are:

-- continuation of adaptive research in plant breeding, especially wheat and maize;

-- completion in 1975 of some 110,000 tons of additional flour and feed grain storage capacity in strategic areas of the country;

-- continuation of an expanded water resources development program, including the introduction of new types of irrigation that allow greater productivity per unit of water utilization.

Aside from valuing the resource transfer effected by the P.L. 480 program, Israel places great importance on continuing its P.L. 480 recipient status, especially in view of our other P.L. 480 programs in the Middle East.

FY 1978 Program

In FY 1978, A.I.D. requests $785 million in Supporting Assistance funds to continue to help Israel meet its very substantial financial burdens. Of this amount, $635 million will be used to finance commodity imports ($375 million on a grant basis and $260 million on a concessionary loan basis), and 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 to Security Supporting Assistance, 70,000 metric tons of wheat, estimated at $8.3 million, is programmed for Israel in FY 1978 under the P.L. 480 Title I program and $25 million is contemplated for the Housing Investment Guaranty program.

RESOURCE FLOWS
(in millions of dollars)

Program	FY 1976* (Actual)	FY 1977 (Estimated)	FY 1978 (Estimated)
A.I.D.**			
Loans		435	210
Grants	490	526	527
Total A.I.D.	490	961	737
P.L. 480***			
Title I	15.5	8.3	8.3
Title II	-	-	-
Total P.L. 480	15.5	8.3	8.3
Total A.I.D. and P.L. 480	505.5	969.3	745.3

*Includes Transition Quarter.
**A.I.D. levels represent actual and estimated expenditures.
***P.L. 480 levels represent actual and estimated value of shipments.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(in millions of dollars)

COUNTRY: ISRAEL

TABLE II

Project Title	*	Project Number	FY of Initial Obligation	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Future Year Obligations	Loan**: Through 9/30/76 Amount of Agreement	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Agreement	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Agreement	Loan**: Proposed FY 78 Expenditures
Program Assistance*																		
Grant																		
Commodity Import Program		271-0605	76	325	325	-		-	-	-	-	-	-	-	-	-	-	-
Commodity Import Program		271-0608	TQ	35	-	-	35	-	-	-	-	-	-	-	-	-	-	-
Commodity Import Program		271-0610	77	-	-	290	290	-	-	-	-	-	-	-	-	-	-	-
Commodity Import Program		N/A	78				-	375	375	-	-	-	-	-	-	-	-	-
Cash grant		271-0606	76	150	150	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash grant		271-0607	TQ	15	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash grant		271-0609	77	-	-	200	200	-	-	-	-	-	-	-	-	-	-	-
Cash grant		N/A	78	-	-	-	-	150	150	-	-	-	-	-	-	-	-	-
Loan																		
Commodity Import Program		271-0141	76	-	-	-	-	-	-	-	225	-	-	-	-	225	-	-
Commodity Import Program		271-0142	TQ	-	-	-	-	-	-	-	25	-	-	-	-	25	-	-
Commodity Import Program		271-0143	77	-	-	-	-	-	-	-	-	-	-	-	245	185	-	60
Commodity Import Program		N/A	78	-	-	-	-	-	-	-	-	-	-	-	-	-	260	150
Project Assistance																		
Grant																		
Joint Desalination		271-12-290-001	75	20	.006	-	1.14	-	1.56	-	-	-	-	-	-	-	-	-
Total.....				545	490	490	526.14	525	526.56	-	250	-	-	-	245	435	260	210

*Continuing activity although new project number assigned each year to facilitate accounting of funds

*Detailed project narrative—See Table IV or V.
**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

(Replaces page 61)

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978
(in millions of dollars)

COUNTRY: ISRAEL

TABLE III

FISCAL YEAR	TITLE	AMOUNT
1977	Commodity Import Program (FY 1977, Security Supporting Assistance Programs and MESRF, p. 49)	245
1978	Commodity Import Program	260

(Replaces page 62)

Country: ISRAEL

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Commodity Import Program	Security Supporting Assistance	FY 78 635,000 (375,000 grant, 260,000 loan)		
NUMBERS N/A GRANT ☒ LOAN ☒	PRIOR REFERENCE FY 1977 Security Supporting Assistance Programs, p. 46/49	INITIAL OBLIGATION * FY 1972/1976	ESTIMATED FINAL OBLIGATION FY Continuing	ESTIMATED COMPLETION DATE OF PROJECT FY Continuing

Purpose: To assist in the stabilization of the Israeli economy by providing foreign exchange to Israel to enable the Government to purchase essential commodity imports from the United States.

Progress to Date: Security Supporting Assistance has been instrumental in enabling the Israeli Government to maintain economic stability. This program continues to be an essential and useful stabilization tool.

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 $4.0 billion in 1975. The gap has narrowed in 1976 to $3.2 billion. 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, it was decided in FY 1976 that part of the program would be financed on a loan basis. This was done 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 (CIP) enables Israel to reduce the volume of new supplier credits it must open at commercial terms and possibly in foreign countries.

The categories of commodities authorized for financing include chemical products, agricultural equipment and products, pharmaceuticals, textiles, structural steel and metal goods, electrical equipment, paper products, soybeans and other goods. In FY 1976 this list was expanded to include wheat, corn, sorghum and other grains. In FY 1977 the expanded eligibility list will remain in effect.

The total funding for the FY 1977 CIP grant program is to be $290 million, and the CIP loan is to be $245 million.

FY 1978 Program: Three hundred and seventy-five million dollars in Security Supporting Assistance is requested to continue the grant element of the commodity import program for an additional 12 months. Similarly, $260 million is requested to continue the loan element of the commodity import program for an additional 12 months. The loan funds will be provided on A.I.D.'s concessional terms.

A.I.D.-financed Inputs
($ Millions)

	FY 1978
CIP Grant	375
CIP Loan	260
Total	635

*Initial obligation for "grant" portion occurred in FY 1972. "Loan" portion initially obligated in FY 1976.

Country: ISRAEL

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Program Grant	Security Supporting Assistance	FY 78 150,000		
NUMBER GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Security Supporting Assistance Programs, p. 47	INITIAL OBLIGATION FY 1976	ESTIMATED FINAL OBLIGATION FY To be determined	ESTIMATED COMPLETION DATE OF PROJECT FY To be determined

Purpose: 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.

Progress to Date: In FY 1976 $150 million, in the Transitional Quarter $15 million, and in FY 1977 $200 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 on a grant basis. On December 28, 1976, Congress was notified of a $50 million increase to a new total of $200 million for the Cash Grant element of the Israel Security Supporting Assistance program in FY 1977.

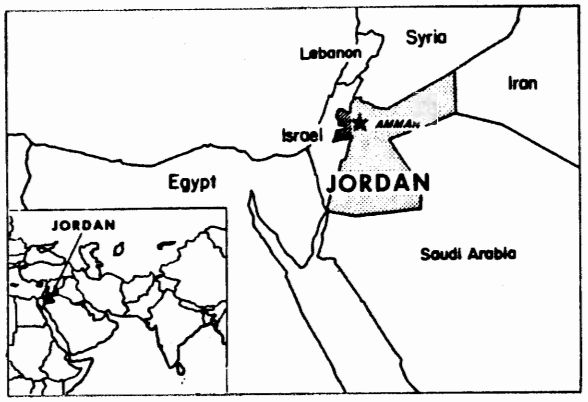
FY 1978 Program: One hundred and fifty million dollars is requested in FY 1978 to continue this special program.

A.I.D.-financed Inputs
($ Millions)

	FY 1978
Special Expenditure Grant	150

(Replaces page 64)

Jordan - GENERAL ECONOMIC AND SOCIAL DATA



BASIC DATA

Population (millions - mid-1976)	2.8
Annual Growth Rate (percent)	3.2
Area (1,000 square miles)	38
Population Density per square mile	73
Agricultural Land as % of Total Area	14
Percent of Labor Force in Agriculture	34
Life Expectancy (years)	55
People per Doctor	3,880
Literacy Rate (percent)	32
Students as Percent of 5-19 Age Group (Primary & Secondary)	50
GNP per Capita (dollars - 1974)	430*
Annual Average Growth Rate (percent - 1965-74)	-2.5+

* - Estimate in IBRD 1976 Annual Report.
\+ - Estimate in IBRD 1976 World Atlas.

AGRICULTURE	1972	1973	1974	1975	1976Est.
Agricultural Production Index (1961-65=100)	134	66	166	72	103
Index per Capita	98	47	114	48	66
Wheat (1,000 M.T.)	256	86	296	50	68
Tomatoes (1,000 M.T.)	189	109	180	190	190
INTERNATIONAL TRADE ($ millions)					
Total Exports (f.o.b.)	48	58	155	153	190
Phosphates	9	12	61	61	70
Tomatoes	2	3	6	4	3
Total Imports (c.i.f.)	274	331	488	732	830
Trade Balance	-226	-273	-333	-579	640
INTERNATIONAL RESERVES ($ millions)[a]					
Official Reserves	270	312	350	486	494(Nov.)
Commercial Bank Holdings	10	20	25	38	61(Oct.)
CONSUMER PRICE INDEX (1970-100) (Amman)	113	125	149	167	190

	- Million Dollar Equivalents -			
CENTRAL GOVERNMENT FINANCES[b] (FY Beginning April 1)	1972	1973	1974	1975
Total Expenditures	311	367	467	642
(Defense Expenditures)	(123)	(132)	(139)	(150)
(As % of Total Expenditures)	(40%)	(36%)	(30%)	(23%)
(Capital Outlays)	(69)	(109)	(134)	(250)
Total Domestic Revenues	133	145	207	265
Deficit (-) or Surplus (+)	-178	-222	260	377

FY 1975 U.S. ECONOMIC ASSISTANCE

a. As % of Country Central Government Expenditures	16%
b. As % of Country Imports of Goods & Services	11%
SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT AS % OF GOODS AND NON-FACTOR SERVICES (1974)	4.9%

a - Gross basis, end of period. b-- Current price data converted at $3.13 per Jordanian dinar.

Objective of U.S. Assistance

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

U.S. assistance supports Jordan's efforts to develop its economy and sustain internal stability, needed for it to continue its moderating role.

Political and Economic Setting

Jordan occupies a strategic area of the Middle East. It has been and continues to be willing to exert a moderating influence on its neighbors in that volatile region, which is of crucial importance to United States efforts to bring a lasting peace to the Middle East. Jordan's ability to maintain its policy is dependent on the maintenance of internal economic and political stability and its credibility in defending itself. Jordan's lack of resources and its need for considerable outside assistance make it vulnerable to a variety of destabilizing internal and external influences.

U.S. assistance is required to help Jordan diversify its economy and maintain a sufficient degree of economic independence. Jordan has a population of almost three million, a 3.2% annual population growth rate, and an annual per capita income of about $430. Jordan has one of the highest levels of literacy and trained manpower in the area. As a result, demand for Jordanian skilled and professional labor in the Gulf States has led to a manpower shortage in Jordan that is adversely affecting Jordan's ability to carry out its development programs.

The country's natural resources are limited mainly to phosphates, potash, bromine and possibly some copper. Jordan suffers from a shortage of water and erratic rainfall, producing great variances in the levels and quality of agricultural production particularly its principal staple, wheat.

Significant progress has been made in Jordan's development efforts, but much remains to be done. Since the 1973 war Jordan's national income has increased by 6% a year; exports doubled (from $72.5 million in 1973 to $146.6 in 1975); and domestic investments have increased to 31% of national income.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	Revised FY 1978 Proposed
Budgetary Support	37.0	66.0	45.0	42.0
Loans for Development	7.0	19.0	20.5	46.0
Technical Assistance	2.35	1.15	4.5	5.0
	46.35	86.15	70.0	93.0

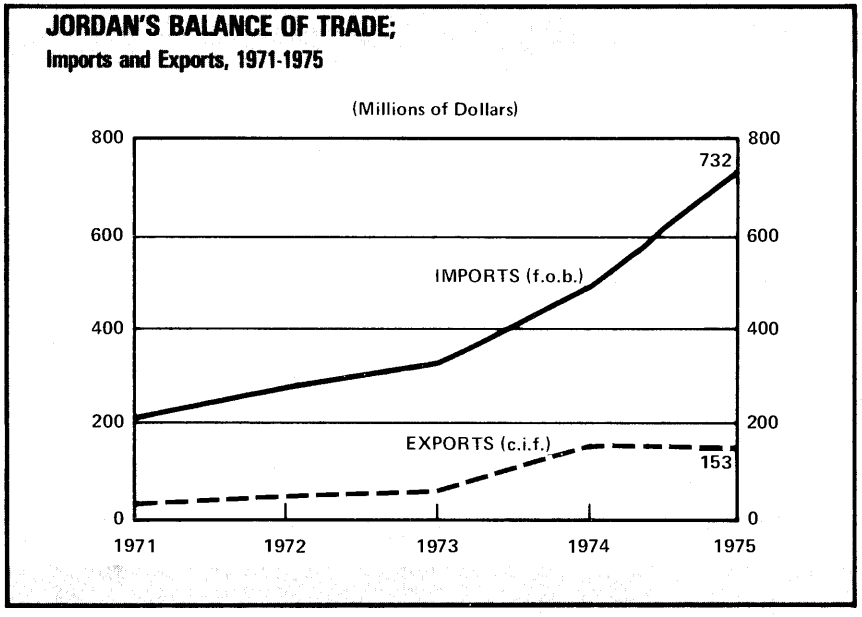
Jordan's new Five-Year Plan (1976-1980) calls for:

-- an annual national income growth rate of 12%;

-- an increase from 50% to 70% of the part of the annual budget covered by domestic revenues;

-- a reduction in the trade deficit from 45% to 24% of projected GNP.

The plan also envisages investments of some $2.3 billion over the five-year period, mainly in development of water and mineral resources. While these targets seem extremely ambitious, Jordan's overall economic performance in the near term should continue strong.



Current Program Activities

Budgetary support to help Jordan meet essential civilian outlays continues to be our major emphasis. However, the level of budget support will continue to decline relative to past levels while increased attention will be given to priority economic development activities.

In recent years (1973-1977), A.I.D. capital and technical assistance inputs have focused, both directly and indirectly, on the agricultural sector. Five loan-funded irrigation and road capital projects are assisting in the establishment of infrastructure needed to support increased development in the Jordan Valley:

-- One of the two irrigation projects, an 18-km extension of the East Ghor Canal started in March 1975, is now 16% completed.

-- The second project, a canal diversion structure and pipeline to bring additional areas not serviced by the main canal under cultivation, started in late 1975, is 8% completed.

-- The third project, installation of portable on-farm sprinkler equipment to distribute and apply water from a fixed-pipe system to an estimated 3,000 farms in the Jordan Valley, is expected to begin in FY 1977.

-- The fourth project is the improvement of the main north-south highway through the Valley; this road will facilitate heavier traffic generated as a result of implementation of the Jordan Valley Development Plan, especially the expansion of the irrigated land area.

-- The fifth project is a feasibility study financed under an FY 1976 loan, of a dam on the Yarmouk River which, if built, would provide a regulated flow of irrigation water to the Jordan Valley on a year-round basis. The feasibility study report is expected to be completed in February 1977.

Concurrently, other technical assistance projects in the agriculture sector have been initiated at the national level. They range from technical assistance in agricultural planning and crop research to the training of cadre and farmers in the utilization of improved agriculture techniques.

Other significant activities now being implemented include:

-- a feasibility study on the proposed Maqarin Dam;

-- a loan for researching the most economic means for recovering and producing various grades of potash;

-- two loans providing financing for road construction and improvement;

-- one loan for school construction.

Implementation of these projects is actively underway.

FY 1978 Program

The U.S. assistance program proposed for FY 1978 includes:

-- Budgetary Support - $42 million to supplement Jordanian resources needed for essential civilian outlays;

-- Capital Loans - $46 million for new development activities, including:

** $5 million for Rural Development in the Jordan Valley;

** $6 million for Aqaba Water and Sewerage.

** $3 million for Credit for Farmers' Association;

** $4 million for Rural Electrification;

** $5 million for Potash Design (design of a production facility);

** $18.5 million for Aman Water and Sewerage;

** $4.5 million for Roads Improvements.

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 and Jordan.

-- Grant Project Assistance - $5.0 million to finance technical assistance programs in four priority development areas:

** Food Production and Nutrition - $1,190,000 for three projects which are to assist Jordan in increasing its agricultural production. Two of the projects will be concentrated primarily in the Jordan Valley, potentially the most productive agricultural area of the country; the third strengthens the Jordan University Faculty of Agriculture.

** Health - $500,000 for training and advisory assistance to support expansion of health services to rural and other under-served areas.

** Education and Human Resources Development - $1,510,000 to finance two projects for training Jordanian government officials in a number of areas central to implementation of Jordan's development plans. Training in tax administration, health, and education, project design and implementation procedures receives high priority and enhances the Government of Jordan's ability to prepare development projects. Establishment of training centers and the training of vocational teaching professionals will continue to be supported to help meet labor goals of Jordan's Five-Year Plan and partially offset the drain of Jordanian manpower to neighboring Arab States.

** Selected Development Programs - $1,800,000 for two projects which provide technical advisors and assistance in project planning and development, and feasibility studies. This aid is concentrated in areas that offer high potential or quick yields on investments, such as minerals development.

ADDITIONAL PROGRAM DATA

Category	FY 1976 (Actual)	FY 1977 (Estimated)	FY 1978 (Proposed)
A.I.D. Personnel[a]			
Direct Hire[b]	12	13	20
PASA[c]	2	3	3
Contract	1	2	2
Total	15	18	25
Participants[d]			
Noncontract	35	47	30
Contract	3	21	31
Total	38	68	61

[a] *U.S. nationals on duty at the end of the fiscal year.*
[b] *FY 1977 and FY 1978 levels authorized as of Nov. 30, 1976.*
[c] *Participating agency technicians.*
[d] *Programmed during the fiscal year.*

P.L. 480 Programs

P.L. 480 PROGRAMS SUMMARY
(In 000MT/$000)

Program	FY 1976* (Actual)		FY 1977 (Estimated)		FY 1978 (Projected)	
	MT	$	MT	$	MT	$
Title I						
Wheat	81.9	11,839	50	5,900	50	5,900
Rice	–	–	–	–	–	–
Feedgrains	–	–	–	–	–	–
Vegoil	–	–	–	–	–	–
Non-food	–	–	–	–	–	–
Title I Total		11,839		5,900		5,900
Title II						
Voluntary Agencies		549		417		251
World Food Programs		1,360		1,517		1,508
Gov't.-to-Gov't.		–		–		–
Title II Total		1,909		1,934		1,759
Total P.L. 480		13,748		7,834		7,659

**Includes Transition Quarter.*

Title I

In FY 1978, we propose to provide to Jordan 50,000 metric tons of wheat, valued at $5.9 million, to supplement indigenous production of this staple food. We also will continue to utilize this program to support Jordanian agricultural and nutrition goals by using proceeds from the sales of wheat to support a number of agricultural sector activities, such as agricultural credit.

Concurrently Jordan is working to increase agricultural production:

JORDAN

-- Applied agricultural research capabilities are being strengthened.

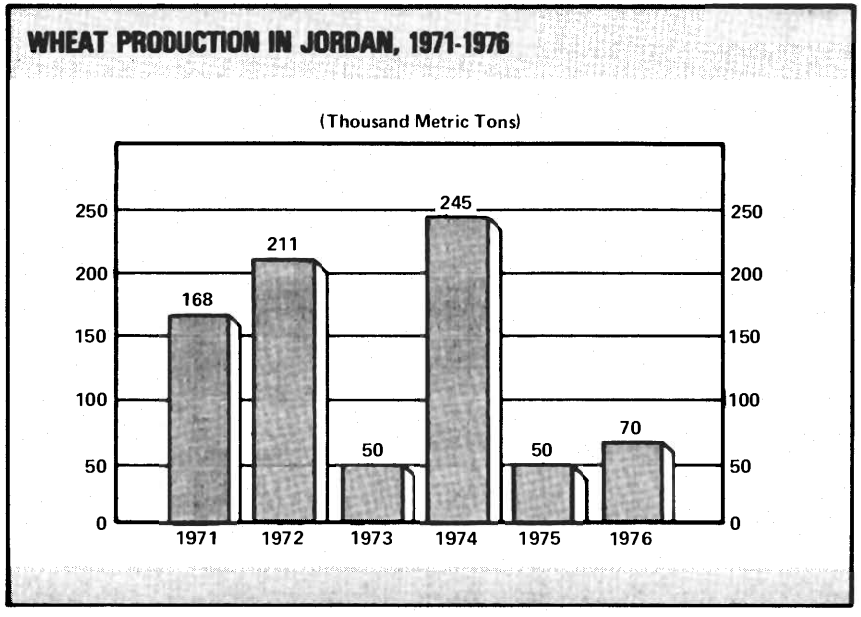
-- Technology for dryland crops to increase incomes and outputs of small farmers living in arid regions are being improved.

-- Storage and handling facilities to enhance the marketing system for cereals are being expanded.

-- Credit to small farmers is being increased.

-- Food marketing through investment in food handling and storage facilities is being improved. This includes the stronger application of grades and standards, and more efficient dissemination of market news to consumers and producers.

-- Agricultural extension services are being strengthened.



JORDAN

Title II

A modest Title II program will continue; $1,759,000 in commodities is requested in FY 1978 mainly for contribution to the World Food Program, to provide support for 44,500 recipients in food-for-work, and for maternal and child health activities. The experience gained in our bilateral health program will be used to develop guidelines for Private Voluntary Organization efforts.

RESOURCE FLOWS
(In thousands of dollars)

Program	FY 1976* (Actual)	FY 1977 (Estimated)	FY 1978 (Estimated)
A.I.D.**			
Loans	7,339	27,003	52,819
Grants	104,377	47,323	47,660
Total A.I.D.	111,716	74,326	100,479
P.L. 480***			
Title I	11,839	5,900	5,900
Title II	1,909	1,934	1,759
Total P.L. 480	13,748	7,834	7,659
Total A.I.D. and P.L. 480	125,464	82,160	108,138

*Includes Transition Quarter.
**A.I.D. levels represent actual and estimated expenditures.
***P.L. 480 levels represent actual and estimated value of shipments.

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(In thousands of dollars)

COUNTRY: JORDAN

TABLE II

Project Title	*	Project Number	FY of Initial Obligation	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Grant: Future Year Obligations	Loan**: Through 9/30/76 Amount of Agreement	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Agreement	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Agreement	Loan**: Proposed FY 78 Expenditures
Budgetary Support	*	-	1971	325,500	325,500	45,000	45,000	42,000	42,000	-								
TECHNICAL ASSISTANCE																		
Developmental Administration Training	*	278-0146	1970	3,311	2,076	300	352	510	500									
Faculty of Agriculture Development	*	278-0178	1975	1,150	493	639	592	470	750	-								
Village Development Advisory Services		278-0183	1975	335	106	-	119	-	110	-								
Technical Services Feasibility Studies	*	278-0181	1976	1,450	42	1,500	500	1,500	1,450	50								
Jordan Valley Farmers Association	*	278-0186	1977	-	-	541	200	420	650	1,039								
Water Management Technology	*	278-0187	1977	-	-	520	260	300	300	340								
Adult Vocational Training	*	278-0201	1977	-	-	500	250	1,000	1,000	2,100								
Health Services	*	278-0208	1977	-	-	500	50	500	700	1,000								
Minerals	*	278-0202	1977	-	-	-	-	300	200	100								
LOANS FOR DEVELOPMENT																		
East Ghor Canal Extension		278-0175	1973								10,000	4,135	-	30.87		3,500		2,465
Yarmouk-Dead Sea Road		278-0176	1975								2,900	1,952	-	11.26		600		348
Zarqa Triangle Irrigation		278-0177	1975								4,500	1,969	-	-		1,500		1,031
Ma'an-Quweria Highway		278-0192	1975								10,000	875	-	-		3,000		6,125
Village Development I		278-0183	1975								8,650	-	-	-		4,000		4,650
Maqarin Pre-Investment Studies		278-0188	1976								1,000	97	-	-		903		-
Pilot Potash Project		278-0189	1976								6,000	-	-	-		3,500		2,500
School Construction I		278-0190	1976								7,000	-	-	-		1,000		6,000
Roads Improvement		278-0191	1976								4,000	-	-	-		1,000		3,000
Sprinkler Equipment		278-0185	1976								8,000	-	-	-		4,000		4,000
Maqarin Dam Design		278-0200	1977												5,000	2,000		3,000
Yarmouk-Dead Sea Road Add-On		278-0196	1977												1,000	1,000		-
Aqaba Grain Storage		278-0199	1977												9,000	500		3,500
Village Development I Add-On		278-0183	1977												5,500	500		5,000
Village Development II	*	278-0205	1978														5,000	1,500
Aqaba Water and Sewerage	*	278-0206	1978														6,000	1,000
Credit for Farmers Association	*	278-0207	1978														3,000	700
Rural Electrification	*	278-0209	1978														4,000	500
Potash Design	*	278-0210	1978														5,000	1,000
Amman Water and Sewerage	*	278-0211	1978														18,500	6,000
Roads Improvement II	*	278-0212	1978														4,500	500
Total.....				331,746	328,217	49,500	47,323	47,000	47,660	4,629	62,050	9,028	-	42.13	20,500	27,003	46,000	52,819

*Detailed project narrative—See Table IV or V.

**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978

COUNTRY: JORDAN (In thousands of dollars) TABLE III

FISCAL YEAR	TITLE	AMOUNT
1977	Yarmouk-Dead Sea Road Add-On (FY 1977 Security Supporting Assistance Programs and Middle East Special Requirements Fund, p. 71)	1,000
1977	Maqarin Dam Design (FY 1977 Security Supporting Assistance Programs and Middle East Special Requirements Fund, p. 75)*	5,000
1977	Aqaba Grain Storage* The purpose is to expand grain handling capacity at the Port of Aqaba. The loan will help finance the construction of a 30,000 metric ton facility.	9,000
1977	Village Development I Add-On* The purpose is to provide financing for cost overruns on the original project resulting from inflation, and for the costs of additional facilities to include classrooms, clinics, domestic water supplies and village streets	5,500
		20,500
1978	Aqaba Water and Sewerage	6,000
1978	Village Development II	5,000
1978	Credit for Farmers Association	3,000
1978	Rural Electrification	4,000
1978	Potash Design	5,000
1978	Amman Water and Sewerage	18,500
1978	Roads Improvement II	4,500
		46,000
	*Notification to be transmitted	

(Replaces page 74)

Country: JORDAN

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Budgetary Support	Security Supporting Assistance	FY 78 42,000		
NUMBER N/A GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Security Supporting Assistance Programs, p.64	INITIAL OBLIGATION FY 1971	ESTIMATED FINAL OBLIGATION FY Continuing	ESTIMATED COMPLETION DATE OF PROJECT FY Continuing

Purpose: To enable the Jordan Government to maintain an essential level of domestic outlays, thereby enhancing economic and political stability, through the provision of budget support.

Progress to Date: 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-Jordan border and reestablished King Hussein's control over the East Bank.

This was a favorable development in the Middle East situation from the United States point of view, but was attained at 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.

Since then the United States has provided $320.5 million in budget support, or an average of $53.5 million annually. This represents an average of 13% of Jordan's civilian budgetary expenditures since 1972. Jordanian domestic revenues have been rising, which, combined with needed budgetary stringency, has permitted the gradual reduction of United States budget support during the past several years. United States budget support reached its peak in FY 1975 at a level of $67.5 million, was $52.0 million in 1976 ($15.0 million of which actually was obligated in the Transition Quarter), $51.0 million in the Transition Quarter, $45.0 million (estimate) in FY 1977, and will undergo a further reduction this year.

Other Donor Support: 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, future annual payments may be considerably less than the amount pledged, and the bulk of these funds are expected to go for military equipment purchases. Thus, there continues 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 1978 Program: A total of $42 million in Security Supporting Assistance funding is requested to continue this program during FY 1978.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Budget Support	42,000

(Replaces Page 75)

Country: JORDAN

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Development Administration Training	Security Supporting Assistance	FY 78 510		
NUMBER 278-0146 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Security Supporting Assistance Programs, p. 55	INITIAL OBLIGATION FY 1970	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Purpose: To develop the competence of selected Jordanian officials to plan, implement, monitor and evaluate development projects and programs.

Major Outputs:

	9/30/76	FY 77	FY 78
	(Cumulative as of end of FY)		
Participants trained (degree and non-degree)			
Displaced AUB students	45	45	45
Economic Development Planning	49	60	66
Public Administration	85	90	99
Education	31	33	33
Private Sector	8	8	11
Population	8	8	8
Other	50	54	55
Total	276	298	317

Host Country and Other Donors:

Government of Jordan — Participant salaries

Progress to Date: The project, initiated in FY 1970, emphasized academic training in development economics and public administration; advanced degrees for instructors of the national university; other key development areas; and in residual areas of need related to terminated A.I.D.-funded projects. In addition, the project emphasized provision of short-term experts to conduct in-country training courses. In FY 1972, residual training was phased out, and in FY 1974-75 degree training for university instructors was deemphasized. In FY 1976 academic degree training was reduced to less than one-third of the total participants programmed in that fiscal year, because the University of Jordan was able to provide the training needed for civil servants. The number of short-term training programs was increased to meet additional needs for specialized courses in economic development.

During the Transition Quarter funds were provided to enable forty-five Jordanian students previously enrolled at the American University of Beirut to attend U.S. universities to complete their education, in view of the disruption in Lebanon.

FY 1978 Program: FY 1978 is the last year of funding for this project. Emphasis during the year will be in three sectors: natural resources, including agriculture; education; and industry and related services. $510,000 is requested to finance the completion of training for 23 long-term participants in the United States, and for short-term participants in the United States and third countries.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Participant training	510

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Village Development II	Security Supporting Assistance	FY 78 5,000		
NUMBER 278-0205		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1981
GRANT ☐ LOAN ☒				

Goal: To improve the productivity and quality of life of rural inhabitants in the Jordan Valley.

Purpose: To provide social infrastructure necessary to provide services for the Valley population.

Background: The Jordan Valley is virtually the only area in Jordan capable of providing, with irrigation, high-value fruits and vegetables for domestic consumption and export. The Government of Jordan's and donors' investments in agricultural development, including A.I.D.'s, accordingly have been concentrated in the Valley. A related requirement is the infrastructure and services to improve both the well-being and the productivity of Valley inhabitants.

Under a FY 1975 loan, subsequently amended in FY 1977, the United States is assisting in the Valley development by financing: (a) the construction of health, education and municipal facilities and residential quarters; (b) water distribution systems; (c) selected farm roads and village streets; (d) surveying, grading and leveling of housing plots; and (e) a mortgage lending program for new and improved housing. These facilities will be provided in 29 planned villages. Construction began in late 1976.

The Jordan Valley Commission has also planned 36 villages for development, with technical assistance funded by the United States.

The proposed project will assist in providing: (a) additional service and staff facilities for two or three additional planned villages; and (b) extension of needed services such as streets and domestic water supply in the planned villages. Technical assistance for this project will be funded from the Technical Services grant project (0181).

Major Outputs:

	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Construction:			
Sites leveled	100	400	900
Schools completed	2	4	6
Municipal buildings	0	1	2
Clinics	0	1	2
Village streets (M^2)	5,000	10,000	20,000
Water distribution (linear meters)	10,000	20,000	30,000

Host Country and Other Donors:

Government of Jordan	Force account construction of streets and installation of water systems; medical equipment and furnishings for school and municipal buildings; supervision of water installation system; and other costs. Estimated contribution - $1.5 million equivalent.
KFW (West Germany)	A U.S. $4.11 million equivalent mortgage lending program identical to A.I.D.'s; a high-tension electrical transmission system in the Valley and a low-voltage distribution network for 23 settlements; and domestic water supply projects for six villages.
Arab Fund	King Talal Dam.

FY 1978 Program: A.I.D.-financed Inputs ($ Thousands)

	FY 78
Construction materials, equipment and contract services	5,000

(Replaces pages 87

Country:

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Aqaba Water and Sewerage	Security Supporting Assistance	FY 78 6,000		
NUMBER 278-0206 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Goal: To improve the health and quality of life for residents of Aqaba.

Purpose: To assist the Government of Jordan in the provision of adequate potable water and sewerage systems for Aqaba.

Background: Recent developments in the Middle East have resulted in increased demand for capital goods and commodities in several Arab countries. As a result, Aqaba, Jordan's only seaport, is currently required to handle three times the tonnage of cargo handled in 1975. During the same period Aqaba's labor force, including Jordanian and other Arab and foreign labor, has doubled. This has severely strained existing city facilities, including utilities and public services. In addition, the demand for housing in Aqaba exceeds the supply.

A master plan for the development of Aqaba was prepared by a joint United States-Lebanese consulting group, financed by the World Bank and the Government of Jordan. A $33 million water supply project currently is being planned, which will provide for development of the water supply source, storage facilities and transmission line to Aqaba. This project may be jointly financed by the United Kingdom and the Arab Fund. The A.I.D.-financed portion of the total water system will assist the Government of Jordan in providing initial improvements to the potable water distribution system in Aqaba. The magnitude and size of the distribution and sewerage systems to be improved and installed under this project will be determined after detailed study and design. A feasibility study, financed by the Government of Jordan is being negotiated with the British firm of Howard Humphreys, Ltd.

Major Outputs:

	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Water distribution system installed	-	x	x
Sewerage system installed	-	x	x
Population being served	-	50,000	100,000

Host Country and Other Donors:

Government of Jordan — Contribution based on estimated 75/25 split, $2.0 million equivalent.

FY 1978 Program: The feasibility study inter alia will provide the basis for the estimates of the dollar and local currency components of the first stage of expansion of the water distribution and sewerage disposal systems. This project will provide necessary equipment and materials, and construction services for expansion and improvement of the water distribution and sewerage system, estimated to cost $8.0 million.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Equipment and materials and services	5,000
Engineering contract services	1,000
Total	6,000

(Replaces Page 88)

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Credit for Farmers Association	Security Supporting Assistance	FY 78 3,000		
NUMBER 278-0207 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1981

Goal: To improve the productivity and quality of life for rural inhabitants in the Jordan Valley.

Purpose: To initiate a pilot agricultural credit program.

Background: The Jordan Valley is virtually the only area in Jordan capable of providing, with irrigation, high-value fruits and vegetables for domestic consumption and export. The Government of Jordan's and donors' (including A.I.D.) investments in agricultural development and infrastructure have accordingly been concentrated in the Valley. A requirement related to these investments is the need for a financial facility which can purchase and market crops and provide crop and capital improvement loans to farmers in the Valley.

In FY 1977 A.I.D. financed a U.S. consultant to review the Government of Jordan's plans for a farmers' organization designed to assist farmers in the Jordan Valley in the production and marketing of their produce. One recommendation of the consultant was the establishment, on a test basis, of a lending facility within the farmers' organization.

The proposed project will establish an agricultural credit program for: (1) working capital for the Jordan Valley Farmers Association (JVFA) to acquire and market members' produce; (2) seasonal credit to JVFA members to help meet short-term production needs; and (3) members' medium-and long-term credit requirements for capital improvements.

Major Outputs:

	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Credit:			
Capital to acquire and market members' produce ($)	250,000	500,000	750,000
Short-term credit funded ($)	200,000	400,000	600,000
Long-term credit funded ($)	50,000	100,000	150,000

Host Country and Other Donors:

The Agriculture Credit Corporation will provide the administrative support and facilities for distribution and collection of credit funds. There is no other donor participation in this project.

FY 78 Program: The $3.0 million requested in FY 78 will be used to help capitalize the credit operation.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Agriculture Credit Loan	3,000

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Rural Electrification	Security Supporting Assistance	FY 78 4,000		
NUMBER 278-0209 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Goal: To improve the quality of life in rural villages.

Purpose: To provide electricity to inhabitants of selected rural villages with population in excess of 500.

Background: The Jordan Electric Authority (JEA) plans the electrification of 284 of approximately 325 non-electrified villages throughout Jordan during 1976-1984. It is estimated that approximately 500,000 consumers (about 81,000 domestic connections) would benefit directly from the electric power service provided to these villages. During 1976, the Government of Jordan contracted to provide electric service to 22 villages (11,500 consumers) in the Karak area. During the first quarter of FY 1977, A.I.D. provided funding for a two-man engineer-economist team which assisted the JEA in developing a long-term electrification plan. The Government of Jordan has approached other donors to assist in implementing the rural electrification program proposed in that plan. Villages to be electrified will be selected within the overall development plan. Technical assistance, if required by the JEA for administering the rural systems will be provided from A.I.D.'s Technical Services Project (0181).

Major Outputs:	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Number of consumer connections	2,000	5,000	7,000

Host Country and Other Donors:

Government of Jordan	Office space, counterparts, engineering services, logistic support. Government of Jordan contribution to the proposed A.I.D. project is $1 million equivalent.
Other Donors	The extent of other donors' planned commitments is not known at this time.

FY 1978 Program: The $4.0 million requested in FY 78 will assist in financing the design of electrical distribution systems, procurement of necessary materials and equipment, installation of the systems, and consulting services for construction supervision and equipment installation.

A.I.D.-financed Inputs
($ Thousands)

	FY 1978
Consultants	400
Construction materials and services	3,600
Total	4,000

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Potash Design	Security Supporting Assistance	FY 78 5,000		
NUMBER 278-0210 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1979

Goal: To increase potash production and thereby increase foreign exchange earnings.

Purpose: To establish a potash production facility on the Dead Sea capable of producing one million tons of muriate of potash per year.

Background: In FY 1976 A.I.D. provided a $6 million loan to the Government of Jordan as partial funding of a $10 million feasibility study of a proposed one million ton per year potash production facility. The Government of Jordan provided $3 million equivalent from its own funds and the International Development Association (IDA) provided a one million dollar credit. The feasibility study is being supervised by a U.S. engineering firm (Jacbos International of Pasadena, California) and construction of test dikes and test evaporation pans is being performed by a U.S. construction firm (Brown and Root of Houston, Texas).

The full project involves construction of 55 kilometers of dikes to separate an evaporation area of 110 square kilometers into smaller evaporation stages, or pans. Dead Sea brine will concentrate and will then be pumped through intermediate pans to precipitate carnallite. Dredging equipment and pipeline facilities will harvest and transport the carnallite to a refinery where potash will be separated from the carnallite, processed and sent to storage. A separate power station will provide the electrical and steam requirements of the project.

Bulk potash will be hauled by truck to the Port of Aqaba for storage at a separate storage and ship-loading facility before being exported.

In addition, a town site will be constructed to provide for the needs of various construction contractors and later will be used as residences for operations personnel and their families.

The estimated total cost of the project is $300 million, of which $120 million in equity will be sought by the Government of Jordan from private and governmental sources. The Government anticipates that the $180 million balance can be borrowed from the Kuwait Fund, Arab Fund, IDA, and A.I.D.

A review of the feasibility study has just been completed and while the study is not yet finished, it appears certain that the economic and technical feasibility of the project will be established. When completed the facility should make a significant impact on Jordan's foreign exchange earnings. A.I.D. proposes to proceed to the design of the project components and assist in the financing of the design. Completing the design will accelerate the project's timetable and will assist Jordan in its efforts to secure financial commitments by investors. The design will be prepared by the U.S. engineering firm currently supervising the feasibility study.

Major Outputs:	FY 78	FY 79
A final design and plans and specifications for the facilities to be built.	--	X

Host Country and Other Donors:

The financial plan for the project is not yet known in detail. However, the present Government of Jordan proposal is to try to obtain an equity commitment of $120 million and to secure the balance of funds ($180 million) on a loan basis from the major donors now assisting in Jordan's economic development.

A.I.D.-Financed Inputs
($ Thousands)

	FY 1978
Engineering design services	5,000

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Amman Water and Sewerage	Security Supporting Assistance	FY 78 18,500		
NUMBER 278-0211 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Goal: To improve the quality of life for the residents of Amman and its environs.

Purpose: To assist the Government of Jordan in providing potable water supplies to residents of Amman.

Background: The Amman area currently suffers from a shortage of potable water because local sources provide insufficient quantities of water to meet demand and the distribution system is inadequate. Now a city of about 700,000, emigration from rural areas to Amman is creating additional demand on already strained resources. The population of the city is expected to further increase by 1980 to 780,000 people.

A recent study by a Swedish consultant to the Government of Jordan projects that by 1980 the City of Amman will require an additional 11 million cubic meters of water. The consultant recommends the water be secured from the King Talal Dam on the Zarqa River rather than from the present sources. The basic reason for shifting sources is that sewage is beginning to effect the quality of water in the Aquifer, from which Amman now obtains its water supply, and the capacity of the Aquifer is not judged sufficient to meet projected demands.

The Government of Jordan has accordingly contracted with a French firm to design a water supply project consisting of the transmission of water from King Talal Dam to Amman, water treatment facilities, a distribution system and a sewage disposal system. Construction of the water supply/sewage treatment systems is estimated to cost up to $50 million. The A.I.D. loan would finance specified portions of the project in one or more of the densely populated poorer urban areas.

Major Outputs:	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
People served by improved water supply system	--	--	780,000

Host Country and Other Donors:

Government of Jordan and other donors	Up to $31.5 million equivalent, construction costs.

FY 1978 Program: A.I.D. funds will be used for procurement of required goods and services.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Commodities	12,500
Installation costs	6,000
Total	18,500

Country: JORDAN

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Roads Improvement II	Security Supporting Assistance	FY 78 4,500		
NUMBER 278-0203 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Goal: To improve the distribution and reduce the costs of imported and domestically produced goods, and of exports that depend on road transportation.

Purpose: To assist the Government of Jordan improve approximately 150 kilometers of roads in various locations in Jordan.

Background: Jordan needs a more efficient road transportation network to accommodate the increasingly heavy intra- and inter-country truck traffic which is vital to Jordan's economy. Cargo traffic on roads has expanded significantly over the past three years. This is the result of the movement of larger amounts of agriculture products from rural areas to the principal cities in Jordan, increased import and export operations, and increased cargo traffic transiting Jordan. The present road network needs continual maintenance, repair and improvement.

In FY 1976 A.I.D. authorized a $4 million road improvement project covering approximately 174 kilometers of road segments throughout the national highway system. Nine priority road improvements were selected by the Ministry of Public Works from those identified in the Five-Year Plan for Economic Development (1975-1980).

This proposed FY 1978 project is a continuation of efforts to upgrade the highway network initiated under the FY 1976 loan. Sub-projects will be identified from the Five-Year Plan and road improvements will be carried out by the Ministray of Public Works either by force account or by contracts with Jordanian firms.

FY 1978 Program: The $4.5 million requested in FY 78 are required for design, construction and supervision of the planned road segments.

Major Outputs:	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Kilometers of road upgraded or repairs	30	100	150

Host Country and Other Donors:

Government of Jordan — $1.5 million equivalent contribution toward total cost (professional staff, equipment, funds).

FY 1978 Program: A.I.D.-financed Inputs ($ Thousands)

	FY 1978
Construction services	4,500

Syria - GENERAL ECONOMIC AND SOCIAL DATA

BASIC DATA

Population (millions - mid-1976)	7.6
Annual Growth Rate (percent)	3.3
Area (1,000 square miles)	71
Population Density per square mile	105
Agricultural Land as % of Total Area	67
Percent of Labor Force in Agriculture	51
Life Expectancy (years)	54
People per Doctor	3,490
Literacy Rate (percent)	40
Students as Percent of 5-19 Age Group (Primary & Secondary)	57
GNP per Capita (dollars - 1974)	560*
Annual Average Growth Rate (percent - 1965-74)	4.2+

* - Estimate in IBRD 1976 Annual Report.
\+ - Estimate in IBRD 1976 World Atlas.

AGRICULTURE	1972	1973	1974	1975	1976Est.
Agricultural Production Index (1961-65=100)	127	73	124	124	120
Index per Capita	95	53	87	84	79
Food Production Index (1961-65=100)	138	62	138	133	129
Index per Capita	103	45	97	90	85
Wheat (1,000 M.T.)	1,808	993	1,630	1,550	1,600
INTERNATIONAL TRADE ($ millions)					
Total Exports (f.o.b.)	287	351	784	930	1.190
Crude Petroleum	52	76	432	642	840
Total Imports (c.i.f.)	545	613	1,230	1,685	2,000
Trade Balance	-258	-262	-446	-755	-810
INTERNATIONAL RESERVES ($ millions)[a]					
Official Reserves	135	412	500	735	459(Sept.)
Commercial Bank Holdings	22	33	62	88	39 "
CONSUMER PRICE INDEX (1970=100) (Damascus)	106	127	146	170	190

	- Million Dollar Equivalents -			
CENTRAL GOVERNMENT FINANCES[b] (FY Ending Dec. 31)	1972	1973	1974	1975
Total Expenditures	117	897	1,507	2,612
(Defense Expenditures)	(213)	(399)	(455)	(886)
(As % of Total Expenditures)	(30%)	(45%)	(30%)	(34%)
(Capital Outlays)	(261)	(295)	(643)	(1,462)
Total Domestic Revenues	521	719	1,152	1,784
Deficit (-) or Surplus (+)	-196	-178	-355	-828

FY 1975 U.S. ECONOMIC ASSISTANCE
a. As % of Country Central Government Expenditures 4%
b. As % of Country Imports of Goods & Services 5%

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT AS % OF GOODS AND NON-FACTOR SERVICES (1974) 4.9%

a - Gross basis, end of period. b - Current price data converted at 3.723 Syrian pounds per U.S. dollar.

Objectives of U.S. Assistance

Syria appears to be committed to a negotiated peace with Israel. This serves major U.S. policy interests in this critical area of the world. U. S. policy seeks to reinforce Syrian initiatives to pursue a peaceful path to a general settlement and to strengthen U.S.-Syrian cooperation and mutual trust which is essential to the continued progress towards peace.

U. S. economic assistance to Syria is a tangible and lasting demonstration of the importance the United States places on Syria's positive role in the Middle East, and:

-- provides both real and symbolic evidence of our support of Syria's efforts to resolve its economic and social problems;

-- conveys an understanding of the economic stress placed on Syria by the influx of refugees from Lebanon;

-- encourages already significantly expanding commercial relations between the United States and Syria.

Syria, for its part, has demonstrated a desire to improve U.S.-Syrian relations by:

-- increasing imports from the U.S.;

-- announcing its intention to streamline the bureaucracy to facilitate implementation of U.S.-assisted projects;

-- taking the initiative to establish wider U.S.-Syrian cultural relations;

-- entering into an OPIC agreement and agreeing in principle to the negotiated settlement of outstanding U.S.-Syrian private and governmental claims.

Political and Economic Setting

The United States and Syria reestablished diplomatic relations in 1974. U.S. assistance to Syria resumed in FY 1975 with an $83 million program funded from the Middle East Special Requirements Fund.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Loans	14.5	78.5	78.0	88.0
Technical Assistance	2.0	0.0	2.0	2.0
Total	16.5	78.5	80.0	90.0

The Syrian economy is essentially a centrally regulated one, although current government policy attempts to define an expanded role for the private sector. While the economy generally has recovered from the effects of the 1973 October War, there has been no significant growth in agriculture and food production levels over the period 1964-1974.

Syria's socio-economic situation is characterized by:

-- per capita GNP of $560 (See Editorial Notes in summary volume for explanation of methodology which accounts for substantial increase in Syrian per capita GNP);

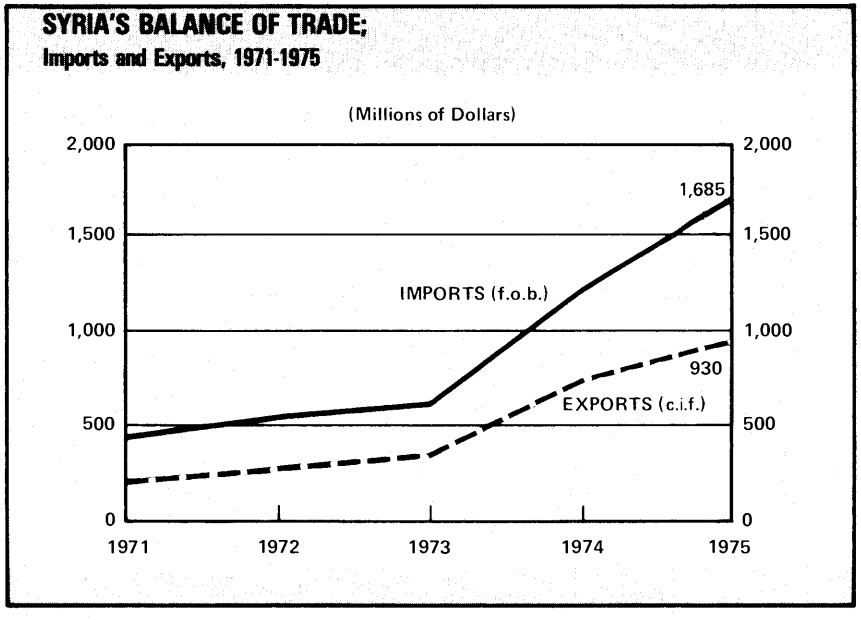
-- an agriculture sector which was 15% of national income in 1975; industry and mining (including petroleum), which was 28% and services which was 57%;

-- Government current and investment expenditures which are one half of GNP;

-- state-owned manufacturing and mining operations as well as banks and public utilities;

-- 50% of the labor force engaged in agriculture, and a substantial part of the balance of the labor force indirectly dependent on agriculture for its livelihood;

-- a foreign trade sector which has expanded rapidly over the last few years, with both imports and exports more than tripling since the early 1970s. (During this period, Syria ran a large trade deficit ranging from just over $150 million in 1972 to almost $600 million in 1975.)



With the Lebanon situation stabilizing, Syria appears likely to resume a high rate of growth. During the 1970-1975 period, real GNP growth averaged more than 10% annually. If, as seems likely, assistance flows from the Arab states are restored and peace is maintained in Lebanon, a real growth rate approaching 10% again could be achieved.

Syria's Fourth Five-Year Development Plan (1976-1980) stresses:

-- increased agricultural production through expanded irrigation, land development, and introduction of modern agricultural technology;

-- wider diversification of the economy by encouragement of the manufacturing sector through:

** creation of agro-industrial establishments;

** expansion of mining and extractive activities,

** strengthening of the services sector (water, power, transportation and communications).

Current Program Activities

The U.S. aid program has been designed to support selected priority projects in Syria's development program. Since the inception of the A.I.D. program in FY 1975, some 41% of the U.S. assistance has been in the agriculture sector, which has top priority in Syria's development plans. U.S. assistance in this sector has included loans to finance the import of agricultural machinery and equipment, and grant technical assistance in agricultural research and production techniques to strengthen Syria's institutional infrastructure.

Public works projects receiving A.I.D. support include the financing of a new highway from Damascus to Dera'a on the Jordanian border. Among its expected benefits, this highway will stimulate rural development along its path

and facilitate the marketing of farm output domestically and for export.

Another element of the public investment activity is the Damascus municipal water supply system. When completed in 1983, it will supply the entire city with potable water.

During the last year several projects relating to human resources development have been initiated, including improved health delivery systems in rural areas and for the urban poor, and the training of health personnel for public health programs.

Another important element of the new aid relationship has been the exposure of Syrian technicians and policy-level officers to U.S. technology and management expertise. This has been accomplished through a participant training program, which was one of the first Syrian aid requests. By the end of FY 1976, more than 85 Syrian officials had received specialized training in the U.S. under this program. A.I.D., in addition, is assisting the Syrian Government to establish an English Language Training Center. It provides intensive English language training to prepare technicians and senior-level Syrian officials for their training in the United States. At the same time, the U.S. English instructors are training Syrian counterparts as teachers of English so that Syrian instructors will be prepared to assume responsibility for continuing the program at the end of the five-year project.

In order to facilitate program development, U.S. experts have been provided to assist the Syrians to identify loan and technical assistance projects in many different sectors. Feasibility and technical studies have included road, water, agriculture, vocational training and meteorological projects, among others.

The aid program has been a learning experience for the Syrians on U.S. Government contracting and procurement policies, which frequently differ substantially from normal Syrian practices. As a consequence, activities tended to proceed somewhat slowly during the initial start-up phase of the program. However, this phase is largely past, and implementation of the aid program is proceeding satisfactorily.

FY 1978 Program

A total of $90 million is requested in FY 1978 to continue the U.S. economic assistance program to Syria. Of this amount, $88 million will be used for capital project loans (2% for 10 years, 3% for remaining 30 years) and $2 million will be provided on a grant basis for technical assistance activities. Loan and grant funds will be applied to the procurement of goods and services primarily from U. S. sources.

Capital Projects ($88 Million)

-- Akkar Plain, $28.0 million loan to finance the construction of an irrigation system serving 55,000 acres and to introduce applicable modern agricultural systems for the production of citrus fruits and vegetables, and other food commodities for domestic consumption and for export. More than 4,400 farm families will be reached by the proposed project. The project will include construction of primary and secondary canals, service roads and extension services.

-- Tartous-Lattakia Highway $60 million loan. The Syrian Government has requested A.I.D. to consider this project. A technical and economic feasibility study of the project will be initiated in January 1977 and the project will be ready for implementation by early 1978.

SYRIA

Technical Assistance ($2.0 million)

-- Agriculture Research & Production - a $150,000 grant to continue efforts begun in FY 1977 to strengthen the institutional infrastructure needed for investigative and adaptive research and development at agricultural field stations. The United States will provide technical assistance to strengthen the delivery capacity of the extension service, advanced training of agricultural research personnel, and assistance in establishing linkages with international agricultural research groups.

-- Development of Health Services - $50,000 grant to complete the funding of this project to provide U.S. technical assistance in health planning, medical equipment maintenance and participant services in support of the Ministry of Health's objective of improving its capacity to deliver health services to the rural population and the urban poor.

-- Technical Health Institute - $125,000 to continue expert and commodity assistance to the Institute to train paramedical personnel in support of the Health Services Project.

-- Nutrition - $125,000 grant for the development of a national nutrition and supplementary child feeding program. The long-range objective of this project is to increase caloric consumption among pre-school age children and pregnant and nursing mothers through improved nutritional education and planning.

-- General Participant Training -$850,000 grant to continue financing the cost of short- and long-term training of Syrian officials at both the technical and the policy levels. The training is to be performed in the U.S. at technical, industrial,and other facilities. It will be designed to improve the skills of the trainees in selected development fields to permit them to become acquainted with U. S. technology.

-- English Language Training Center - $350,000 grant to continue financing for the services of U. S. teachers of English as a foreign language, plus books and equipment for the English Language Center provided by the Syrian Government. The objective of the project is: to provide advanced English language training for Syrian officials preparing to go to the U.S. for A.I.D.-sponsored training in a variety of fields and Syrian officials needing English in the performance of their official functions; to prepare Syrians designated to become teachers of English as a foreign language to replace U. S. contract personnel.

-- Technical Services and Feasibility Studies, Phase II - $350,000 grant financing to continue providing:

** U.S. experts and consultants for project development in those priority sectors for which the Syrian Government has requested U. S. assistance such as agriculture, agribusiness, city and regional planning and other development activities.

ADDITIONAL PROGRAM DATA

Category	FY 1976 (Actual)	FY 1977 (Estimated)	FY 1978 (Proposed)
A.I.D. Personnel[a]		–	–
Direct Hire[b]	10	13	16
PASA[c]	0	0	0
Contract	0	17	23
Total	10	30	39
Participants[d]			
Noncontract	90	110	85
Contract	–	–	–
Total	90	110	85

[a] *U.S. nationals on duty at the end of the fiscal year.*
[b] *FY 1977 and FY 1978 levels authorized as of Nov. 30, 1976.*
[c] *Participating agency technicians.*
[d] *Programmed during the fiscal year.*

P. L. 480 Programs

P.L. 480 PROGRAMS SUMMARY

(In 000MT/$000)

Program	FY 1976* (Actual)		FY 1977 (Estimated)		FY 1978 (Projected)	
	MT	$	MT	$	MT	$
Title I						
Wheat	67.5	8,802				
Rice	41.9	13,546	35.0	8,800	35.0	9,300
Feedgrains						
Vegoil	2.4	1,322	2.0	1,400	4.0	2,300
Non-food	1.2	400	1.2	4,800	1.0	4,000
Title I Total		24,070		15,000		15,600
Title II						
Voluntary Agencies						
World Food Programs		225		2,924		3,575
Gov't.-to-Gov't.						
Title II Total		225		2,924		3,575
Total P.L. 480		24,295		17,924		19,175

**Includes Transition Quarter.*

Title I

In addition to Security Supporting Assistance in FY 1978, P.L. 480 Title I food aid is an important element of the overall U.S. assistance program in Syria. Shortfalls continue even during good crop years between domestic production of grains and consumption needs. The need for U.S. agricultural commodities is further accentuated by the increase in population, continuing rural to urban migration, and recent inflows of refugees from Lebanon. Proceeds from the sale of Title I commodities are used for self-help projects -- for example, for construction of grain silos, refrigerated storehouses and research/dissemination of information on high-yielding varieties of wheat and other food crops, livestock, irrigation projects, among others.

Title II

Title II food aid has been directed to Syria through the Food-for-Work programs of the World Food Program (WFP).

WFP projects in Syria date from 1963; however, from 1967 through 1974, during the break in diplomatic relations between the U.S. and Syria, U.S. contributions to the Syria WFP program were discontinued.

Since the resumption of U.S. relations with Syria, U.S contributions through WFP have been valued at U.S. $191,000 in FY 1975 and $225,000 in FY 1976, for a total of $416,000. A substantial increase in U.S. contributions to WFP is planned in FY 1977 ($2.9 million and FY 1978 ($3.6 million).

WFP activities in Syria have centered on increasing agricultural productivity through expansion of the area under irrigation in the Balikh and Euphrates Basin. Approximately 260,000 recipients will receive supplementary rations over a period of five years.

RESOURCE FLOWS
(In thousands of dollars)

Program	FY 1976* (Actual)	FY 1977 (Estimated)	FY 1978 (Estimated)
A.I.D.**			
Loans	0	41,600	60,000
Grants	690	6,220	2,965
Total A.I.D.	690	47,820	62,965
P.L. 480***			
Title I	24,070	15,000	15,600
Title II	225	2,924	3,575
Total P.L. 480	24,295	17,924	19,175
Total A.I.D. and P.L. 480	24,985	65,744	82,140

*Includes Transition Quarter.
**A.I.D. levels represent actual and estimated expenditures.
***P.L. 480 levels represent actual and estimated value of shipments.

COUNTRY: SYRIA

TABLE II

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(In thousands of dollars)

Project Title	*	Project Number	FY of Initial Obligation	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Grant: Future Year Obligations	Loan**: Through 9/30/76 Amount of Agreement	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Agreement	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Agreement	Loan**: Proposed FY 78 Expenditures
Loans																		
Agricultural Production (Agr. Mach. & Prod. Inputs I)		276-0007	1975	-	-	-	-	-	-	-	30,000	-	-	-	-	30,000	-	-
Damascus Water Supply I		276-0008	1975	-	-	-	-	-	-	-	48,000	-	-	-	-	500	-	10,000
Damascus Water Supply II		276-0010	1976	-	-	-	-	-	-	-	14,500	-	-	-	-	200	-	3,000
Euphrates Basin Irrigation Maintenance Loan		276-0011	1976	-	-	-	-	-	-	-	17,600	-	-	-	-	300	-	8,000
Damascus-Dera'a Highway		276-0012	1976	-	-	-	-	-	-	-	45,900	-	-	-	-	600	-	14,000
TQ-Basic Imports & Production Loan		276-0013	1976	-	-	-	-	-	-	-	15,000	-	-	-	-	10,000	-	5,000
Agricultural Development (Agricultural Machinery and Production InputsII)		276-0014	1977	-	-	-	-	-	-	-	-	-	-	-	55,000	-	-	15,000
Rural Electrification		276-0018	1977	-	-	-	-	-	-	-	-	-	-	-	18,000	-	-	3,000
Euphrates Basin Maintenance Amendment		276-0011	1977	-	-	-	-	-	-	-	-	-	-	-	5,000	-	-	2,000
Akkar Plain	*	276-0016	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	28,000	-
Tartous-Lattakia Highway	*	276-0017	1978	-	-	-	-	-	-	-	-		-	-	-	-	60,000	-
Technical Assistance Grants																		
Technical Services & Feasibility Studies (I)		276-0001	1975	4,000	72	-	3,928	-	-	-	-	-	-	-	-	-	-	-
General Participant Training	*	276-0004	1975	2,250	618	1,100	1,417	850	1,465	750	-	-	-	-	-	-	-	-
English Language Training	*	276-0002	1976	350	-	400	450	350	600	212	-	-	-	-	-	-	-	-
Development of Health Services	*	276-0006	1976	400	-	300	375	50	375	-	-	-	-	-	-	-	-	-
Technical Health Institute	*	276-0019	1977	-	-	200	50	125	225	200	-	-	-	-	-	-	-	-
Technical Services & Feasibility Studies, Phase II	*	276-0005	1978	-	-	-	-	350	200	-	-	-	-	-	-	-	-	-
Agricultural Research & Production	*	276-0003	1978	-	-	-	-	150	75	200	-	-	-	-	-	-	-	-
Nutrition	*	276-0015	1978	-	-	-	-	125	25	200	-	-	-	-	-	-	-	-
Total.....				7,000	690	2,000	6,220	2,000	2,965	1,562	171,000	-	-	-	78,000	41,600	88,000	60,000

*Detailed project narrative—See Table IV or V.

**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

(Replaces page 97)

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978
(In thousands of dollars)

COUNTRY: SYRIA

TABLE III

FISCAL YEAR	TITLE	AMOUNT
1977	Rural Electrification (FY 1977, Security Supporting Assistance Programs, pg. 92.)	18,000
1977	Agricultural Development (Agricultural Machinery and Production Inputs) (FY 1977, Security Supporting Assistance Programs, pg. 91.)	55,000
1977	Euphrates Basin Irrigation Maintenance, Amendment*	5,000
	In FY 1976, A.I.D. made a loan of $17.6 million to the Syrian Government in support of a Ministry of Euphrates Dam project to procure equipment maintenance machinery (tool shops, tools, machine tools) and some equipment in support of a technical assistance project to train employees of the ministry in equipment operation and maintenance. Following careful review of the proposed project, agreement has been reached between the Ministry and the A.I.D. Field Mission that additional equipment will be required for this project.	
1978	Akkar Plain	28,000
1978	Tartous-Lattakia Highway	60,000

*Notification to be transmitted

(Replaces page 98)

Country: SYRIA

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Akkar Plain	Security Supporting Assistance	FY 78 28,000		
NUMBER 270-0016 GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1982

Goal: To increase Syria's agricultural production of high-value crops (citrus and vegetables) for domestic consumption and export.

Purpose: To expand the irrigation system in the Akkar Plain with corresponding improvements in inputs, adaptive research and supporting infrastructure (farm-to-market roads, etc.).

Background: An A.I.D.-financed prefeasibility study of the agricultural potential of the Akkar Plain, an area of 55,000 acres located on Syria's Mediterranean coast, concluded that its development is technically feasible and economically justified. The prefeasibility study estimated the foreign exchange costs of developing this area at $28 million. The principal elements of the project are development and dissemination of new production technologies suitable for the specific conditions of the area, and construction of an irrigation and drainage system utilizing impounded water, well water, and diverting part of the flow of the El Kebir Janoubi River which forms the Syrian-Lebanese border. When completed, the project will benefit the rural poor in the project area through increased employment and income opportunities.

Major Outputs:	FY 78	All Years
Acres of land irrigated		55,000
Wells drilled		150
Kilometer roads improved		30
Counterpart trained in Syria (on-the-job)	2	20

*Including improvements in existing irrigated areas

Host Country and Other Donors: The Syrian Government will provide all local currency costs, counterparts and trainees.

FY 1978 Program: Construction will be initiated for surface water impoundment and distribution, for irrigation wells and distribution canals and for drainage and other civil works. Field trials and demonstrations will also be started for selected crops. The construction and adaptive research programs continue through the four years of the project. Participant training will be provided for the extension service and other manpower development through the General Participant Training Project.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Contracts for design and supervision of construction	2,000
Construction contracts	26,000
Total	28,000

(Replaces page 105)

Country: SYRIA

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Tartous-Lattakia Highway	Security Supporting Assistance	FY 78 60,000		
NUMBER 276-0017		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1982
GRANT ☐ LOAN ☒				

Goal: To facilitate increased Syrian interregional and international trade.

Purpose: To facilitate the movement of goods to and from Syria's major port cities.

Background: Syria is trying to develop a balanced agricultural and industrial economy with a wide geographical dispersal of production. This factor, together with Syria's location as a crossroads and the vast increase in income of the Arab oil producers, has resulted in a much expanded transit trade through Syria to Iraq, Jordan and the Gulf States. The existing highway between the major port cities of Tartous and Lattakia is inadequate to handle efficiently the greatly increased traffic volume generated by the above factors. Therefore, the Syrian Government has assigned high priority to the construction of a new highway between Tartous and Lattakia (approximately 90 kms.) and has expressed interest in A.I.D.'s financial assistance for its construction. A.I.D. and the Syrian Arab Republic are planning a project feasibility study in FY 1977. Assuming a positive finding, the proposed loan would finance the foreign exchange costs for engineering (including final design and construction supervision) and construction services. The total cost of the project is presently estimated at $90 million, of which $60 million is foreign exchange.

Major Outputs:	FY 78	All Years
Final Design	10%	x
Supervision of Construction	-	x
Construction of Highway and bridges (kms)	-	90

Host Country and Other Donors: The Syrian Government - Local government personnel and labor for the project, and local currency costs of construction; the estimated total amount is $30 million equivalent.

FY 1978 Program: The proposed loan will finance the U.S. dollar cost of the final design, construction supervision and construction of the Tartous-Lattakia highway.

A.I.D.-Financed Inputs
($ Thousands)

	FY 78
Engineering design	1,500
Construction supervision	2,500
Construction services (90 kms. of highway including related culverts, bridges, and drainage structures).	56,000
Total	60,000

Southern Africa

AFRICA

SECURITY SUPPORTING ASSISTANCE PROGRAMS

Contents

	Page
Africa	136
Special Requirements Fund.	145
Botswana, Lesotho, and Swaziland	151
Zaire.	195

United States policy is dedicated to the attainment of majority rule in southern Africa through peaceful means.

The political obstacles to peaceful transition to majority rule are numerous. They are exacerbated by the many economic problems of the entire region, including the dislocation of large numbers of people who have become refugees, the disruption of regional transport links, and relatively low commodity prices, particularly for copper.

The prospects for successful transition to majority rule can be markedly enhanced by alleviating the present economic distress and fragility of the majority ruled states in southern Africa through assistance directed toward meeting the immediate requirements for economic stability and toward establishing the basis for longer-term and sustained economic and social development.

The United States has recently played a major role in the political process aimed at peaceful transition to majority rule in southern Africa. It is critically important that this effort be reinforced by economic actions to promote political stability and to demonstrate that the U.S. can be counted on to cooperate in a constructive manner.

The Administration is requesting $135 million for FY 1978 to respond to anticipated needs arising from the political and economic problems in the region and to fund ongoing and new development projects.

The Administration's request for the region consists of two parts:

--Southern Africa Special Requirements Fund - $100 million. Country requirements under this fund cannot be quantified with precision at this time. Under current circumstances these funds would probably be used for:

**balance of payments assistance to meet the critical needs of Zambia and Zaire;

**development of new or alternative transport routes (e.g., in Botswana and Lesotho);

**scholarships for refugees along with regional education and training programs;

**an acceleration of selected development activities in Botswana, Lesotho and Swaziland.

However, at this point in time we need to retain the flexibility to respond to opportunities to promote peaceful transition or, alternatively, to meet crisis situations

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Supporting Assistance	12.0	-	54.0	135.0
Botswana	*	*	10.0	3.0
Lesotho	*	*	*	5.0
Swaziland	*	*	*	10.5
Zambia	-	-	20.0	-
Zaire	12.0	-	20.0	10.0
Regional	*	*	4.0	6.5
Special Requirements	-	-	-	100.0

*Programs financed with Development Assistance funds.

that might result from an escalation of violence.

--Ongoing and new development projects - $35 million. These funds would be used for ongoing and previously planned development activities in Botswana, Lesotho, Swaziland, and Zaire.

Zimbabwe

We must continue efforts to achieve:

--a peaceful transition to majority rule in Zimbabwe;

--development of foundations of understanding that could produce a true multi-racial society;

--avoidance of great power confrontation;

--establishment of a pattern of peaceful change to be emulated elsewhere in southern Africa.

Although no funds are specifically requested for Zimbabwe at this time, the transitional and post-transitional periods will entail significant requirements for technical and economic assistance. Potential requirements and appropriate multilateral mechanisms are being studied but the timing of such assistance remains dependent on the evolution of events in the area.

The Majority-Ruled States

The independent countries of the region which will be the recipients of Security Supporting Assistance -- Zambia, Botswana, Lesotho, Swaziland, and Zaire -- face serious economic difficulties. It is in the U.S. interest to be responsive to their needs in order to promote economic stability as well as to establish the basis for longer term economic viability and sustained development.

Zambia

The fundamental U.S. interest in Zambia is to:

--maintain political and economic stability in this country which is exercising a crucial moderating influence in the search for a solution to southern African problems.

Consistent with these interest, the current focus of U.S. efforts is to assist in solving Zambia's serious economic problems.

Since early 1975, Zambia has encountered severe and unexpectedly tenacious economic difficulties.

--Copper prices have dropped to just over a third of their April 1974 peak, and 1975 and 1976 average prices were below Zambia's break-even point.

--As a result, Zambia's economy, heavily dependent on foreign trade and the price of copper, has been

severely damaged,

** Real GNP dropped about 5% in 1975.

** Zambia's balance of payments showed a current account deficit of $719 million in 1975; and has shown only marginal improvement in 1976.

** Government revenue dropped 30% in 1975, creating a budget deficit of $490 million (over 20% of GNP).

** In 1976, the Government had to cut recurrent expenditures by 10% and development expenses by 25%.

Zambia has taken a number of significant steps to reverse the trend.

-- A drastic cutback in import licenses was imposed, beginning in January 1975; 1976 imports are projected to be below the 1974 level (in current prices), and about 30% below 1975.

-- A major stabilization agreement, in which Zambia pledged stringent fiscal and economic measures, was concluded with the International Monetary Fund in July 1976.

-- Zambia's currency was devalued by 20%, also in July 1976.

Zambia's economic crisis is persisting longer than had been anticipated.

-- Copper prices recovered only marginally in 1976, as the world economic recovery proved less strong than anticipated; as a result, both Zambia's balance of payments and revenue performance have fallen short of expectations.

-- Despite strict import controls, the current account payments deficit for 1976 will be well over $300 million; even when foreign capital inflows are subtracted, there remains a payment gap of $80 million to $100 million. Assuming steady improvement in copper prices, current account deficits are nevertheless projected at $167 million in 1977 and $82 million in 1978.

-- The Government's budget deficit, in spite of drastic cutbacks in recurring and development expenditures, will still be over $250 million.

-- The July devaluation and shortages caused by strict import controls have generated a sharp rise in consumer prices.

-- Shortages of raw materials and generally depressed economic conditions have caused increased unemployment and underemployment.

Zambia has also received a number of refugees from Angola and Rhodesia. If requested, A.I.D. would be prepared to assist in meeting extraordinary requirements arising from their presence.

Botswana

The fundamental U.S. interest in Botswana is to:

-- increase Botswana's political and economic viability as a multiracial democratic state which will continue to work for peaceful change in southern Africa.

Consistent with this interest, the current focus of U.S. efforts is to assist Botswana to solve its present economic problems to enable it to continue its development as a democracy committed to social justice.

SPECIAL REQUIREMENTS FUND

The economic prospects of the countries for which Security Supporting Assistance is proposed directly relate to the evolving political situation in southern Africa, which will affect the achievement of U.S. foreign policy objectives.

United States policy in southern Africa is clear and principled: to support self-determination, majority rule, equal rights and human dignity for all people of the region.

The economic assistance corollary to that policy is equally clear and principled: that the region have an opportunity to establish the foundations for economic growth and to become a full-pledged participant in the evolving international economic system.

The circumstances of transition in the region are still uncertain. The pursuit of peaceful change required the vigorous support of neighboring independent states, and a multilateral program of economic assistance.

It is essential for the U.S. to have the capability to move rapidly to support efforts on the part of several nations to promote economic stability in the region.

In FY 1978, U.S. assistance may be necessary to:

--alleviate chronic balance-of-payments difficulties in Zaire and Zambia;

--sustain economic development in Botswana, Lesotho, Swaziland, Zambia and Zaire;

--bolster U.S. Government and international programs for the resettlement of refugees;

--respond to requests for humanitarian assistance arising from political and security developments in the region;

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 Actual	TQ Actual	FY 1977 Estimated	FY 1978 Proposed
Supporting Assistance	-	-	-	100.0
				100.0

-- support development of new or alternative transport routes (e.g., in Botswana and Lesotho);

-- initiate and continue programs for human resource development in the region;

-- promote long-term economic and human resource development by expanding food production and by financing major programs in regional capital and social infrastructure.

In FY 1978, $100 million is requested for a Special Requirements Fund to enable the U.S. to play a constructive role through assistance directed toward meeting the immediate requirements for economic stability and toward establishing the basis for longer-term and sustained development of the southern Africa region.

By the very nature of the situation however, it is not possible at this time to specify precisely how the requested funds would be used. Clearly total requirements will exceed the resources of any single donor.

A.I.D. will submit a Special Report to the Congress not later than September 30, 1977, outlining progress in meeting U.S. objectives in the region and the proposed uses for the Special Requirements Fund. Congress also

will be provided a complete and timely explanation of specific projects before they are obligated.

Authorization and appropriation for the Special Requirements Fund is necessary at this time. Congressional authorization and appropriation of funds would both signal U.S. willingness to meet the economic requirements of the region and subsequently permit flexible program and project planning and rapid implementation.

Jamaica

The United States and Jamaica, the largest of the English-speaking Caribbean Islands, share close ties built on common democratic traditions and a high degree of economic interdependence.

-- Jamaica provides 51% of U.S. bauxite and 23% of U.S. alumina requirements.

-- The United States provides nearly 40% of Jamaica's imports.

-- U.S. private investment in Jamaica exceeds $1 billion.

-- More than 500,000 Jamaicans have migrated to the United States and a large number of American tourists visit Jamaica each year.

Given the extent of this interdependence,it is in the U.S. interest that Jamaica maintain its economic and social stability.

Socio-Economic Setting

Jamaica is committed to extending basic social and economic benefits to the majority of its population, particularly the rural poor. The principal obstacles to doing so are:

-- over-population;

-- severe unemployment, officially estimated at 24% of the labor force;

-- a stagnant agricultural sector.

The country currently faces an economic crisis, which has been severely aggravated by the near depletion of its foreign exchange reserves. Confronted with a continuing adverse balance of payments situation, the Jamaican Government in January 1977 initiated an austerity program designed to cut back imports, reduce other outflows of foreign exchange, and limit its fiscal deficit by increasing government revenues. However, this austerity program threatens to contribute to a further slowdown and disruption of the economy, increasing unemployment which already is dangerously high at an estimated 24% of the labor force.

Jamaica's economy was founded on traditional plantation agriculture. Major external investments in the bauxite/alumina industry, tourism, manufacturing and refining stimulated Jamaican economic growth into the early 1970s.

SECURITY SUPPORTING ASSISTANCE
PROGRAM SUMMARY
(In millions of dollars)

	FY 1976 * Actual	TQ * Actual	*FY 1977 Estimated	FY 1978 Proposed
Total	.7	.1	11.1	10.6
Loan	-	-	10.0	9.5
Grant	.7	.1	1.1	0.5
Population Planning	-	-	-	**.6

* Program financed with Development Assistance Funds

** Financed with Population Planning Funds

These major investments are now completed; demand for bauxite has declined; sugar prices have dropped sharply; and tourism is stagnant. Consequently, Jamaica is experiencing:

-- deteriorating public savings;

-- a precipitous drop in international reserves to $31.5 million at the end of 1976 (equivalent to about two weeks' imports);

-- high inflation (running between 15% and 20%) as the country attempts to compensate for these economic setbacks through expansionary fiscal policies;

-- a deteriorating balance of payments (the deficit through September 1976 was three times greater than the corresponding period in 1975).

As a result, Jamaica faces increasingly severe fiscal and balance-of-payments difficulties. However, long-term economic prospects for Jamaica can be improved, provided that:

-- demand for the island's exports strengthens;

-- tourism recovers;

-- a reasonable level of new external resource flows, both short-and long-term, are received and are accompanied by sound fiscal management.

Apparent per capita income levels mask widespread poverty in Jamaica. Approximately one-third of the population of 2.1 million lives on small farms with an estimated per capita income of $200 or less. Other indications of poverty have been revealed in a recent study of a Food and Nutrition Policy for Jamaica, namely:

-- Mortality among one-to-four year-old children is twice that of Puerto Rico.

-- About 45% of pregnant and lactating mothers are anemic, resulting in complications for both the mothers and the newborn infants.

-- A high proportion of school children eat no breakfast.

-- Within the poorer income groups dietary energy intake falls 27% short of recommended minimum food requirements.

Objectives of U.S. Assistance

The objective of the U.S. assistance is to help Jamaica maintain a strong and stable economy while concurrently extending basic social and economic benefits to the poor majority of its population. Jamaica seeks to:

-- reduce its rate of population growth;

-- establish a model for the revitalization of small farmer agriculture;

-- develop a long-term strategy for increasing employment.

FY 1978 Program

A.I.D. proposes to reorient its FY 1978 program to augment the efforts of the Jamaican Government and complement the inputs of other donors in response to that country's current economic crisis. Simultaneously A.I.D. will continue to support national development priorities which focus on upgrading the economic and social well being of the poorer segments of Jamaica's population.

Subject to further discussions with the Government of Jamaica, supporting assistance of $10 million is proposed to finance essential commodity imports from the United States and grant technical assistance. It is anticipated that counterpart funds generated from imports will be programmed for priority development activities. This program will supplement that of other friendly nations such as Canada and Trinidad and Tobago, which have already provided special assistance to help Jamaica through its present economic difficulties.

Food and Nutrition

One-third of Jamaica's population lives on small farms. The profile of the Jamaican small farmer the Government and A.I.D. are seeking to help reveals:

-- Farms average two to three acres, usually on a moderate to steep slope.

-- Small farmers constitute over 80%, approximately 150,000, of the farm families in Jamaica.

-- Average family size is five to six.

The Government has five major goals in the rural sector:

-- increase rural income and improve rural social infrastructure;

-- assure that all agricultural land is utilized efficiently;

-- create agro-industrial and small-enterprise opportunities in rural areas to balance the distribution of income and economic activity between rural and urban areas;

-- produce as much food and raw material as is economically feasible to meet domestic food and nutrition requirements and increase exports;

-- develop agricultural production in a manner which will reverse the growing reliance on food imports.

The Government has demonstrated its commitment to these objectives:

-- Under project Land Lease, begun in 1973, the Government has leased over 32,000 acres of cultivable land to 20,000 small farmers.

-- The Government started reorganizing the Ministry of Agriculture in 1976, using a decentralized region-specific approach which is expected to improve the delivery of agricultural services to the small farmer.

-- The Agricultural Marketing Corporation represents a further effort by the Government to increase and encourage production by the small farmer through establishment of reasonable price incentives for basic food crops.

Other donors support the Government's agricultural program:

-- The Inter-American Development Bank's (IDB) "Self-Supporting Farmers Development Program" provides relatively soft loans to medium-size farmers.

-- The World Bank (IBRD) is currently appraising projects which will:

** provide assistance to small farmers through land settlement and related infrastructure;

** finance on-farm improvements for coconut, citrus, livestock, and agro-industries;

** modernize the sugar industry.

A.I.D. recently completed a rural road project which has provided increased accessibility to markets. The ongoing Forestry Development project has financed reforestration of 6,000 acres of pine, using labor-intensive methods.

During FY 1978, A.I.D. will continue to carry out a planned FY 1977 $8 million development loan which has as its objectives:

-- expanded crop production;

-- increased small farmer incomes.

A.I.D. will continue to carry out an inland fisheries development program, approved in FY 1976, which is designed to improve the nutritional content of the Jamaican diet and increase rural incomes through the sale of fresh and processed fish.

Population Planning

The Jamaican Government is conducting a vigorous population program which has as its objectives:

-- reducing the birthrate from its present level of 29 per thousand to 25 per thousand by 1980;

-- integrating family planning services into the basic health services system of the Ministry of Health;

-- fostering a commercial distribution system of contraceptives complementary to the public distribution channels;

-- incorporating family life education/sex education in the public school curricula.

The Jamaican Government has displayed significant independent initiative and made substantial progress in promoting family planning over the years. As a result, the birthrate has already declined from 40 per thousand in 1965 to 29 per thousand today. Recently the Government has:

-- provided financial support to the Jamaica Family Planning Association, a private entity, for establishing a Family Life Center which instructs teenagers in various aspects of family life/sex education;

-- incorporated family planning into its Maternal Child Health programs.

Several multilateral donor agencies are supporting Government initiatives in population planning.

-- The IBRD in 1976 approved a $6 million loan for a combined health/nutrition/family planning project. The family planning element includes midwife training and provision of equipment and supplies.

-- The UN Fund for Population Activities provides a modest amount of assistance for the purchase of contraceptives.

During FY 1978, A.I.D. will continue to support the Government's Family Planning program, focusing on strengthening Jamaican institutions involved with:

-- delivery of family planning services in rural areas;

-- integrating family life/sex education programs into school curricula;

-- expanding commercial distribution of contraceptives.

Health

The Government of Jamaica's goal in the health sector is to provide comprehensive health care for the entire population.

The Government will consider this objective achieved if four patient visits per year can be provided in hospitals, health centers, and clinics or in the patients' homes.

-- The Government recognizes that to decentralize health care is the first step to providing improved service. It has decentralized administration of the Ministry of Health in one county. If proven successful, as expected, decentralization will be repeated in Jamaica's remaining two counties.

-- A community health system is being established using "Community Health Aides" who are recruited, trained at a central facility, and returned to their home districts to assist in the delivery of health care. To date, over 1,200 of a planned 2,400 aides have been hired, trained, and returned to their communities.

The Government's health program is supported by other donors:

-- The IBRD recently authorized a $6.8 million loan to construct and equip over 100 clinics.

-- The UNDP, through the Pan American Health Organization, recently began a health care facilities maintenance project.

-- Cuba is providing 15 doctors to staff various facilities.

In FY 1978, A.I.D. will continue the Health Improvement for Young Children project which was approved in late FY 1976. This project supports the development of a low cost health delivery system in one Jamaican county. Similar systems will subsequently be developed in Jamaica's other counties.

Education and Human Resources Development

Government objectives in education include:

-- more equitable provision of education opportunities, with special attention to those in the lower socio-economic levels;

-- emphasis on the educational development of rural areas, with particular attention to primary, vocational agriculture, and community education;

-- more effective utilization of existing educational facilities and resources;

-- making education more relevant to the country's socio-economic needs;

-- improved management of the education system.

The Government has taken positive actions in all of the 12 major problem areas identified in a 1973 sector study financed by A.I.D. These actions have included:

-- increasing budgetary resources and personnel;

-- building an increased number of primary and secondary schools in rural areas;

-- providing additional formal and non-formal vocational programs;

-- developing rural community education programs;

-- significantly improving literacy levels through the Jamaica Adult Literacy Program.

At present, the Government is receiving significant external support in the sector from:

-- the IBRD in secondary school construction;

-- the Canadian International Development Agency in primary school construction and industrial vocational teacher education;

-- the Organization of American States in Spanish language teacher training;

-- the IDB in capital for a student loan fund;

-- UNDP technical assistance in vocational training;

-- A.I.D.'s FY 1975 Rural Education Sector Loan.

A.I.D. plans to supplement that loan in 1977 by restoring technical assistance and training elements previously deleted because of a shortage of funds.

In FY 1978, A.I.D. proposes to help several ministries conduct analytical studies which will identify skill needs. The goal is to make education and training directly relevant to the country's actual employment requirements.

A.I.D. will also continue to support a National Planning Project which is designed to improve Government capability to prepare and manage development projects.

Selected Development Activities

For a number of years, A.I.D. has been supporting the efforts of small private community groups to improve the social environment in which they live. These groups have taken the initiative in starting such activities as:

-- adding on rooms to their schools;

-- building clinics and small community halls.

A.I.D.'s experience with the program in past years has been most positive. Over 90% of these grants, averaging $1,600 in 1976, have been made to groups in small rural communities. The groups' contribution to projects, in the form of personal labor or financial input, varies, but on average it is 70%.

In FY 1978, A.I.D. will continue to support these small self-help projects for predominantly rural low-income groups.

ADDITIONAL PROGRAM DATA

Category	FY 1976 (Actual)	FY 1977 (Estimated)	FY 1978 (Proposed)
A.I.D. Personnel[a]			
Direct Hire[b]	7	7	8
PASA[c]	1	–	–
Contract	2	7	16
Total	10	14	24
Participants[d]			
Noncontract	22	47	69
Contract	–	–	15
Total	22	47	84

[a] *U.S. nationals on duty at the end of the fiscal year.*
[b] *FY 1977 and FY 1978 levels authorized as of Nov. 30, 1976.*
[c] *Participating agency technicians.*
[d] *Programmed during the fiscal year.*

Housing Investment Guaranties

The Jamaican Government objective in the housing sector is to assist in providing minimum shelter housing for the lowest income segments of the country's population by financing new construction and replacing or upgrading existing sub-standard housing.

Over the last 20 years, the Government has made a major effort to improve housing, both rural and urban. These efforts have included:

-- providing low cost credit for construction of housing on government-leased farm plots under Project Land Lease (a project designed to stimulate agricultural production);

-- establishing a National Housing Trust which is designed to provide financing for worker housing construction, through a system of worker wage deduction;

-- providing small, 200-square-foot one-room structures on a low-cost, highly subsidized basis to the poorest farmers.

In FY 1978, A.I.D. proposes to provide a $10 million Housing Investment Guarantee to expand and upgrade the existing rural housing stock. This guarantee will support the Government's rural development program.

Commodity Import Program

A.I.D. proposes a Commodity Import Program loan of $9.5 million in FY 1978 to help the Government of Jamaica import essential commodities. The details of this program will be subject to discussion with the Jamaican authorities at a later date. It is anticipated, however, that local currencies generated by the loan would be used to support the country's self-help development projects.

P.L. 480 Programs

P.L. 480 PROGRAMS SUMMARY
(In 000MT/$000)

Program	FY 1976* (Actual)		FY 1977 (Estimated)		FY 1978 (Projected)	
	MT	$	MT	$	MT	$
Title I						
Wheat	5.2 a/	1,280	-	-	3 a/	1,500
Rice	-	-	-	-	-	-
Feedgrains	-	-	-	-	-	-
Vegoil	-	-	-	-	1	600
Non-food	-	-	-	-	-	-
Title I Total		1,280		-		2,100
Title II						
Voluntary Agencies		-		-		-
World Food Programs		87		135		83
Gov't.-to-Gov't.		-		-		-
Title II Total		87		135		83
Total P.L. 480		1,367		135		2,183

**Includes Transition Quarter.* a/ Blended Foods

P.L. 480 Title I

A.I.D. for the past three years has been providing Title I assistance in support of the Jamaican Government's school feeding and maternal/child health program. Title I assistance has been in direct support of the Government's national nutrition program which seeks to improve the nutrition of school age children, the majority of whom go to school without food, and pregnant and lactating mothers, 45% of whom suffer from anemia. The Government's use of Title I foods is wholly directed to providing more nutritious lunches for both rural and urban school children and to establishing food supplement programs in rural health clinics.

In FY 1978, A.I.D. proposes a $2.1 million Title I program in continuing assistance of the Government's nutrition program. The Jamaican Government already funds most of the costs associated with the establishment of a program which includes purchase of locally produced food to combine with P.L. 480 commodities; storage facilities; and distribution.

P.L. 480 Title II

The U.S. Government provides commodities to support World Food Program activities in Jamaica.

RESOURCE FLOWS
(In thousands of dollars)

Program	FY 1976* (Actual)	FY 1977 (Estimated)	FY 1978 (Estimated)
A.I.D.**			
Loans	8,408	2,267	15,700
Grants	384	1,444	1,120
Total A.I.D.	8,792	3,711	16,820
P.L. 480***			
Title I	1,280	-	2,100
Title II	87	135	83
Total P.L. 480	1,367	135	2,183
Total A.I.D. and P.L. 480	10,159	3,846	19,003

**Includes Transition Quarter.*
***A.I.D. levels represent actual and estimated expenditures.*
****P.L. 480 levels represent actual and estimated value of shipments.*

COUNTRY: JAMAICA

SUMMARY OF ACTIVE AND PROPOSED PROJECTS
(In thousands of dollars)

TABLE II

Project Title	*	Project Number	FY of Initial Obligation/Date of Loan Authorization	Grant: Through 9/30/76 Obligations	Grant: Through 9/30/76 Expenditures	Grant: Estimated FY77 Obligations	Grant: Estimated FY77 Expenditures	Grant: Proposed FY78 Obligations	Grant: Proposed FY78 Expenditures	Grant: Future Year Obligations	Loan**: Through 9/30/76 Amount Authorized	Loan**: Through 9/30/76 Amount Disbursed	Loan**: Through 9/30/76 Principal Repayments	Loan**: Through 9/30/76 Interest Collected	Loan**: Estimated FY 77 Authorization	Loan**: Estimated FY 77 Expenditures	Loan**: Proposed FY 78 Authorization	Loan**: Proposed FY 78 Expenditures
DEVELOPMENT ASSISTANCE				4,168	3,454	1,107	1,444	-	507	-	23,500	12,843	-	469	10,000	2,267	-	6,200
Food and Nutrition																		
Inland Fisheries Development		532-0038	1976	94	16	261	233	-	88	-	-	-	-	-	-	-	-	-
Forestry Development		532-0008	6/73	-	-	-	-	-	-	-	4,400	2,917	-	57	-	1,483	-	-
Integrated Regional Rural Development 1/		532-0046	1977	-	-	-	-	-	-	-	-	-	-	-	8,000	-	-	1,000
Population Planning and Health																		
Family Planning		532-0030	1966	3,309	2,970	-	353	-	134	-	-	-	-	-	-	-	-	-
Family Planning Services		532-0041	1977	-	-	596	400	-	196	-	-	-	-	-	-	-	-	-
Health Improvement for Young Children		532-0040	1976	178	-	100	203	-	75	-	-	-	-	-	-	-	-	-
Education and Human Resources Development																		
National Planning		532-0039	1976	125	6	100	205	-	14	-	-	-	-	-	-	-	-	-
Rural Education Sector 2/		532-0009	6/74	-	-	-	-	-	-	-	9,100	-	-	-	2,000	710	-	5,200
Selected Development Activities																		
Special Development Activities		532-0029	1966	462	462	50	50	-	-	-	-	-	-	-	-	-	-	-
Jamaica Mortgage Bank		532-0007	6/71	-	-	-	-	-	-	-	10,000	9,926	-	412	-	74	-	-
POPULATION PLANNING																		
Family Planning Services	*	532-0041		-	-	-	-	661	369	1,173	-	-	-	-	-	-	-	-
SECURITY SUPPORTING ASSISTANCE				-	-	-	-	500	244	404	-	-	-	-	-	-	9,500	9,500
Health Improvement for Young Children	*	532-0040	1978	-	-	-	-	97	-	-	-	-	-	-	-	-	-	-
National Planning	*	532-0039	1978	-	-	-	-	150	96	-	-	-	-	-	-	-	-	-
Training Needs Survey/Employment Development	*	532-0047	1978	-	-	-	-	220	115	404	-	-	-	-	-	-	-	-
Special Development Activities	*	532-0029	1978	-	-	-	-	33	33	Cont.	-	-	-	-	-	-	-	-
Commodity Import Program	*	532-0048	1978	-	-	-	-	-	-	-	-	-	-	-	-	-	9,500	9,500
Grand Total.....				4,168	3,454	1,107	1,444	1,161	1,120	1,577	23,500	12,843	-	469	10,000	2,267	9,500	15,700

1/ Repayable in 20 years
2/ Repayable in 30 years

*Detailed project narrative–See Table IV or V.
**Loan terms: repayment period varies from 20-40 years, 10 years grace; interest 2% during grace, 3% amortization; repayable in U.S. dollars. Loans repayable in less than 40 years are noted.

SUMMARY OF LOAN AUTHORIZATIONS
Estimated FY 1977 – Proposed FY 1978
(In thousands of dollars)

COUNTRY: JAMAICA

TABLE III

FISCAL YEAR	TITLE	AMOUNT
1977	Rural Education Sector (Amendment)*	2,000
	The purpose is to provide additional technical assistance and training to the Ministry of Education to supplement rural primary, rural secondary, agricultural and continuing education activities presently being carried out through the ongoing $9.1 million Rural Education Sector Loan.	
1977	Integrated Rural Development*	8,000
	The purpose is to increase agricultural production by strengthening the capabilities of the Ministry of Agriculture to extend a rural development program based on soil conservation and irrigation techniques to the Jamaican small farmer.	
1978	Commodity Import Program**	9,500
	The purpose is to provide commodity imports essential to industrial and agricultural development and to make possible the generation of local currencies to support national development projects.	
	* Notification to be transmitted. ** Security Supporting Assistance.	

Country: JAMAICA

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Family Planning Services	Population Planning	FY 78 661		
NUMBER 532-0041 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Latin America Programs, p. 201	INITIAL OBLIGATION FY 1977	ESTIMATED FINAL OBLIGATION FY 1981	ESTIMATED COMPLETION DATE OF PROJECT FY 1981

Purpose: To strengthen family planning institutions to achieve a level of at least 34,000 new acceptors annually through public and private family planning programs.

Major Outputs:	FY 77	FY 78	All Years
	(Cumulative as of end of FY)		
Medical and para-medical personnel upgraded	970	1,863	2,500
Trained family planning counselors	21	32	50
Trained medical doctors in laparascopic sterilization techniques	6	9	15
Trained community health aides	600	1,200	4,000
Family planning acceptors	60,000	94,000	196,000

Host Country and Other Donors:	FY 77	FY 78
Host country	1,800	2,160
World Bank	$6 million loan for five years	
International Planned Parenthood Federation	50	50
International Labor Organization	90	90

Progress to Date: Family Life/Sex Education curricula have been developed and introduced into the secondary school system. Workshops and seminars on family planning were initiated as scheduled.

FY 1978 Program: A.I.D. will continue to support family planning services with health staff training, research and evaluation, mass media motivation programs, clinical equipment and contraceptives.

A.I.D.-financed Inputs
($ Thousands)

		FY 78
Consultants	(two short-term)	10
Participants	(three long-term and 10 short-term)	90
Commodities	(contraceptives)	261
Other Costs		100
Voluntary Surgical Contraception Service		200
Total		661

U.S. GRANT FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1976	–	–	–
Estimated Fiscal Year 1977	596	400	
Estimated through September 30, 1977	596	400	196
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1978	661	1,173	2,430

PRINCIPAL CONTRACTORS OR AGENCIES

Personal Services Contract

Country: JAMAICA

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Health Improvement for Young Children	Security Supporting Assistance	FY 78 97		
NUMBER 532-0040 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Latin America Programs, p. 200	INITIAL OBLIGATION FY 1976	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1978

Purpose: To improve the primary health care delivery system in a selected rural county in Jamaica.

Major Outputs:	9/30/76	FY 77	FY 78
	(Cumulative as of end of FY)		
Outreach services to contact 90% of households, quarterly		50%	90%
Decentralization of management, supervisory and support services in pilot area		X	X
Functional analysis of roles of community health team members completed		X	X
Training units established and functioning		X	X
Trained personnel for key administrative and support staff posts		5	10
Improved information system designed			X

Host Country and Other Donors:

Host country Ministry personnel and facilities

Progress to Date: Since project funding was not approved until June 1976, implementation of the project in Cornwall County began several months later with planning for contractor selection.

FY 1978 Program: A.I.D. will continue to support improvements in the primary health care system by providing advisory assistance in staff training, functional analysis, information systems and decentralization of management.

A.I.D.-financed Inputs
($ Thousands)

		FY 78
Contract technical assistance	(three long-term advisors)	97

U.S. GRANT FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1976	178	–	178
Estimated Fiscal Year 1977	100	203	
Estimated through September 30, 1977	278	203	75
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1978	97	–	375

PRINCIPAL CONTRACTORS OR AGENCIES

To be selected

Country: JAMAICA

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
National Planning	Security Supporting Assistance	FY 78 150		
NUMBER 532-0039 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Latin America Programs, p. 202	INITIAL OBLIGATION FY 1976	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1979

Purpose: To establish in the Jamaican Government a capability in project design and management which will increase the number of development projects available for financing by foreign and domestic sources, improve project implementation, and reduce project completion time.

Major Outputs:	9/30/76	FY 77	FY 78
	(Cumulative as of end of FY)		
Jamaican Project Development Resource Team (PDRT) trained		X	X
Project Work Groups in Government Ministries formed, trained and functional	12	24	36
Projects developed and designed		12	16
Jamaican training manual for project preparation and implementation prepared			X

Host Country and Other Donors:

Host country	Personnel and facilities, $71,000 per year
Inter-American Development Bank	Two advisors for one year, $160,000

Progress to Date: The project was approved and initial funding provided at the end of FY 1976. Two U.S. advisors have trained the four-man Jamaican PDRT team in all aspects of project design and implementation. This team, with the assistance of the U.S. advisors, commenced training a Ministry of Agriculture Project Work Group in January, 1977. The training deals with active Ministry projects which will be considered for either domestic or external financing. When training of the Ministry Work Group is completed, the PDRT team will commence training similar project Work Groups that are to be formed in other Ministries.

FY 1978 Program: A.I.D. will continue funding the two long-term advisors to the PDRT team and short-term specialists to work with Work Groups on aspects of projects in which specialized technical input is required.

A.I.D.-financed Inputs ($ Thousands)		FY 78
Two long-term contract advisors		105
Specialized short-term technical assistance	(12 PM)	45
Total		150

U.S. GRANT FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1976	125	6	119
Estimated Fiscal Year 1977	100	205	
Estimated through September 30, 1977	225	211	14
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1978	150	-	375

PRINCIPAL CONTRACTORS OR AGENCIES

Personal Services Contract

Country: JAMAICA

NEW ACTIVITY

Table V

TITLE Training Needs Survey/ Employment Development	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (In thousands of dollars) FY 78 220		
NUMBER 532-0047 GRANT ☒ LOAN ☐		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1980	ESTIMATED COMPLETION DATE OF PROJECT FY 1980

Goal: To improve Jamaica's productive efficiency in all sectors by making the education/training system more relevant and responsive to identified needs.

Purpose: To assist the Jamaican National Planning Agency and the Ministries of Education, Youth and Community Development, Agriculture, Labor, Finance and other institutions in attaining the capability to carry out continuing analytical study of the country's training needs and to reshape education and training programs to make them more directly responsive to the country's actual employment requirements.

Background: In recent years, a growing number of problems have surfaced in the Jamaican labor market. Unemployment continues at very high levels, while employers complain of the lack of skilled workers to fill vacancies and of the consequent need to hire inadequately trained individuals. The Government lacks up-to-date, detailed information on employment and occupations to make informed decisions on training, education, counseling, testing, pay and a wide variety of related problem areas. The members of the work force lack information concerning their own aptitudes and skills to serve as a basis for their vocational plans. The Government recognizes these problems and places a high priority on improving the employment climate, both for workers and companies.

Major Outputs:	FY 78	FY 79	FY 80
	(Cumulative as of end of FY)		
Training needs survey completed			X
Placement services improved		X	X
Skills testing and certification established		X	X
Aptitude testing methods introduced	X	X	X
Occupational feedback system developed		X	X

Host Country and Other Donors:

Host country	$644,000

FY 1978 Program: A preliminary design of a training needs survey will be completed and tried out on a small scale basis. Work will commence in establishing an employment information data base; and criteria for skills testing and standards for job certification will be developed. Training of staff for conducting the skills survey will also take place during the fiscal year.

A.I.D.-financed Inputs
($ Thousands)

	FY 1978	All Years
Personnel	150	389
Training	50	175
Research/Analysis/Reports	20	60
Total	220	624

Country: JAMAICA

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Special Development Activities	Security Supporting Assistance	FY 78 33		
NUMBER 532-0029 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Latin America Programs, p. 203	INITIAL OBLIGATION FY 1966	ESTIMATED FINAL OBLIGATION FY Continuing	ESTIMATED COMPLETION DATE OF PROJECT FY Continuing

Purpose: To provide small self-help grants for high impact projects which meet local social and economic needs and foster community spirit, organizations and participation.

Major Outputs:	9/30/76	FY 77	FY 78
	(Cumulative as of end of FY)		
Support grants to various basic schools	13	20	X
Support to various community organizations involved in self-help projects	18	30	X
Operation Friendship Dental Clinic support for rural population (Howard University)	1	1	1

Progress to Date: During FY 1976, A.I.D. made a total of 32 grants, at an average of $1,600 per project, for community-sponsored self-help activities to local organizations. Local groups formed by such fraternal organizations as Kiwanis, Lions, and church-affiliated groups participated in the program. Local community groups are required to contribute labor or part of material costs. A.I.D. provides grant funding to "top off" the participant's own contribution to these small projects. Grants were made for local, basic schools, day-care centers and other community endeavors. The majority of the special development grants were made to community groups outside of the Kingston area.

FY 1978 Program: Continued support to groups presenting projects which meet the local-need, self-help and community-participation criteria.

A.I.D.-financed Inputs
($ Thousands)

	FY 78
Self-help grants	33

U.S. GRANT FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1976	462	462	-
Estimated Fiscal Year 1977	50	50	
Estimated through September 30, 1977	512	512	-
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1978	33	-	-

PRINCIPAL CONTRACTORS OR AGENCIES

Country: JAMAICA

NEW ACTIVITY

Table V

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Commodity Import Program	Security Supporting Assistance	FY 78 9,500		
NUMBER GRANT ☐ LOAN ☒		INITIAL OBLIGATION FY 1978	ESTIMATED FINAL OBLIGATION FY 1978	ESTIMATED COMPLETION DATE OF PROJECT FY 1979

Goal: To support the Jamaican economy in the face of a severe economic crisis.

Purpose: To facilitate Government of Jamaica procurement of essential imports, including materials and equipment required for its agricultural and industrial production.

Background: Jamaica currently faces a severe economic crisis, characterized by: a deteriorating balance of payments situation which has depleted gross foreign exchange reserves to the equivalent of two weeks of imports; large fiscal deficits which have been financed by inflationary measures; a slowdown in the economy with real GDP declining an estimated 2% in 1975 and 7% in 1976; high and rising levels of unemployment currently estimated at 24% of the labor force.

The balance of payments shortfall in 1976 is estimated to have been approximately $300 million. Foreign exchange earnings from bauxite/alumina, sugar and tourism were all off sharply, and despite a 17% cut in imports, Jamaica had a trade deficit estimated at $470 million.

In mid-January the Government declared a state of economic emergency and announced an economic austerity program, including measures to: reduce the balance of payments gap by further curtailing imports and other foreign exchange transfers; reduce the fiscal gap by increasing taxes; limit inflation by establishing a wage-price freeze, and undertake an Emergency Production Plan to achieve greater self reliance, emphasizing increased agricultural productivity.

In 1977 imports are to be reduced to $660 million, a decrease of 42% from the peak level of $1,130 million in 1975, thus threatening to cause further slowdown in the economy which will contribute to even higher levels of unemployment.

Major Outputs: Alleviation of the severe constraints on essential imports to help maintain production and decrease unemployment.

Host Country and Other Donors:

Host country	Jamaica has expanded government services and economic benefits, particularly for the rural poor; it desires to continue these programs but requires expanded external assistance. Special assistance has come from such countries as Canada ($100 million); Trinidad and Tobago ($77 million).
International Monetary Fund (IMF)	In 1976, the IMF provided $34 million under the Oil Facility and $45 million from the Compensatory Financing Facility.

FY 1978 Program: A.I.D. proposes a Commodity Import Program loan of $9.5 million in FY 1978 to help the Government of Jamaica import essential commodities. The details of this program will be subject to discussion with the Jamaican authorities at a later date. It is anticipated, however, that local currencies generated by the loan would be used to support the country's self-help development projects.

A.I.D.-financed Inputs

	FY 78
Commodity Imports	9,500

Jamaica

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS 1973	1974	1975	1976	TQ	TOTAL 1946-1976†	REPAYMENTS AND INTEREST 1946-1976†	TOTAL LESS REPAYMENTS AND INTEREST
I. ECONOMIC ASSISTANCE – TOTAL	8.4	13.2	4.3	2.0	2.8			
Loans	4.4	9.9	1.4	-	2.4			
Grants	4.0	3.3	2.9	2.0	0.4			
a. A.I.D. and Predecessor Agencies	5.6	9.9	0.6	0.8	0.1			
Loans	4.4	9.1	-	-	-			
Grants	1.2	0.8	0.6	0.8	0.1			
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(-)			
b. Food for Peace (PL 480)	1.4	1.8	1.6	0.9	2.4	Not available at time of printing		
Loans	-	0.8	1.4	-	2.4			
Grants	1.4	1.0	0.2	0.9	-			
Title I - Total Sales Agreements	-	0.8	1.4	-	2.4			
Repayable in U.S. Dollars - Loans	-	0.8	1.4	-	2.4			
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-			
Title II - Total Grants	1.4	1.0	0.2	0.9 a/	-			
Emerg. Relief, Econ. Develop. & World Food Program	1.2	0.9	0.1	0.9	-			
Voluntary Relief Agencies	0.2	0.1	0.1	-	-			
c. Other Economic Assistance	1.4	1.5	2.1	0.3	0.3			
Loans	-	-	-	-	-			
Grants	1.4	1.5	2.1	0.3	0.3			
Peace Corps	1.0	1.0	1.2	-	0.3			
Other	0.4	0.5	0.9	0.3	-			
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	8.4	13.2	4.3	2.0	2.8			
Loans	4.4	9.9	1.4	-	2.4			
Grants	4.0	3.3	2.9	2.0	0.4			
Other U.S. Government Loans and Grants	7.3	15.9	16.1	0.2	-			
a. Export-Import Bank Loans	7.3	15.9	16.1	0.2	-			
b. All Other Loans	-	-	-	-	NA			

(Millions of Dollars) TABLE VI

ECONOMIC PROGRAMS OF OTHER DONORS

A. ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1975	FY 1976	TQ	FY 1946-76†
TOTAL	26.3	49.7	-	231.7
IBRD	26.0	21.8	-	137.6
IFC	-	-	-	3.1
IDB	0.1	27.6	-	77.1
UNDP	0.2	0.3	-	12.8
Other UN	-	-	-	1.1

B. OFFICIAL DEVELOPMENT ASSISTANCE - BILATERAL GROSS DISBURSEMENTS

Donor	CY 1974	CY 1975	CY 1969-75
1. D.A.C. COUNTRIES (Excluding U.S.)			
TOTAL	11.9	10.8	76.7
U.K.	7.5	4.3	44.5
Canada	2.8	3.8	23.6
Germany	1.1	2.2	6.3
Other	0.5	0.5	2.3
2. O.P.E.C. COUNTRIES (COMMITMENTS)			
TOTAL	-	-	

C. LOANS AND GRANTS EXTENDED BY COMMUNIST COUNTRIES

	CY 1975	CY 1976 P	CY 1954-76
TOTAL	-	1	10
China	-	1	10

*Less than $50,000. TQ - Transition Quarter † - As of September 30, 1976. P-Preliminary NA-Not Available

a/ Includes the transition quarter.

Jamaica

GENERAL ECONOMIC AND SOCIAL DATA

TABLE VII

POPULATION			
Total (mid-1976; millions)			2.1
Annual Growth Rate (percent)			1.5%[a]
Urbanization	1960	1975	
Percent in Urban Areas	30%	45%	
Labor Force in Agriculture (percent)			27%

HEALTH	
Life Expectancy (years)	68
Infant Deaths per 1,000 Live Births	26
People per Doctor	3,740

EDUCATION			
Primary and Secondary Students	1960	1972	
a. Number (in thousands)	271	475	
b. As Percent 5-19 Age Group	49%	63%	
Literacy Rate (percent)			82%

PER CAPITA GROSS NATIONAL PRODUCT	
1974 (dollars)[1]	1,190
Average 1965-74 Annual Growth Rate (percent)[2]	4.5%

AGRICULTURAL PRODUCTION—Average 1971-76 Annual Growth Rate	
Total Production (percent)	-0.5%
Per Capita Production (percent)	-2.2%

INTERNATIONAL COMMODITY TRADE ($ millions)	1974	1975
Exports (f.o.b.)	731	784
Imports (c.i.f.)	-935	-1,124
Trade Balance	-204	-340

Main Exports: Alumina, bauxite, sugar.

OFFICIAL INTERNATIONAL RESERVES	1974	1975	1976
(Gross Holdings; End of Period; $ millions)	190	126	65(Nov)

CENTRAL GOVERNMENT FINANCES ($ millions)[3]	1974 P	1975 E
Total Expenditures	848	986
Defense Expenditures		
a. As % of Total Expenditures	1.8%	1.8%
b. As % of GNP	0.6%	0.6%
Domestic Revenues	674	798

FY 1975 U.S. ECONOMIC ASSISTANCE	
a. As % of Country Central Government Expenditures	0.4%
b. As % of Country Imports of Goods & Services	0.3%

SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT as % of Goods and Non-Factor Services (1974)	
	6.9%

NOTE: Where year is not stated, data are latest information available.

[1] Estimate in IBRD 1976 Annual Report. Reflects a new computation based on GNP in average 1973-75 domestic prices converted to U.S. dollars at average 1973-75 exchange rates and adjusted by the ratio of 1974 U.S. prices to average 1973-75 U.S. prices.

[2] Estimate in the IBRD 1976 World Atlas.

[3] Converted to U.S. dollars at 1975 exchange rate. Data are in current prices and reflect the impact of inflation.

P - Preliminary. E - Estimate.

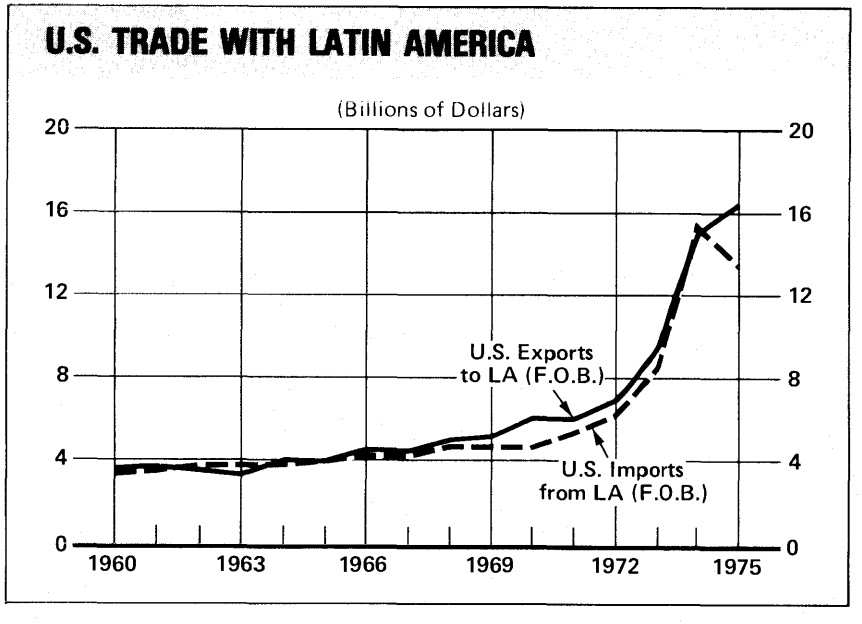
a - Reflects migration; natural rate of growth about 2.3%.

LATIN AMERICA VOLUME

LATIN AMERICA

U.S. Interests in Latin America

The United States and Latin America, including the Caribbean, are significantly interdependent. Strong links with the United States are key factors in Latin America's growth. Farther along in its development than other developing regions, Latin America's combined GNP is already $300 billion. Our common interests are reflected in a mutually beneficial flow of trade, technology, and capital.



Trade opportunities have expanded dramatically as a result of this growing interdependence. Latin America now accounts for about 15% of both our exports and our imports. The U.S. trade balance with Latin America has moved from a deficit of $2.7 billion in 1974 to a $950 million surplus in 1975 and $90 million in the first nine months of 1976.

-- U.S. exports to Latin America more than tripled between 1968 and 1976, rising from $5 billion to $17 billion. They now exceed the aggregate of our exports to all the rest of the developing world and almost equal our exports to the European Economic Community.

PROGRAM SUMMARY
(in millions of dollars)

FISCAL YEAR	Total	Food and Nutrition	Population Planning and Health		Education and Human Resources Development	Selected Development Actitivies	Other Programs
1976							
Loans	178.6	129.9	17.0		17.9	13.8	-
Grants	58.8	13.4	9.1		14.4	3.5	18.4
Total	237.4	143.3	26.1		32.3	17.3	18.4
Transition Quarter							
Loans	32.5	29.0	3.5		-	-	-
Grants	20.7	9.4	2.3		4.5	1.2	3.2
Total	53.2	38.4	5.8		4.5	1.2	3.2
1977							
Loans	133.5	75.3	6.0		47.2	5.0	-
Grants	70.3	26.4	17.2		18.6	8.1	-
Total	203.8	101.7	23.2		65.8	13.1	-
			Population Planning	Health			
1978							
Loans	164.0	135.3	-	8.7	3.0	7.5	9.5
Grants	67.4	29.4	5.4	9.2	16.6	6.3	0.5
Total	231.4	164.7	5.4	17.9	19.6	13.8	10.0

** The Latin American countries are the third largest market for United States products, behind only Canada and Western Europe.

** Latin Americans are major importers from the United States of construction machinery, motor vehicles, tractors, semi-finished steel, chemicals, fertilizers, and many agricultural products.

-- U.S. imports from Latin America have grown at the same rate, rising from $5 billion to over $15 billion between 1968 and 1976.

** The region is our primary supplier of bauxite, coffee, cocoa, and bananas.

** Latin America is a major supplier of sugar, petroleum, copper, and iron ore.

With its development well underway, Latin America is in a better position than other developing regions to take advantage of new technologies.

-- The Latin Americans draw from the United States both capital goods they require to develop more advanced technological capacity and the expertise necessary to adapt technologies to local needs.

-- Increasingly, they also look to the United States for technologies which minimize the use of capital and are appropriate for small-scale labor-intensive production.

Latin America's economic growth, combined with the rapid progress of science and technology, offer broad new opportunities for U.S. investment, already well over $20 billion. Nearly 70% of total U.S. private foreign investment in the developing world is concentrated in Latin America. Earnings from these U.S. investments now exceed $2 billion annually.

Latin America's Economic Situation

Most Latin American and Caribbean countries began 1976 with weak reserves and high short-term debt.

-- Total output in Latin America is now comparable to that of Western Europe in 1950.

-- Per capita income has increased despite setbacks caused in the last three years by higher oil prices, the impact of world recession on domestic economies, and deteriorating terms of trade.

On the other hand, overall growth rates tend to hide the serious problems with which the region must cope.

-- The world economic upheaval was a severe blow. There is serious question as to the capacity of some hemisphere countries to tackle the mounting problems of balance of payments deficits, debt management, feeding the hungry, high unemployment, increasing urbanization and rampant inflation.

-- While prospective 1977 balance of payments deficits may be manageable for most countries, the situation is especially difficult for some A.I.D. recipients, including Jamaica, Panama, and Peru.

-- Annual interest and amortization on the region's debt is over $6 billion, and mounting. External debt has climbed from $25 billion in 1972 to about $80 billion in 1976. These debts, heavily concentrated in Brazil and Mexico, which account for some $50 billion, constitute more than half of total Third-World indebtedness. Oil price increases in 1977 are likely to add to the upsurge.

-- Per capita agricultural production in 1976 was slightly less than in 1965. While output increased in 1975, it barely kept up with population growth.

programs may be useful means of assisting some of these countries.

The above chart places in perspective the three groups of countries, contrasting their relative population, land areas, and income with the entire Latin American region.

FY 1978 Program

The proposed FY 1978 Development Assistance program totals $221.4 million, which will finance activities in 14 countries, as well as regional programs.

-- Food and Nutrition	$164.7 million, or 74%;
-- Population Planning	$ 5.4 million, or 2%;
-- Health	$ 17.9 million, or 8%;
-- Education and Human Resources Development	$ 19.6 million, or 9%;
-- Selected Development Activities	$ 13.8 million, or 6%.

Food and Nutrition

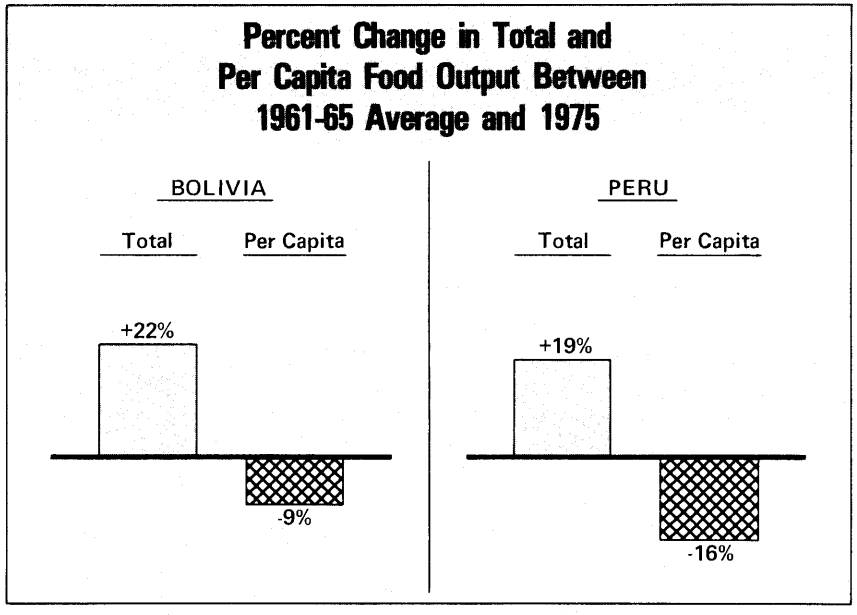
Since the region is a net food importer, Latin American governments are continuing to give high priority to increasing food production. Output in Latin American countries, excluding Brazil and Argentina, is not keeping pace with the increase in population. Poor nutritional status of large sections of the population continues as a major development problem.

While there has been some agricultural progress in Latin America, poverty and hunger persist.

-- For most countries, total food production has not kept pace with population growth.

-- In some countries, overall food production exceeds internal needs. Nevertheless, most people lack sufficient food because of inadequate production of specific crops and poor distribution systems, or because of inadequate purchasing power.

-- During the next decade, most Latin countries will have to make considerable gains in food production to prevent a worsening of the food population balance.



Although OAS projections for 1985 indicate that Latin America will triple its cereals surplus over 1970 levels, the increase will be accounted for mainly by Argentina and Brazil. During the same period, deficits of cereal grains are estimated to worsen by 66% in Central America, by 40% in the Caribbean region, and by 100% in Andean countries.

LATIN AMERICA

Rural Development is hampered for the most part not by lack of basic natural resources, but rather by economic, institutional, and social factors, and by the lack of appropriate technologies and the systems they depend on.

-- In Latin America, there still are significant underutilized land and water resources.

-- Increased output can be achieved by bringing more land under cultivation or irrigation.

-- There is a considerable potential for increased production of most basic food crops through the use of modern yield-increasing technologies adapted to small-farm situations.

In Latin America, increased food production goes hand-hand with increased small-farm income and will provide more food for poor farm families because:

-- Most of the region's rural people live on small farms, which constitute the overwhelming majority of farm holdings.

-- Small farms are the principal producers of food crops.

-- Increasing evidence exists that small farms are more efficient producers per unit of capital investment, because of the intensity of farm family labor inputs.

In order to increase the production and incomes of the region's small farmers, appropriate technologies must be adapted and extended. Technologies appropriate to the small farmer's situation must:

-- increase the utilization and productivity of the resources which they have relatively more of, usually labor;

-- be profitable and affordable;

-- be culturally acceptable, and to the degree possible, relatively less risky.

In order to increase effective demand for the farmer's produce and to provide more food to lower income consumers, A.I.D.'s nutrition and agriculture goals call for the development of better marketing and food distribution systems and stronger government institutions.

-- Lack of roads, transport and marketing facilities can be important obstacles to a production program.

-- Better transport, marketing and food processing facilities can cut food wastage and spoilage, thus making more food available to consumers at a lower price without decreasing the farmer's income. Rates of food waste and spoilage in Latin America are high and can be significantly reduced.

-- To improve the nutrition of those especially vulnerable--infants and mothers--specific food distribution directed toward this group may be the most cost-effective solution. Agro-industry approaches to nutritional problems, e.g., food fortification, iodization of salt, etc., also offer partial solutions to the region's widespread nutrition problems.

Food processing, agricultural product, and rural artisan industries can provide jobs and higher farm incomes. For example:

-- A processing plant can guarantee a market for small-farm output. Investment in food processing can raise small-farmer incomes by permitting a change over to higher value fruit and vegetable crops in which they have an advantage over larger farmers.

-- Fruit and vegetable crops require intensive care, increasing demand for labor on small farms.

-- experimentation with alternative lower-cost educational systems;

-- research on better teaching methods, including use of radio, programmed instructional materials, and supervised teaching in the home;

-- appropriate skill training, both formal and non-formal, for members of the poor majority.

Considerable effort is being made to attack critical educational problems on a regional basis by:

-- analysis of economic issues pertaining to education systems throughout the continent;

-- analysis and promotion of effective methodologies for improving non-formal education (particularly learning-by-radio);

-- development of programmed learning material to reach isolated rural families;

-- provision of improved opportunities to benefit from learning experiences, through experimentation with early-intervention programs and community education based on learning resource centers.

Sector assessment techniques, now extensively used by host country planners, are helping both Latin American and A.I.D. education officials to better identify target groups and constraints on educational benefits, and to find alternative ways of providing assistance (including development of training and employment arrangements) to those who have traditionally been excluded from education benefits.

-- Assessments have recently been completed in Bolivia, Nicaragua, Guatemala, Peru, Honduras and Panama.

-- A major analysis-in-depth is taking place in El Salvador.

These assessments helped lay the basis for developing FY 1977 education loans in Peru, El Salvador, Bolivia and Guatemala, and for planning FY 1978 education loans and grants in Nicaragua, Peru and Honduras.

The proposed FY 1978 education program in Nicaragua will provide technical assistance and training to strengthen the Ministry of Public Education at points critical to development of rural education.

-- A rural education unit will be established with responsibility for delivery of improved education services to the rural poor.

-- An educational materials unit will be organized to develop and adapt materials and curricula and to design and test systems for effective use of such media as radio, audio cassettes, etc., in both formal and non-formal education.

-- Programs will be supported to train a cadre of para-professional rural teacher aides and radio school monitors, as well as pilot programs for local participation in management of local schools.

The A.I.D. education program in Peru will focus on four critical areas:

-- continued implementation of a bilingual education project begun in FY 1975;

-- development of Education Service Centers in rural areas which will deliver programs in agriculture, science, home economics and vocational training;

-- a rural job-skills training project targeted for the population age group 15-39 that has little or no education; a minimum of 200 skills training

courses will be offered, with approximately 10,000 rural men and women enrolled;

-- an experimental pre-school education project designed to overcome educational deficiences of children of the rural poor.

In Honduras, a major effort is being mounted to improve rural primary education:

-- A Hurricane Reconstruction loan is rebuilding classrooms, replacing furniture, and providing teaching materials;

-- A rural education loan and grant will help the Ministry of Education institutionalize the capacity to:

** design and test curricula for adult education and rural primary education;

** develop facilities in rural communities to serve both as primary schools and centers for adult education;

** teach practical skills to rural primary-school students and out-of-school adults.

Job-skills training and employment services are important in depressed areas of the Caribbean and Central America.

-- Throughout the smaller islands in the Caribbean, manpower training needs will be analyzed, and training-and-employment coordination services developed.

-- In Costa Rica, the needs of low-income women for expanded employment opportunities will be addressed through a program designed to coordinate skills training with specific local job requirements.

Already-initiated programs, which have had and are having substantial impact, are being bolstered by additional efforts in keeping with circumstances affecting educational development.

-- In Guatemala, an educational reform of primary schooling will be strengthened in FY 1978 through replacement and modernization of over 1,000 schools damaged or destroyed by the recent earthquake.

-- In Jamaica, additional FY 1977 funds for an education sector development program will accelerate the provision of teacher training guides, instructional material use, and improved administration.

The long-range goal of the education program is to help cooperating countries design educational systems best suited to their needs, at cost levels where access to learning for everyone, especially the poor, will be possible. The intent is to maintain a focus on education as a social process, thus stressing the linkages between activities in the more narrowly defined education sector and objectives for the national society.

A large-scale Latin American regional program in specialized adult education is being carried out on a continuing basis by the American Institute for Free Labor Development. This institute, under the joint sponsorship of AFL-CIO, U.S. Government, and U.S. business firms, conducts labor-leader education and social project programs in 13 Latin American countries and similar regional programs in the Caribbean and Central America.

Selected Development Activities

The proposed FY 1978 program reflects new initiatives in two areas: appropriate technology and urban development.

-- A combined loan/grant project will assist the Caribbean Development Bank to identify, develop, promote and disseminate appropriate technologies in the Caribbean region.

** A lack of employment opportunities for the rural poor and for unskilled and semi-skilled workers is a serious and growing development problem in the region.

** Adoption of technologies appropriate to the resource base of the region will expand employment opportunities for these people.

** A technical assistance project to develop intermediate technologies in Haiti will also be undertaken.

-- A combined loan/Housing Investment Guarantee project in Costa Rica is designed to raise the incomes of the urban poor and to establish a self-supporting shelter program for this group. Since 1973, the real income of the urban poor has declined by some 22%, largely because of increased food prices. Housing is extremely scarce, with several families often sharing a single room.

Continuing assistance will also include support for:

-- an Earthquake Housing Recovery loan to Guatemala which is expected to be authorized during FY 1977;

-- the National Association of the Partners of the Alliance in support of more effective partnership programs between U.S. states and countries or States in Latin America;

-- exportation of agro-industrial products from Honduras;

-- establishment of a Development Finance Corporation in Haiti.

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FISCAL YEAR 1978
(In thousands of dollars)

REGION: LATIN AMERICA

COUNTRY	Total	Food and Nutrition	Population Planning	Health	Education and Human Resources Development	Selected Development Activities	Other Programs
BOLIVIA	30,882	23,537	-	5,700	1,570	75	-
COSTA RICA	12,239	8,350	339	-	-	3,550	-
DOMINICAN REPUBLIC	10,591	10,275	-	266	-	50	-
EL SALVADOR	11,267	8,114	832	652	1,500	169	-
GUATEMALA	11,095	6,729	300	3,656	200	210	-
GUYANA	100	-	-	-	-	100	-
HAITI	15,897	8,105	850	5,850	677	415	-
HONDURAS	19,144	17,100	445	172	663	764	-
JAMAICA	10,661	-	661	-	-	-	10,000 1/
NICARAGUA	15,115	12,154	514	190	1,990	267	-
PANAMA	23,774	22,800	631	-	293	50	-
PARAGUAY	8,069	7,131	530	-	358	50	-
PERU	21,522	20,741	295	-	436	50	-
URUGUAY	25	-	-	-	-	25	-
CARIBBEAN REGIONAL	16,104	10,625	-	-	904	4,575	-
CENTRAL AMERICA REGIONAL	2,876	2,289	-	-	587	-	-
LA/REGIONAL	22,019	6,750	-	1,417	10,452	3,400	-
Total	231,380	164,700	5,397	17,903	19,630	13,750	10,000

1/ Security Supporting Assistance
(See SSA Presentation Book for program details.)

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
FY 1976, TRANSITION QUARTER (TQ), FY 1977
(In thousands of dollars)

REGION: LATIN AMERICA

COUNTRY	Total			Food and Nutrition			Population Planning and Health			Education and Human Resources Development			Selected Development Activities			Other Programs		
	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977	1976	TQ	1977
Bolivia	22,175	1,745	25,570	16,589	1,655	10,070	312	-	6,000	5,224	75	9,450	50	15	50	-	-	-
Brazil	900	29	461	-	-	-	-	-	-	900	29	461	-	-	-	-	-	-
Chile	14,299	350	11,305	14,199	340	11,230	-	-	-	50	-	-	50	10	75	-	-	-
Colombia	13,118	6,346	767	12,400	6,060	158	240	60	240	443	213	369	35	13	-	-	-	-
Costa Rica	6,434	58	552	6,160	-	170	274	58	332	-	-	-	-	-	50	-	-	-
Dominican Republic	15,786	156	661	15,324	78	270	261	53	273	143	8	68	58	17	50	-	-	-
El Salvador	1,448	174	5,337	446	22	862	629	86	772	135	30	3,239	238	36	464	-	-	-
Guatemala	41,311	3,565	27,932	14,054	190	16,820	436	25	442	350	100	5,480	8,050	13	5,190	18,421	3,237	-
Guyana	1,825	6	100	-	-	-	-	-	-	-	-	-	1,825	6	100	-	-	-
Haiti	8,974	10,906	23,007	7,455	10,537	10,387	1,444	354	9,000	-	-	300	75	15	3,320	-	-	-
Honduras	14,332	1,636	17,139	11,525	847	6,548	302	30	447	2,155	234	9,954	350	525	190	-	-	-
Jamaica	765	107	11,107	75	19	8,261	542	50	696	100	25	2,100	48	13	50	-	-	-
Nicaragua	16,372	869	20,020	246	250	8,224	11,626	452	1,013	-	-	10,500	4,500	167	283	-	-	-
Panama	21,746	3,705	7,945	4,031	-	7,000	6,425	3,590	554	11,260	109	341	30	6	50	-	-	-
Paraguay	4,271	945	6,291	3,526	774	5,584	347	80	369	368	78	288	30	13	50	-	-	-
Peru	12,555	848	11,416	11,713	840	500	248	-	211	554	-	10,655	40	8	50	-	-	-
Uruguay	445	55	220	165	-	-	-	-	-	266	55	195	14	-	25	-	-	-
Caribbean Regional	16,453	143	7,225	16,264	80	6,900	-	-	-	-	-	275	189	63	50	-	-	-
Central America Regional	2,193	15,972	2,798	1,502	15,691	2,254	-	-	-	536	281	508	155	-	36	-	-	-
Latin America Regional	22,009	5,579	23,956	7,605	1,056	6,444	2,990	972	2,849	9,886	3,250	11,627	1,528	301	3,036	-	-	-
Total	237,411	53,194	203,809	143,279	38,439	101,682	26,076	5,810	23,198	32,370	4,487	65,810	17,265	1,221	13,119	18,421	3,237	-

JAMAICA

In FY 1978, Security Supporting Assistance is proposed for Jamaica. The country program is presented in the Security Supporting Assistance Congressional Presentation volume, except for the Family Planning Services project, the project sheet of which follows. The superceded pages 180-192 should be deleted from this volume.

PROGRAM SUMMARY
(In thousands of dollars)

FISCAL YEAR	Total	Food and Nutrition	Population Planning and Health		Education and Human Resources Development	Selected Development Actitivies	Other Programs
1976							
Loans	–	–	–		–	–	–
Grants	765	75	542		100	48	–
Total							
Transition Quarter							
Loans	–	–	–		–	–	–
Grants	107	19	50		25	13	–
Total	107	19	50		25	13	–
1977							
Loans	10,000	8,000	–		2,000	–	–
Grants	1,107	261	696		100	50	–
Total	11,107		696		2,100	50	–
			Population Planning	Health			
1978							
Loans	661	–	–	–	–	–	–
Grants	661	–	661	–	–	–	–
Total	661	–	661	–	–	–	–

Previous Page Blank

Country: JAMAICA

CONTINUING ACTIVITY

Table IV

TITLE	FUNDS	PROPOSED OBLIGATION (In thousands of dollars)		
Family Planning Services	Population Planning	FY 78 661		
NUMBER 532-0041 GRANT ☒ LOAN ☐	PRIOR REFERENCE FY 1977 Latin America Programs, p. 201	INITIAL OBLIGATION FY 1977	ESTIMATED FINAL OBLIGATION FY 1981	ESTIMATED COMPLETION DATE OF PROJECT FY 1981

Purpose: To strengthen family planning institutions to achieve a level of at least 34,000 new acceptors annually through public and private family planning programs.

Major Outputs:	FY 77	FY 78	All Years
	(Cumulative as of end of FY)		
Medical and para-medical personnel upgraded	970	1,863	2,500
Trained family planning counselors	21	32	50
Trained medical doctors in laparascopic sterilization techniques	6	9	15
Trained community health aides	600	1,200	4,000
Family planning acceptors	60,000	94,000	196,000

Host Country and Other Donors:	FY 77	FY 78
Host country	1,800	2,160
World Bank	$6 million loan for five years	
International Planned Parenthood Federation	50	50
International Labor Organization	90	90

Progress to Date: Family Life/Sex Education curricula have been developed and introduced into the secondary school system. Workshops and seminars on family planning were initiated as scheduled.

FY 1978 Program: A.I.D. will continue to support family planning services with health staff training, research and evaluation, mass media motivation programs, clinical equipment and contraceptives.

A.I.D.-Financed Inputs
($ Thousands)

		FY 78
Consultants	(two short-term)	10
Participants	(three long-term and 10 short-term)	90
Commodities	(contraceptives)	261
Other Costs		100
Voluntary Surgical Contraception Service		200
Total		661

U.S. GRANT FINANCING (In thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1976	-	-	-
Estimated Fiscal Year 1977	596	400	
Estimated through September 30, 1977	596	400	196
		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1978	661	1,173	2,430

PRINCIPAL CONTRACTORS OR AGENCIES

Personal Services Contract

INTERNATIONAL ORGANIZATIONS VOLUME

INTERNATIONAL ORGANIZATIONS AND PROGRAMS
Table of Contents

	Page No.
VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS (Table)	i
INTRODUCTION	
International Organizations and Programs	1
UNITED NATIONS PROGRAMS	
United Nations Development Program	5
UN Relief and Works Agency for Palestine Refugees in the Near East	10
UN Children's Fund	13
International Atomic Energy Agency Operational Program	15
UN Environment Program Fund	17
UN University	17 a,b
UN Revolving Fund for Natural Resources Exploration	19
World Meteorological Organization Voluntary Assistance Program	20
UN/Food and Agriculture Organization: World Food Program	22
UN Institute for Training and Research	24
UN Educational and Training Program for Southern Africa	26
ORGANIZATION OF AMERICAN STATES PROGRAMS	
Introduction - OAS Voluntary Funds	29
Special Multilateral Fund for Education, Science and Technology	32
Special Development Assistance Fund	34
Special Projects Fund of the OAS (Mar del Plata)	36
Inter-American Export Promotion Fund	37

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL
ORGANIZATIONS AND PROGRAMS

(In thousands of dollars)

	FY 1976 Actual	Transition a/ Quarter	FY 1977 Estimated	FY 1978 Proposed
United Nations	162,400	13,400	182,000	238,500
UN Development Program	100,000	-	100,000	130,000
UN Relief and Works Agency for Palestine Refugees	26,700	13,400	38,700 b/	52,000
UN Children's Fund	20,000	-	20,000	20,000
International Atomic Energy Agency Operational Program	4,500	-	6,000 b/	10,000
UN Environment Program Fund	7,500	-	10,000	10,000
UN University	-	-	-	10,000
UN Revolving Fund for Natural Resources Exploration	-	-	2,500	2,000
World Meteorological Organization Voluntary Assistance Program	1,500	-	2,000	2,000
UN/Food and Agriculture Organization World Food Program	1,500	-	1,500	1,500
UN Institute for Training and Research	400	-	400	500
UN Educational and Training Program for Southern Africa	50	-	50	500
UN Namibia Institute	250	-	-	-
Unallocated	-	-	850	-
Organization of American States Voluntary Programs	20,800	2,900	15,000	17,500
Multilateral Fund (SMF)	7,590	1,040	6,000	7,000
Special Fund (SDAF)	6,259	880	5,000	6,100
Mar Del Plata	6,000	870	3,500	3,700
Export Promotion (CIPE)	800	110	500	700
Inter-American Human Rights Commission	151	-	-	-
Indus Basin Development Fund	9,000	12,300	15,800	-
Total International Organizations and Programs	192,200	28,600	212,800	256,000

U.S. relationships with the nations of the developing world are increasingly important to our welfare and economic prosperity, and to world stability. U.S. cooperation with these nations in international organizations dealing with their pressing economic and social problems is an essential element in fostering good relations.

-- International programs are often the most effective and most acceptable means for global problem solving. We are firmly committed to seeking solutions to food, energy and population issues through international organizations.

Assistance provided through the United Nations (UN) and the Organization of American States (OAS) plays a vital role in U.S. foreign policy and the advancement of U.S. interests.

-- The United States makes voluntary grant contributions to 15 international organizations and programs of the UN and the OAS from funds appropriated under Chater 3 of the Foreign Assistance Act. These are described in this volume.

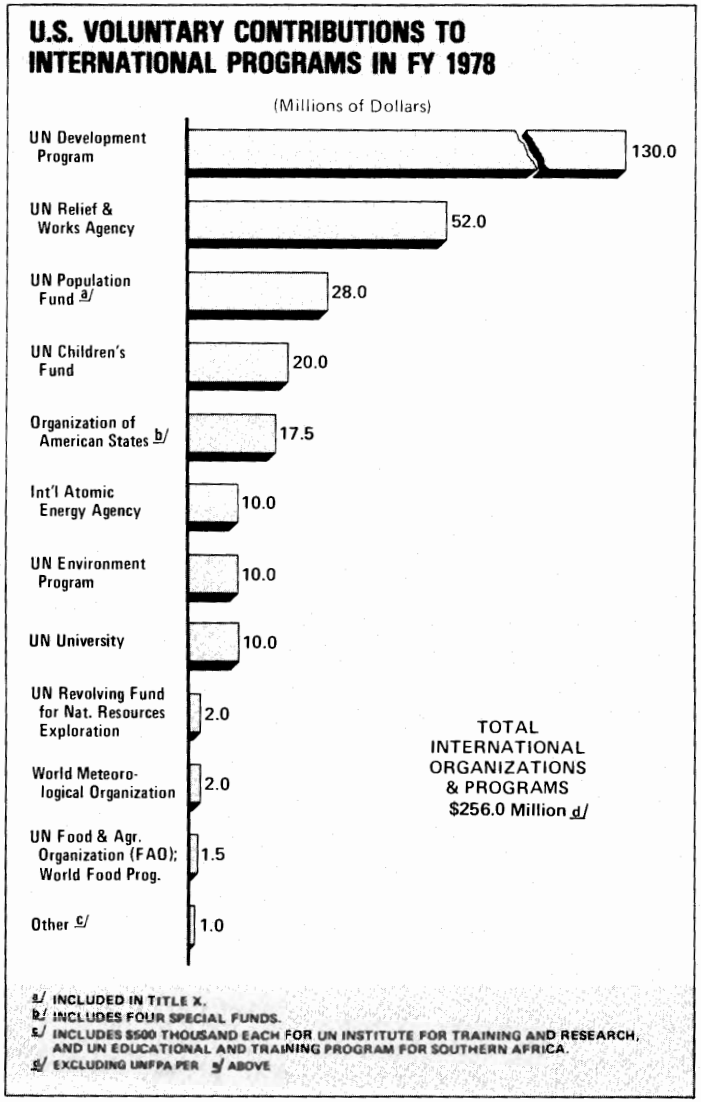
-- The annual grants made to these organizations by the United States and over 100 other countries are allocated by the various governing boards of these agencies:

** to attack global problems,

** to provide humanitarian services,

** and to help developing countries modernize their economies.

-- The U.S. Government is represented on all these boards and works closely with other member governments on decisions regarding program priorities and operational policies.



-- The four Voluntary Funds of the OAS, in addition to their obvious contribution to Latin American development, fulfill a special need:

** With few exceptions, the countries of Latin America and the Caribbean get no assistance from former colonial powers;

** These countries, therefore, would be relatively worse off than other less developed areas were it not for the OAS programs.

Multilateral technical assistance programs are a mutually agreed means of sharing responsibility for the requirements of the developing world for growth and improved living conditions

-- The United States has been a major sponsor of these programs, thus generating widespread funding and support from other nations.

-- Recipient countries provide in counterpart contributions (facilities, supplies, personnel, etc) over 56% of the cost of country and inter-country projects.

-- These programs demonstrate our humanitarian concern for the well-being of the developing world.

-- Developing countries actively participate in decision-making on matters of vital concern to them.

-- There are 147 countries or territories receiving assistance from the UN Development Program (UNDP) of which a total of 113 contribute funds to the overall program.

-- These programs can best draw on the wide range of expertise available worldwide. Developing countries themselves provide a substantial input for assistance projects including:

** 27% of all technical experts,

** 12% of equipment purchases,

** 6% of subcontracts awarded,

** 34% of fellowships hosted.

** The growing concept of technical cooperation among developing countries (TCDC), which will be the subject of a world conference in 1978, gives promise of significantly increasing these proportions.

-- There are many problems that can more readily be dealt with in a multilateral context, such as:

** global or regional approaches to fisheries development,

** river basin studies,

** environmental protection,

** epidemic control,

** agricultural research.

-- By participating in a unique worldwide complex of advanced training and research institutions linked together by the UN University, American technology can be directly tapped to attack global problems of direct concern not only to the developing world but to the industrialized countries as well.

-- U.S. bilateral assistance is limited in scope and geographic spread, yet we have concerns in areas served only by UN programs.

-- Nations will often accept assistance and advice in sensitive fields such as population and development of natural resources only from international organizations.

The majority of UN technical assistance programs are funded and coordinated by the UN Development Program (UNDP) the largest technical assistance program in the world.

-- The UNDP is supported entirely by voluntary contributions. It plans and funds "Country Programs" in over 100 developing countries, drawing upon the Specialized Agencies of the UN and the World Bank group to execute the projects.

-- The UNDP Resident Representative in every country with an integrated assistance program is the focal point for the UN system and works closely with bilateral assistance programs as well.

-- UNDP Country Programs are formulated jointly by governments and UN agency representatives to meet the long-term technical assistance needs of the country. Programs are drawn up to meet national development priorities and coordinated by the Resident Representative to assure that the various programs complement rather than duplicate each other.

-- UNDP programs are overwhelmingly concerned with key development sectors:

** agriculture and rural development,

** education;

** health;

** industry.

-- UNDP programs are increasingly focussed on the poorer countries. Countries with an annual GNP per capita of $150 or less will receive 50% of the funding in the next five years. Eighty percent of UNDP funds will be programmed for countries of $500 per capita or less.

-- Other funds such as UNICEF and UNFPA are directing more of their programs to the poorer countries.

Development assistance by the United Nations and the Organization of American States benefits U.S. investment and trade.

-- In a world of increasing interdependence, we need healthy and expanding world trade to assure supplies of raw materials at reasonable prices, expanding export markets and opportunities for investment abroad with fair returns. UN and OAS economic and social development programs provide technical assistance to help achieve these goals. Typical examples are:

** export promotion projects;

** industrialization feasibility studies;

** mineral exploration projects.

-- These programs significantly increase the opportunity for U.S. products and procedures to be used in the developing countries. They also increase the chances for U.S. products and procedures to be used in the developing countries. They also increase the chances for U.S. joint ventures and investment.

-- UNDP-funded projects in the natural resources sector have led to an estimated $1.6 billion in follow-up investment, in the past three years.

The humanitarian and emergency services of the UN reinforce our own bilateral programs.

-- The World Food Program delivers hundreds of millions of dollars worth of food to the neediest countries to support self-help projects like digging irrigation ditches, planting trees, building farm-to-market roads and reclaiming farm land.

-- The UN Children's Fund helps to feed children and mothers threatened by severe malnutrition in countries such as Ethiopia and Bangladesh, and in the Sahel region of Africa.

-- The UN Development Program funds long-range studies of drought conditions in the Sahel to prevent the recurrence of the disasters of the past few years.

-- The activities of the UN Relief and Works Agency for Palestine Refugees support the quest for peace in that vital area.

Other countries are increasing their contributions to UN programs while the U.S. share has declined.

-- The U.S. has often pioneered in new multilateral program, such as the UN Fund for Population Activities (UNFPA) and the UN Environment Program, making the largest contributions at the beginning. In recent years, as others have recognized the value of these programs, they have taken on an increasing burden of support.

-- The present U.S. contribution to the largest of these voluntary development funds, the UNDP, is about 20 percent, in contrast to 37% ten years ago. The Scandinavian countries as a group and the European Community are now each contributing more than the United States.

-- At the same time, if U.S. leadership and influence in UN programs are to continue, we will have to raise our contributions while encouraging others to increase theirs. Increasing the U.S. contribution for 1978 to $130 million (as compared to $100 million in 1977) represents a significant step in this direction.

The UN is carrying out a continuing study of reform of the economic and social sectors of the organization by means of the Ad Hoc Committee on Restructuring. It is too early to forecast the outcome, but it could have substantial impact on the role of UNDP and its relations to other Funds, and on coordination of the system.

-- The United States is actively participating in the Ad Hoc Committee.

The United States is committed to economic cooperation in the Americas, and has taken the lead in promoting development assistance programs, through the OAS. The four development programs of the OAS reflect U.S. interests and initiatives for Inter-American collaboration.

-- The programs emphasize Latin American capabilities to accelerate Latin development, particularly the flow of expertise from the more advance countries of the Hemisphere to their lesser developed neighbors.

-- OAS development programs are directed towards economic and social development assistance, trade promotion, transfer of science and technology, and the improvement of education. In response to U.S. initiatives, efforts are being taken to strengthen the design and evaluation of programs and projects.

PROGRAM DATA

PROGRAM	FUNDS	PROPOSED CONTRIBUTION (In thousands of dollars)
UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)	INTERNATIONAL ORGANIZATIONS AND PROGRAMS	FY 78 130,000

Program Purposes and Priorities

The United Nations Development Program (UNDP) is the major worldwide fund providing grant technical assistance to foster economic growth and improved human conditions in the developing world. UNDP is a cooperative endeavor in which governments and peoples of the developed and developing world jointly seek solutions to the problems of disease, hunger, employment, etc.

The UNDP is at the center of all UN technical assistance activities, expending more than $500 million annually for development projects planned and carried out together by recipient country nationals and UN experts. Long-term country programs relate UNDP project activity to each country's development priorities and needs.

UNDP's first Country Programming Cycle (1972-1976) has just been completed with a total of $1.8 billion in voluntary contributions having been programmed. Recipient countries have expended even larger amounts of their own funds in support of these projects.

The second Country Programming Cycle (1977-81) has projected program expenditures of about $2.5 billion to meet the expanded needs, particularly in the poorer countries. Eighty percent of the funding is scheduled for countries with an annual GNP per capita of $500 per year or less. At the core of UNDP activity in each country is the Resident Representative who has a central coordinative role for all UN technical assistance and who assists the government in formulating realistic and efficient Country Programs.

-- Of the 20 principal recipients of UNDP funds programmed for 1977-1981, 15 are low income countries with per capita GNP of $200 or less.

TWENTY PRINCIPAL RECIPIENTS OF UNDP FUNDS PROGRAMMED FOR 1977-1981

Low-Income Countries with GNP per Capita of Less than $200 per Year

COUNTRY	Amt. Programmed (Millions)	COUNTRY	Amt. Programmed (Millions)
1. India	$97	9. Tanzania	$34
2. Indonesia	70	10. Nepal	33
3. Bangladesh	66	11. Sudan	33
4. Pakistan	53	12. Sri Lanka	32
5. Burma	42	13. Uganda	30
6. Ethiopia	42	14. Kenya	28
7. Afghanistan	38	15. Mali	24
8. Zaire	35		

Other Countries Among the 20 Principal Recipients

COUNTRY	Amt. Programmed (Millions)	COUNTRY	Amt. Programmed (Millions)
1. Nigeria	$46	4. Brazil	$30
2. Egypt	32	5. Thailand	30
3. Philippines	31		

SOURCE: UNDP; DATA ABOVE EXCLUDE REGIONAL AND MULTI-COUNTRY GROUPINGS.

UNDP, utilizing the expertise of UN Specialized Agencies such as FAO, WHO, and ICAO, as Executing Agencies, provides funding for projects in 15 different sectors on a global basis.

-- UNDP-funded research, investigations and feasibility studies provide a solid basis for viable and productive capital investments by the World Bank, private investors, and local governments.

-- Its institution-building activities include the creation and strengthening of universities, re-

search institutes, farm extension services, statistical capability, and vocational schools: basic building blocks in the modernization process.

UNDP assistance is particularly crucial in countries which have just received their independence as in today's Africa.

-- It effectively complements the more selective bilateral programs, being more universal both in geographic scope and in types of assistance offered. It focuses and coordinates multilateral and bilateral assistance such as in the drought-prone Sahel region of Africa.

U.S. Interests and Benefits

The United States and the developing countries have become ever more interdependent for oil and other natural resources, as outlets for our trade, as sources of investment opportunity. Further, there exists the ever-strengthening conviction that the U.S. and the rich nations cannot prosper and survive in a world filled with "national slums", where famine, disease, overpopulation and unemployment persist and worsen.

The United States has always taken the lead in founding and funding most international organizations to deal with these critical issues. The UNDP is at the core of the UN system's drive to find solutions for the needs of the Third World and deserves our continued support. The $20 million increase in the revised proposal will further underscore U.S. support of UNDP's central role.

Continuing strong leadership by the United States in UNDP and indeed our credibility with the developing countries in turning the North-South dialogue to practical ends depend considerably upon our levels of support for the main technical assistance fund in the UN System.

The UNDP, complementing and enhancing the activities of other UN agencies, provides technical assistance to enable new nations to participate in worldwide scientific and regulatory systems of vital concern to the United States and to all countries.

Increasing the level of U.S. support will enable UNDP to approach its global funding target and thereby strengthen its ability to be responsive to the growing requirements of the developing world. It should at the same time lessen the need of the Specialized Agencies of the UN development system to increase their own technical assistance levels.

UNDP-funded projects are vital links in achievement of new capability in:

-- worldwide disease control mechanisms;

-- air transport safety;

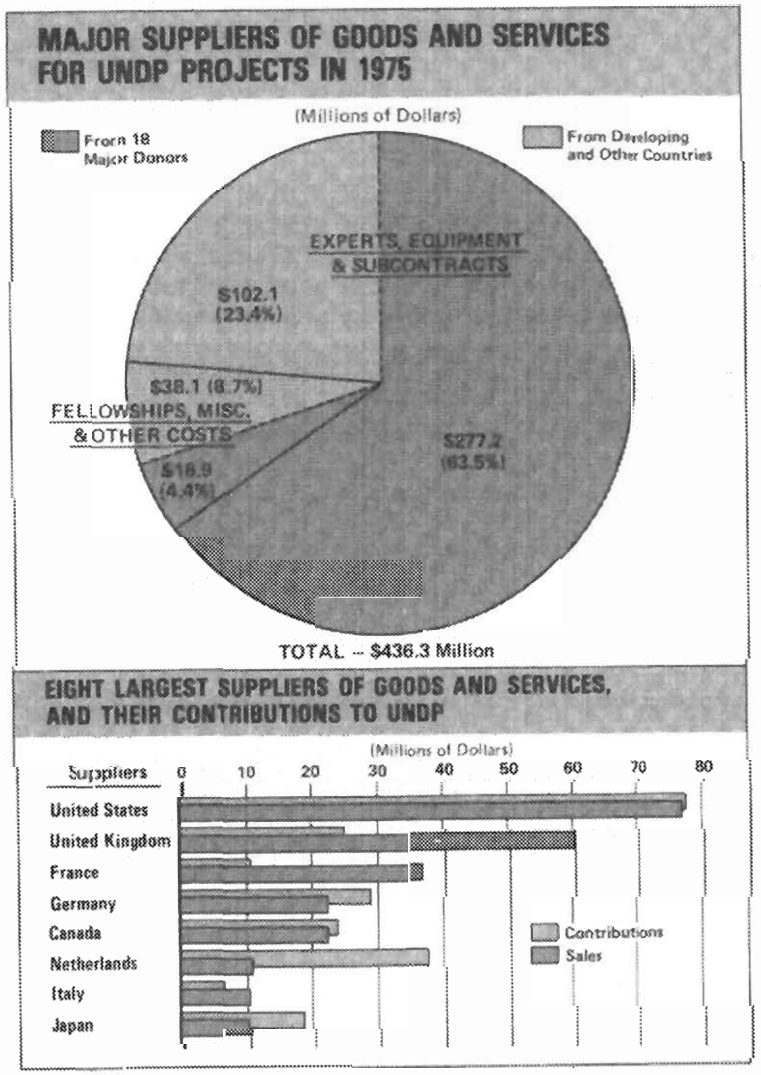
-- atomic plant safety and inspection;

-- dependable communications.

UNDP provides U.S. businesses and individuals with many contract opportunities:

PROGRAM

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)



-- 30% of all UNDP equipment contracts, valued at $20 million, were supplied by U.S. Firms in 1975;

-- 35% of all UNDP consulting contracts with a value of $20 million were awarded to U.S. companies in 1975;

-- 13% of 10,800 experts serving UNDP in field activities in 1975 were Americans.

The United States has development interests in nations and sectors not served by our A.I.D. program. UNDP fills this gap.

-- Some countries, such as Burma, and certain strategic sectors, such as mineral resources, are often open only to non-political international programs. UNDP programs cover a total of 15 sectors.

-- In certain countries, such as India, the United States does not maintain a direct bilateral A.I.D. operation at this time but is nevertheless interested in the country's development.

-- Many of the middle-level developing countries are no longer eligible for U.S. aid but still are greatly in need of western expertise that can be secured through UNDP.

-- Inter-country programs are aimed at directing world attention to the critical research and development needs of developing countries.

PROGRAM

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

The UNDP is facing up to recent management and financial problems, and has taken important measures to reshape its organization and to establish effective procedures to allocate and control funds.

-- UNDP has always been U.S. led and the present Administrator has revitalized UNDP in his first year in office.

-- To meet the need for savings, greater efficiency and lower overhead, UNDP in the last year has cut back 90 professional positions worldwide, including 39 at UNDP headquarters.

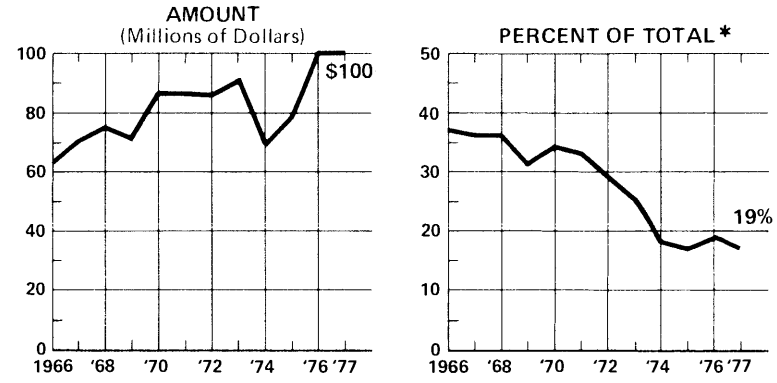
-- UNDP has undertaken a complete overhaul of its internal accounting and funds control systems. together with cooperating executing agencies A project is now underway funded by the donor countries and involving UNDP and the UN International Labor Organization (ILO) as the prototype Agency, to design and test a new accounting and reporting system which could then be applied to all participating agencies.

** The United States, through A.I.D., is cooperating with UNDP in this activity.

U.S. Contribution

The UNDP is dependent upon the voluntary contributions of all of its member countries, rich and poor. The U.S., as a major sponsor of UNDP, should maintain its leadership role, while encouraging increased support by other countries.

U.S. CONTRIBUTIONS TO THE UNITED NATIONS DEVELOPMENT PROGRAM



*PERCENT OF TOTAL VOLUNTARY CONTRIBUTIONS PLUS ASSESSED PROGRAM COSTS, EXCLUDING SPECIAL CONTRIBUTIONS FOR LEAST DEVELOPED COUNTRIES, COST SHARING, AND CASH COUNTERPART CONTRIBUTIONS.

-- The increased level of financial support now recommended is intended to have a multiplier effect on the other major donors and to encourage upper income developing countries to become net contributors to the UNDP.

The U.S. remains the largest single contributor to UNDP but our share has decreased markedly from 37% ten years ago to less than 20% in recent years. In order to get UNDP through its current financial difficulties and off to a good start in the second Programming Cycle, a significant increase in the U.S. contribution in FY 1978 is justified. We propose $130 million for UNDP for FY 1978. This would represent about 22% of expected contributions and would constitute an important increase over the FY 1977 level of $100 million demonstrating a greater U.S. commitment to the developing world.

PROGRAM

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

-- Failure of the United States and other major donors to increase their contributions substantially will seriously jeopardize the ability of UNDP to fulfill the established program targets. This will be particularly serious for the least developed countries for whom there is often no alternative to UNDP funding of their technical assistance requirements.

-- In terms of contribution per capita, the United States provides less funding than many other countries. Denmark provided UNDP about $8 per capita in 1975, and Sweden $6 while the U.S. contribution was 44¢ for each American. Scandinavia's pledges for 1976 and 1977 substantially exceed those of the United States and the Netherlands also provides more than half as much as we. The European Economic Community's share in 1976 was around one third of the total.

A major goal of UNDP, strongly backed by the United States, is an increase in support of the UNDP from the richer developing countries. In addition they are asked to cover the cost of any programs carried out within their country. While not achieving as much success as hoped, the Administrator is continuing to give great emphasis to this goal:

-- Contributions from OPEC countries increased threefold from 1972 to 1976.

-- A number of countries including Saudi Arabia, Nigeria, Iran, Venezuela, Czechoslovakia and Yugoslavia contribute more than the cost of the UNDP effort in their own country.

-- Kuwait and Qatar have given up their entire UNDP allocations for 1977-1981 and in the future will reimburse UNDP for any expenditures incurred. Hungary has also given up part of its allocation, and more countries are being encouraged to follow suit.

PROGRAM DATA

PROGRAM	FUNDS	PROPOSED CONTRIBUTION (In thousands of dollars)
United Nations University (UNU)	INTERNATIONAL ORGANIZATIONS AND PROGRAMS	FY 78 10,000

Program Purposes and Priorities

The United Nations University was created as an autonomous body under UN General Assembly auspices in 1972. It became operational in 1975 with the appointment of the Rector and the establishment of the University Center in Tokyo.

-- It provides a new mechanism on a technical, non-political level, to promote collaborative research and intellectual cooperation in seeking practical solutions to pressing global problems. UNU is not a traditional university but rather consists of world-wide networks of advanced research and training institutions.

-- Financed entirely by voluntary contributions, it relies almost entirely upon income derived from its endowment fund.

-- It is giving special attention to research program priorities of developing countries. To date agreements have been reached with three institutes engaged in applied research programs in nutrition and post-harvest food conservation, to enable them to serve as centers for establishing networks for collaborative research with other facilities in their respective regions.

U.S. Interests and Benefits

-- From the outset Japan has taken the lead in supporting and promoting the UNU. Since we have long encouraged Japan to take on greater responsibility in multi-lateral affairs, as it is now doing with the UNU, A U.S. contribution would demonstrate our active interest in the UNU and our endorsement of Japan's leadership role in its program.

-- UNU provides a mechanism for the American academic and research communities to collaborate with and assist advanced research and training institutions in other nations. The University's American Rector has already involved American experts and institutions such as MIT in the UNU.

-- The American Council on Education, a leading professional association, sees the UNU playing an important role in "promoting transnational collaborative research on major human problems" and has strongly recommended U.S. support.

-- UNU efforts that enhance the capability of institutions engaged in applied research on problems of world significance benefit the U.S., as well as those developing countries more immediately concerned.

-- U.S. assistance to the UNU is in keeping with our policy objectives of supporting self-help mechanisms for institution-building in the Third World.

-- The UNU may be an effective instrument for the U.S. to promote international cooperation on a functional level. It can also provide a non-political forum for launching new initiatives.

PROGRAM

United Nations University (UNU)

U.S. Contribution

-- The UNU is seeking to establish contributions over a ten-year period for an endowment fund of $500 million. Japan has pledged $100 million, Venezuela $10 million, Ghana $2.5 million, and seven other nations have made lesser pledges. Japan has already deposited $60 million and Venezuela $2 million.

-- The UNU has sought a U.S. pledge of $50 million for its first five years of operation. It is proposed that the U.S. contribute $10 million to the UNU at this time.

-- Congress in 1975 authorized $10 million for FY 1977 "upon the request of the President." The current FY 1978 proposal represents such a request for the first time.

PROGRAM DATA

PROGRAM	FUNDS	PROPOSED CONTRIBUTION (In thousands of dollars)
UN Relief and Works Agency for Palestine Refugees In Near East (UNRWA)	INTERNATIONAL ORGANIZATIONS AND PROGRAMS	FY 78 52,000

Program Purposes and Priorities

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which was established in 1949, provides food, housing, schooling, and health services to registered refugees of the 1948-1949 Arab-Israeli conflict and, on a temporary and limited basis, certain services to persons displaced as a result of the 1967 hostilities.

-- As of June 30, 1976, the refugee population registered with UNRWA numbered approximately 1,668,205 of which 828,114 were receiving rations from UNRWA.

-- UNRWA is still attempting to cope with the effects of the June 1967 war when about 250,000 persons fled to the East Bank of Jordan from the West Bank and Gaza. Most of these refugees have subsequently been unable to return to their homes.

UNRWA estimates its budget for 1977 as:

Relief Services	$ 50,762,000
Health Services	15,946,000
Education Services	68,861,000
Other	4,164,000
	$139,733,000

-- Relief Services include expenditures for shelter, food and camp improvements and maintenance. UNRWA procures and distributes basic monthly rations of flour, sugar, rice, cooking oil and kerosene to more than 825,000 registered refugees.

-- Health Services, provided with WHO professional assistance, cover clinics, special programs for the health of pregnant women, nursing mothers, and young children, and public health measures with special emphasis on preventive medicine.

-- Educational services comprise the largest proportion of the UNRWA budget since this is its major way of giving the refugees hope for the future. UNRWA operates not only primary schools, but also leader training and vocational institutions whose graduates are in demand all over the Middle East. Over 300,000 children are in primary and lower secondary UNRWA/UNESCO schools and 4,500 trainees in vocational and teacher training classes.

Current developments in Lebanon have vastly complicated UNRWA's responsibilities in that country. UNRWA officials have attempted to meet the relief requirements of those refugees caught up in the hostilities through the relocation of education, administrative, health, and food program facilities. Reconstruction of facilities destroyed in the fighting will be undertaken after order has been restored in the area.

-- It is conservatively estimated that UNRWA's requirements arising out of the situation in Lebanon could reach several millions of dollars. No provision is made for these extraordinary costs in the current request.

U.S. Interests and Direct Benefits

U.S. support for UNRWA meets a clear humanitarian need