

AGENCY FOR INTERNATIONAL DEVELOPMENT

ALLIANCE FOR PROGRESS

PROGRAM AND PROJECT DATA

PRESENTATION TO THE CONGRESS — FY 1969

LATIN AMERICA

FOREWORD

The Regional volumes provide additional program and project data relating to the FY 1969 Congressional Presentation of the Agency for International Development.

Country Data--The following narratives and tables have been included for each country as applicable:

NARRATIVE AND FISCAL SUMMARY OF COUNTRY PROGRAM--Narrative to provide a framework for the current and proposed A.I.D. program in the country; Program Summary table by funding category for FYs 1967-1969.

Table II --SUMMARY OF PROGRAM BY FUNCTION--project and program assistance for FYs 1967-1969, by major cost component and method of financing; related personnel and participant data. This table is prepared for selected countries.

Table III--PROJECT DATA--Status of individual projects: for each project for which FY 1969 obligations are proposed. This table is prepared for selected countries.

Table IV --PROJECT DATA SUMMARY

For countries other than those designated as selected, used to list:

- (a) projects with 6/30/67 unliquidated obligations;
- (b) new projects started or planned to be started in FY 1968 with estimated unliquidated balances on 6/30/68; or
- (c) projects requiring FY 1969 funding.

For selected countries, used to list:

- (a) projects for which Table IIIs are not prepared, but which have 6/30/67 unliquidated obligations; or
- (b) projects started or planned to be started in FY 1968 for which no Table IIIs are prepared, but which will have an estimated unliquidated balance on 6/30/68.

Table IVa--DESCRIPTION OF NEW FY 1969 PROJECTS--This table is used to provide a brief description of projects footnoted on Table IV as new in FY 1969.

Table V --STATUS OF DEVELOPMENT LOANS--loan status of individual, authorized Development Loans and Alliance for Progress Loans which had not been fully disbursed as of December 31, 1967; descriptive narrative focusing on implementation, with specific emphasis on measurements of progress related thereto. This table is prepared for selected countries.

Table VI --STATUS OF DEVELOPMENT LOANS SUMMARY--This table is used for countries other than selected countries to summarize for each country the fiscal data on individual Development Loans and Alliance for Progress Loans which had not been fully disbursed as of 12/31/67.

Regional Data--The following two tables provide data at the regional level:

- a. Table II--Summary of Program by Function
- b. Summary of Status of Development Loans

World-Wide Data--A separate volume with the sub-title "World-Wide Summaries and Program Support Activities" contains a world-wide section in which entries on the Regional Summaries are summarized on a world-wide basis. This volume also contains other world-wide data, program support and interregional activities information, and the Section 634(d) report for FY 1968.

May 9, 1968

Kindall

ALLIANCE FOR PROGRESS

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ALLIANCE FOR PROGRESS REGIONAL SUMMARY

FY 1969 PROGRAM				
(Thousands of Dollars)				
Country	Type of Assistance			
	Total	Alliance for Progress		Supporting Assistance
		Loans	Technical Assistance	
LATIN AMERICA				
TOTAL	\$707,665	\$567,165	\$118,000	\$22,500
Contribution to Inter-American Org.	19,100	---	19,100	---
Regional Programs	15,690	5,000	10,690	---
Partners of the Alliance	500	---	500	---
Argentina	1,900	---	1,900	---
Bolivia	33,100	29,000	4,100	---
Brazil	214,600	200,000	14,600	---
CENTRAL AMERICAN ECONOMIC COMMUNITY:				
ROCAP	29,000	25,000	4,000	---
Costa Rica	6,700	5,000	1,700	---
El Salvador	10,400	8,900	2,400	---
Guatemala	12,700	10,000	2,700	---
Honduras	10,300	8,000	2,300	---
Nicaragua	14,200	12,000	2,200	---
Chile	83,000	80,000	3,000	---
Colombia	95,100	90,000	5,100	---
Dominican Republic . . .	55,400	30,000	5,400	20,000
Ecuador	4,900	2,000	2,900	---
Guyana	8,500	7,000	1,500	---
Haiti	2,500	---	---	2,500
Mexico	180	---	180	---
Panama	13,200	10,000	3,200	---
Paraguay	7,300	5,000	2,300	---
Peru	35,500	30,000	5,500	---
Uruguay	7,100	5,000	2,100	---
Venezuela	1,100	---	1,100	---
Jamaica	1,000	---	1,000	---
East Caribbean Regional Programs	6,100	6,000	100	---
Program Support, Inter-Regional Activities, Research, & Sec. 211(d) -	18,595	165	18,430	---

" . . . if our rhetoric is not followed by action, we shall fail not only the Americans of this generation, but hundreds of millions to come. . . I speak to you as a ready partner in that effort. I represent a nation committed by history, by national interest and by simple friendship to the cause of progress in Latin America. . ."

President Lyndon B. Johnson to the Presidents of the American Republics at Punta del Este, April 13, 1967

THE ALLIANCE TO DATE--
Accomplishments and Remaining Problems

Historians of the future will divide the Alliance into three main phases.

First was the organization and mobilization phase. The countries of the hemisphere had to agree on the nature of their problems and how the goals of the Alliance would be expressed in concrete actions. They had to mobilize their resources--in money, manpower and will--and, at the same time, deal with serious distortions which impeded economic and social growth: chronic hyperinflation, heavy debt burdens, balance-of-payments difficulties, and political opposition of established power groups who opposed change and reform as a threat to their interests. These problems are still with us to one degree or another, but Latin America now has a much better understanding of the measures necessary to attack them, and, in most instances, the problems now seem manageable.

Phase II of the Alliance began with the April 1967 Summit meeting of the Presidents of America in Punta del Este. This is the phase in which economic development begins to be equaled by intensity of effort in social and political development: reform and modernization of basic institutions. The Alliance in this period will move to achieve the newly-focused goals with specific programs for the modernization of rural life and agriculture, improvement in the substance of educational training, and the more effective utilization of science and technology. In Phase II, the ordinary man will begin to see, from his own experience, that the Alliance does give clear promise of making his own life and those of his children more assured of the benefits of modernization. Finally, in Phase II the essential preconditions will be met for the final phase--economic integration.

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At Punta del Este in April 1967, the Presidents set a timetable for this Phase III, the integration of the market economies of the developing countries of the Western Hemisphere. The expectation is that of a fully-integrated Latin America (plus an English-speaking Caribbean America), which will bring the developing countries to the stage where concessional U.S. capital assistance will no longer be necessary to maintain the course of economic development and stability. Beyond that, the great issues of social justice and political democracy will be well on their way to solutions compatible with the national wills of the peoples of the countries themselves. Finally, in Phase III, the American states to the south of the United States, through their new unity and success, will have achieved an equal footing with the United States and other world units, thus reducing greatly a major socio-psychological problem in our neighbor relations in the Home Hemisphere: the overwhelming preponderance of the United States.

The first phase of the Alliance for Progress has drawn to a close on a note of rededication to the principles and objectives of the Charter of Punta del Este. It has closed, also, with a recognition that while progress over the past six years has been substantial, the next five or six years must see greater and faster progress, particularly in agriculture, education, science and economic integration.

Overall Economic Growth

During the past four years (1964-1967) per capita gross national product in Latin America has grown by an average of 2.2% per year. This compares favorably with a less than 1% average per capita growth for the first two years of the Alliance (1962-1963)--but it is still below the original target of 2.5% set at Punta del Este.

During 1967, it is estimated that Latin America's per capita GNP rose 1.9%--an increase from the 1.3% rise registered in 1966.

The critical interplay between population and income growth is reflected in the per capita GNP levels. With population growing at an average rate close to 3% the regional GNP must grow by 5½% to meet the original Alliance goal. The very creditable 30% increase in total GNP for the region since 1961 has produced a relatively modest growth rate; per capita growth would have met the Alliance target if the increase in population could have been held to 2% per year.

The regional average covers a variety of individual country trends for 1967. Four republics met or exceeded the target per capita growth rate: Panama with 6.1%; Bolivia, 3.8%; Mexico, 3.5%; and Ecuador, 2.5%. Three major countries--Brazil, Argentina, and Venezuela--improved over last year's performance. Reflecting a recovery in agricultural production, the 1967 Brazilian GNP rose by more than 5% for the first time since 1962. Conversely, the economies of the five Central American Common Market countries slowed in 1967 after five years of highly satisfactory growth rates averaging 6% a year.

Gross Investment

Latin Republics in 1967 increased by \$1.2 billion their gross investment in the Alliance for Progress. This raised their annual level to \$18 billion, or 13% of their GNP. Cumulative investment from 1961-1967 was \$115 billion. At least 88 percent was financed by the Latin countries themselves. External financing and private foreign investment, including U.S. assistance, account for the remaining 12%.

From 1961 to 1967 the United States Government committed a total of \$7.9 billion, thus averaging more than \$1 billion a year. The inputs were through A.I.D. (\$3.6 billion), P. L. 480 (\$1.1 billion), EX-IM Bank (\$1.5 billion), and other programs, principally the Inter-American Development Bank (IDB) Social Progress Trust Fund and U.S. contributions to the IDB's Fund for Special Operations (\$1.7 billion).

Other sources of external financing for Latin America totaled about \$6 billion. This includes funds from the international agencies (exclusive of the Special Operations Fund), net foreign private investment, and aid from other developed countries, principally the member countries of the Development Assistance Committee.

Trade And Development

During 1967 export earnings by the Latin American countries failed to register any increase for the first time since 1961. This follows a slow-down in world trade, which is estimated to have increased only 3% in 1967--a decline from the 9.5% rate of growth in 1966. For Latin America, regional increases in exports have fluctuated from a high of 7.3% in 1964 to a low of minus 1.0% in 1967, yielding an average annual increase from 1961 to 1966 of 6.4%.

The lack of increase in Latin American exports in 1967 is due in large measure to declining prices of some major Latin

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American export commodities, and to adverse weather conditions which have limited growth in production of other commodities. A 7% decline in the price of coffee--a product which constitutes roughly 15% of the export value for the region--has cost the region export earnings amounting to over \$100 million. This has adversely affected both the growth rates and international reserve positions of Brazil, Colombia and Central America. Moreover, while cotton prices improved, drought conditions in Mexico caused substantial losses in export earnings.

There is some evidence that regional capital inflows, including the Alliance for Progress, may have enabled imports to continue at an acceptable level. Nevertheless, the stagnation of exports poses a serious obstacle to future growth and development prospects in Latin America. Some improvement is expected in 1968, but so long as the region is so heavily dependent on world price trends of a small group of export commodities, Latin American exports will remain vulnerable, and economies will be subject to fluctuations in exchange earnings which will lead to periodic trade and exchange restrictions detrimental to growth. The urgency becomes starkly apparent for programs to help diversify further the production and export of agricultural and industrial goods, and further, to facilitate economic integration to develop and expand markets.

Inflation and Stabilization

By the end of 1967, those Latin American countries plagued by inflation were according top priority to some form of stabilization program. The results of these efforts have been praiseworthy. In Chile the rate of price increase has been reduced from 39% in 1964 to 22% in 1967 as a result of monetary and fiscal reforms. In Brazil, where prices were increasing at an annual rate of 140% just prior to the 1964 revolution, the rise in cost of living was held to 25% in 1967. Efforts are continuing to eliminate Brazil's federal budget deficit, and to maintain non-inflationary credit and wage policies and a realistic exchange rate. In Colombia, where inflation reached 14-15% in the 1965-1966 period, the cost of living increase in 1967 was on the order of 7%. Uruguay is just now entering a belt-tightening stabilization program which seeks to reduce inflation from the recent annual rate of about 130% to about 50% during 1968.

Ahead lies the task of maintaining control over inflation, and at the same time, bringing about the needed growth and structural change that will prevent its resumption in the future. The

ultimate success of these efforts will depend, not only on continued self-help, but on sufficient amounts of external assistance.

Tax Reform

Latin governments themselves must raise a large share of the funds to finance the services and facilities that more advanced economies require. This can sometimes be done partly through reducing non-essential expenditure. For the most part, however, revenues have to be raised by revising and increasing taxation and by improving collections through an overhaul of tax administrations.

Progress in this area, particularly in raising tax revenues, has been good. From 1961 through 1966, central government domestic revenues of 17 Latin American countries rose 37% in real terms. Domestic revenue gains in 6 countries reached 50% from 1961 through 1966, while 8 others had increases of 26% or more. Over the same period, current expenditures as a whole grew only 1% in real terms.

For Latin America as a whole, indications are that increased revenues already have contributed to development. Annual central government capital outlay increased from 1961 to 1966 by about 29% for the region as a whole, and by 37% excluding Argentina. From 1963 to 1966, central government expenditure on agriculture increased 33%, and on education 31%. All these trends mark a steady improvement in the allocation of growing public resources.

The largest external contribution to tax administration reform in Latin America comes from the A.I.D.-sponsored Internal Revenue Service (IRS) programs. As of this date, there are 60 IRS specialists working on teams in 16 countries, including a regional group for the Central American Republics. By the end of FY 1968, about \$8 million will have been invested in this effort.

Chile's progress illustrates what better tax administration can do. Legislation, surveys, improvement of administrative procedures and a number of other new measures have meant greatly improved collections of new and delinquent taxes. Tax collections rose in real terms from the equivalent of \$500 million in 1961 to \$780 million in 1966--a 56% increase. A property tax survey, and follow-up adjustment in taxes, resulted in a 577%

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increase in urban assessments and a 145% increase in rural assessments. Reorganization of Chile's tax agency has helped boost the collections of delinquent taxes 88% from 1965 to 1966, and reduce the collection time on delinquent taxes from as much as three years to an average of 66 days.

Further Action Necessary

All these measures are important manifestations of the underlying structural change going on in Latin America.

Measures to increase taxation and curtail chronic inflation may sound far removed from the battlefield of social progress. Yet, too often in the past the demand for new programs and social services to benefit the great mass of Latin Americans have been resisted by the entrenched power groups when faced with increased taxes.

Thus, on occasion, governments have resorted to inflationary financing to support these programs. The cruel irony is that the resulting inflation hits hardest at the lower socio-economic levels. Conversely, when tax revenues are increased progressively to support larger programs in such areas, the benefits as well as the responsibilities of development become more equitably distributed.

The accelerated pace of change and development in Latin America, while of real benefit to more and more people each year, is not yet enough to set off a chain reaction of self-sustaining growth in most countries. Economic growth has been too slow to provide new jobs as fast as people enter the labor market. Unemployment promises to be more formidable in the future, as the 47% of Latin Americans now under the age of 15 begin to look for work.

The migration from rural areas to the cities, adding to the normal growth of population, is swamping urban abilities to provide housing, schools, health facilities, transportation and, above all, jobs. Techniques adequate to deal with the problems posed by the high rate of urban growth remain to be devised.

PROGRESS AND PROBLEMS IN KEY SECTORS

Agriculture and Rural Development

Over half the population of Latin America derives its livelihood from agriculture, yet agricultural production has been growing at only about 3% annually--barely enough to keep up with

population growth. Latin America is a major exporter of agricultural commodities, yet food imports from outside the region have grown to a level of about \$600 million per year. This seeming paradox reflects the following complex of factors:

- Strong emphasis on agricultural export earnings;
- Rapid urbanization of the growing population;
- Increasing incomes; and
- Marketing, pricing, agricultural policy arrangements and institutional obstacles unfavorable to investment in the agricultural sector.

To put it briefly, the domestic demand for food is growing rapidly, but the production and market availability of food is not. In many cases, food prices have been kept low relative to the costs of production. As a result, many farmers have been reluctant to invest in the available technology and equipment which would greatly increase their food production. Other disincentives to higher production are insufficient agricultural credit, inefficient marketing systems with high spoilage losses, and lack of transportation between the producing and marketing centers.

A.I.D. lending in the agricultural sector is being focused sharply on these problems. Aside from loan requirements to improve the economic climate for the farmer, A.I.D. has worked toward providing incentives for increased food production. Policy changes to remove import duties and effect other changes in imported agricultural inputs are now being implemented. The use of fertilizers, insecticides and improved seed varieties is growing. Marketing and distribution improvements, as well as more rational agricultural pricing systems are being introduced in the borrowing countries.

Genuine agricultural modernization requires land reform, as well as vastly expanded programs to extend vital education and health services and to increase agro-industrial employment opportunities in the rural areas. Land reform legislation has been enacted in 16 countries since the start of the Alliance, with widely varying degrees of quality in implementation. Nevertheless, it is estimated that in the past seven years, approximately 100,000 families per year (some 3,000,000 people) have received titles or have been settled or resettled in colonization programs. Comprehensive and fundamental land reform has been undertaken by Mexico,

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Bolivia and Venezuela. Major programs in land reform are in the early stages of implementation in Chile, Colombia and Peru.

Education

Educational modernization in Latin America is hampered both by lack of resources and by outdated curricula. Only one-fifth of those children who enter the first grade complete the sixth, and the subsequent loss through "dropouts" is almost as great.

During the first years of the Alliance, there has been concentration on meeting some of the most critical quantitative shortages in classrooms and teachers. As a result, 186,000 additional classrooms have been built and 800,000 new teachers trained since 1960; and the number of school graduates has doubled in more than half the Alliance countries.

Equally important beginnings have been made in changing the outmoded content of the Latin American educational systems. Textbooks for school children are, for the first time, reaching rural schools in Central America. Comprehensive high schools are being planned or introduced experimentally in a few countries, and modern mathematics and sciences are being introduced in some schools. In the universities, ancient and outmoded methods and curricula are giving way to patterns of full-time professorships, a combination of instruction, research and extension, expanded libraries, and laboratory work related to classroom studies.

These are good beginnings, but the vast bulk of the job still remains to be done. Investment in education, now averaging about 2.5% of the total GNP, must rise to at least 4% of the GNP if education programs are to catch up with the needs in this century. The financial resources needed to provide the classrooms, textbooks and trained teachers are truly staggering in amount, and will call not only for higher levels of tax revenues, but increased levels of external assistance as well.

Health and Population

Environmental sanitation, medical facilities and nutrition programs have had varying degrees of success. Primarily with the financing made available through the Social Progress Trust Fund, Latin countries have programs under way to provide potable water to over 70% of the urban population. However, the original Alliance goal for the rural areas remains to be met. U.S.-assisted malaria programs have helped stop locally-transmitted malaria in areas with a population of 11.5 million people, and

active programs are under way to provide protection to an additional 46.8 million people living in malarious areas. In the first four years of the Alliance, reported cases of smallpox were reduced to one-third. Twenty-three new medical schools have opened in Latin America since 1960, and the number of physicians has increased by 23%. Nevertheless a serious imbalance remains in the availability of professional medical personnel between urban and rural areas.

Better health is aided by accelerated food distribution, education, and dietary programs, and by the innovative projects launched in several countries to enhance the protein content of traditional foods.

Family planning in Latin America is progressing from the study and research phase into the action program stage. A.I.D.-supported programs, initiated three years ago, were designed to develop an awareness of the population issue among government officials, educators, the clergy and other community leaders, and to stimulate inclusion of family planning as an integral element of improved child care and maternal health. Today, access to family planning information is a recognized right of the individual in a steadily growing number of countries.

In 15 countries, demographic considerations have been introduced into national development planning. Population units or centers have been established within government health programs in at least 5 countries. Six private research study centers have been organized. Some Latin American universities have revised their curricula to include some aspect of population dynamics and to emphasize the relationship of demography to various professional disciplines. Private family planning associations have been established in all countries except Bolivia and Nicaragua--focusing on training, motivation and demonstration clinical projects.

A.I.D. is now actively encouraging governments to accept responsibility for incorporating family planning into the clinical services offered through the official government structures. Only these public organizations have the ability to provide such services on a national scale and on a continuing basis. Several countries have indicated their interest in gradually integrating family planning services with other health services.

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Popular Participation

Development, to be meaningful, must take account of a variety of factors other than strict economic growth. Unless incomes, educational and vocational opportunities are more equitably distributed and the people are more involved in the development process, the promise of progress becomes an empty gesture.

Alliance efforts to develop projects responsive to the mandate of Title IX of the Foreign Assistance Act are making significant headway. Primary attention has been given to those programs already under way which show promise for an integrated economic-social-political approach to the problems of development. Substantial efforts in support of cooperatives, community development and labor leadership training will be continued. In addition, programs in legal training (Brazil), local government reform (Dominican Republic), Indian integration (Guatemala) and community leadership training (Loyola University) will be expanded as opportunities permit. These pilot programs will be carefully evaluated to determine their effectiveness and applicability elsewhere in the region.

THE ALLIANCE ENTERS A NEW PHASE WITH A NEW ACTION PROGRAM

The Presidents of the American Republics met at the home site of the Charter-signing, Punta del Este, Uruguay, in April 1967--six years after President Kennedy's address proposing an Alliance for Progress. They reviewed their individual country progress, and designed the means needed to deal with those problems commonly held as most urgent. New assessments of the task were crystallized in the "Action Program". In this plan, the formation of a hemispheric common market was given prominence. Multinational infrastructure projects were emphasized to provide the physical base for regional economic integration. Finally, the bulk of the program was to accelerate progress in the priority sectors of agriculture, education and health by using all means possible, including the application of the latest advances in science and technology.

Action is beginning on each of these programs outlined by the Presidents--

"Latin America will create a
Common Market"

The Presidents envisaged creating a Latin American Common Market starting in 1970, which would be "substantially in operation" by 1985. It was expected that this would be a long and necessarily

difficult task. But a good start has been made. The Central American Common Market (CACM) approved the membership of Panama, to link all countries in the region in a unified economic community. The Latin American Free Trade Association (LAFTA) and the CACM have met to begin the process of merging the two organizations, eventually to form a group embracing all of Latin America. A new six member sub-regional trading group consisting of Chile, Peru, Ecuador, Bolivia, Colombia and Venezuela has been established. This sub-regional group is an important step in the transition to the ultimate Latin American Common Market. Nevertheless, very painful decisions remain to be made by the Latin American countries. The United States cannot make these decisions, but it can provide the support which will ease the process.

"We will lay the physical foundations
for Latin American economic integration
through multinational projects."

A concomitant of economic integration is the development of a multinational infrastructure to serve as a base for expanded markets. Efficient telecommunications systems and inter-connecting power systems are necessary. Nations jointly must develop international watersheds of frontier regions, and make better use of waterways serving, in some cases, as little more than boundary-lines at present. Argentina, Brazil, and Paraguay are jointly developing power facilities on the river which divides them, and roads connecting Bolivia with Peru and Argentina are being constructed.

Much of this multinational action will be through sponsorship of the Inter-American Development Bank (IDB). Pledges of an additional \$1.2 billion have been made to the IDB allowing substantial increases in its funding of such multinational projects over the next three years.

Multinational projects financed by the IDB include integration highways connecting roads in Argentina with roads in Chile and Bolivia, loans to the Central American Bank for Economic Integration (CABEI) for regional transport and industry projects (the Bank has also received A.I.D. support), and the first and second stages of the Acaray power project which will provide electricity to Argentina, Brazil and Paraguay where the project is located. In addition, the IDB has set up a program which extends export credits to promote intra-regional trade, and has established a Preinvestment Fund for Latin American Integration. The resources of the Fund are to be used to finance, through loans and grants, feasibility and pre-feasibility studies to develop multinational projects. The United States has made two contributions to the Fund.

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"We will join in efforts to increase substantially Latin American foreign-trade earnings."

This is an area of great significance to Latin America, where all too often, nations are largely dependent for export earnings upon a single product, which, in turn, may be subject to serious price fluctuations in the world market. With the general trend showing lower prices for agricultural products exported by developing countries, plus higher prices for the finished goods they have to import, many Latin Americans are deeply concerned about their "terms of trade."

As directed by the Presidents last April, an Inter-American Export Promotion Center is being established through the Inter-American Committee for the Alliance for Progress (CIAP) to help diversify and expand export markets. An ad hoc committee of banana-producing countries is being convened to develop a joint approach to the European Economic Community (EEC) on eliminating the EEC trade restrictions on bananas. After years of difficult negotiation, agreement was reached in October among major cocoa producers and consumers towards international stabilization of cocoa prices.

World variations in coffee prices have created serious economic problems over the years, and the International Coffee Agreement has provided some much-needed stability since it went into effect in 1963. This agreement is being renegotiated to improve and strengthen the provisions relating to surplus production controls and diversification into alternative crops.

"We will harness science and technology for the service of our people."

As a result of the "Summit," new multilateral programs to be supported by voluntary contributions of all the countries have been proposed and will be considered at the Inter-American Cultural Council Meeting scheduled in Venezuela for February 1968. These programs, which together total \$25 million, were formulated by two committees of experts on science and technology.

"Latin America will eliminate unnecessary military expenditures."

The above statement was signed by 19 American Chiefs of State in April 1967. Since that time A.I.D. has received new mandates in

Section 620(s) of the Foreign Assistance Act and Section 119 of the Foreign Assistance Appropriation Act, designed to insure that aid-recipient countries do not divert their scarce resources for unnecessary military expenditures. A.I.D. is taking the steps necessary to implement these amendments and carry out the policy set forth by the Latin American presidents.

Latin America spent \$1,890 million on defense in 1967, an increase of 1.5% in real terms from 1966. However, with GNP growing at 4.9%, the economic burden of the region's defense expenditures declined from 2% of GNP in 1966, to 1.9% in 1967. The share of central government expenditures devoted to defense also declined to 12.4% in 1967, down from the 12.9% high for the Alliance period set in 1964.

The modest rise in the absolute level over the period reflects mostly increases in pay that inevitably accompany growth in per capita national income. The increases, therefore, are concentrated in the 90% or more of expenditure that goes to personnel, operating and maintenance costs, rather than in the 10% or less devoted to equipment purchase. Only about half the latter has been foreign exchange expenditure--approximately \$100 million a year, or less than 1% of the region's export earnings.

If we exclude security activities which are primarily civilian in nature (but which are included in "national defense" because they may revert to military administration in the event of war), we find that military expenditure in this narrower sense reaches only about 1.7% of GNP for the region. As a percent of central government expenditures, military outlays were 11.4% in 1967, down slightly from 11.6% in 1966.

Overall security force levels in Latin America do not appear excessive in view of internal security needs, especially in the more hard-pressed countries such as Bolivia, Colombia, Ecuador, Guatemala and Venezuela. Moreover, the high concentration of expenditure on personnel moderates the real resource burden for underdeveloped countries with surplus supplies of unskilled labor, and permits the armed forces to serve a variety of useful non-military purposes. Manpower that might otherwise go unemployed can perform functions of value, such as literacy and vocational training and local public services in health and transportation, which are routinely performed by the armed forces in remote areas.

ALLIANCE FOR PROGRESS REGIONAL SUMMARY

Nevertheless, it is known that many Latin American military organizations are facing a need to replace equipment which is obsolete or no longer maintainable. These replacement and modernization programs will inevitably involve increased allocations of local and foreign exchange resources over the next few years. During this period A.I.D. will be particularly alert to changes in the levels and composition of military expenditures in Latin American and their impact on economic and social development programs.

Agriculture, Education, and Health

"We will modernize the living conditions of our rural populations, raise agricultural productivity in general, and increase food production for the benefit of both Latin America and the rest of the world."

"We will vigorously promote education for development."

"We will expand programs for improving the health of the American peoples."

The above three sectoral objectives of the Presidents comprise 60% of the A.I.D. technical assistance and loan programs proposed under the Alliance during FY 1969.

FY 1969 PROGRAM

To help its Alliance partners work toward those goals, A.I.D. asks new obligational authority of \$625,165,000 for Alliance loans and grants, and \$22.5 million for Supporting Assistance, which, when anticipated recoveries, receipts and reimbursements are added, will finance a total program of \$707,665,000.

Alliance Loans

New appropriations of \$515,125,000 are requested for Alliance loans in FY 1969 to finance a program of \$567,125,000 of program, sector and project lending in 17 countries.

Approximately two-thirds of the proposed loan program is concentrated in Brazil, Chile and Colombia. It is in these countries where the response to A.I.D. self-help requirements has been most comprehensive. Their efforts have ranged from new monetary, fiscal and exchange policies to improved tax revenue performance,

trade liberalization, improved educational facilities and incentives to stimulate agricultural production.

Program loans totalling \$175 million are planned in Brazil, Chile and Colombia to continue the forward movement of past programs of economic stabilization, development and reform. The program loans enable the countries to import the U.S. goods necessary for the growth and expansion of their economies. Most of these goods are imported by the private sector, by private businessmen who require raw materials or capital goods for expansion of their production. Program loans are released in tranches, after reviews of host-country performance in implementing the agreed self-help measures.

The program loan has been the primary instrument of U.S. support to the major self-help programs undertaken by Brazil, Chile and Colombia in the past three years. In all three countries, inflation has been reduced significantly, tax revenues and investment programs have increased, and export diversification programs have been mounted. All these measures have served to stimulate the resumption of growth in these countries.

In FY 1967 and 1968, A.I.D. introduced a new lending device--the sector loan--designed to focus U.S. assistance more sharply on the difficult problems in the critical sectors of agriculture, education and health. The purpose of the sector loan is to promote and support reforms in government policies and rapid increases in the investment programs to provide higher levels of facilities and services in these sectors. For example, a sector loan for tractors, fertilizer, pesticides and breeding stock is providing vital support for Chile's program for expanding production and agrarian reform. A.I.D. is proposing \$131 million for sector loans in 5 countries for FY 1969.

In addition, an amount of \$261 million is planned for project lending. In FY 1969, loans are proposed for projects in 15 countries. These projects range from a major road system in Bolivia to a national agricultural research program in Brazil. Continuing the emphasis of past years, A.I.D. project loans will support the creation and strengthening of intermediate credit institutions to provide financing on reasonable terms for agricultural, industrial and housing projects. A.I.D. now has \$442 million invested in such projects in Latin America. Experience with these institutions suggest they are effective instruments not only to promote development but also to mobilize local capital for investment. In addition, a loan of \$5 million

ALLIANCE FOR PROGRESS REGIONAL SUMMARY

is programmed for the Coffee Diversification Fund being established by the member countries of the International Coffee Agreement. U.S. support of this Fund was offered by President Johnson in his April 1967 speech to the American Presidents at Punta del Este.

A loan of \$6 million is also planned in FY 1969 for a soft-loan fund of the soon-to-be born Caribbean Development Bank. The organization of this Bank has been undertaken largely at the initiative of the English-speaking countries of the Caribbean area, who will provide 60% of its capitalization. Canada and the United Kingdom will provide the other 40%.

A major project loan of \$25 million is also planned for the Central American Integration Fund. This Fund, administered by the Central American Bank for Economic Integration, is the major source of financing for regional infrastructure and multinational projects--roads, communications, and agricultural storage--which will bind the economies of Central America together.

Technical Assistance

New appropriations of \$110 million are requested to support an Alliance technical assistance program level of \$118 million in FY 1969. This compares with an actual level of \$95.1 million in FY 1967 and a level of \$86.5 million estimated for FY 1968.

The technical assistance program supports the following activities:

- \$18.4 million for A.I.D.'s interregional programs, primarily the War on Hunger and research;
- \$19.1 million contributions to Inter-American organizations; and
- \$80.5 million for technical advisors and training in 21 Latin American countries.

Two-thirds of the proposed increase in technical assistance funds is to support the new multinational programs in science and technology, education and export promotion which were organized as a result of the April 1967 Summit meetings, plus increased population programs and support for the A.I.D. interregional program.

In FY 1969 A.I.D. proposes \$19.1 million for contributions to Inter-American organizations. Continuing support will be given the OAS' Special Development Assistance Fund (\$4 million) and

the Pan American Health Organization's Special Malaria Eradication Fund (\$1 million). In addition, new Inter-American programs will be started during FY 1969: the Inter-American program in science and technology (\$7.9 million) which will aid basic science and natural resources technology through research grants to universities' scientific and technical publications; and the Inter-American program in education (\$5.4 million) which will concentrate on advanced training of specialized educators, educational television, and the upgrading of Latin American educational curricula.

The major share of the Alliance technical assistance program, \$80.5 million or 68%, will finance technical experts and training programs for approximately 21 countries. Assistance in agriculture, education and health will account for approximately 63% of these country technical assistance programs. The remaining 37% is devoted to providing technical experts and training in the following fields:

Public Safety-- to assist 16 countries in the building of competent civil police organizations capable of efficient and humane action to preserve public order, and to protect the lives and property of citizens from arbitrary terrorism as well as common crime.

Tax Administration--to assist 16 countries (using IRS special teams) to improve collection procedures of new and delinquent taxes, and to prepare the legislation necessary for an effective and fair tax collection organization.

Labor--to assist 16 countries in developing a responsible free trade union structure. This assistance is made available primarily through the AFL-CIO American Institute for Free Labor Development (AIFLD). Labor in Latin America continues to receive an increasing share of Alliance technical assistance resources through formal and informal channels. Allocations of local currency counterpart funds generated under A.I.D. program loans have been used in Brazil for scholarships, and in Colombia for labor housing. A.I.D. mission directors have used Special Development Activity Authorities for small projects to aid local unions, such as school desks and a fishing boat for labor syndicates in Nicaragua, a chain-saw for a labor cooperative in Colombia, and help with equipment purchases for a Peruvian transportation union.

ECONOMIC ASSISTANCE TO LATIN AMERICA AND THE U.S. BALANCE OF PAYMENTS

A.I.D. loan disbursements could have a negative impact on the U.S. balance of payments if our aid leaked away from the recipient to the surplus countries in Europe; or more specifically, if U.S. aid merely substituted for dollars which would normally be spent for U.S. exports and which are thus freed to pay for imports from third countries.

In the case of Latin America, a careful study of all available data indicates that:

--In recent years Latin America has not been using U.S. assistance and other earnings in the United States to finance net purchases or to service debt in other industrialized countries. In fact, Latin America has had a balance of payments surplus with Europe and Japan and a deficit with the United States.

--In spite of an increase in its total foreign exchange reserves, Latin America's gold holdings have declined by \$430 million since 1961.

--Since the beginning of the Alliance for Progress, the U.S. share of the Latin American market has not declined, even when that market is defined to exclude imports financed by U.S. assistance.

MULTILATERALISM

The trend toward multilateralism, in both the definition and administration of economic assistance programs to Latin America, is well established. The major organism for such multilateral definition and evaluation of problems and needs is the Inter-

American Committee on the Alliance for Progress (CIAP). CIAP conducts annual reviews of country development and self-help performance. The conclusions and recommendations of these reviews serve as a guide both to external lenders and to the countries implementing development programs. These conclusions and recommendations provide the criteria and standards which the Foreign Assistance Act requires as a guide to A.I.D. lending. In addition to CIAP, the U.S. participates in several consultative groups, generally led by either the World Bank or the Inter-American Development Bank (IDB). The IDB has organized a consultative group for Ecuador and the World Bank has organized consultative groups for Colombia and Peru.

The IDB--the "Bank of the Alliance"--not only administers a significant portion of assistance available to the Alliance countries, but also is a major force in the attraction of capital into the hemisphere from other areas of the world. Several DAC countries have made funds available to IDB, for relending to its member Latin American countries. In addition, the IDB has been permitted to float bond issues in these sponsoring countries. Recently, the IDB announced a new policy of restricting the amount of procurement in non-member countries to the level of their contribution to the IDB.

New multilateral organizations have been created in the past year. The Inter-American Export Promotion Center is expected to start functioning July 1, 1968; also two new sub-organizations of the OAS are expected to begin new multinational programs in science and technology and in education. All three of the latter programs were given vital impetus at the April 1967 Summit Meeting and constitute growing evidence of a genuine trend toward multilateral decision-making and administration of the Alliance for Progress.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

TABLE II

Country: LATIN AMERICA

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	439,214	XXX	XXX	XXX	432,640	XXX	XXX	XXX	567,165	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	50,658	47,504	76	3,078	42,115	42,031	84	-	47,159	47,078	81
Participants	7,965	7,718	-	247	7,995	7,995	-	-	11,991	11,991	-
Commodities	8,318	6,986	78	1,254	4,678	4,598	80	-	5,226	5,154	72
Other Costs	23,865	19,924	1,246	2,695	23,847	22,011	1,836	-	37,694	35,347	2,347
Total Project Assistance	90,806	82,132	1,400	7,274	78,635	76,635	2,000	-	102,070	99,570	2,500
Method of Financing											
Project Assistance											
Direct A.I.D.	42,921	37,262	1,400	4,259	34,045	32,145	1,900	-	37,548	35,198	2,350
Other Agency	8,919	8,886	-	33	7,960	7,960	-	-	8,044	8,044	-
Contract	38,966	35,984	-	2,982	36,630	36,530	100	-	56,478	56,328	150
Program Assistance	55,419	a/ 12,981	30,450	11,988	26,295	a/ 10,195	16,100	-	38,430	a/ 18,430	20,000
Total Other than Devel. Loan	146,225	95,113	31,850	19,262	104,930	b/ 86,830	18,100	-	140,500	118,000	22,500
Total Assistance	585,438	XXX	XXX	XXX	537,570	XXX	XXX	XXX	707,665	XXX	XXX

a/ Alliance for Progress share of non-regional expenses paid from TA appropriation.

b/ Includes \$330 thousand for Partners of the Alliance authorized by Section 252(b) of the Foreign Assistance Act of 1967.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	667	641	604
Participating agency	308	288	233
Contractor technicians	870	793	769
Total	1,845	1,722	1,606

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	2,402	2,118	2,906
Contract	1,310	1,325	1,710
Total	3,712	3,443	4,616

SUMMARY OF STATUS OF DEVELOPMENT LOANS
(In Thousands of Dollars and Equivalent)

REGION: LATIN AMERICA

COUNTRY	Cumulative Through FY 1967				FY 1968 Through December 31, 1967			
	Authorized	Obligated	Disbursed	Repaid	Authorized	Obligated	Disbursed	Repaid
<u>Development Loans</u>								
Argentina	109,577	109,577	65,929	16,710	1,000	1,000	3,327	3,588
Bolivia	102,957	91,957	35,125	234	-	9,500	8,972	84
Brazil	872,056	788,656	447,557	229	695	52,095	39,319	-
Guyana	17,600	10,100	1,883	-	1,000	8,500	1,496	-
C.A. Economic Community								
ROCAP	82,500	62,500	17,672	194	(3)	(3)	2,019	157
Costa Rica	38,299	38,299	24,105	328	-	-	1,726	163
El Salvador	29,235	28,835	23,403	369	(46)	353	1,311	53
Guatemala	25,030	17,830	9,687	1,591	-	7,200	696	275
Honduras	32,169	25,169	13,685	1,338	-	7,000	1,244	173
Nicaragua	50,954	41,754	17,755	716	(2,200)	7,000	2,509	215
Chile	358,177	345,677	279,489	285	36,684	49,184	23,091	283
Colombia	353,647	353,647	234,264	720	(2)	(2)	30,170	110
Dominican Republic	41,200	32,800	8,706	-	(3)	(3)	4,338	-
Ecuador	50,680	50,680	26,335	2,734	-	-	3,741	264
Haiti	4,788	4,788	4,788	226	-	-	-	38
Mexico	66,501	66,501	52,459	100	-	-	1,972	50
Panama	55,734	40,034	22,883	704	-	12,800	2,334	268
Paraguay	28,411	26,511	15,049	4,314	-	-	595	452
Peru	96,847	81,247	46,694	1,193	-	-	4,353	221
Uruguay	23,574	22,799	14,348	940	-	-	274	230
Venezuela	55,000	55,000	44,022	300	-	-	2,680	75
Jamaica	6,600	6,600	678	-	-	-	670	15
TOTALS	2,501,536	2,300,961	1,406,516	33,225	37,125	154,624	136,837	6,714
<u>IAPSP Loans</u>								
Ecuador	1,425	1,425	1,216	32	-	-	55	8
Guatemala	700	700	700	3	-	-	-	-
Honduras	1,650	1,650	1,232	47	-	-	136	7
Jamaica	5,000	5,000	3,671	186	-	-	528	31
Nicaragua	539	539	539	92	-	-	-	-
TOTALS	9,314	9,314	7,358	360	-	-	719	46
Total	2,510,850	2,310,275	1,413,874	33,585	37,125	154,624	137,556	6,760

Brazil



BASIC DATA

Population (<i>millions – mid-1967</i>).....	86.5	Per Capita GNP (<i>dollars</i>).....	313*
Annual Growth Rate (<i>percent</i>).....	3.0	Life Expectancy (<i>years</i>).....	55
Area (<i>1000 square miles</i>).....	3,286	People Per Doctor	2,500
Population Density Per Square Mile.....	26	Literacy Rate (<i>percent</i>)	61
Agricultural Land as % of Total Area	15	Pupils as Percent of Population.....	14
Percent of Labor Force in Agriculture.....	52	(<i>Primary and Secondary</i>)	

* - 1967 in 1966 prices.

Country: BRAZIL

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	197.9	170.0	200.0
Technical Assistance	15.9	13.0	14.6
Total A.I.D. Assistance	<u>213.8</u>	<u>183.0</u>	<u>214.6</u>

U.S. Aid Objectives

Brazil's size (about 1/2 the area and population of South America), its strategic position, and its economic potential all underscore that it can become one of the world's great powers. Its political and economic progress are crucial to orderly development in the hemisphere, and to overall success for the Alliance for Progress.

The United States has three major development objectives in Brazil, all closely related to the achievement of a modern economy and political structure characterized by relative stability and balanced growth. These three objectives are: (a) economic stabilization, (b) increased economic growth, including the alleviation of regional disparities, and (c) modernization in critical development sectors (especially agriculture and education) which will form the basis for a steady improvement in social justice and equitable income distribution.

Economic Stabilization. We are assisting Brazil's fight against inflation to consolidate gains made in the fiscal, monetary and budget areas. The Government hopes to contain the rise in the cost of living below 25% during 1968.

Increased Economic Growth. The Brazilian Government has set a goal of 6% annual rate of overall economic growth by 1970. Such a rate will just permit maintaining unemployment at present levels, plus some growth in education, health, transportation, water facilities and other services to keep pace with population growth. It will not allow cutting into the large backlog in each of these areas. Achievement of even this modest growth rate will require disciplined self-help and a continued large flow of external resources.

Modernization of critical sectors. We are encouraging the Brazilians to reform and broaden their antiquated education

system, particularly at the secondary level; to modernize agriculture which still employs about half of the population but accounts for only about 28% of the net domestic product; and to strengthen inadequate public health and public administration programs.

The three objectives are interrelated. They form integral parts of a sustained development and reform program backed by the President and other key Brazilian leaders. The amount and type of assistance the United States channels to each purpose depends upon the determination of the Brazilians to move forward in each area.

Country Performance and Self-Help

Economic stabilization. The principal obstacle to more rapid growth in recent years has been the rampant but steadily declining inflation. From a peak annual rate of 140% in March 1964, price increases have been brought down to 45% in 1965, 41% in 1966 and 25% in 1967.

When the newly-elected Costa e Silva Government took office in March 1967, it first sought to boost lagging business activity by cutting or postponing taxes, permitting credit to expand, and providing a substantial increase in the internal support price of coffee. These measures produced a marked recovery in the business sector but also caused a rapid rise in the Government's budget deficit, the main traditional cause of inflation. The Government responded effectively with fiscal and credit measures. Stricter banking reserve requirements were imposed in December 1967 to curb credit expansion and the cruzeiro was devalued by about 18% early in 1968. These steps have reversed an earlier foreign exchange drain, and price performance was better in 1967 than at any time since the late 1950's.

The outlook for 1968-69 is guardedly optimistic, but much remains to be done. The Government must take further steps to limit expenditures, increase revenues, rationalize its instruments for budget control, curtail the level of indirect subsidies of various government-owned enterprises, limit the rate of credit expansion, maintain a realistic exchange rate to encourage export expansion, and make further progress toward a more diversified agriculture sector less dependent on coffee.

A.I.D. program loans--\$150 million in 1965, \$150 million in 1966, \$100 million in 1967, and the proposed program loans of \$75 million in 1968 and \$75 million in 1969, have been conditioned upon expenditure-reducing and revenue-increasing measures

Country: BRAZIL

critical to increased price stability. The imports financed under the program loans have also exerted a downward pressure on prices.

Economic Growth: In 1963, when spiraling inflation began seriously to disrupt economic activity in Brazil, GNP growth dropped sharply from the 6% rate of the late 1950's to 1.6%. The resulting economic dislocations continued to dampen growth in 1964 and 1965. As the Government's economic programs began to take hold, Brazil's growth performance steadily improved to 3% in 1964-1965, and 4.4% in 1966--setting the stage for 1967--Brazil's best year since 1962.

In 1967, agricultural production increased over 7%, and the GNP growth rate is estimated at over 5%, better than for any other year since 1962. Despite rising protectionist pressures, the Government maintained liberalized import policies to encourage development.

The resumption of Brazil's economic growth has been assisted not only by A.I.D. Program Loans to finance needed imports, but also by the Government's strong efforts to increase and diversify its export earnings. In addition, A.I.D. has provided technical assistance to Brazilian planning and financial agencies, and has helped to finance major new projects in steel, power, transportation and health.

Fundamental to Brazil's continued growth is the reduction of income disparities, particularly through the modernization of the Northeast where almost one-third of the country's population constitutes the largest aggregation of poverty in the hemisphere. Recognizing the important relationship between national integration and Brazilian growth, the Government adopted a set of incentive laws to stimulate private investment in the Northeast through movement of capital and managerial skills from the south-central industrial triangle and from foreign sources. As a result, an industrial boom is developing with investment increasing from \$15 million in 1962 to an estimated \$130 million in 1967. The United States has assisted Northeast development by investing \$260 million since 1962 in infrastructure, education, and health institutions, and by providing badly needed technical assistance.

Modernization of the Critical Sectors. Brazil, like other less-developed nations, is characterized by the familiar problems of an inefficient public sector, a general shortage of trained manpower, a tradition-bound educational system wholly inadequate for the needs of a modern society, and a neglected and antiquated agriculture system. The lagging rural sector, in addition to

retarding overall growth rates, skews investment toward capital-intensive industry, accelerates the population movement to the cities, and retards the development of a natural, large domestic market. The Brazilian Government's response to these weaknesses, particularly in the education sector, has not been as encouraging as its response in the fiscal and monetary areas.

1. Agriculture--Brazil's vast agricultural potential has yet to be tapped. Less than 4% of the land is cropped and only 15% is in pasture. Furthermore, the agricultural economy is characterized by very low yields in terms of both land and labor. Employing 50% of the population, agriculture accounts for only about 28% of the net domestic product.

Agricultural investment has suffered from inflation, from high costs of agricultural inputs, and from price and export controls intended to assure cheap food for the urban population and cheap industrial raw materials. Increases in agricultural output have come largely from bringing new areas of low fertility into cultivation (this accounts for 84% of the 1948-1962 increase in output) rather than increasing the use of fertilizers, at present among the lowest in the world.

Since 1964, the Brazilian Government has given increasing emphasis to agriculture through price support policies, liberalized export policies, fertilizer subsidies, expansion and improvement of credit facilities and the re-orientation of research, extension and teaching efforts to correspond more closely to immediate production problems. Additional improvements are being made in food marketing and production technology, and further incentives are being provided for farmers to use modern inputs such as fertilizers and improved seed. At the same time, substantial administrative reforms are being made in the Ministry of Agriculture to facilitate implementation of the new program.

A.I.D. has vigorously supported this program of agricultural modernization with \$129 million equivalent of local currencies generated by P.L. 480 and the program loans. Dollar loans have been made for fertilizer imports, local fertilizer production, and for the construction and maintenance of farm-to-market roads. Technical assistance is being provided in agricultural planning, extension, research, marketing, and education.

2. Education--The educational system constitutes perhaps the single most vigorous development obstacle facing Brazil. Almost 40% of all Brazilians over nine years of age are illiterate; only half the primary school entrants complete the second grade and only 20% complete the fourth grade. Only 10% of primary

Country: BRAZIL

school entrants ever get to the secondary school system which is recognized as a key educational bottleneck in Brazil. The education situation at the university level is equally bleak. Only 185,000 students (less than 2% of the university-age population) are enrolled in institutions of higher learning.

The Government is aware of these problems, but neither the educational picture as a whole nor the relative amount of national resources allotted to education (less than 3% of GNP) has improved significantly in recent years. Those limited resources allocated to education are used mainly to keep the existing system in operation. Nevertheless, the Costa e Silva Government intends to institute substantial improvements in education by supporting rapid expansion of elementary, secondary, and higher education facilities and initiating new efforts in the field of adult literacy and vocational training. A.I.D. has helped by constructing schools, producing and distributing textbooks, and by providing technical assistance in education planning, teacher training, vocational education, and adult literacy.

3. Health--Brazil's health situation is not encouraging. Preventable infectious diseases enervate and kill Brazilians, especially children, at rates consistently higher than those of many other Latin American countries. 85% of the population suffers from gastro-enteric diseases, and the death rate among children under five years due to these infections is nearly 100 times that in the United States. Furthermore, of the many problems created by Brazil's urban growth explosion of over 5% per year, one of the most serious is the acute shortage of safe water supply systems and the general lack of sewerage disposal systems.

The National Health Program is heavily weighted toward disease prevention rather than rehabilitation. The federal government is stimulating communities to take the initiative in solving health problems by streamlining relationships among federal, state and local health services. The Government recently founded a National Water Supply and Sewerage Loan Fund for community water supply and sewerage project. With this revolving fund in operation, 70% of the urban population can expect sanitary water service by the early 1970's.

A.I.D. has assisted the Brazilian health program through loans and grants for locally-initiated sanitary water and sewerage facilities, for malaria eradication, and by providing technical assistance to the Water Supply Fund and in health program planning.

FY 1969 Program

The proposed FY 1969 A.I.D. program for Brazil totals \$214.6 million, of which \$200 million will be for Development Loans and \$14.6 million for Technical Assistance. In addition to a program loan of \$75 million, there are proposed \$60 million for sector loans in agriculture and education and \$65 million in project lending. P.L. 480 assistance will total approximately \$33 million under Title I, and \$56 million of foodstuffs will be donated for development work through Title II programs.

New loan authorizations approximating \$100 million are expected from the IBRD, plus over \$100 million from the Inter-American Development Bank (IDB). An estimated additional \$40 million should flow in loans from other non-U.S. sources. New lending activity by the Export-Import Bank may reach \$70 million annually. International Monetary Fund (IMF) standby agreements are expected both in FY 1968 and FY 1969.

Economic Stabilization. The stabilization program in 1968 and 1969 will be an extension of that carried on in 1967. The Government's eventual goal of an annual 10% inflation rate is very optimistic, but real progress was made during 1967 when the rate declined to 25%.

The FY 1968 program will support Brazilian stabilization measures which include: (1) sharply limiting the federal deficit, a reduction of about 70% in real terms from the 1967 deficit level; (2) limiting Central Bank financing of the deficit; (3) curtailing the level of indirect subsidies to various government-owned enterprises; (4) preparing a satisfactory plan for the systematic reduction in government operating costs; and (5) developing effective measures to tighten control of budget expenditures. The program will also include limiting domestic credit expansion, and further rationalizing the coffee policy.

The conditions of our FY 1968 assistance program are addressed to problems which will require sustained Brazilian attention for some years to come. Exact conditions to be negotiated for the FY 1969 Program Loan to a large degree will depend upon results obtained during the current fiscal year. However, the self-help actions alone will not create conditions of financial good health. As has been the case in past years substantial program loan assistance is needed (\$75 million in 1969) to support Brazilian Government efforts to take necessary but unpopular economic reform measures and to help finance imports of essential capital goods.

Country: BRAZIL

U.S. program loan agreements with Brazil have been carefully monitored. Reviews of Brazilian performance have assessed compliance with loan conditions prior to each disbursement. This practice will continue under the 1968 and 1969 program loans.

Accelerating Economic Growth. The 5% growth rate for 1967 shows an encouraging increase over the 4.4% rate of 1966, but further progress is imperative. The present government continues to encourage domestic and foreign private investment. Comprehensive capital markets legislation has been enacted aimed at marshalling private capital for industrial enterprises. Minerals and petrochemicals have been opened to private development, regulations governing the remittance of profits on foreign private capital have been liberalized to encourage capital inflow, and an Investment Guaranty Agreement with the United States is being implemented. Income tax incentives are stimulating private industrial investment in the long-depressed Northeast region.

The program loan will continue to finance imports from the United States for essential industrial investment. Much of the local currency generated by program loans will continue to be used to finance intermediate credit institutions, seven of which have already made approximately 7,000 loans to Brazilian business firms.

In addition to a program loan, capital project loans are contemplated in agriculture, education and industries such as chemicals, and for supporting infrastructure to expand power, transportation, port and telecommunications facilities.

Modernization of Critical Sectors. (a) Agriculture--The A.I.D. strategy in agriculture in 1969 will continue to be to help (1) to develop a base of technical competence; and (2) to create a better policy climate which will assure adequate investment resources to modernize production, marketing, and distribution systems.

A sector loan of \$30 million will provide major leverage for encouraging consolidation and extension of the agricultural modernization program in 1969, particularly to achieve greater local planning and self-help. Priority will go to agro-business groups which take the initiative to develop projects as part of a local development plan. Local currencies from the program loan and from P.L. 480 sales proceeds will continue to be used for agricultural credit.

Technical assistance will continue to several agricultural programs: (1) developing applied research and extension capacity for food, livestock (including fish) and feed crops production; (2) developing national credit systems and agricultural credit agencies; (3) developing a strong private seed industry, and seed and soil testing facilities; (4) providing technical help to four leading agricultural universities and (5) developing planning and marketing service capabilities.

(b) Education--Brazil's education needs are almost limitless, and A.I.D.'s resources are restricted. Therefore U.S. assistance is concentrating on improving over-all long-range planning within the system and supporting a major effort at the secondary level which is now the critical bottleneck.

Country: BRAZIL

Sector loans are planned in both FY 1968 (\$30 million) and FY 1969 (\$30 million) to expand and modernize secondary education in selected key states. Under the program, those states assisted must increase the percentage of their resources devoted to education and emphasize development of free comprehensive secondary schools.

Possible project loans in 1968 and 1969 are for graduate scholarships in science and technology (\$10 million) and assistance to a university reform fund (\$10 million).

FY 1969 technical assistance will continue to stress improvement of educational planning at all three levels: elementary, secondary, and higher, with continued emphasis being given to the secondary level. U.S. planning teams will work directly with the individual states to develop and implement the expanded secondary education system envisioned in the sector loan. Local currency generations will continue to be used for an adult literacy and large-scale textbook program.

(c) Health--In FY 1968, A.I.D. is negotiating a sector loan to strengthen the National Water Supply and Sewerage Loan Fund as the major institutional mechanism for extending water and sewerage services to states ready to share financial responsibilities. Other U.S. efforts in FY 1969 will involve primarily technical assistance, focusing on institutional development of a nationwide health service manned with competent personnel, plus selective loans to complement Brazilian programs in malaria and smallpox eradication.

Northeast. Industrial growth rates in the Northeast have recently exceeded those for Brazil as a whole, but there has been less progress in the social development, education, rural modernization, and health services.

The FY 1968 and 1969 U.S. programs will concentrate on agriculture and education. Projects will include efforts to support Northeast rural modernization, a pilot project of comprehensive primary school reform in the States of Bahia and Pernambuco, and a large-scale agricultural feeder road and marketing program. Meanwhile, implementation will go forward on a number of important projects in highway construction and maintenance, school improvement, and other activities funded in prior years.

Administration. The assistance program to Brazil outlined above will provide an important catalyst to the over-all investment level necessary in Brazil if stability, growth, and modernization are to proceed. While of the same general magnitude as the program of past years, it will be implemented with fewer A.I.D. long-term personnel and at a lower dollar administrative cost. This will be accomplished through a greater use of short-term advisors, shared payment arrangements with the Brazilian Government, and through increased training in the United States.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

TABLE II

Country: BRAZIL

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	197,900	XXX	XXX	XXX	170,000	XXX	XXX	XXX	200,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	11,688	11,688	-	-	8,785	8,785	-	-	9,452	9,452	-
Participants	2,706	2,706	-	-	2,652	2,652	-	-	3,826	3,826	-
Commodities	454	454	-	-	722	722	-	-	721	721	-
Other Costs	1,025	1,025	-	-	841	841	-	-	601	601	-
Total Project Assistance	15,873	15,873	-	-	13,000	13,000	-	-	14,600	14,600	-
Method of Financing											
Project Assistance											
Direct A.I.D.	7,406	7,406	-	-	5,621	5,621	-	-	6,113	6,113	-
Other Agency	2,028	2,028	-	-	1,736	1,736	-	-	1,631	1,631	-
Contract	6,439	6,439	-	-	5,643	5,643	-	-	6,856	6,856	-
Program Assistance											
Total Other than Devel. Loan	15,873	15,873	-	-	13,000	13,000	-	-	14,600	14,600	-
Total Assistance	213,773	XXX	XXX	XXX	183,000	XXX	XXX	XXX	214,600	XXX	XXX

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	138	131	117
Participating agency	73	49	49
Contractor technicians	185	148	107
Total	396	328	273

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	677	664	928
Contract	202	291	334
Total	879	955	1,262

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Agrarian Reform		ACTIVITY Agriculture and Natural Resources			FUNDS TA	
PROJECT NUMBER 512-15-120-249		PRIOR REFERENCE p. 18, FY 68 IA P.D.B.		INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1972	

Project Target and Course of Action: To complete assistance by the Bureau of Land Management (USDI/BIM) to the Agrarian Reform Institute (IBRA) for the evaluation of land resources, tenure, and socio-economic factors related to settlement and to improve IBRA's capabilities for tenure determination and title issuance. Technical assistance is also being provided by the U.S. Department of Agriculture to the Ministry of Agriculture for land utilization, classification and management, and soil and cartographic surveys. U.S. assistance is anticipated to support a comprehensive program for modernization, diversification, and reform of the depressed sugar area in Northeast Brazil.

Progress to Date: A national cadastral survey has been completed by IBRA and a new land tax executed which is progressive with land size and regressive with intensity of land use. This tax has provided funds to cover the cadastral survey costs (approximately \$10 million) and to add \$20 million to federal revenues. Title issuing procedures have been reorganized resulting in the issuance of more than 40,000 new land titles in the past two years. Basic soils maps of Northwestern Brazil covering more than one billion acres have been completed and detailed soil surveys of portions of the States of Mato Grosso and Goias have been initiated to facilitate large-scale settlement. A study was made of the diversification and modernization possibilities for approximately one million acres in the Northeast sugar zone. This study conducted by USAID-financed technicians was partially responsible for GOB

development of a reform plan and establishment of an inter-agency group (GERAN) by the President of Brazil to initiate action momentum and to coordinate implementation. Land resource studies for the area are scheduled for execution with Inter-American Geodetic Survey (IAGS) assistance in 1968.

FY 1969 Program: USDA and USDI/BIM assistance will continue in order to complete present programs with IBRA and the Ministry (\$29,000). IAGS/PASA assistance initiated in FY 68 for assessment of land resources and refinement of GERAN plans will continue (\$70,000). New contracts are planned in vocational education and short-term studies of diversification potential in the Northeast sugar zone (\$185,000). An Agricultural Sector Loan is planned to assist GOB efforts to consolidate small land holdings and support voluntary settlement. GOB funds will be used to facilitate land purchase - loan funds will be used for credit, market facilities and farm to market roads.

U.S. Technicians: Three IAGS/PASA land use specialists, four contract specialists for vocational education, community development and agricultural diversification studies and four direct-hire advisors to plan and coordinate program activities. Phase-out costs for services under BIM and USDA soil PASA's will also be required.

Participants: Twenty-nine direct-funded participants for periods ranging from six weeks to one year in land use and water resource planning, soil classification, agricultural vocational training, and cooperative development.

Commodities: Demonstration laboratory equipment.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			Inter-American Geodetic Survey U.S. Dept. of Agriculture U.S. Dept. of Interior, Bureau of Land Management Checchi and Co. International Development Services, Inc.
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	822	736	86							
Estimated FY 68	330	287		91	165	256	114	271	385	
Estimated through 6/30/68	1,152	1,023	129	56	-	56	124	-	124	
		Future Year Obligations	Estimated Total Cost	15	3	18	5	13	18	
Proposed FY 69	527	1,425	3,104	-	-	-	-	-	-	
				Total Obligations						

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Marketing		ACTIVITY Agriculture and Natural Resources		FUNDS TA	
PROJECT NUMBER 512-15-150-248		PRIOR REFERENCE p. 21, FY 68 IA P.D.B.		INITIAL OBLIGATION FY: 1963	
				SCHEDULED FINAL OBLIGATION FY: 1973	

Project Target and Course of Action: To assist Brazil 1) to prepare agricultural development plans to increase production by at least 5% per year and reduce marketing losses from 30% to 10% or less by 1972 and 2) to develop adequate credit facilities to finance production and market development. The program includes the development of agricultural statistics, adequate storage facilities, and high quality seeds; the strengthening of farm cooperatives and minimum price programs and training agricultural planners.

Progress to Date: The National Rural Credit Fund established with USAID assistance in 1964 has increased its loans from 32,500 in 1965 to an annual rate in excess of 140,000 in 1967. The National Cooperatives Bank reorganized with USAID assistance, has also increased its loan volume from an equivalent of \$25.4 million in 1965 to \$38.5 million in 1967. The Bank has 1587 contributing member cooperatives (with an estimated 900,000 farmer members) which had increased their subscription to the Bank from an equivalent of \$81,360 as of December 1966 to \$630,000 as of May 1967. Crop forecasting and general agricultural statistics series have been revised and improved, thus permitting more precise agricultural planning. The market news service initiated in 1966 with daily reports from Rio de Janeiro, Belo Horizonte, and Sao Paulo was extended to Curitiba and Porto Alegre in 1967 and is expected to include Recife and Belem during FY 68. Over 150 cooperatives have been given technical advice and assistance on how to improve their organizations and opera-

tions and approximately 200 staff members of federal and state agencies assisting cooperatives have received cooperative training through 15 in-country training programs. The minimum price program has been effective in raising prices of Brazilian agricultural commodities to approximately the level of world prices. Nearly 1000 Brazilians have received training in various aspects of seed technology since the seed assistance program was initiated in 1964. Expanded training activities for agricultural planners necessitates extension of this project into FY 73.

FY 1969 Program: Future USAID assistance under this project will concentrate on integrated agricultural planning, including local planning, planning related to the strengthening of cooperatives and of adequate credit programs for farmers. Funds will be required for the above aid, for the phase-down of assistance for market news development and the minimum price system. (USDA and IAGS PASA's, \$464,000). Funds will also be required to continue the contract with Mississippi State University (\$213,000).

U.S. Technicians: Ten USDA/PASA in the field of economics and marketing, one IAGS/PASA for land resource planning, two contract for seed development, four contract (prior year funded) for economic planning, and four direct-hire to coordinate and supervise.

Participants: Sixty-six direct participants in economics, cooperatives, rural credit, minimum prices and warehousing; 20 contract-funded participants in advanced seed technology.

Commodities: Demonstration seed testing, processing and storage equipment, foundation seed, and training aids.

U.S. DOLLAR COSTS (in Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	3,964	3,485	479							U.S. Dept. of Agriculture Mississippi State University Inter-American Geodetic Survey
Estimated FY 68	1,202	1,082								
Estimated through 6/30/68	5,166	4,567	599	95	880	975	114	593	707	
		Future Year Obligations	Estimated Total Cost	161	40	201	207	53	260	
				-	25	25	-	31	31	
				1	-	1	-	-	-	
Proposed FY 69	998	1,735	7,899	257	945	1,202	321	677	998	
				Total Obligations						

PROJECT TITLE Agricultural Education	ACTIVITY Agriculture and Natural Resources	FUNDS TA	
PROJECT NUMBER 512-11-110-094	PRIOR REFERENCE p. 27 of FY '68 LA P.D.B.	INITIAL OBLIGATION FY: 1957	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To expand the capacities of Brazilian secondary and university level institutions to train the agricultural technicians required for more rapid development of the country's agricultural resources. The goal at the university level is to double by 1970 the 1963 enrollment, to increase graduate level training by tenfold, and to integrate teaching, research, and extension. The secondary level goal is to triple by 1972 the 1962 enrollment in agricultural technical schools and substantially increase agricultural vocational training in public high schools. Attainment of these goals requires advisory services of U.S. technicians to support faculty and teacher training, the establishment of graduate programs, and university administrative improvements.

Progress to Date: Advisors provided under contracts with Purdue Univ., the Univ. of Wisc., the Univ. of Ariz., and Ohio State Univ. are assisting the Rural Univ. of Minas Gerais (UREMG) and the agricultural colleges of the Universities of Rio Grande do Sul (URGS), Ceara and Sao Paulo (ESALQ). Enrollments have increased 62%, 50%, 55% and 47% respectively, faculties have been improved and enlarged, the curriculum has been reorganized, graduate level instruction established and research administrative modernization expanded. Significant at all four locations is the increasing involvement of the universities in the agricultural development programs of their respective states. A firm phasing out plan has been established for the four university contract programs advancing by one year (through FY 72) the final obligation date to cover this

schedule. In Secondary Agricultural Education the number of agricultural schools has risen from 28 in 1963 to 43 in 1967. Fifty new agricultural shop courses have been established in public high schools and the number of short courses for young and adult farmers increased from 70 in 1965 to 310 in 1967.

FY 1969 Program: Emphasis in FY 69 will continue on strengthening graduate programs and increasing the involvement of the universities in state agricultural development programs through the coordination of planning, research and extension. Additional funds will be required in FY 69 for one year's funding for each of the four university contracts (Univ. of Arizona., \$361,000; Univ. of Wisconsin, \$448,000; Purdue Univ., \$600,000; Ohio State Univ., \$473,000).

U.S. Technicians: Five direct-hire technicians to supervise secondary and higher education activities, 35 contract university professors in agricultural education and approximately 23 short-term contract consultants.

Participants: Approximately 55 contract and 10 direct participants for U.S. training in such fields as agricultural economics, animal and plant sciences, soils, and secondary agricultural vocational education.

Commodities: Teaching aids and copyrights for textbooks to be translated into Portuguese; laboratory equipment and supplies funded in contracts not obtainable in Brazil.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	11,966	9,717	2,249								University of Arizona University of Wisconsin Purdue University Ohio State University
Estimated FY 68	1,399	2,318									
Estimated through 6/30/68	13,365	12,035	1,330	U.S. Technicians	118	1040	1158	127	1400	1527	
				Participants . . .	20	120	140	50	337	387	
				Commodities . . .	5	96	101	35	145	180	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 69	2,094	2,721	18,180	Total Obligations	143	1256	1399	212	1882	2094	

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Power	ACTIVITY Industry and Mining	FUNDS TA	
PROJECT NUMBER 512-15-220-228	PRIOR REFERENCE p. 22 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To provide engineering and other technical supervision to an USAID loan-assisted program for doubling by 1970, the 1963 power generating capacity of approximately 6,000 megawatts (MW). This will require an increase of 5,000 MW installed generating capacity over the 7.3 thousand MW installed as of 1967. In addition, a further 4.3 thousand MW of installed capacity will be required during the 1971-1976 period to meet Brazil's future power sector requirements. Corresponding increases in transmission and distribution facilities are also planned. This technical cooperation project complements the USAID capital lending program in the power sector.

Progress to Date: Nineteen USAID dollar and cruzeiro loans totaling \$176 million and the equivalent of \$852,000 have been authorized since 1963. These loans are assisting in financing 1283.4 MW of generating capacity, of which 93.1 MW are complete; 7567 Km of transmission lines, of which 1433 Km are complete; 5759 Mva of substation capacity, of which 760 Mva are complete; 2838 Km of distribution lines, of which 366 Km are complete; and 4755 Mva of distribution transformer capacity of which 318 Mva are complete. USAID technicians financed under this project have assisted in the supervision of these loans. Further U.S. technical assistance funding has provided training to 32 Brazilian power engineers and executives in the U.S., Puerto Rico, and Brazil under this program. Forty-four of the 73 systems included in phase one of

the rural community electrification program in the Northeast have been completed. An additional 25 systems are under construction.

FY 1969 Program: Funds will be required for staff services related to the review of capital project proposals and the monitoring of approved projects and for selected participant training. In light of the possibility of financing additional loans in the power sector, the final obligation date has been extended to 1972.

U.S. Technicians: Three direct-hire engineers to coordinate and supervise the projects and to support loan activities will be required.

Participants: Twelve participants in power and telecommunications will receive training in the U.S. and Puerto Rico.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1968			Proposed FY 1969
				Direct AID	Contract/Other Agency		Total
Through 6/30/67	602	492	110				
Estimated FY 68	103	164					
Estimated through 6/30/68	705	656	49				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 69	121	395	1221				
				Cost Components			
				U.S. Technicians			
				Participants . . .			
				Commodities . . .			
				Other Costs . . .			
				Total Obligations			

PROJECT TITLE	ACTIVITY		FUNDS	
	Transportation		TA	
PROJECT NUMBER	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION	
512-15-380-229	p. 24 of FY '68 IA P.D.B.	FY: 1963	FY: 1971	

Project Target and Course of Action: To accelerate the development within Brazil of transportation facilities, particularly highways. This project complements the USAID capital loan program in highway construction and maintenance equipment. It provides technical assistance to improve Brazilian capability in highway engineering, especially the organization and administration of federal and state highway departments and the training of key highway officials. And finally, it finances essential U.S. services for reviewing loan applications and monitoring loan implementation.

Progress to Date: \$81.6 million in loans have been authorized for the purchase of highway maintenance equipment and related technical services for upkeep of state highways in all nine Northeast states, Minas Gerais State highways and federal and state highways in Sao Paulo, Rio Grande do Sul, Santa Catarina, and Parana.

U.S. technical assistance funding has been used to provide training to more than 1,250 Brazilian state and federal highway personnel through on-the-job training and USAID-supported projects and 90 Brazilian engineers on six-week observation/study tours in the United States. The equivalent of \$43 million (principally Brazilian-owned counterpart) have been provided for the following construction programs: Rio-Sao Paulo highway (85% complete); North Production Road in Rio Grande do Sul (50% complete); Parana Coffee Road (100% complete).

A \$17.4 million loan has been authorized for nine highway construction projects in six Northeast states (21%

complete), and the equivalent of \$1.85 million in counterpart funds have been provided to the agrarian reform agency in the State of Rio Grande do Sul for construction of 1408 Km of agricultural feeder roads. The BR-11 Civic Action Highway construction program in the Northeast was completed during FY 67, as were the USAID-supported feasibility studies of portions of BR-11, 13, and 25. The equivalent of \$741,000 in counterpart funds have been made available for the construction of three bridges on the Brazil-Peru highway, a part of the Pan American Highway system, and a \$2.7 million loan has been made available for air navigational aids equipment.

FY 1969 Program: Technical assistance to Federal and State agencies will be continued to strengthen their capabilities to maintain highways and for monitoring highway construction executed by contractors.

U.S. Technicians: Seven BPR specialists to provide technical assistance to Federal and State highway agencies and to perform engineering staff services for the USAID; one direct-hire technician.

Participants: Fifteen Brazilian engineers for direct-funded short-term training in U.S.

Commodities: Training aids.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	3182	3110	72							U.S. Bureau of Public Roads
Estimated FY 68	291	327								
Estimated through 6/30/68	3473	3437	36							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	262	689	4424							
				Total Obligations						

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Labor	ACTIVITY Labor	FUNDS TA	
PROJECT NUMBER 512-11-410-028	PRIOR REFERENCE p. 25 of FY '68 LA P.D.B.	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To strengthen the free democratic trade union movement in Brazil by leadership training, encouraging Brazilian American "Union-to-Union" exchanges, development of Brazilian trade union services and by helping the Ministry of Labor in its efforts to improve and expand its services in fields directly affecting worker benefits, interests and productivity.

Progress to Date: Since 1964, under the "Union-to-Union" program, 30 Brazilian delegations totaling 259 union leaders have visited counterpart AFL-CIO affiliates in the U.S. Eleven two-man AFL-CIO delegations from trade union organizations were in turn received by their Brazilian counterparts. During FY 67, 10 trade union leaders from key labor sectors received specialized training at the University of Puerto Rico and complementary orientation in the United States from the AFL-CIO and counterpart unions. A total of 18 Labor Ministry officials have visited the U.S. for study and consultation and four U.S. Department of Labor officials and technicians have consulted in Brazil in the fields of industrial health and safety, manpower, social security and labor statistics.

With assistance from the AIFLD, the Instituto Cultural do Trabalho (ICT) has trained approximately 7,000 unionists in Regional Seminars conducted throughout Brazil and at ICT's training center in Sao Paulo. AIFLD continues to provide advisory assistance to rural trade unions through the three service centers constructed in Pernambuco. It has also been able to assist over 45 small social-impact projects with AFL-CIO and USAID funds.

In 1967, under a complementary local currency program, 76,000 scholarships were given to the children of union members and the Brazilian Government provided funds for additional scholarships.

FY 1969 Program: The USAID will continue to fund technical assistance to the Ministry under a USDL PASA, the "Union-to-Union" leadership exchange program, and exchange of officials between the Ministry and USDL. Under the AIFLD contract (\$587,000) advisory services will be continued to rural union centers in the Northeast, training of trade union officials through ICT, and assistance to such social impact projects as union hall construction, a brick-making machine for a small union, formation of a union cooperative, and an ambulance for a textile workers union.

U.S. Technicians: By the end of FY 69 AIFLD will phase-down to four U.S. technicians plus short-term consultants for workers' education and rural social projects. Short-term Department of Labor advisors will be needed for the Ministry-to-Ministry program.

Participants: During FY 69, approximately 110 union participants and 28 ministry officials and key officers in industry who deal with labor relations will receive short-term training in Puerto Rico. Another 25 union participants will receive short-term training under the AIFLD contract. Up to 14 AFL-CIO representatives are programmed for exchange visits to Brazil.

Other Costs: Local operating expenses of labor training programs in Brazil and publication of follow-up material of exchange groups.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Through 6/30/67	2545	2362	183							
Estimated FY 68	840	787								
Estimated through 6/30/68	3385	3149	236							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	930	2359	6674	Total Obligations	222	618	840	316	614	930

Department of Labor
American Institute for
Free Labor Development

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE National Water and Sewerage	ACTIVITY Health and Sanitation	FUNDS TA	
PROJECT NUMBER 512-11-520-062	PRIOR REFERENCE p. 26 of FY '68 LA P.D.B.	INITIAL OBLIGATION FY: 1961	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action:

- 1) To develop adequate and safe water supplies for 70% of the urban population by 1973;
- 2) To double the urban sewer capacity by 1970; and
- 3) To provide adequate water to meet growing commercial and industrial needs.

To accomplish this USAID is assisting in:

- 1) The improvement of water and sewerage systems management through training and technical assistance;
- 2) The execution of major physical improvements through a revolving loan fund program; and
- 3) The transfer of responsibility for providing water and sewerage services from the federal and state governments to municipalities.

Progress to Date: I. National Water Fund: - Established in April 1965 on a revolving, self-sustaining basis, this fund permits Brazilian municipalities for the first time to obtain long-term loans for water supply construction projects. It requires municipalities to demonstrate a capacity to manage facilities and repay the full value of the loans. Twenty-one NWF loans were approved as of August 1967, benefiting two million people. Applications were in process from municipalities with population totaling an additional two million people. The GOB contributes \$2 million equivalent in budgetary resources and approximately \$8 million in counterpart annually to the NWF. Municipalities and States contribute an additional \$6 million on a matching basis.

II. Training: Over 1,400 water works personnel have been

trained in five regional training centers established with USAID assistance. Over 150 Brazilian technicians and engineers have received training in the U.S., both observational and academic. Eleven cities have received assistance in municipal utility administration and over 130 participants from 89 municipalities in 16 States have attended AID supported seminars on water financing and management procedures. Water systems studies for 35 cities have been completed. This project has been extended into FY 72 to satisfy Brazil's increasing emphasis in this field.

FY 1969 Program: AID will continue to assist the National Water Fund in refining and expanding its operations. This will primarily be done through the development of State Water Funds. The establishment of training programs and special courses for municipal water and sewerage technicians and management personnel will continue. The number of personnel trained in Brazil is expected double by the end of FY 69 the total number trained through FY 67.

U.S. Technicians: One direct-hire technician to supervise project activities and five long and three short-term Public Health Service advisors under a PASA to help establish water supply and sewage training programs and advise on water system financing.

Participants: Short-term training for 40 Brazilians in the U.S. and third countries in administration, design, and management of water supply systems.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
	Estimated FY 68	Estimated through 6/30/68	Proposed FY 69		Estimated FY 1968	Proposed FY 1969		Total
Through 6/30/67	2855	2783	72		Direct AID	Other Agency		Total
Estimated FY 68	242	269		U.S. Technicians	60	148	208	
Estimated through 6/30/68	3097	3052	45	Participants ...	33	-	33	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	1	1	
				Other Costs ...	-	-	-	
Proposed FY 69	241	566	3904	Total Obligations	93	149	242	
					105	136	241	

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Health (includes Malaria Eradication)	Health and Sanitation	TA	
PROJECT NUMBER 512-11-590-265	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	p. 36 of FY '68 IA P.D.B.	FY: 1958	FY: 1973

Project Target and Course of Action:

1) To assist in improving health planning and administration through the establishment of a permanent planning unit within the Ministry of Health.

2) To provide technical advisory assistance and loan funds to enable Brazil to eradicate malaria by 1975.

Progress to Date: A Planning, Evaluation, Research and Special Project Unit (PERSP) has been established in the Ministry of Health. Highlights of PERSP's first year of operation have been:

1) Initiation of long-range action planning for the Health sector, setting forth goals and priorities;

2) Initiation of research programs on some of the more serious endemic diseases in Brazil as a concomitant to diseased control programs;

3) Sponsorship of special training programs in preventive medicine and malaria eradication;

4) Initiation of a program to publish and distribute a series of books on various aspects of public health; and

5) Initiation of a program of improved coordination of public health programs in the Northeast.

In the Malaria Eradication Program:

1) An additional 3.6 million people were brought under protection in FY 1967.

2) Total population protected to date reached 18.9 million, or 53% of the population at risk.

3) Blood samples verify marked decrease in the incidence of malaria in the areas under total coverage.

4) Plans have been prepared for the initiation of spraying operations in all remaining malarious areas by the end of 1968.

5) The Malaria Eradication Service has been reorganized and its operational efficiency improved. To decentralize operations, five regional operational control offices have been established.

The Pan American Health Organization (PAHO) and the Ford Foundation are supporting the establishment of a demographic research center in Brazil.

This project is being extended to FY 73 to provide technical assistance to the Brazilian Malaria Eradication Program through the Consolidation Stage.

FY 1969 Program: Assistance will be continued to the Ministry of Health in improving health planning and the rational allocation of resources for health improvement programs and in the eradication of serious diseases such as malaria, Chagas' disease and schistosomiasis.

U.S. Technicians: Four Public Health Service PASA (one malaria and three public health advisors), two contract advisors (epidemiology and nutrition), and two direct-hire.

Participants: Fifty-four long and short-term direct-funded participants for U.S. and third-country training in public health and malaria eradication.

Commodities: Public Health materials not available in Brazil.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1968				Proposed FY 1969		
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/67	14,282	14,153	129	U.S. Public Health Service						
Estimated FY 68	213	214								
Estimated through 6/30/68	14,495	14,367	128							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	299	716	15,510							
				Cost Components						
				U.S. Technicians	57	76	133	60	100	160
				Participants . . .	56	-	56	119	-	119
				Commodities . . .	15	-	15	20	-	20
				Other Costs . . .	9	-	9	-	-	-
				Total Obligations	137	76	213	199	100	299

BRAZIL

PROJECT DATA

TABLE III

Country: BRAZIL		PROJECT DATA		TABLE III	
PROJECT TITLE Elementary Education		ACTIVITY Education		FUNDS TA	
PROJECT NUMBER 512-11-640-037		PRIOR REFERENCE p. 28 of FY '68 IA P.D.B.		INITIAL OBLIGATION FY: 1956	
				SCHEDULED FINAL OBLIGATION FY: 1970	

Project Target and Course of Action: This project contributes to Brazil's efforts to achieve universal elementary education by 1976, to improve training for elementary school teachers, and to eliminate illiteracy among the 10-29 year old age group. Major attention is given to the problem of grade repetition and dropouts.

Assistance in teacher training is concentrated primarily in the Northeast.

USAID assistance to literacy training has been primarily financial (through counterpart) in support of the ABC Crusade in the Northeast. However, the USAID will provide some technical assistance to explore possibilities of using radio, television and other modern communications techniques in education.

Progress to Date: A contract team from the State University of New York, working with Ministry of Education counterparts has completed a preliminary analysis of the grade repetition and dropout problems and prepared model plans for dealing with the problems.

An earlier PL-480 loan in the Northeast was renegotiated with the Northeast Development Organization (SUDENE) and signed April 25, 1967. The revised loan redirects the program from construction of primary schools to training/supervisory centers and normal schools. New project agreements have been signed by several states, SUDENE, and the USAID.

Over 30 educators at the elementary level have completed or are in training in the fields of elementary education administration, supervision, training and curriculum.

Another 2,600 have completed in-service education courses. A major education training center has been established and U.S. assistance withdrawn. Total U.S. assistance to this activity was approximately \$1.7 million.

Approximately 320,000 adults have received instruction in the literacy campaign. The program was expanded to include a fourth state, Ceara, in the Northeast, and the state of Guanabara has requested the ABC Crusade to assist 140,000 illiterates in that state. Over 7,500 voluntary teachers have been trained to conduct classes. Approximately 283,000 books and specially adapted materials have been distributed.

FY 1969 Program: The USAID will continue to support the Ministry of Education planning team principally through participant training. This team's work and recommendations will be coordinated with those of the secondary education planning team. Assistance to the Northeast will continue to emphasize upgrading of school supervisors and teachers through the State University of New York Contract (\$95,000) and continued assistance for Adult Literacy (\$10,000).

U.S. Technicians: Four direct-hire technicians and two contract advisors, five of whom will be in the Northeast. An adult literacy advisor (prior-year funded) will complete a two-year tour in the Northeast.

Participants: Approximately 30 long-term participants in adult education curriculum and administration, education planning, school administration, specialized areas of elementary education; and up to 40 short-term participants.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/ XXXXX	Total	Direct AID	Contract/ XXXXX	Total	
Through 6/30/67	5396	4654	742								Research Foundation of the State University of New York Personal Service Contract
Estimated FY 68	316	702		U.S. Technicians	101	71	172	113	105	218	
Estimated through 6/30/68	5712	5356	356	Participants ...	135	-	135	234	-	234	
		Future Year Obligations	Estimated Total Cost	Commodities ...	5	-	5	-	-	-	
				Other Costs ...	4	-	4	-	-	-	
Proposed FY 69	452	627	6791	Total Obligations	245	71	316	347	105	452	

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Higher Education	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 512-11-660-263	PRIOR REFERENCE p. 29 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1959	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: Under university contracts, to provide assistance to the Ministry of Education and Culture (MEC) in planning, development, and university reform programs. Develop a national postgraduate engineering center in Rio de Janeiro and assist in establishing graduate level economics training at the University of Sao Paulo and Getulio Vargas Foundation in Rio de Janeiro.

This project includes efforts to develop manpower planning and to expand the research output of scientific manpower. Specialized training opportunities will be offered to promising scholars in fields important to development. Progress to Date: The graduate level programs in economics have expanded enrollment by 50%, from a total of 35 students to 53.

In manpower-planning, the GOB has developed a preliminary plan with the assistance of a USAID advisor for determining Brazil's manpower needs.

Enrollment under the graduate engineering project has increased nine-fold since 1964-65 from 11 to 100 students. During 1967 both the Federal University of Rio de Janeiro and the Catholic University engineering faculties adopted a decentralized system of policy formulation through which important changes have been introduced in registration procedures, standards for grading, graduation requirements, and the printing and distribution of annual catalogs.

Full-time Brazilian engineering staffs teaching at the Federal University of Rio de Janeiro and at Catholic University

increased from six and none to 20 and 19 respectively.

The Higher Education project is being extended into FY 72 to implement an agreement between the National Academy of Sciences and the Brazilian National Research Council providing for joint study teams in ten science areas to prepare recommendations on science development in Brazil.

Due to GOB inability to organize a higher education planning team, this activity will be phased out. USAID will continue exploring more fruitful avenues of assistance in higher education planning.

Progress of the university administrative reform project has been steady. In October 1966 a formal program of seminars, consultation, preparation of administrative manuals and participant training was begun. In 1967 regional seminars, were held in Salvador, Natal and Belem. Work has begun on the preparation of a manual for financial systems.

Mechanical engineering assistance to the Instituto Tecnológico de Aeronautica (ITA) was phased out in July 1967. The U.S. contribution to this activity was approximately \$2 million.

Projects in public and business administration have resulted in the establishment of several schools, study programs and courses for training people in these skills. U.S. assistance to these activities, amounting to \$5.5 million, was phased out in 1966.

FY 1969 Program: Projects include the establishment of graduate departments of economics at the University of Sao Paulo and the Getulio Vargas Foundation (Vanderbilt University \$278,000); establishing graduate engineering courses

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	10,248	8,947	1,301								Vanderbilt University
Estimated FY 68	1,124	1,408									University of Houston
Estimated through 6/30/68	11,372	10,355	1,017	U.S. Technicians	87	422	509	67	553	620	Inter-American U. Foundation
		Future Year Obligations	Estimated Total Cost	Participants ...	238	367	605	272	274	546	National Academy of Sciences
				Commodities ...	-	10	10	-	15	15	Department of Labor
				Other Costs ...	-	-	-	-	6	6	Mid-West Universities
Proposed FY 69	1,187	1,274	13,833	Total Obligations	325	799	1,124	339	848	1,187	Consortium for International Activities

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY		FUNDS	
	Education		TA	
PROJECT NUMBER	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION	
512-11-660-263	p. 29 of FY '68 LA P.D.B.	FY: 1959	FY: 1972	

at the Federal University of Rio de Janeiro (Houston University \$125,000); assistance to Brazilian universities in all aspects of administrative reform (Houston University \$87,000); manpower studies and projections for use by development agencies (USDL \$50,000) and cooperation between the National Academy of Sciences and the Brazilian National Research Council on the identification and development of needed scientific research projects (National Academy of Sciences \$158,000). Training of student leaders will continue under the Inter-American University Foundation contract (\$125,000). Planning studies and surveys (\$25,000).

U.S. Technicians: One USDL manpower advisor, three direct-hire technicians, seven contract professors, and short-term consultants as needed.

Participants: Approximately 31 long-term contract and 21 direct short-term participants will be trained in economics social science and manpower planning. Provisions have been made for 33 non-project related participants and continuation of the training of student leaders (approximately 100 in FY 69).

Commodities: Purchase of copyrights.

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Secondary and Industrial Education	ACTIVITY Education		FUNDS TA
	PRIOR REFERENCE p. 30 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1946	SCHEDULED FINAL OBLIGATION FY: 1970
PROJECT NUMBER 512-11-610-042			

Project Target and Course of Action: To help achieve by 1972:

- 1) Institutionalizing of system of state planning for secondary education in at least six states;
- 2) Doubling the number of secondary school graduates; and
- 3) Doubling the annual output of skilled and semi-skilled manpower.

Progress to Date: The Brazilian Directorate of Secondary Education has formed a group of educational planners which has now worked with seven states in forming planning teams at the state level. Preliminary data gathering and analysis of information has taken place. The Directorate has signed agreements which will provide funds to four states permitting the operation of full-time planning teams.

Over 1,200 vocational education teachers were trained at three teacher training centers bringing the total trained to more than 2,000 in less than three years of operations.

Construction of permanent facilities is now nearly complete at the Porto Alegre and Rio de Janeiro centers.

A joint team consisting of technicians from SENAI (the Brazilian industrial apprenticeship training organization) and U.S. Department of Labor advisors conducted a preliminary survey of present capacity and future potential of SENAI for providing manpower training. From the data gathered the team is in the process of selecting those priority areas where change will produce the most rapid and effective increase in the number of trainees SENAI can handle. In the Northeast several new courses have been

started with equipment purchased with PL-480 funds.

FY 1969 Program: The planning team (San Diego State College Foundation, \$523,000) will continue to work with state secretariats in institutionalizing planning units and in implementation of state plans developed by newly formed planning units. The team will direct its efforts toward a greater coordination with elementary education problems. No need is currently foreseen for assistance beyond FY 69 at the three vocational training centers. It is expected that the USDL PASA team will continue advisory services to SENAI into FY 70 (\$96,000).

U.S. Technicians: Five direct-hire, including one advisor in the Northeast. Eight advisors from San Diego University will continue their work in secondary education planning with MEC and the State Secretariats of Education; the USDL PASA team working with SENAI in apprenticeship training will be reduced to three long-term advisors. One personal service contractor, funded in FY 68, will continue assistance to an industrial vocational training center in Porto Alegre.

Participants: Thirteen participants (contract) in secondary education for a year's training in education planning. Direct-funded participants will include seven year-long participants in vocational education, 11 short-term in industrial manpower planning, and 11 long-term in secondary teacher education.

Commodities: Training equipment for SENAI and miscellaneous supplies under the San Diego contract not available in Brazil. Other Costs: Local personnel and travel.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	3050	2736	314								San Diego State College Foundation Department of Labor
Estimated FY 68	751	608									
Estimated through 6/30/68	3801	3344	457								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 69	903	1040	5744								
				Total Obligations	304	447	751	284	619	903	

PROJECT TITLE Technical and Scientific Publications		ACTIVITY Education		FUNDS TA	
PROJECT NUMBER 512-11-690-127		PRIOR REFERENCE p. 31 of FY '68 IA P.D.B.		INITIAL OBLIGATION FY: 1963	
				SCHEDULED FINAL OBLIGATION FY: 1970	

Project Target and Course of Action: To assist the Brazilian Government and publishers to carry out a nationwide textbook program designed to make available, for the first time in Brazil's history, an adequate supply of textbooks for every student thus revolutionizing teaching methods, curriculum and the learning process throughout the country.

Simultaneously, the project aims to develop a continuing capacity in Brazil to produce sufficient textbooks to meet student needs in the future, to develop school libraries, and to train teachers in the efficient use of textbooks.

Brazil's program intends that all elementary and secondary school students will have use of books on a loan basis, and that university students will be enabled to purchase their textbooks at low cost. The production of 51 million textbooks is planned.

This program is being financed initially through Brazilian-owned counterpart funds, derived from the 1966-67 program loans. In addition, TC funds will finance technical services, library science books, participants and a limited number of copyrights.

Progress to Date: A Textbook and Technical Book Commission (COLTED) was created by special decree on October 4, 1966 to coordinate and supervise the activities of this program.

To launch the program nation-wide, COLTED held a Week of Studies in May 1967 in which supervisors, teachers, authors, publishers, booksellers, librarians, educators and government officials participated to make recommendations

concerning the selection, production and distribution of the books.

In August 1967, a contract for distribution of the books was signed by COLTED to organize work groups and conduct seminars in book distribution, library science and in the preparation and editing of textbooks. The USAID has assisted in translation, publication, and distribution of 1,400,000 books which have been made available to teachers, students, libraries and the general public.

FY 1969 Program: COLTED will begin distribution of the first books selected for mass printing and widespread use throughout the school system. The USAID will continue to provide technical assistance including two long-term specialists in the fields of textbook utilization and distribution as well as short-term consultants in such fields as the role of college bookstores, the development and coordination of book statistics and ways of using science textbooks effectively. Distribution of scientific books in English to university libraries and research centers will continue through the U.S. National Academy of Science contract (\$15,000).

U.S. Technicians: Two direct-hire textbook advisors, one long-term contractor (funded in FY 68) and short-term consultants.

Participants: Short-term participants, 20 to take part in a book distribution seminar and 20 in library workshops.

Commodities: Scientific books in English.

Other Costs: Purchase of copyrights.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	603	495	108		Direct AID	Contract/ X0000X X0000X	Total	Direct AID	Contract/ X0000X X0000X	Total	Personal Services Contract
Estimated FY 68	195	200		U.S. Technicians	37	88	125	60	40	100	
Estimated through 6/30/68	798	695	103	Participants ...	45	-	45	51	-	51	
		Future Year Obligations	Estimated Total Cost	Commodities ...	15	-	15	20	-	20	
				Other Costs ...	10	-	10	15	-	15	
Proposed FY 69	186	590	1,574	Total Obligations	107	88	195	146	40	186	

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS
Development Planning and Administration	Public Administration and Public Safety	TA
PROJECT NUMBER 512-11-790-122	PRIOR REFERENCE	INITIAL OBLIGATION
	p. 33 of FY '68 IA P.D.B.	FY: 1962
		SCHEDULED FINAL OBLIGATION
		FY: 1971

Project Target and Course of Action: To further improve development planning and administration in Brazil, within national, state and local organizations, to upgrade the quality of the planning and administrative processes and to develop a more rational allocation of public and private resources necessary for economic and social development.

Progress to Date: The Ministry of Planning, working with a team from the Univ. of Calif., Berkeley, has produced a 10-year development plan and a 5-year investment budget. A Center of Economic Development has been established in the Ministry to train development economists and statisticians for all areas of government. With assistance from U.S. Internal Revenue Service experts, the Ministry of Finance has completed or has successfully underway projects in taxpayer compliance measurement, taxpayer relations, training, collections, audit and fraud investigation. These and other Ministry activities are resulting in significantly increased tax collections. The new Constitution and the Administrative Reform Act, both promulgated in early 1967, contained provisions for executive personnel development and for improved budgetary and fiscal management recommended by USAID-financed studies. The Ministry of Planning has developed a new quarterly allotment and consolidated cash account system and a program budget system with the assistance of a U.S. contractor. The Brazilian Institute of Geography and Statistics, working with U.S. Bureau of Census advisors, completed pilot testing of a household survey.

Publication of a U.S.-financed survey of problems of state and municipal administration in Brazil, together with sponsorship of seminars on the subject, is serving to promote interest in this field both within Brazil and on the part of international donors. The FY 68 pipeline reflects contracts with University of California; Public Administration Service, a private consulting firm; Griffenhagen and Kroeger; and short-term contractors.

FY 1969 Program: During FY 69, USAID will continue assistance to GOB Ministries, the Brazilian Institute of Municipal Administration, and GOB organizations charged with implementing administrative reform measures. Social science advisory services will begin to be provided for regional planning in the Northeast. FY 69 contract funding includes \$380,000 for University of California; \$205,000, Griffenhagen and Kroeger; and \$150,000 for a Capital Project Formulation contract for short-term specialists to evaluate, analyze, and furnish expertise in formulation of projects suitable for loan funding. \$50,000 for short-term consultants to municipal and state governments and \$310,000 PASA funding will also be required.

U.S. Technicians: Four direct-hire technicians, 12 contract technicians, 10 long-term participating agency experts and short-term consultants.

Participants: Approximately 165 participants will receive long and short-term training in development planning and public administration.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	3637	2315	1322							
Estimated FY 68	1013	1495								
Estimated through 6/30/68	4650	3810	840							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	1792	2560	9002	Total Obligations	451	562	1013	697	1095	1792

University of California, Berkeley
 Public Administration Services
 Griffenhagen and Kroeger, Inc.
 Internal Revenue Service
 Bureau of Census

PROJECT TITLE Public Safety	ACTIVITY Public Administration and Public Safety		FUNDS TA	
	PRIOR REFERENCE p. 32 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1959	SCHEDULED FINAL OBLIGATION FY: 1972	
PROJECT NUMBER 512-11-710-070				

Project Target and Course of Action: The public safety program seeks to improve the nationwide capability of Brazil to maintain law and order by strengthening local, state, and federal law enforcement agencies. Public Safety advisors are presently assisting police organizations in 15 states, the Federal District, and the National Police. The assistance emphasizes advice and training in: crowd and riot control and disaster relief; management; planning and installation of communications systems; operational effectiveness of investigations; records and identification; patrol, physical security, civil police leadership, and public relations; criminalistics, counter-insurgency, and traffic control.

Progress to Date: Among accomplishments of the program to date are: 1) From 1959 through June 1967, a total of 55,350 police received training in Brazil and 313 in the U.S. (increases of 10,524 and 52 respectively in FY 67). 2) The National Institute of Criminalistics and the National Institute of Identification are now operational, providing support to the National Police and training personnel from state police organizations. 3) Eight states are installing statewide communications systems, and similar systems are being planned for an additional six states. 4) The installation of equipment comprising a National Police Communications system is nearing completion with 10 of the 12 planned stations in operation. 5) Ten cooperating states have adopted administrative reforms to improve operational efficiency of police forces, and to apply modern techniques of police enforcement.

These states now have operating radio and mobile control systems and "Tactical Force" companies trained and equipped to provide emergency assistance in any area of the state. 6) Brazilian contributions to date total \$18.7 million for equipment, physical facilities and training materials. 7) Major objectives were attained in two states during FY 67.

Assistance under this project is being extended into FY72 to permit satisfactory implementation in the several states in which activities were delayed 18 months due to reduction in planned staff expansion.

FY 1969 Program: The program will be increasingly devoted to completing programs in those states where assistance has been underway for some years. Major project objectives are expected to be attained in at least five additional states by the end of FY 69. Thereafter, greater emphasis will be placed on assistance in the Federal District, to the National Police and in those cooperating states needing continued assistance, particularly in the Northeast.

U.S. Technicians: By the end of FY 69, a reduction from 18 to 13 is expected.

Participants: Sixty-five Brazilian Public Safety officials are to have U.S. training, from one month for the senior officer observation program to six months for selected specialists.

Commodities: Communications, investigative and training equipment not available in Brazil.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	6005	5781	224							
Estimated FY 68	581	601								
Estimated through 6/30/68	6586	6382	204	U.S. Technicians	346	-	346	365	-	365
				Participants . . .	100	-	100	122	-	122
				Commodities . . .	135	-	135	70	-	70
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 69	557	998	8141	Total Obligations	581	-	581	557	-	557

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Urban Development	ACTIVITY Community Development, Social Welfare, and Housing	FUNDS TA
PROJECT NUMBER 512-11-810-125	PRIOR REFERENCE p. 34 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1963
		SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: First, to strengthen the institutional capacity of the National Housing Bank (BNH) to effectively exercise its newly acquired responsibilities and capital resources in the development of an indigenous real estate financing industry. Second, to increase, through technical assistance and training, the capacity of local planning agencies to initiate and implement a national system of integrated local plans within the framework of a developing national policy for urban growth. Third, to increase the role of community action and self-help in urban development.

Progress to Date: The GOB has designated the BNH as the custodian of the workers pension (guaranty) fund, thus assuring it of sizeable investment capital, estimated at the equivalent of \$289 million in CY 67 and a possible equivalent of \$367 million in FY 68. USAID is assisting the Bank to expand financing for private mutual savings and loan associations, real estate credit societies, federal and state Caixas Economicas, and to institute a system of deposit insurance, mortgages insurance and other functions similar to those of the U.S. Federal Home Loan Bank.

State or local government housing agencies (COHAB's) now operate in all 22 Brazilian States. Working through COHAB on a matching fund basis, BNH was responsible for 92,000 low-cost, public housing units produced throughout Brazil in 1966. Approximately \$11 million in new funds were added to this program during the first half of 1967.

The Sao Paulo Master Plan, prepared with U.S. short-term technical assistance, is now in the form of a loan application to FINEP (Fund for Financing Studies of Economic Development).

FY 1969 Program: Emphasis will be placed on training personnel from BNH and its sub-agency for urban planning, SERPHAU. With the processing of the initial \$20 million in housing guaranties, the USAID staff will assist in establishing guaranty procedures within the BNH. U.S. technical assistance will be provided to new community action groups working in urban slum improvement and to urban and rural self-help impact projects.

U.S. Technicians: Four direct-hire technicians (Chief of the Housing and Urban Development Office, an urban planner, housing finance advisor, and a housing guaranty specialist) will work directly with cooperating GOB agencies. Additional short-term advisory assistance will also be required for studies and surveys for community action projects.

Participants: Fifty-two Brazilians to be trained for savings and loan operations, cooperative housing, urban planning and development, and aspects of self-help housing and community development, principally through intensive short-term courses.

Other Costs: Financial and material assistance to local private groups implementing self-help impact projects.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
Through 6/30/67	837	701	136		Direct AID	Contract XXXXXX	Total	Direct AID	Contract XXXXXX	Total
Estimated FY 68	286	303		U.S. Technicians	124	17	141	113	75	188
Estimated through 6/30/68	1,123	1,004	119	Participants . . .	68	-	68	99	-	99
		Future Year Obligations	Estimated Total Cost	Commodities . . .	2	-	2	-	-	-
				Other Costs . . .	75	-	75	100	-	100
Proposed FY 69	387	263	1,773	Total Obligations	269	17	286	312	75	387

PROJECT TITLE Development Banks	ACTIVITY Private Enterprise		FUNDS TA
	PRIOR REFERENCE p. 23 of FY '68 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1970
PROJECT NUMBER 512-15-920-226			

Project Target and Course of Action: To develop institutions specialized in providing working capital and medium and long-term investment financing for Brazilian private enterprise. Key personnel in these institutions are being trained to establish lending priorities and procedures and efficiently analyze project applications. One U.S. technician and selected participant trainees are also directing their efforts toward the establishment of a sound credit union movement in Brazil.

Progress to Date: 1) Eight new intermediate credit agencies have been established since the beginning of 1964 and have made loans totaling over \$210 million. These agencies include the Economic Re-equipment Fund (FRE), which finances U.S. imports; the Small and Medium Enterprise Financing Program (FIPEME), which finances fixed capital goods; the Industrial Financing Corporation (FINAME), which finances the sales of Brazilian manufactured equipment and machinery; the fund for the Financing of Studies and technical assistance; and the Fund for the Democratization of Capital (FUNDECE), which makes working capital loans for increasing industrial production.

2) Substantial progress has been made in institutionalizing a training program for development banking officials in Brazil. The first such training program was held entirely in the U.S. During 1967, however, the Getulio Vargas Foundation, with assistance from New York University, conducted in Brazil the first two phases of a three-

phase training program. The third phase is being held at NYU, attended by 40 Brazilian officials.

3) The credit union program in Brazil is also progressing satisfactorily. Principal highlights include a) approximately 15 new credit unions are formed every six months; b) total of 120 credit unions were established by June, 1967; c) credit unions' total memberships have increased to 60,000 persons; d) total savings have reached approximately \$1,200,000, and e) annual loan capacity has grown to \$2,500,000.

FY 1969 Program: Funds will be required in FY 69 to finance technical assistance to the Getulio Vargas Foundation and the BNDE in the further institutionalization of a development banking training program (NYU, \$150,000). Technical assistance will continue to be provided to intermediate credit organizations through short-term consultants (\$25,000).

U.S. Technicians: Four professors over a nine-month period for assistance related to the establishment of the development banking training program in Brazil, one short-term development banking financial consultant, and one Credit Union technician for advisory services to the intermediate credit organizations.

Participants: Twenty-five short-term contract participants in capital market operations.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Participants	Total	Direct AID	Contract/Participants	Total	
Through 6/30/67	531	317	214								New York University
Estimated FY 68	264	241									Credit Union National Association, Inc.
Estimated through 6/30/68	795	558	237	U.S. Technicians Participants ...	3	171	174	-	135	135	
		Future Year Obligations	Estimated Total Cost	Commodities ...	5	75	80	-	40	40	
				Other Costs ...	-	10	10	-	-	-	
Proposed FY 69	175	45	1015	Total Obligations	8	256	264	-	175	175	

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE Industry and Commerce	ACTIVITY Private Enterprise	FUNDS TA	
PROJECT NUMBER 512-15-950-227	PRIOR REFERENCE p. 35 of FY '68 IA P.D.B.	INITIAL OBLIGATION FY: 1960	SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: To encourage and facilitate the expansion of private industry in Brazil through the modernization of Brazilian stock exchange operations; the encouragement of joint-ventures and/or franchise arrangements; the training of GOB technicians and officials in the area of investment incentives; and assistance to private industry in the area of productivity improvement.

Progress to Date:

1) The operations and regulations of the Rio and Sao Paulo stock exchanges are being modernized, based in part on recommendations of U.S. short-term consultants, to permit more rapid and free exchange of stocks. For example, the previous regulation under which the stocks of only one company were offered at a time, has been eliminated.

2) The investment incentives offered by the Brazilian Northeast Development Agency (SUDENE) under provisions of the tax code (known as "Article 18/34") have attracted deposits to Brazil's Northeast totaling in excess of \$306 million as of the end of 1967. USAID is providing participant training to Northeast officials who operate this and related programs in the Northeast.

3) USAID-financed short-term productivity advisors have assisted 55 textile firms in substantially increasing their productivity. These plants produce for the domestic market.

4) FUNDINOR, a private investment promotion group established with USAID assistance, has completed a series of industrial profiles designed to attract private capital

from Southern Brazil to the Northeast.

5) A successful private enterprise promotion program for the State of Ceara in the Northeast has been developed by the Economic Development Commission of Ceara, CODEC, with USAID assistance. CODEC is now in the process of transition into a development bank.

6) The rural industrial technical assistance program in the Northeast (RITA) will be completed by the end of CY 68. To date, 23 industry feasibility studies have been completed and eight new industries have been formed. Forty-four technicians have been trained in the U.S. in industrial promotion, the design of feasibility studies and in industrial engineering.

FY 1969 Program: Funds will be required principally for participant training in the areas of industrial engineering and industrial promotion. Short-term industrial promotion consultants will also be required to maximize Brazil's utilization of the services of the Latin American Investment Promotion Center.

U.S. Technicians: Three direct-hire advisors to coordinate execution and two short-term industrial promotion advisors. Participants: Eleven long-term participants in industrial engineering and 12 short-term participants in industrial promotion, all direct-funded.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
	Through 6/30/67	4,217	3,320	897	Estimated FY 1968			Proposed FY 1969		
					Estimated FY 68	222		703	Cost Components	Direct AID
Estimated through 6/30/68	4,439	4,023	416	U.S. Technicians	109	53	162	79	30	109
		Future Year Obligations	Estimated Total Cost	Participants ...	60	-	60	95	-	95
				Commodities ...	-	-	-	-	-	-
				Other Costs ...	-	-	-	-	-	-
Proposed FY 69	204	108	4,751	Total Obligations	169	53	222	174	30	204

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA	
PROJECT NUMBER 512-11-990-000	PRIOR REFERENCE p. 37 of FY '68 LA P.D.B.	INITIAL OBLIGATION FY: 1952	SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: This project provides general support for all program operations necessary for the effective accomplishment of the goals of the AID program in Brazil. Direct-hire positions represent the corps of generalists for direction and coordination of programs, including personnel support of Food for Peace and Partners of the Alliance. Also included are participant processing and follow-up costs, communications media services, rents, utilities, office and household furniture and other general programming costs of the Mission.

Progress to Date: Partners of the Alliance activities are underway in 11 Brazilian states plus the Federal District, involving partnerships with Colorado, Connecticut, Illinois, Indiana, Maryland, New Jersey, Pennsylvania, Wyoming, Mississippi, Tennessee, Maine and Washington, D.C. A Brazilian Partners of the Alliance Federation was formed in 1966.

The 5,000th Brazilian participant to be trained in the United States since the inception of the USAID program in Brazil was among the 864 participants processed by USAID in FY 67.

The Food for Peace program supports child feeding, school lunch, food for work, and feed grain projects. Approximately 10 million Brazilians directly benefit from this program, 75% of whom are children who participate through school lunch programs. Food for Work programs (technical assistance for which is provided under this project) have resulted in construction of 2.016 km of roads and repair of an additional 27,606 km, construction

of 277 earth dams and 355 houses.

During FY 68 further reduction in Technical Support dollar requirements were possible through increased contributions of the Brazilian government to the General Trust Fund initiated in FY 67. This Fund may defray as much as two-thirds of FY 68 local operational needs of the Mission including a portion of the salaries of local hire USAID personnel, housing allowances of U.S. employees, rents, local travel, etc.

FY 1969 Program: Still further increases in GOB contributions to the Trust Fund will be sought for FY 69 funding. The Food for Peace Program will continue to supply advice and training to Brazilian entities implementing Food for Peace projects. Partners of the Alliance relationships are expected to be completed with most of the 22 Brazilian states by end of FY 69 if sufficient U.S. partners can be located.

U.S. Technicians: Fifty-six U.S. direct-hire technicians responsible for programming, supervision, training, and other support activities not chargeable to specific projects; short-term contract advisors to assist in sector evaluations and studies; ten personal service contract advisors (including FFP) and one PASA geologist.

Participants: Twenty-two FFP Work-Front participants will receive short-term training in commodity handling.

Commodities: Office and household furniture for U.S. technicians, language training equipment, office supplies, and vehicles not available in Brazil.

Other Costs: Small purchases and operational travel.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	21,650	20,148	1,502		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Personal Services Contracts U.S. Department of Interior
Estimated FY 68	1,908	2,354		U.S. Technicians	1366	78	1444	1196	183	1379	
Estimated through 6/30/68	23,558	22,502	1,056	Participants . . .	25	-	25	29	-	29	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	260	-	260	230	-	230	
				Other Costs . . .	179	-	179	60	-	60	
Proposed FY 69	1,698	Continuing		Total Obligations	1830	78	1908	1515	183	1698	

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

COUNTRY: BRAZIL

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
Natural Resources	512-11-120-252	1963	1968	6,832	6,736	96	272	300	68	-	-	-	7,104
Audiovisual Centers	512-11-960-038	1956	1967	994	983	11	-	11	-	-	-	-	994
Air Navigation Aids and Traffic	512-11-370-029	1955	1965	3,044	3,017	27	-	27	-	-	-	-	3,044
Total										-	-		
TA											-		
SA											-		
DL (grants)											-		

*New Project—see TABLE IVa

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Companhia de Carbonos Coloidais S.A. (CCC)

Funds: AFP Loan

Title and Number of Loan: Carbon Black Plant - CCC 512-L-009	
Date Authorized: 1/3/63	Date Signed: 3/11/63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 2,000	Duration 8 yrs. Two-Step 40 yrs.
Disbursed 1,834	Grace Period 3½ yrs. Two-Step 10 yrs.
Repayments -	Interest Rate 5 3/4% Two Step 1% G.P. 2½% there- after
Interest Collected 31	Currency of Repayment . . U.S.\$

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: All local currency needs of the project (estimated at the equivalent of \$4.2 million) are being provided through capital subscriptions by the stockholders. A.I.D. funds are used exclusively for procurement from the United States.

Comments on Implementation: The project is completed, and USAID is in process of evaluating the Company's compliance with the conditions of the loan agreement.

Purpose of Loan: To finance the dollar costs of construction of a privately-owned carbon black plant in Candeias, Bahia, Brazil. The plant, adjacent to the Petrobras oil refinery from which raw materials are obtained, has a capacity of 15,000 metric tons per year. Plans for the project are based upon an agreement of 1960 with Phillips Petroleum under which Phillips granted necessary licenses and agreed to provide technical information and services.

Physical Status: The project was behind schedule because of local financing difficulties, but the problems were resolved and the plant completed in September, 1967. It is now in operation.

Financial Status: Letters of commitment for procurement of goods and services have been issued for the entire amount of the loan. The loan will be fully disbursed during this fiscal year and any residual balance will be deobligated.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL Borrower: Eletrobras

Funds: AFP Loan

Title and Number of Loan: Santa Cruz Thermal Plant (ELETROBRAS) 512-L-011	
Date Authorized: 4-20-63	Date Signed: 9-10-63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two Step 40 yrs.
Authorized 15,500	Grace Period 3 yrs. Two Step 10 yrs.
Disbursed 11,210	Interest Rate 5 3/4% 2 1/2% Two Step . . . 1% G.P. thereafter
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected 87	

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: Brazilian sources are supplying the equivalent of \$16.8 million in local currency. The equivalent of \$8.4 million of this amount is being made available from the borrower's own funds, and the balance of the local currency acquired through additional capital subscriptions and domestic borrowing from the National Bank for Economic Development. ELETROBRAS, the major stockholder, has funds available from a special surtax on electric energy consumption.

Source of procurement of goods and services financed from the A.I.D. loan is the United States.

Comments on Implementation: The project is now progressing satisfactorily. The management has improved especially since having been taken over by the Federal Power Agency Eletrobras. The consulting engineer firm is Westinghouse Electric International with subcontract for engineering services to Gibbson and Hill.

Purpose of Loan: This loan provides foreign exchange necessary for construction of a 160,000 KW thermal electric power plant, with associated facilities, at Santa Cruz, State of Guanabara.

The Santa Cruz plant will feed additional power to the system supplying the Rio de Janeiro area. It will provide a thermal source of power to obviate the need for rationing in dry years, for most of the existing capacity is hydroelectric. For the longer term, A.I.D. is helping meet the need for increased power facilities by loans for (1) the Peixoto power plant; (2) the Furnas transmission lines; and (3) the Rio Light distribution lines.

Physical Status: Mechanical and other defects delayed placing the plant into full commercial operation. The plant has been operating part time since October, 1967 and is now completed except for clean-up and some minor items. The plant is now the principal source of 60 cycle power for Guanabara and is thus expediting the conversion of a large residential section of Rio de Janeiro from 50 to 60 cycle. As of December 31, 1967, the overall project was considered about 90% completed.

Financial Status: As of December 31, 1967 letters of commitment for procurement of goods and services under this loan totalled \$14,931,000.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Centrais Electricas de Minas Gerais S.A. (CEMIG) Funds: AFP Loan

Title and Number of Loan: CEMIG Power Expansion Program 512-L-014	
Date Authorized: 7-26-63	Date Signed: 10-16-63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two Step 40 yrs.
Authorized \$5,300	Grace Period 3 yrs. Two Step 10 yrs.
Disbursed 3,537	Interest Rate 5 3/4% Two Step 1% GP 2 1/2% there- after
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 107	

As of December 31, 1967 the overall project was estimated to be 74% completed and it is expected that the project will be completed in December, 1968.

Financial Status: Letters of commitment for procurement of goods and services under this loan totalled \$5.275 million as of the end of December, 1967.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Role and Procurement Source: The total estimated cost of this project was foreseen at \$19.6 million. All needed funds other than those provided by the two A.I.D. loans (\$5.3 million dollar loan plus Cr.\$4 billion cruzeiro) are being provided from Brazilian sources.

The dollars provided under this loan are to be used for procurement of goods and services of United States origin.

Comments on Implementation: A major problem impeding work on this project has been CEMIG's difficulty in finding the local currency resources needed. The PL-480 loan of Cr\$4 billion cruzeiros contributed toward easing this difficulty.

ELETROBRAS (Brazilian federal power agency) is also making funds available from the proceeds of the surtax on energy consumption. The project is now progressing satisfactorily. The consulting firm on this project is the Brazilian subsidiary of International Engr. Co., San Francisco, Calif.

Purpose of Loan: To assist in financing selected portions of the CEMIG power expansion program in the state of Minas Gerais. CEMIG is a mixed capital corporation, the greater part of whose capital is held by the state of Minas Gerais. CEMIG started operations in 1962 and has previously obtained financing from the World Bank, Inter-American Development Bank, and Export-Import Bank. A.I.D. loan funds are providing foreign exchange for equipment, materials, and services to increase the transmission, generation and distribution capabilities of the existing CEMIG system. The project covers transmission line construction to redirect power to new load centers and to connect isolated sub-systems, and includes a rural electrification program. The project will result in additional power generating capacity of 69,000 kilowatts and 1,100 kilometers of trunk and secondary transmission lines. A.I.D. has also loaned CEMIG 4 billion PL-480 cruzeiros for local currency costs of the transmission line construction.

Physical Status: Project construction has lagged primarily because of difficulty in obtaining local cost financing and in obtaining import permits. Procurement is substantially complete and delivered except for some local equipment. Construction of the scattered items of the project has been geared to availability of local funds.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan: SUDENE - Combined Highway Project 512-L-015 6-28-63, 2-18-64	
Date Authorized: 6-06-64 Date Signed: 6-06-64, 12-02-64	
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 18,400	Grace Period 10 yrs.
Disbursed 2,266	Interest Rate 3/4% 2% thereafter *
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 6	

The fourth project in the State of Ceara will be deobligated if that state does not provide adequate financing. The U.S. consulting engineers are Porter, Armstrong, Ripa, The construction contractors are Brazilian. (Newark, N.J.)

Host Country Role and Procurement Source: Brazilian sources have been making a substantial contribution to the expansion and improvement of roads in the Northeast. The road network is estimated to have increased 20% in the period 1960-65. About 3% of the loan is being used for payment for U.S. consulting engineering services. The balance is being made available to Brazil through special letter of credit tied to procurement in the U.S. with cruzeiros generated used for local currency expenditures in Brazil. The respective states must pay any excess of costs over the amounts provided in this loan.

Comments on Implementation: The delay in getting some contracts awarded has been caused by the slowness of state highway departments in completing necessary engineering designs and plans, and because of a lack of interest by contractors in accepting some of the smaller road projects. In general, however, the issues concerning earlier delays have been resolved, and road construction is proceeding normally.

Purpose of Loan: The loan finances construction of nine state highways totalling 291 miles in six states of North-eastern Brazil. This loan is considered part of the U.S. contribution under a two-year Northeast Agreement of April 13, 1962, in which the U.S. agreed to provide assistance valued up to \$131 million in dollars and cruzeiros and Brazil agreed to provide assistance valued at Cr\$45.5 billion for the distressed Northeast area.

Physical Status: The delay between the original authorization and signature of the loan and the fact that the authorization was issued in 3 stages resulted from political problems concerning the inclusion of the state of Pernambuco in the program. The problems were finally resolved after the revolution in 1964. The signing of the loan was also delayed by the necessity of accommodating A.I.D. requirements with usual highway construction practices in Brazil.

Financial Status: Disbursement authorizations have been issued totalling \$17,702,000. The terminal disbursement date has been extended to October 31, 1969.

Five of the original road projects are under construction. The four that are not under construction include one project which did not elicit any response from prospective contractors probably because of the smallness of the stretch involved (15 KM) and one project which is being eliminated at the request of the State of Maranhao, but bidding is underway for the second Maranhao project.

*Note: Interest rate at 3/4% on \$11 million of loan. For rest of the loan interest is raised to 2% after the grace period.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Companhia Siderurgica Nacional

Funds: AFP Loan

Title and Number of Loan: Volta Redonda Steel Mill 512-L-018	
Date Authorized: 2-28-64	Date Signed: 5-22-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 5,500	Duration 12 yrs. Two Step 40 yrs.
Disbursed 5,434	Grace Period 2 yrs. Two Step 10 yrs.
Repayments -	Interest Rate 5½% Two Step 3/4% G.P. 2% thereafter
Interest Collected 50	Currency of Repayment.. U.S.\$

Financial Status: Letters of commitment for AID-financed procurement had been issued for the entire \$5.5 million as of the end of December 1966. The loan is almost completely disbursed (98%). After payment of any remaining accounts, the balance of this loan will be deobligated.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. dollars within 40 years, including a 10 year grace period, with annual interest at 3/4 of % during the grace period.

Host Country Contribution-Procurement Sources: Total cost of project is estimated at \$21.3 million. Borrower will finance foreign exchange needs of \$3.2 million and local costs equivalent to \$11.1 million. U.S. Supplier's credits will finance the remaining \$1.5 million.

All import requirements (\$10.2 million) will be met from the United States.

Comments on Implementation: Progress is satisfactory. The final completion of the project is expected this year.

Purpose of Loan: This loan to Brazil's National Steel Company is assisting in financing the costs of machinery, equipment and services required to modernize and expand the borrower's steel mill in Volta Redonda. The National Steel Company was formed in 1940 with U.S. technical and financial assistance, including loans from the Export-Import Bank. The company is a "mixed" corporation with the federal government holding controlling interest and with minority participation of private shareholders. The present project consists of improving the use of existing units in the plant, the expansion of the blooming mill and soaking pits, modernization of the number one cold strip mill, and the installation of a new electrolytic tinning plant. These improvements will increase production by 200,000 tons yearly to 1,400,000 tons, including 150,000 tons of electrolytic tin plate. The increased production should result in foreign exchange savings estimated at \$35 million per year.

Physical Status: All materials are at plant site. Over-all construction work is approximately 80% complete. The new tinning line is in operation, and the actual completion of the project is only dependent on production scheduling to permit shut-downs of certain processing facilities.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan:	
Highway Maintenance Equipment (Northeast) 512-L-019	
Date Authorized: 6-30-64	Date Signed: 11-18-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized	20,000
Disbursed	15,808
Repayments	-
Interest Collected	72
Duration	40 yrs.
Grace Period	10 yrs.
Interest Rate	3/4% G.P. 2% thereafter
Currency of Repayment ..	US\$

disbursed as of end of December 1967. The loan is expected to be disbursed in 1969.

Host Country Role and Procurement Source: This loan is considered part of the U. S. contribution under a two-year Northeast Agreement of April 13, 1962, in which the United States agreed to provide assistance valued up to \$131 million in dollars and cruzeiros, and Brazil agreed to provide assistance valued at Cr\$ 45.45 billion, for the distressed Northeast areas of the country.

The loan proceeds are used only for procurement in the United States. In part this represents direct procurement of equipment for use under this program, but up to \$11.2 million of the loan may be used for Brazilian-made equipment. In this case, dollars converted to cruzeiros for local procurement are being used for general imports from the United States under the Special Letter of Credit procedure.

Provision for local procurement was included in the loan in order not to deny a normal domestic market for the road maintenance equipment industry of Brazil. If locally manufactured equipment costs more than 120% of the price of similar items of United States manufacture, SUDENE will bear the difference. It should be noted that Brazilian subsidiaries of United States firms are among the suppliers of this equipment.

All indirect costs of the project are financed by the nine northeastern states, including expansion and improvement of highway maintenance organizations and programs, the labor and technical help required for these programs, and the maintenance of all equipment.

Comments on Implementation: Initial procedural problems in obtaining the required import licenses have been resolved in 1967 and an A.I.D. prompted reorganization of the respective Brazilian Government office (CACEX) was effected. These efforts, however, took several months during which shipments from the United States suffered delays.

Purpose of Loan: This loan is helping establish effective highway maintenance departments in nine northeastern states. Loan proceeds are financing foreign exchange and local costs of highway maintenance equipment and accessories; retain American highway maintenance engineering advisors for each of the nine states; and train in Brazil an adequate number of mechanics and equipment operators for each state.

Improved maintenance of state highways will have a major effect upon the economic growth of these nine states and of northeast Brazil in general. The state highway departments also help maintain the federal highway system in their respective areas.

The loan was made to SUDENE, the Government of Brazil regional development agency for the Northeast, and it in turn is distributing to the nine states the equipment and services obtained.

This dollar loan has been supplemented by an additional loan of CR\$ 4.5 billion from PL 480 generated funds. **Physical Status:** All of the U.S. equipment has been delivered. However, State utilization of equipment continues to be hampered by local financial limitations. Reported reallocation of Brazilian Federal monies should relieve these difficulties.

Financial Status: Commitment authorizations for A.I.D.-financed procurement under this loan have been issued for \$19,219,000 and CR\$ 4.5 billion local currency were

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Companhia Metalurgica Barbara

Funds: AFP Loan

Title and Number of Loan: Barbara Cast Iron Pipe 512-L-020	
Date Authorized: 2/18/64	Date Signed: 6/10/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 7 yrs. Two Step 40 yrs.
Authorized \$1,100	Grace Period 2 yrs. Two Step 10 yrs.
Disbursed 998	Interest Rate 5%
Repayments -	Two Step 1% GP 2% thereafter
Interest Collected 4	Currency of Repayment . . U.S.\$

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: The total cost of the project was originally estimated at \$2.6 million. The AID loan will be used exclusively for procurement of goods and services in the United States. Other costs of the project will be covered by funds provided by the borrower.

Comments on Implementation: This loan is progressing satisfactorily and will be completed in 1968.

Purpose of Loan: This loan is assisting in financing foreign exchange costs of equipment, materials and services required to expand cast iron pipe production by 15,000 metric tons per year (from 50,000 to 65,000 tons) of this private industry located in Barra Mansa, 65 kms. from the city of Rio de Janeiro. This firm obtained Export-Import Bank loans totalling \$2,172,709 in 1953-55 to expand pipe production. The AID loan will result in estimated annual foreign exchange saving of \$20 million. Pipe consumption has grown nearly 10% each year, and will be further increased by a number of water and sewerage projects now underway.

Physical Status: Initially the project had difficulties because of delays in registration of the loan with Brazilian monetary authorities and in obtaining import licenses. The project is now nearing the end of the construction stage. Final completion is expected this year.

Financial Status: Letters of commitment for procurement of goods and services have been issued for the entire amount of the loan. The loan is 90% disbursed and should be fully disbursed this year.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan:	
Malaria Eradication	512-L-021
Date Authorized: 3/5/64	Date Signed: 5/11/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 6,500	Grace Period 10 yrs.
Disbursed 3,552	Interest Rate 3/4% G.P. 2% thereafter
Repayments -	Currency of Repayment . .US\$
Interest Collected 22	

Purpose of Loan: This loan was made to finance the foreign exchange costs of U.S. equipment, materials, and supplies required for Brazil's nation-wide malaria eradication campaign. In previous years the United States had granted equipment, materials and advisory services valued at \$13.8 million for this campaign. In August, 1963 the United States informed the Brazilian Government that commodity assistance for this program would be made available only on a loan basis. An extension of the original A.I.D. loan was signed in April, 1966. The loan is now extended to cover commodity requirements through December 31, 1968. In addition, the loan was amended to include the cost of the services of up to five U.S. technicians to assist the implementation of the program. A total of 12-man-years of advisory assistance from the U.S. Public Health Service for a total of \$400,000 will be provided under the loan.

Physical Status: 36 million people out of Brazil's total population of approximately 80 million live in areas exposed to malaria. As of the end of CY 1967, 18.8 million people were under active protection by spraying, an increase of 6 million people coming under spray protection during the year; 5.8 million were living in areas where transmission of malaria has been interrupted and protection consolidated; 7 million were living in maintenance area where eradication had already been achieved, and 10.7

million were living in areas scheduled for coverage over the next three years. The malaria program will expand total spraying coverage to all malarious areas of Brazil by the end of 1968. Total eradication of the disease is scheduled for 1975.

Financial Status: Disbursement authorizations issued as of December 31, 1967 for procurement financed by this loan totalled \$6.1 million.

Host Country Contribution-Procurement Sources: The dollar loan is restricted to commodity imports from the United States. *During 1964, 1965, 1966 and 1967, Brazil has paid operating and other local costs which were the equivalent of \$43 million. The planned Brazilian contribution to the eradication program for 1968 and 1969 should total the equivalent of \$30 million.

Comments on Implementation: The malaria eradication program has been revised early in 1966, in cooperation with the U.S. Public Health Service and the Pan American Health Organization. Since mid-1965 the eradication program has proceeded according to the revised plan of operations. During the second half of 1967, house spraying coverage was expanded by 15% over that achieved in 1966. Target spraying goals were achieved during both 1966 and 1967. A new \$10.5 million Malaria Eradication loan was authorized in February, 1968 to cover the needs of U.S. commodity imports and U.S. technical assistance for the CY 1969-1971 period. Procurement under the new loan requires a one year lead time for manufacturing the chemicals and for the shipment and distribution within Brazil of the DDT needed.

* In addition it finances both dollar and some local costs of U.S. technical assistance. The disbursements for local costs are being made through Special Letter of Credit procedure tied to U.S. exports to Brazil.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Centrais Eletricas Matogrossenses, S.A. (CEMAT)

Funds: AFP Loan

Title and Number of Loan: CEMAT Power Expansion, Mato Grosso State 512-L-022	
Date Authorized: 5/7/64	Date Signed: 6/5/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs. Two Step 40 yrs.
Authorized 4,300	Grace Period 3 yrs. Two Step 10 yrs.
Disbursed 2,672	Interest Rate 5% Two Step 3/4% G.P. 2% there- after
Repayments -	Currency of Repayment U.S. \$
Interest Collected -	

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period.

Host Country Contribution-Procurement Sources: The AID dollar loan will pay only for U.S. equipment, technical services and advanced training for CEMAT engineers in the U.S. Local costs, over and above those financed by AID PL 480 funds, must be covered from Brazilian sources, in particular the state of Mato Grosso and ELETROBRAS, the Brazilian federal power agency. The state's participation is derived from the State Electrification Fund which is financed by a special sales tax. ELETROBRAS receives the proceeds of a special supplemental tax on electricity consumption.

Purpose of Loan: This loan, supplemented by PL 480 local currency loans of Cr\$7.7 billion, is helping the state-owned utility corporation, CEMAT, finance its program of expanding electricity generation, transmission, and distribution in the large and rapidly developing frontier state of Mato Grosso, with its large potential, particularly for agricultural development and colonization. Power available in 1967 was only 32 million KWH but requirements have been projected at 220 million KWH by 1970.

Comments on Implementation: This is a multi-facet project and will aid in opening up Brazil's far west. The earlier local currency problem is now resolved. Progress is proceeding at a normal pace. The U.S. consulting engineer is Harza Engineering Company, Chicago, Ill.

Physical Status: Delays in construction have been caused by difficulties in obtaining import licenses and the local cost financing. The last major items of equipment are scheduled for delivery early in 1968. As of December 31, 1967 the overall project was estimated to be 78% completed. If last items of equipment are delivered as now scheduled the project will be completed by June 30, 1968.

Financial Status: As of December 31, 1967, letters of commitment for AID-financed procurement and services totalled \$3,796,000. A new loan of Cr\$4.5 billion was made to CEMAT in the course of 1966. The project is now proceeding at normal pace.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Central Electrica de Furnas S.A.

Funds: AFP Loan

Title and Number of Loan: FURNAS Power Transmission Lines 512-L-023	
Date Authorized: 5/18/64	Date Signed: 10/2/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs. Two Step 40 yrs.
Authorized 16,700	Grace Period 3 yrs. Two Step 10 yrs.
Disbursed 10,836	Interest Rate 5%
Repayments -	Two Step 3/4% GP 2% thereafter
Interest Collected -	Currency of Repayment . . U.S. \$

million.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period.

Host Country Contribution-Procurement Sources: All dollars disbursed under this loan are being used for the purchase of U.S. goods and services. U.S. suppliers include Westinghouse Electric, IGE, Allis Chalmers, Peterson Engineering (Sunnydale, California), Sherman and Reilly (Chattanooga), Alcoa Aluminum Limited Sales, Preformed Line Products, ITT, American Chain & Cable, Yale and Towne (Philadelphia), General Electric, Philips Corporation (New York), Bethlehem Steel, and U.S. Steel. Local currency financing estimated at the equivalent of \$19.9 million is being supplied by Ele-trobras (the Brazilian federal power commission) from the Central Electrification Fund, derived from a surtax on energy consumption.

Purpose of Loan: This loan provides the foreign exchange necessary for construction of 480 miles of transmission lines linking two hydroelectric power plants on the Rio Grande, in the state of Minas Gerais, with the Rio de Janeiro and Sao Paulo areas, the largest two centers of population and industry in Brazil with almost 8 million inhabitants. It complements IBRD and AID PL 480 investments in the Furnas Hydroelectric Plant and an AID dollar loan of \$20.4 million for generators for the Peixoto hydro plant; both will serve the Rio and Sao Paulo areas.

The present AID loan is helping finance the 279 mile 345 KV transmission line from the Furnas dam to Sao Paulo; a 114 mile extension to bring Furnas power to Rio; and an 87 mile line linking the Furnas dam and Peixoto. The increased power brought to the metropolitan areas will help meet the rapidly increasing needs of these areas which have been experiencing shortages, at times severe.

Physical Status: Construction is underway and progressing satisfactorily. As of December 31, 1967 the project was estimated to be 94% complete.

Financial Status: At the end of December 1967, letters of commitment for AID-financed procurement totalled \$15.225

Comments on Implementation: Construction work is proceeding at a normal pace. No implementation problems in procurement have been experienced. Local currency has been made available by the host government on a timely basis; this has allowed implementation to proceed at the planned rate. The project is expected to be completed during first quarter of 1968. The engineering consultants is the Brazilian subsidiary of International Engineering.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Olinkraft Celulose e Papel, Ltda.

Funds: AFP Loan

Title and Number of Loan: Olinkraft Paper Mill Expansion 512-L-025	
Date Authorized: 6/26/64	Date Signed: 12/23/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 5 yrs. Two Step..40 yrs.
Authorized 800	Grace Period 2 yrs. Two Step..10 yrs.
Disbursed 658	Interest Rate 5% Two Step 3/4% G.P. and 2% thereafter
Repayments -	Currency of Repayment.. U.S. \$
Interest Collected 3	

Host Country Contribution-Procurement Sources: Local currency costs are being met by the borrower, with the aid of the new cash investment by the parent company. Goods and services financed with AID funds have been procured in the United States.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period.

Comments on Implementation: Discrepancies in import licenses delayed the delivery of the recovery boiler and in turn necessitated the revision of the implementation plan, extending the project completion date from mid 1967 to the end of 1967. The recovery unit arrived in November 1967, and normal operations began in early December. The project is now proceeding satisfactorily.

Purpose of Loan: To enable a privately-owned paper mill near Lajes in the state of Santa Catarina to reduce substantially the production cost of kraft paper products. The borrower is a subsidiary of Olin Mathieson, the U.S. chemical corporation. AID loan funds are financing U.S. equipment and services needed to install a chemical recovery system that will reduce Olinkraft's operating costs by 35%. Production costs will drop from \$232 to \$135 per ton. At the same time, the elimination of the need to import caustic soda for the plant will save Brazil an estimated \$500,000 annually in foreign exchange.

Physical Status: Construction is completed and the recovery unit is on-stream, exceeding rated capacity.

Financial Status: AID has issued a specific risk guaranty covering a cash investment of \$1.5 million which Olin Mathieson has made in its subsidiary, supplementing the AID loan and providing funds for local expenditures. Disbursements are expected to be completed by the end of this fiscal year.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Brazilian Federal Electric Power Agency (ELETROBRAS) **Funds:** AFP Loan

Title and Number of Loan: Peixoto Power Plant Expansion 512-L-026	
Date Authorized: 6/27/64	Date Signed: 11/27/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two-Step 40 yrs.
Authorized 20,400	Grace Period 3 yrs. Two-Step 10 yrs.
Disbursed 14,721	Interest Rate 5½% Two-Step 3/4%G.P. 2% thereafter
Repayments -	Currency of Repayment US\$
Interest Collected 103	

Financial Status: At the end of December, 1967, letters of commitment for procurement of goods and services for this project totaled over \$18,791 million. The consulting engineering firm for this project is EBASCO Services, New York.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period.

Host Country Role and Procurement Source: The borrower is providing the equivalent of \$9.8 million for civil works, construction materials and other local currency costs. Of the \$20.4 million A.I.D. loan, \$13 million will finance direct procurement in the United States for project costs. \$7.4 million are for dollar conversion to cruzeiros to finance a part of the local costs of the project, including an estimated \$1,250,000 for imported components used by Brazilian manufacturers. All dollar financing of local costs will be provided through the Special Letter of Credit procedure which will tie these dollars to imports from the United States.

Comments on Implementation: The project is proceeding as scheduled. Procurement under this loan was virtually completed by the end of 1967.

Purpose of Loan: This loan is helping to finance construction and installation of six additional generators at the Peixoto hydroelectric plant on the Rio Grande in the State of Minas Gerais. When added to the four generators already installed, these will raise the capacity of the plant from 180,000 KW to 480,000 KW. An additional 1.1 billion KWH per year will be available for consumers in the Rio de Janeiro-Niteroi area, where power demand has been increasing at the rate of 12% per annum and frequent shortages threaten to limit industrial growth. The Peixoto project has top priority in the Brazilian national power plan. Total cost of the project is estimated at \$30.2 million.

Physical Status: All major plant equipment has been purchased. Problems of import licenses and shipping and customs clearance for supplemental equipment and materials are causing some delays in construction. The first unit is expected to go on the line in February, 1968, and the last unit in June, 1968. Completion of the entire project is estimated for September, 1968, slightly ahead of schedule. As of December 31, 1967, the project was estimated to be 72% completed.

STATUS OF DEVELOPMENT LOANS

Country: BRAZIL

Borrower: Companhia Hidro Electrica do Sao Francisco (CHESF) Funds: AFP Loan

Title and Number of Loan: CHESF Power Transmission (Northeast) 512-L-027	
Date Authorized: 6-27-64	Date Signed: 10-9-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs. Two Step 40 yrs.
Authorized 7,000	Grace Period 10 yrs. Two Step 10 yrs.
Disbursed 3,847	Interest Rate 3 1/2% Two Step 3/4% G.P. 2% thereafter
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected -	

equipment may be necessary, the manufacture of equipment scheduled for delivery in 1967 was halted. As a result of the re-study the design of the 230 KV protective equipment and switchgear for the substations was modified. Delivery of the remaining equipment is scheduled for the first and second quarters of 1968 with completion of the substations and the project in mid-1968. The design engineering is being done by CHESF staff engineers but the U.S. consulting firm of Kononoff and Smith, Coral Gables, Florida is being retained for supervisory advice.

Financial Status: Disbursement authorizations issued at the end of 1967 for procurement under this loan totalled \$5,509,000.

Host Country Role and Procurement Source: The estimated total cost of the project is \$18.5 million, including local costs equivalent to \$15.3 million. Of the estimated total costs of the project, \$11.5 million are being financed from Brazilian sources.

U.S. equipment and material financed from the loan will cost \$3.2 million. The balance, \$3.8 million, will finance local costs under a Special Letter of Credit arrangement ensuring that the loan dollars are spent in the U.S. The Government of Brazil is guarantying the loan.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period.

Comments on Implementation: The implementation of this project has been delayed because of technical problems requiring restudy of system stability and reordering of equipment. However, this delay has not prevented the transmission line from being utilized, because it has been operating at 138 KV since late 1965 and is adequate to serve the present loads in the Fortaleza area. The delivery of the remaining items of equipment will permit completion of the project in mid-1968 and 230 KV operation.

Purpose of Loan: To help finance provision of transmission facilities and sub-stations between the Paulo Afonso hydroelectric power plant on the Rio Sao Francisco and the City of Fortaleza, in the Northeastern State of Ceara.

The project is part of Brazil's program for spurring the economic growth of the under-developed Northeast. Fortaleza, with its 600,000 population was hampered in its development by a chronic lack of power. The shortage was temporarily relieved, by electricity produced from portable diesels, with a total capacity of 18,000 KW, financed by A.I.D. Loan 512-L-016 which is fully disbursed and completed. To meet the longer-run need for an economical source of power the tie-up with the Paulo Afonso Hydro plant was constructed.

CHESF is a mixed enterprise with most of its shares held by the Brazilian Government. Its service area in Northeast Brazil includes seven states and the major cities of Recife, Salvador, Fortaleza and Natal.

Physical Status: The transmission line was placed in operation at 138 KV in late 1965. Problems developed during 1966 while in the early stages of operation which indicated the desirability of re-examining the stability of the entire CHESF transmission system in view of other expected additions to the system. These studies began in late 1966 and were finished in October 1967. Because of preliminary studies indicated that modifications in

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan: Fertilizer Import Financing for Food Crop Expansion 512-L-028	
Date Authorized: 6/29/64	Date Signed: 8/21/64
Loan Status as of 12/31/67 (In Thousands of Dollars and Equivalent)	Loan Terms
Authorized \$ 15,000	Duration 40 yrs.
Disbursed 14,493	Grace Period 10 yrs.
Repayments -	Interest Rate 3/4% G.P. 2% thereafter
Interest Collected 217	Currency of Repayment.. U. S.\$

Host Country Contribution-Procurement Sources: This loan has been instrumental in the establishment of a new rural credit institution, the National Committee for Rural Credit (CNCR), which has now been incorporated into the new Central Bank as FUNAGRI. The cruzeiros generated by sale of loan dollars to Brazilian importers are deposited in a special fund operated by FUNAGRI. FUNAGRI in turn has made these funds available to farmers or cooperatives for the purchase of fertilizer in Brazil. Over 1,600 private and state banks are participating in the program.

All procurement under this loan is from the United States. The local currency fund will continue as a revolving fund in FUNAGRI for use by GEICRI in making loans to farmers to finance the purchase of fertilizer. as provided in the loan agreement.

Purpose of Loan: To finance imports of fertilizer from the United States over and above the \$22 million import level of 1963. Local currency derived from sale of the fertilizer is used in a selective agricultural credit program designed to channel fertilizer into basic foodstuff production.

Increased imports of fertilizers are a short-term measure to increase the productivity of Brazil's farms and provide more food for its growing population. For the longer run A. I. D. is encouraging indigenous production of fertilizer through a loan to an integrated fertilizer plant (512-L-063) in cooperation with American private enterprise (Phillips) and the International Finance Corporation.

Physical Status: The domestic credit side of the program has been highly successful. Field checks show that the program has been well administered and, through the cooperatives, has reached family farms producing basic foodstuffs. Producers of coffee and cotton are not eligible for benefits under this loan. The project, representing the first phase of A. I. D. Food Production Assistance is virtually completed and is being continued by Food Production loan number 2 (A. I. D. loan 512-L-061).

Financial Status: As of December 31, 1967 the loan is 96% disbursed.

Comments on Implementation: Fertilizer imports were initially handicapped by numerous financial and transportation problems which made it impossible to meet the original termination date of 12/31/65. Appropriate measures were instituted to resolve these difficulties. The dollar financing part of this project is complete. In light of the achieved results, additional A. I. D. funds were authorized in 1966 (Loan 512-L-061).

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: The Government of Brazil

Funds: Development Funds Loan

Title and Number of Loan: Air Navigation Aids 512-H-029	
Date Authorized: 6/30/64	Date Signed: 9/4/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 2,700	Grace Period 10 yrs.:
Disbursed 736	Interest Rate 3/4%
Repayments -	G.P. 2% thereafter
Interest Collected 1	Currency of Repayment . . U.S.\$

The equipment financed by this loan (Instrument Landing Systems, Approach Lighting Systems, and Airport Surveillance Radars) is essentially custom-built to U.S. Federal Aviation Agency specifications. The Government of Brazil, aware of the complexity of this equipment, has requested FAA technical assistance with the procurement, factory inspection, site selection and testing, installation and technical back-stopping required for satisfactory end performance.

Physical Status: A participating agency service agreement funded from this loan has been entered into with FAA, whose technicians are now working in Brazil on this AID project. Equipment orders have been placed. Site work is in progress.

Financial Status: Commitment documents have been issued for the entire amount of the loan. Disbursements will accelerate during 1968/69 as equipment is shipped.

Host Country Contribution-Procurement Sources: The Government of Brazil is providing the equivalent of \$2 million for local currency expenditures for buildings, roads, power lines, cables, communications equipment, vehicles, and personnel costs.

The AID loan is being used solely for procurement of U.S. goods and services. Up to \$20,000 annually is available from the loan for local cost allowances incidental to U.S. technical services; local currency outlays under this loan will be paid with cruzeiros generated through Special Letters of Credit.

Comments on Implementation: Procurement is on schedule, but, in view of the long-lead nature of much of the equipment involved, delivery will extend over a period of several years. A review of the needs of various airports led to amendment of this loan in September 1967, which changed slightly the equipment allocations to different airports. Because of this delay, all equipment is now scheduled to be installed and in operation by December 1969.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Departamento Nacional de Estradas de Rodagem

Funds: AFP Loan

Title and Number of Loan: DNER Highway Engineering Services 512-L-032	
Date Authorized: 12-21-64	Date Signed: 3-26-65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 1,000	Grace Period 10 yrs.
Disbursed 945	Interest Rate 1% G.P. 2 1/2% thereafter
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 10	

Physical Status: The Rio-Sao Paulo road is completed. The completion date for the North Production Road of Rio Grande do Sul is estimated for December 1968.

Financial Status: A loan contract for \$900,000 was signed March 26, 1965. The DNER submitted an official request for additional consultant services to utilize the balance of \$100,000 authorized but not included in the original loan contract and the loan agreement was amended in 1967 to this effect. At the end of December, 1967 letters of commitment for AID-financed procurement totalled \$988,000.

Host Country Contribution-Procurement Sources: The A.I.D. dollar loan was used solely for procurement of engineering services in the U.S.

Comments on Implementation: The final report and certification of the Rio-Sao Paulo Highway project is being prepared by the U.S. engineering consultants, Lewis Berger, Inc.* The Rio Grande do Sul Highway project has been temporarily delayed because of the necessity to revise the financial plan due to a shortfall in State highway funds. The consulting engineers on this portion are Brown and Root.* The construction engineers are Brazilian.

Purpose of Loan: To assist in financing the dollar costs of consulting engineering services on two road construction projects involving sizeable U.S. local currency loans; the enlarging of the Rio de Janeiro-Sao Paulo Highway (BR-2) and completion of the Rio Grande do Sul North Production Road (Kennedy Highway RS-13). The loan was made to the National highway department (DNER) which has contracted U.S. engineers to consult and help supervise construction of these two projects.

A.I.D. has loaned the Government of Brazil 14.1 billion cruzeiros from PL-480 funds to assist construction of an additional two lanes to the present BR-2 highway running between Rio and Sao Paulo. Total cost has been estimated at the equivalent of \$35.5 million. This road is considered the most important in Brazil, linking the nation's largest two cities.

RS-13 the Kennedy Highway, is opening up an area in the northern part of the State of Rio Grande do Sul which has considerable development potential. An A.I.D. local currency loan of Cr\$10 billion is helping construct the 254 km highways now largely completed. Total cost of construction has been estimated at the equivalent of \$40 million in cruzeiros.

* Lewis Berger, East Orange, New Jersey

* Brown and Root, Overseas Inc., Houston, Texas

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Companhia de Cimento Vale do Paraiba (TUPI)

Funds: AFP Loan

Title and Number of Loan: Companhia de Cimento Vale do Paraiba 512-L-033	
Date Authorized: 3/27/65	Date Signed: 8/3/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 7 yrs. Two Step 40 yrs.
Authorized 800	Grace Period 2 yrs. Two Step 10 yrs.
Disbursed 719	Interest Rate 5½% Two Step G.P., 1% 2½% thereafter
Repayments -	Currency of Repayment.. U.S.\$
Interest Collected 3	

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: The borrower will spend the equivalent of about \$500,000 from its own resources for locally procured machinery and equipment, civil construction, and other cruzeiro expenses. AID funds will be used only for procurement of goods and services in the United States.

Comments on Implementation: The project is about three months behind schedule, but no significant implementation problems have presented themselves.

Purpose of Loan: The loan is assisting in the engineering, selection, procurement, and installation of equipment, and ancillary construction, to increase the Portland cement production capacity of the applicant from a nominal 200,000 to 420,000 tons per year at its existing plant at Volta Redonda, state of Rio de Janeiro. Total cost of the project was estimated at \$1,300,000. TUPI sells cement in an area accounting for over 70% of all cement consumed in Brazil. Forecasts indicate a need for an expansion of 35% (or about 2.1 million tons) in manufacturing capacity to meet increasing needs by 1968, and this project will contribute toward meeting this goal.

Physical Status: All equipment was at plant site early in 1967, and installation will be completed by mid-1968.

Financial Status: The AID-Government of Brazil guaranty agreement has been registered with the Tribunal de Contas, and is now a valid obligation under existing legislation. All other conditions precedent have been met. Letters of commitment have been issued and disbursements are expected to be completed during the fiscal year.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Companhia Paranaense de Energia Eletrica (COPEL)

Funds: AFP Loan

Title and Number of Loan:	
COPEL Electric System	512-L-041
Date Authorized: 3/27/65	Date Signed: 6/9/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs.
Authorized 11,400	Two-step 40 yrs.
Disbursed 5,958	Grace Period 5 yrs.
Repayments -	Two-step 10 yrs.
Interest Collected 42	Interest Rate 5½%
	Two-step 1% G.P.
	2½% thereafter
	Currency of Repayment.. US\$

ern part of the State, where development potential is great but present markets are small and isolated. A.I.D. has also extended to COPEL a local currency loan of 4 billion cruzeiros from PL 480 (Title I)-generated funds.

Physical Status: Engineering services are being provided by the Brazilian subsidiary of International Engineering Company. All diesel generation has been installed and about 24% of the transmission lines have been constructed. As of December 31, 1967, the project was estimated to be 54% complete.

Financial Status: Letters of commitment for A.I.D.-financed procurement under the dollar loan as of December 31, 1967 totalled \$11,352,000.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a ten-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: Brazilian sources are providing local currency financing estimated at approximately \$12 million in support of this project. The A.I.D. dollar loan will finance goods and services procured in the United States.

Comments on Implementation: Implementation is proceeding satisfactorily. All U.S. purchases of equipment have virtually been completed, although some items have not been delivered. It is expected that the A.I.D.-financed segments of the over-all project will be completed in 1969 as originally scheduled.

Purpose of Loan: This loan will assist in financing foreign exchange costs of electrical equipment and materials, engineering services, and technical assistance and training to expand production and transmission of power in the State of Parana. The loan will also assist in establishing a training program in utility operations and maintenance, and in improving cost control and accounting procedures. Total cost of the project is estimated at \$25.2 million.

Parana is one of the fastest growing states in Brazil; between 1950 and 1960 its population increased 102%, compared with a national average of 37%, and all indications are that this trend is continuing. Industrially it is growing in importance, but lack of power and other infrastructure have been serious impediments in the way of the State's reaching its potential. COPEL is a mixed capital corporation with majority government participation, which produces, distributes, and sells power in Parana. Its five-year program for expansion and modernization includes projects to increase generating capacity from 134,000 KW to 400,000 KW. International lending agencies are providing part of the financing viz. IDB is lending \$5.5 million for the CAPIVARI-CACHOEIRA hydro plant, and the World Bank is providing \$22.5 million to the XAVANTES hydro plant. The A.I.D. loan is assisting construction of transmission lines, and development of diesel generating capacity in the west-

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: State Highway Department of Minas Gerais

Funds: AFP Loan

Title and Number of Loan: Minas Gerais Highway Maintenance Equipment 512-L-047	
Date Authorized: 5-28-65	Date Signed: 7-22-65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two Step..... 40 yrs.
Authorized 15,000	Grace Period 3 yrs. Two Step..... 10 yrs.
Disbursed 6,558	Interest Rate 3 1/2% Two Step..... 1% G.P. 2 1/2% thereafter
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 21	

Host Country Contribution-Procurement Sources: The state and Federal Governments are to provide local currency estimated at \$21.4 million for Brazilian-made equipment and certain local costs.

Half of the A.I.D. loan was used to buy U.S. equipment and services for the project. The balance will finance purchase of Brazilian equipment. Dollar financing of local costs being financed through Special Letter of Credit procedures tying these dollars to U.S. imports. It should also be noted that locally procured equipment, although made in Brazil, will include components imported from the U.S.

Two Step Process: To help ease Brazil's foreign debt service problem in the next few years, an agreement has been reached under which the Government of Brazil will receive loan payments from the borrower in local currency. The GOB will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Comments on Implementation: 1967 revisions in the Brazilian tax structure seriously reduced federal funds made available to the state during the year, and state allocations during 1967 also fell off sharply despite the commitment in the loan agreement that federal and state funds would be made available to complete the project in a timely manner. The Borrower's financial situation became so serious that USAID suspended further disbursements under the loan in July, 1967. Since that time USAID has been negotiating with appropriate representatives of the state and federal governments in an attempt to assure an adequate financial plan to resume the project and carry it to completion.

Purpose of Loan: This loan will finance purchase of equipment and technical services to develop, within the Minas Gerais state highway department, an organization capable of maintaining the state highway network.

Minas Gerais, with a 1960 population of 9.8 million inhabitants, is, along with Guanabara and Sao Paulo, one of the most important three states of Brazil in terms of economic activities and political power. It has an active program of economic development and major projects are underway, notably in power and highways. Adequate maintenance facilities are a necessary complement to new highway construction, and this A.I.D. loan will help the state both to acquire new equipment and to improve its organization for highway maintenance.

Physical Status: Procurement of U.S. equipment by the U.S. Bureau of Public Roads is almost complete and most of the equipment has been delivered to Brazil. The highway maintenance training program continues in operation. The U.S. consulting firm is Brown & Root Overseas, Houston, Tex.

Financial Status: Commitment documents have been issued for \$14,403,000 by December 31, 1967. A.I.D. has also loaned the state nine billion cruzeiros from PL 480 (Title I) generated funds for procurement of Brazilian-made highway maintenance equipment.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Light-Servicios de Electricidade, S.A.

Funds: AFP Loan

Title and Number of Loan:	
Rio Electric Distribution 512-L-050	
Date Authorized: 6/23/1965	Date Signed: 10/11/1965
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$25,000	Duration 18 yrs. Two Step 40 yrs.
Disbursed 14,500	Grace Period 3 yrs. Two Step 10 yrs.
Repayments -	Interest Rate 5½% Two Step 1% GP 2½% thereafter
Interest Collected 59	Currency of Repayment.. U.S.\$

loan of \$25 million. Of the total AID loan, \$17.5 million will be used for direct dollar procurement of project items within the United States. The remaining \$7.5 million will finance a part of the local cost of the project, representing principally the cost of equipment manufactured in Brazil with raw materials imported from the United States. Advisory engineering services are being provided by the U.S. firm, International Engineering, as third party consultants.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Purpose of Loan: This loan will help finance the expansion and modernization of the electrical distribution system in the city of Rio de Janeiro and vicinity. Light-Servicios de Electricidade, S.A., Regiao Rio, subsidiary of Canadian-based Brazilian Traction Company, serves Brazil's second largest city and an important industrial and commercial center. Substantial investment in the distribution system is needed to complement the development of new generating and transmission facilities, which are making power available to this area with its rapidly growing needs and recurrent power shortages.

Comments on Implementation: Implementation is proceeding satisfactorily.

Physical Status: The project was 62 percent completed as of December 31, 1967 and is expected to be completed by December 31, 1968.

Financial Status: First Letter of Commitment issued July 21, 1966. Total commitments issued as of December 31, 1967 were \$24,073,000.

Host Country Role and Procurement Source: During the four year period 1965-68 the borrower will invest the equivalent of \$62.5 million in this project in addition to the AID

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Light-Servicios de Electricidade, S.A.

Funds: AFP Loan

Title and Number of Loan: Sao Paulo Electric Distribution 512-L-051	
Date Authorized: 6/23/65	Date Signed: 10/11/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 18 yrs.
Authorized \$15,000	Two Step 40 yrs.
Disbursed 8,410	Grace Period 3 yrs.
Repayments -	Two Step 10 yrs.
Interest Collected 42	Interest Rate 5 1/2%
	Two Step 1% G.P., 2 1/2 yrs. thereafter.
	Currency of Repayment .. U.S.\$

will reimburse AID in dollars within 40 years, including a 10 year grace period, with annual interest at 1% during the grace period.

Host Country role and procurement source: During a four year period 1965-68, the borrower will invest the equivalent of \$77.8 million in this project in addition to the AID loan of \$15 million.

Of the total AID loan, \$11.6 million will be used for direct dollar procurement of project items within the United States. The remaining \$3.4 million will finance a part of the local costs of the project, representing principally the cost of equipment manufactured in Brazil with raw materials imported from the United States. Advisory engineering services are being provided by the U.S. firm International Engineering as third party consultants.

Purpose of Loan: This loan is helping to finance the expansion and modernization of the electrical distribution system in the city of Sao Paulo and vicinity. Light-Servicios de Electricidade, S.A., Regiao Sao Paulo, serves Brazil's most important center of industry and population. Substantial investment in the distribution system is needed to complement the development of new generating and transmission facilities, which are making power available to this area with its rapidly growing needs and recurrent power shortages.

Physical Status: The project is scheduled for completion on December 31, 1968. Completion was 49% as of December 31, 1967.

Financial Status: First Letter of Commitment issued July 21, 1966. Total Commitments issued as of December 31, 1967 were \$14.6 million.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It

Comments on Implementation: Implementation is proceeding satisfactorily.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan:	
Feasibility and Resources Study 512-L-054	
Date Authorized: 10/28/1965	Date Signed: 6/3/1966
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 11,000	Grace Period 10 yrs.
Disbursed 252	Interest Rate 1% G.P. 2½% thereafter
Repayments -	Currency of Repayment . . US\$
Interest Collected -	

\$5 million. FINEP has stated that studies within the agricultural sector will receive highest priority. Financial Status: Through 12/31/67, \$7,800,000 has been committed.

Host Country Contribution-Procurement Sources: Brazil has set up the Fund for Financing Project and Program Studies (FINEP), with the Minister of Planning as Chairman of its Coordinating Board. FINEP provides the mechanism for review and approval of applications for surveys financed under this loan.

Administration of project and program studies is carried out through FINEP's financial agents, including BNDE (the National Bank for Economic Development) and other development banks. The financial agents receive applications from public or private groups seeking financing for a study; evaluate them especially with regard to their prospects of repayment; approve (or disapprove) project studies involving less than the equivalent of \$14,000 of FINEP funds; and submit larger requests to FINEP for its review and approval. Requests for amounts over \$100,000 require USAID approval as well. Approved studies will be carried out by American, Brazilian, or joint venture consulting firm.

Natural resource surveys will be carried out in conjunction with Brazilian agencies responsible for natural resource development.

Local contributions to feasibility studies will be composed of contributions of the financial agents, 5 to 20% of each study; and of the sub-borrowers, 10 to 40% of each study. Should the survey eventually lead to an A.I.D. project loan, the Borrower will be required to repay the feasibility loan immediately from resources other than the project loan funds. Local contributions to natural resource projects will be negotiated on a case-by-case basis.

Procurement will be in the United States or Brazil. Local currency outlays under this loan will be made with cruzeiros generated through Special Letters of Credit. Comments on Implementation: Following the change in Government in 1967, FINEP was reorganized within the Planning Ministry. Although this reorganization resulted in a period of limited activity, FINEP is now fully operational and actively processing loan requests.

Purpose of Loan: This loan is financing studies of the feasibility of specific proposed capital projects; program studies of areas or sectors of the Brazilian economy; and natural resource surveys of a technical assistance nature. It will also finance technical assistance to the Brazilian agency coordinating this feasibility study program (FINEP). Physical Status: FINEP initiated the feasibility study program with the assistance of a grant of one billion cruzeiros from PL-480 funds, pending the signing of the loan agreement.

FINEP is currently financing a feasibility study of the Rio-Niteroi Bridge in the amount of \$700,000, being prepared by a U.S./Brazilian engineering consortium and a Meteorological Data Collection and Analysis Survey in the amount of \$2,220,000 by the U.S. Weather Bureau. In addition, the following proposals are in an advanced stage of development: (a) Taquari Valley Study (cost \$700,000-proposed FINEP participation 85%); (b) Sao Paulo Urban Master Plan (cost approximately \$2,500,000-proposed FINEP participation 75%); and (c) Espirito Santo Highway Feasibility Studies (cost \$80,000 proposed FINEP participation \$75,000). Scopes of work for these above studies have been approved and negotiations with joint U.S./Brazilian engineering consultants are underway.

Consideration is also being given to nine major studies in various stages of preparation amounting to more than

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan: Brazil - Development Program Loan - 1966 512-L-055	
Date Authorized: 1/19/66	Date Signed: 2/10/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 150,000	Duration 40 yrs.
Disbursed 116,079	Grace Period 10 yrs.
Repayments -	Interest Rate 1% GP 2% thereafter
Interest Collected 1,143	Currency of Repayment.. US \$

eliminating the sources of inflation. Although, the GOB has not been able to meet all the quantitative performance criteria such as those involving the levels of the cash deficit and the current account surplus and current transfers to the transport entities, the difficulties are fairly readily explainable and justifiable. In view of the previous levels for these items the 1966 and the 1967 figures represent notable progress. Correcting for definitional changes the GOB's budgetary revenues have been in excess of target levels and the GOB has more than fulfilled its commitments regarding tax policy. Numerous tax and voluntary control measures have been introduced to guide the private sector into moderating price increases.

All procurement is exclusively from the U. S.

Purpose of Loan: To assist in providing effective support for the Government of Brazil's program of stabilization, development and reform by financing essential imports from the U. S. The Brazilian development program, endorsed by the Inter-American Committee for the Alliance for Progress and the U. S. Government, forms the basis for the U. S. assistance program.

Financial Status: The Undisbursed balance relates largely to the \$30 million Capital Goods portion of the loan. These funds are being disbursed through special letters of credit issued by Manufacturers Hanover Trust Company of New York. For the utilization of these loans the terminal shipping date has been extended to February 28, 1969.

Host Country Contribution-Procurement Sources: The loan was conditioned upon a series of quantitative and qualitative tests of self-help measures taken by the GOB, with provision for quarterly reviews before release of successive tranches. The reviews indicated satisfactory performance and all four tranches of the loan have been released.

Brazil has made a strong effort in pursuit of its stabilization goal and has gone a long way towards

Comments on Implementation: The increased regular commercial imports from the United States have had a beneficial influence on the U. S. trade balance and in combating domestic inflation in Brazil. The undisbursed balance represents capital goods for which loans are to be extended through financial agents of the Central Bank of Brazil with special cruzeiro funds for industrial and agricultural development (FINAME and CREAT). Imports for the Capital Goods Fund became operational in the second half of 1966. The preparation of these loans by the Brazilian authorities requires often considerable time.* Moreover, this type of equipment for new plants or expansion of existing industrial plants requires longer delivery dates.

This loan is expected to be fully disbursed in 1969.

* often prior A.I.D. approval is required (e.g. for textile machinery)

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Sanitation Department of State of Guanabara (SURSAN) Funds: AFP Loan

Title and Number of Loan: Sewerage Maintenance Equipment Loan 512-L-057	
Date Authorized: 6-13-66	Date Signed: 9-13-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two Step 40 yrs.
Authorized \$2,175	Grace Period 3 yrs. Two Step 10 yrs.
Disbursed 125	Interest Rate 5½% Two Step .. 1% G.P. 2½% thereafter
Repayments -	Currency of Repayment.. U.S.\$
Interest Collected -	

loan to the Guanabara Water Company, CEDAG, (512-L-058).

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: The borrower will provide the local currency equivalent of \$750,000 for locally manufactured equipment and for installation and training costs.

A.I.D. dollar funds will be used exclusively for goods and services of U.S. source and origin.

Purpose of Loan: The loan will assist SURSAN in carrying out its 1962 master sanitation plan to provide sewerage service throughout the State of Guanabara, which includes the city of Rio de Janeiro. The A.I.D. loan will provide highly specialized maintenance equipment to complement SURSAN's extensive construction and expansion program. In addition to equipment to clear sewer lines, A.I.D. funds will finance the purchase of mosquito control equipment, and telecommunications and laboratory equipment. The A.I.D. loan is also financing the services of an American consultant and a program for training Brazilian sewerage technicians in the U.S.

Comments on Implementation: The procurement and installation of the sewerage maintenance equipment is currently underway; training programs for SURSAN staff are being conducted; and U.S. technical services are being provided for the refinement of the sanitation master plan. The Project is progressing in accord with the Implementation Plan.

Physical Status: All conditions precedent to loan disbursement have been fulfilled, and the Project is under execution. The borrower has negotiated a contract with the firm of Engineering-Sciences, Inc. of Arcadia, California, through its Brazilian affiliate, to provide consulting services.

Financial Status: As of 12-31-67, disbursement authorizations totaling \$573,000 had been issued, and disbursements of \$125,000 had been made. \$325,000 of this loan was deobligated in August 1967, after it was determined that SURSAN could share the computer being financed under the

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Guanabara Water Company (CEDAG)

Funds: AFP Loan

Title and Number of Loan:	
Water System Maintenance Equipment	512-L-058
Date Authorized: 6/13/66	Date Signed: 8/18/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized	\$2,925
Disbursed	137
Repayments	-
Interest Collected	-
Duration	20 yrs.
Two-Step	40 yrs.
Grace Period	3 yrs.
Two-Step	10 yrs.
Interest Rate	5 1/2%
Two-Step GP 1%	2 1/2%
	thereafter
Currency of Repayment..	US\$

Host Country Contribution-Procurement Sources: The borrower will provide the local currency equivalent of \$1,250,000 for locally manufactured maintenance, equipment, installation, training costs and for spare parts.

The A.I.D. loan will be disbursed for goods and services of United States source and origin.

Comments on Implementation: Procurement of equipment is on schedule and implementation is following the time-phased plan. The loan was amended in October 1967, increasing the authorized amount from \$2.6 million to \$2.925 million to permit the purchase of a computer for the project.

Purpose of Loan: A.I.D.'s loan will finance the purchase of specialized maintenance equipment for the repair of watermains in the State of Guanabara which includes the city of Rio de Janeiro. It will assist the CEDAG company in completing its 1962 program for increasing the quality and coverage of water service in the area. The loan will also finance a fluid network analyzer, a telemetering and telecommunication system, flow measuring equipment, a digital computer to expedite billing for both water and sewerage services, and the services of a consulting firm to revise CEDAG's master plan for water distribution.

Physical Status: All conditions precedent to loan disbursement have been fulfilled and the project is in the execution stage. The borrower has negotiated a contract with the firm of Engineering-Sciences, Inc. of Arcadia, California, through its Brazilian affiliate for consulting services.

Financial Status: As of 12/31/67, disbursement authorizations totaling \$442,000 had been issued.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Highway Maintenance Department of Sao Paulo

Funds: AFP Loan

Title and Number of Loan: Sao Paulo Highway Maintenance 512-L-059	
Date Authorized: 6-29-66	Date Signed: 8-18-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 18 yrs. Two Step 40 yrs.
Authorized \$20,000	Grace Period 3 yrs.. Two Step 10
Disbursed -	Interest Rate 3½% Two Step 1% GP 2½% there- after
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected -	

Host Country Contribution-Procurement Sources: Of the \$20 million authorized to this loan, \$19 million was to be used to purchase highway maintenance equipment. The remaining \$1.0 million is being used to finance a U.S. consulting firm to administer and implement the subject loan. The State of Sao Paulo will contribute the equivalent of \$20 million in cruzeiro equivalent to cover the cost of purchasing locally manufactured highway maintenance equipment and other local cost to complete the project.

Comments on Implementation: It has recently become apparent that some of the U.S. equipment which was to be financed under this loan is now considered in conflict with the Brazilian Law of Similars and will not be approved for implementation despite the technical advisability of using U.S. equipment. Since A.I.D. may finance only U.S. equipment the project is now being reviewed and part of the loan may be deobligated.

Purpose of Loan: The purpose of this loan is to provide the Sao Paulo State Highway Department with the equipment needed to maintain adequately the road network of the State. In addition, the loan will finance technical assistance to accomplish a reorganization of the State's highway maintenance organization and to establish higher maintenance standards and systems in coordination with a national highway development program now being undertaken by the Brazilian Government and the World Bank.

Physical Status: A.I.D.'s conditions precedent to first disbursement have been satisfied. A contract for consulting services is expected to be signed with the firm Harris-Stanford-Montor. The consultant will implement the reorganization and will also develop a master plan for highways for the three states of Sao Paulo, Goias and Mato Grosso, to be financed by the World Bank.

Financial Status: To date no funds have been disbursed under this loan.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan: Second Food Production Loan 512-L-061	
Date Authorized: 6/29/66	Date Signed: 9/26/66
Loan Status as of 12/31/67 (In Thousands of Dollars and Equivalent)	Loan Terms
Authorized 20,000	Duration 40 yrs.
Disbursed	Grace Period 10 yrs.
Repayments -	Interest Rate 1% G.P. 2½% thereafter
Interest Collected -	Currency of Repayment .. U.S. dollars

that more than 1,600 private and State banks will again participate in the program.

In addition to an accelerated expansion of fertilizer use, the first fertilizer import loan has assisted in reducing fertilizer costs to the end-users through a substantial reduction of the import duty on selected fertilizer imports.

All procurement under this loan is from the United States.

Financial Status: By December 31, 1967 commitment documents have been issued for \$7,500,000. This loan is expected to show increasing disbursements now that the first fertilizer import loan has been virtually completed.

Purpose of Loan: To provide a source of agricultural credit needed for the rapid expansion of fertilizer use for basic food crops ; to develop a credit program to extend fertilizer credit to small landholder and tenant farmers; and to obtain additionality of U.S. exports of fertilizer. The cruzeiro source of credit to finance the sale of fertilizer to be used in the production of basic foodstuffs.

This loan finances the expansion of the Fertilizer Imports project (AID 512-L-028), as a preparatory approach to the AID-IFC-Phillips Petroleum Company project to establish a large-scale nitrogen complex in Brazil. (AID loan 512-L-063 to ULTRAFERTIL SA). It is expected that this project, designed to substantially reduce fertilizer costs to Brazilian farmers, will require a rapid expansion of the Brazilian fertilizer market.

Comments on Implementation: The 50/50 shipping questions applicable to fertilizer have been resolved after lengthy negotiations and conditions precedent were met on September 26, 1967. The dollar financing part of this project will be completed in Fiscal Year 1969

Host Country Role and Procurement Source: Following the signing of the first fertilizer loan agreement, the Government of Brazil created a new institution, located in the Central Bank to administer the rural credit program. The cruzeiros generated by sales of loan dollars are matched by a Brazilian cruzeiro contribution in a ratio of 1:2 and deposited in a special fund operated by FUNAGRI. FUNAGRI in turn uses these funds to provide interest free credit to farmers for the purchase of fertilizer. It is expected

STATUS OF DEVELOPMENT LOANS

(CCBFE)

TABLE V

Country: BRAZIL

Borrower: Companhia Central Brasileira de Forca Eletrica

Funds: AFP Loan

Title and Number of Loan: Mascarenhas Hydroelectric and Distribution Expansion Program 512-L-062	
Date Authorized: 6-29-66	Date Signed: 8-18-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 13,300	Grace Period 10 yrs.
Disbursed 204	Interest Rate 1% G.P. 2½% thereafter
Repayments -	Currency of Repayment.. U.S.\$
Interest Collected -	

Host Country Role and Procurement Source: The Borrower is providing the equivalent of \$35.7 million for civil works, construction materials, and other local currency costs associated with the distribution system, CEMIG interconnection, and frequency conversion. Goods and services financed under the loan shall be procured from the United States.

Comments on Implementation: All conditions precedent to initial disbursement were met on February 3, 1967. Implementation progress has been delayed by budget problems of the Government of Brazil in providing the local currency required. As a result, completion has been rescheduled to 1974, about 2 years later than originally planned.

Purpose of Loan: The A.I.D. Loan will supplement the funds of the Brazilian federal power agency, ELETROBRAS, and CCBFE in the financing of the Mascarenhas project. Specifically, A.I.D. funds in the amount of \$13.3 million will be utilized to finance the cost of (i) two 38.5 MW units manufactured in the United States, (ii) associated U.S. electrical equipment, (iii) U.S. goods and equipment for the U.S. consulting engineering services.

The Mascarenhas site is on the Doce River in the State of Espirito Santo. The generating capacity of the plant will be 115 MW by the end of 1973. Total cost of the project including the CEMIG (State of Minas Gerais power utility) interconnection is estimated at \$49.0 million.

No part of the A.I.D. Loan will be used to finance local costs.

Physical Status: Engineering design by the U.S. consulting firm TAMS is in progress. Main civil works contract is expected to be let in January 1969.

Financial Status: Disbursements to date have been limited to U.S. engineering services.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Ultrafertil S.A.

Funds: AFP Loan

Title and Number of Loan: Ultrafertil Fertilizer Plant 512-L-063	
Date Authorized: 10/12/1966	Date Signed: 11/21/1966
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs. Two-Step 40 yrs.
Authorized \$14,800	Grace Period 5 yrs. Two-Step 10 yrs.
Disbursed -	Interest Rate 5½% G.P. 1% 2½% thereafter
Repayments -	Currency of Repayment . . US\$
Interest Collected -	

Comments on Implementation: The engineering contractors are the following: (1) Foster-Wheeler Corp., Livingston, N.J. for the Ammonia Plant, support facilities and coordination; (2) Dorr-Oliver Engr. Ltd., Stamford, Conn., for the sulfuric and phosphoric acid plants and (3) D.M. Weatherly Co., Atlanta, Ga., for the nitric acid, ammonium nitrate and diammonium nitrate plants. Construction will be done by 3 local firms subcontracted to Foster Wheeler Ltd. of Brazil. Construction of the Battery Limits plant began in January 1968. The construction is expected to be complete during 1969. Phillips Petroleum Company, which has a heavy commitment to this project, has considerable experience in the construction of chemical plants and is following closely all aspects of the design and procurement for this project.

Purpose of Loan: The A.I.D. loan will assist in financing the construction of an integrated fertilizer plant to produce anhydrous ammonia, ammonia nitrate solution and prills, diammonium phosphate and potash. A.I.D. issued an Extended Risk Guaranty to cover 75% of a \$21,518,000 private loan extended by U.S. insurance companies. Phillips Petroleum Company of the United States is investing 60% of the equity investment funds in the project. In addition to lending \$7.6 million, the International Finance Corporation is providing 10% of the equity funds with the Brazilian Ultra group investing the remaining 30% of the equity.

Physical Status: Site preparation is completed. Engineering contracts have been signed. Work is in progress. The Conditions Precedent to first disbursement were met on August 1, 1967.

Financial Status: No disbursements have been made but commitment documents have been issued totalling \$4,700,000.

Host Country Contribution-Procurement Sources: The equity investors are contributing \$25.8 million, representing 37% of the cost of the project. Phillips and the other investors have made a firm undertaking to meet cost overruns by further contributions of equity. All of the A.I.D. loan funds will be used for goods and services of U.S. source and origin as will the 75% of the private loan funds which are covered by A.I.D.'s extended risk guaranty.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Government of Brazil

Funds: AFP Loan

Title and Number of Loan: Brazil - Development Program Loan - 1967 512-L-064	
Date Authorized: 3-01-67, 1-2-68 Date Signed: 3-11-67, 1-16-68	
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$100,000	Grace Period 10 yrs.
Disbursed 1,284	Interest Rate 1% G.P. 2½% thereafter
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected -	

Purpose of Loan: To assist in providing effective support for the Government of Brazil's program of stabilization, development and reform by financing essential imports from the U.S. The Brazilian development program, endorsed by the Inter-American Committee for the Alliance for Progress and the U.S. Government, forms the basis for the U.S. assistance program.

Financial Status: Only one of the planned four \$25 million tranches was released in CY1967 as Brazilian performance had met only the conditions precedent through December 31, 1966. The first tranche was released in July, and the commitment documents were issued in September, 1967 (\$15 million for regular commercial imports and \$10 million for the Investment/Import Stimulation Fund portion of the loan). The second tranche of \$25 million was released in January 1968, after renegotiation of the loan agreement.

Host Country Contribution-Procurement Sources: The loan was originally signed with the previous GOB administration just before President Costa e Silva took office, with his advance concurrence. The agreement was keyed to the Brazilian economic and financial program for 1967 as set forth in a letter from the outgoing Brazilian administration to CIAP in February, 1967. The loan was conditioned

upon a series of quantitative and qualitative tests of self-help measures taken by the GOB, with provision for quarterly reviews before release of successive tranches.

In November 1967, the new Brazilian Minister of Planning presented to CIAP a comprehensive summary statement of Brazilian performance and policy actions during the first seven months of the Costa e Silva administration. He described deviations from the original program, particularly in the areas of budget deficit, credit expansion, and outlined current and projected corrective measures the Brazilian Government is now taking.

The amended loan authorization provides for disbursement of the remaining \$50 million once additional conditions precedent have been met. The primary condition precedent for that disbursement will be satisfactory agreement between the United States and Brazil on the parameters of Brazil's 1968 economic and financial program.

Comments on Implementation: The increased regular commercial imports from the United States have had a beneficial influence on the U.S. trade balance and in combating domestic inflation in Brazil. Similarly to the program loan for 1966 (A.I.D. loan 512-L-055), part of the funds is being channeled specifically for the importation of private enterprise of capital goods whose input and utilization will contribute to Brazil's economic development. For this purpose loans will be extended as heretofore through financial agents of the Central Bank from the Capital Goods Fund,*(through FINAME and CREAM).

This loan is expected to be fully disbursed by 1970.

* alias Investment/Import Stimulation Fund (see above Financial Status)

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Central Eletrica De Furnas

Funds: AFP Loan

Title and Number of Loan: Santa Cruz Thermal Plant Expansion 512-L-066	
Date Authorized: 6/22/67	Date Signed: 10/13/67
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two-Step 40 yrs.
Authorized \$41,200	Grace Period 5 yrs. Two-Step 10 yrs.
Disbursed -	Interest Rate 6% Two-Step 1% GP 2 1/2% thereafter
Repayments -	Currency of Repayment U.S.\$
Interest Collected -	

for other equipment and design of the power is in progress. Turbines of this size require long delivery time; in this case the delivery of the first unit is scheduled for June, 1971. It is estimated that the project will be completed in the last quarter of 1972.

Financial Status: As of December 31, 1967 no letters of commitment had been issued.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A. I. D. in dollars within 40 years including a 10-year grace period with annual interest at 1% during the grace period, and annual interest at 2 1/2% thereafter.

Purpose of Loan: To finance the dollar costs of adding 400,000KW generating capacity to the Santa Cruz thermal electric generating plant at Santa Cruz, State of Guanabara. A. I. D. has previously financed the dollar costs of the existing 160,000 KW thermal electric plant under Loan 512-L-011 (authorized April 20, 1963).

Host Country Contribution-Procurement Sources: Brazilian sources are supplying the equivalent of \$37.9 million in local currency. This amount is being made available from the accumulated unappropriated surplus of the borrower.

This plant will soon be in full commercial operation and will feed power into the electric system supplying the Rio de Janeiro and Sao Paulo areas. Increasing demand for electric energy necessitates the expansion of existing power plants in the area. This thermal generating plant expansion is particularly desirable because it will complement the predominately hydro-electric system and provide primary system power during dry seasons as well as ensure an equivalent amount of secondary hydro-electric power. This loan is another step by A. I. D. in assisting Brazil's largest population centers in meeting increased power demands.

Source of procurement of goods and services financed from the A, I. D. loan is the United States.

Comments on Implementation: The project is progressing satisfactorily. However, because of the long delivery time for the steam turbines the progress until mid-1969 will be limited to designing the plant and fabricating the major items of equipment. The overall project is expected to be completed in late 1972.

Physical Status: The U. S. firm of Sanderson and Porter, New York has been selected to provide plant design and construction supervision. A contract for two 200,000 KW steam turbine generators has been awarded to Westinghouse International Electric Company. Specifications are being prepared

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Highway Department of State of Santa Catarina

Funds: AFP Loan

Title and Number of Loan: Santa Catarina Highway Maintenance - 512-L-067	
Date Authorized: 6/21/67 Date Signed: - -	
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs.
Authorized \$7,500	Two-Step 40 yrs.
Disbursed -	Grace Period 3 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 3½%
	Two-Step 1% GP, 2½% there- after
	Currency of Repayment U.S. \$

Host Country Contribution-Procurement Sources: Of the \$7.5 million authorized for this loan, up to \$5.8 million will be used to purchase U. S. highway maintenance equipment, and related U. S. shipping and insurance costs; about \$1.1 million for Technical Assistance including some engineering training in the U. S., and the balance is earmarked for contingencies. The State of Santa Catarina was spending, at the time the loan documentation was being prepared, the cruzeiro equivalent of \$2.9 million for its road maintenance program. This amount should increase to \$4.6 to support the proposed program. Also, the Brazilian Highway Department must covenant to compensate the borrower for assuming the present maintenance responsibilities of the Federal Highway network. *

Purpose of Loan: To provide financing to the Highway Department of the State of Santa Catarina (DER/SC) in southern Brazil, for the dollar costs of (1) the purchase of highway maintenance equipment, and (2) obtaining the necessary technical assistance related to reorganization and for assuming maintenance responsibilities for all federal roads in the state.

Physical Status: The loan agreement has not yet been signed pending approval by USAID of the needed contract between the State Highway Department (DER/SC) and Brazil's Federal Highway Department Agency (DNER).

Financial Status: The loan will be guaranteed by the Federal Government of Brazil. To date, no commitment documents have been issued.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A. I. D. in dollars within 40 years, including a 10 year grace period, with annual interest at 1% during the grace period.

Comments on Implementation: Difficulties are being encountered in obtaining prior approval by the Brazilian Foreign Trade Commission (CACEX) for the importation of the U. S. equipment for this project. It is apparent that some equipment is considered in conflict with the Brazilian Law of Similars and may not be approved for import despite prevailing technical considerations. The project may therefore have to be restructured. However, in no case will other than U. S. equipment be financed from these dollar loan funds.

* Equipment, materials and services financed under the loan shall have their source and origin in the United States of America.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Highway Department of State of Parana

Funds: AFP Loan

Title and Number of Loan: Parana Highway Maintenance 512-L-068	
Date Authorized: 6-22-67	Date Signed: - -
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs. Two Step..... 40 yrs.
Authorized \$10,800	Grace Period 3 yrs. Two Step..... 10 yrs.
Disbursed -	Interest Rate 3½% Two Step 1% GP, 2½% there- after
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected -	

\$1.1 million for Technical Assistance including some engineering training in the U.S., and the balance is earmarked for contingencies. The State of Parana was spending at the time the loan documentation was being prepared, the cruzeiro equivalent of \$4.4 million for its road maintenance program. This amount should increase to \$6.4 to support the proposed program. Also, the Brazilian Highway Department must covenant to compensate the borrower for assuming the present maintenance responsibilities of the Federal Highway network.*

Comments on Implementation: Difficulties are being encountered in obtaining prior approval by the Brazilian Foreign Trade Commission (CACEX) for the importation of the U.S. equipment for this project. It is apparent that some equipment is considered in conflict with the Brazilian Law of Similars and may not be approved for import despite prevailing technical considerations. The project may therefore, have to be restructured. However, in no case will other than U.S. equipment be financed from these dollar loan funds.

Purpose of Loan: To provide financing to the Highway Department of the State of Parana (DER/PR) in southern Brazil, for the dollar costs of (1) the purchase of highway maintenance equipment, and (2) obtaining the necessary technical assistance related to reorganization and for assuming maintenance responsibilities for all federal roads in the state.

Physical Status: The loan agreement has not yet been signed pending approval by USAID of the needed contract between the State Highway Department (DER/PR) and Brazil's Federal Highway Department Agency (DNER).

Financial Status: The loan will be guaranteed by the Federal Government of Brazil. To date, no commitment documents have been issued.

Two Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: Of the \$10.8 million authorized for this loan, up to 8.7 million will be used to purchase U.S. highway maintenance equipment and related U.S. shipping and insurance costs; about

* Equipment, materials and services financed under the loan shall have their source and origin in the United States of America.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Highway Department of State of Rio Grande do Sul

Funds: AFP Loan

Title and Number of Loan: Rio Grande do Sul Highway Maintenance 512-L-069	
Date Authorized: 6-22-67	Date Signed: - -
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$13,300	Duration 15 yrs. Two Step 40 yrs.
Disbursed -	Grace Period 3 yrs. Two Step 10 yrs.
Repayments -	Interest Rate 3½% Two Step 1% GP, 2½% there- after
Interest Collected -	Currency of Repayment .. U.S.\$

\$1.1 million for Technical Assistance including some engineering training in the U.S., and the balance is earmarked for contingencies. The State of Rio Grande do Sul was spending, at the time the loan documentation was being prepared, the cruzeiro equivalent of \$3.5 million for its road maintenance program. This amount should increase to about \$5.5 to support the proposed program. Also, the Brazilian Highway Department must covenant to compensate the borrower for assuming the present maintenance responsibilities of the Federal Highway Network.*

Comments on Implementation: Difficulties are being encountered in obtaining prior approval by the Brazilian Foreign Trade Commission (CACEX) for the importation of the U.S. equipment of this project. It is apparent that some equipment is considered in conflict with the Brazilian Law of Similar and may not be approved for import despite prevailing technical considerations. The project may therefore, have to be restructured. However, in no case will other than U.S. equipment be financed from these dollar loan funds.

Purpose of Loan: To provide financing to the Highway Department of the State of Rio Grande do Sul (DAER/RGS) in southern Brazil, for the dollar costs of (1) the purchase of highway maintenance equipment, and (2) obtaining the necessary technical assistance related to reorganization and for assuming maintenance responsibilities for all federal roads in the state.

Physical Status: The loan agreement has not yet been signed pending approval by USAID of the needed contract between the State Highway Department (DAER/RGS) and Brazil's Federal Highway Department Agency (DNER).

Financial Status: The loan will be guaranteed by the Federal Government of Brazil. To date, no commitment documents have been issued.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 1% during the grace period.

Host Country Contribution-Procurement Sources: Of the \$13.3 million authorized for this loan, up to \$11 million will be used to purchase U.S. highway maintenance equipment and related U.S. shipping and insurance costs; about

* Equipment, materials and services financed under the loan shall have their source and origin in the United States of America.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: BRAZIL

Borrower: Eletrobras, Brazilian Federal Power Agency

Funds: AFP Loan

Title and Number of Loan: Power Training and Technical Assistance Project 512-L-070	
Date Authorized: 10/23/67	Date Signed: 10/23/67
<small>Loan Status as of 12/31/67</small>	<small>Loan Terms</small>
<small>(In Thousands of Dollars and Equivalent)</small>	
Authorized \$.717	Duration 20 yrs. Two-step 40 yrs.
Disbursed -	Grace Period 5 yrs. Two-step 10 yrs.
Repayments -	Interest Rate 6% Two-step 1% GP Thereafter 2½%
Interest Collected -	Currency of Repayment . . U.S. Dollars

a ten-year grace period with annual interest at 1% during the grace period and 2½% thereafter.

Host Country Contribution-Procurement Sources: Brazilian sources are providing the equivalent of \$250,000 in local currency. This amount is being made available from the funds of the borrower, Eletrobras.

Source of procurement of goods and services financed from the A. I. D. loan is the United States.

Comments on Implementation: The post-graduate training program is progressing satisfactorily. The entire training program should be completed in 1972.

Purpose of Loan: To finance the dollar costs involved in training 10 graduate engineers each year over a period of five years. This training is part of the long-range program sponsored by the borrower, Eletrobras, to provide post-graduate engineering courses for extra-high voltage (EHV) in ten connected systems. Each engineer will spend six months in Brazil in a preparatory course of studies and then 12 months in a U.S. University.

Physical Status: The first group of 11 engineers began their training at Illinois Institute of Technology, Chicago on September 8, 1967. The two-semester course is scheduled to finish June 15, 1968. A second group of 10 engineers is now being prepared in Brazil.

Financial Status: As of December 31, 1967 no letters of commitment had been issued, the borrower providing initially his own financing.

Two-Step Process: To help relieve Brazil's foreign debt service burden in the next few years, agreement has been reached under which the Brazilian Government will receive loan payments from the borrower in local currency. It will reimburse A. I. D. in dollars within 40 years including

Chile



BASIC DATA

Population (<i>millions – mid-1967</i>).....	9.0
Annual Growth Rate (<i>percent</i>).....	2.3
Area (<i>1000 square miles</i>).....	292
Population Density Per Square Mile.....	31
Agricultural Land as % of Total Area	17
Percent of Labor Force in Agriculture.....	28

Per Capita GNP (<i>dollars</i>).....	563*
Life Expectancy (<i>years</i>).....	59
People Per Doctor	1,730
Literacy Rate (<i>percent</i>)	84
Pupils as Percent of Population.....	18
<i>(Primary and Secondary)</i>	

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* - 1967 in 1966 prices.

Country: CHILE

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	12.5	40.1 ^{a/}	80.0
Technical Assistance	3.0	2.6	3.0
Total A.I.D. Assistance	15.5	42.7	83.0

a/ Includes \$56 thousand in grants for population programs under Title X of the Foreign Assistance Act.

U.S. Aid Objectives

Chile is a country of major U.S. assistance emphasis because of its important political role in the Hemisphere, its considerable potential for development, and its serious commitment, under the Frei Administration, to social and economic development as envisaged by the Charter of Punta del Este. This vigorous and comprehensive effort, carried out within the traditional Chilean framework of respect for constitutional democracy, has had considerable success since it was launched in 1964, although there have been some setbacks and much remains to be accomplished.

Political opposition to the Frei program remains intense and will increase as the elections of 1969 and 1970 draw near. In 1964 the Christian Democrats turned back a strong effort from the Socialists and Communists. The 1969-1970 elections will again offer the Chilean voter the simple Marxist alternative to democratic development under the Christian Democrats. In these contests the achievements and failures of the development effort will be among the central issues. The remainder of the Frei Government's term will put considerable emphasis on consolidating the gains of the first four years and reinforcing some of the weak spots in overall performance.

In translating the general U.S. interest into specific objectives for the aid program, the following major economic objectives have been given priority:

--Increased price stability accompanied by a higher economic growth rate. Chile has been the victim of endemic price inflation for almost a century. Amelioration of this cycle is critical to establishment of an adequate, self-sustaining rate of growth.

--Savings, investment and distribution of income. Increased levels of domestic savings, historically low in Chile, are

essential to permit higher levels of investment needed for development. At the same time the social and political objectives of the Frei Government and the Alliance require that the relative share of income going to lower income groups be increased.

--Expansion and diversification of exports. Chile is heavily dependent on the export of a single commodity--copper. Development of other export sectors, especially agriculture, in which Chile has a natural advantage, will contribute to long run stability.

--Agricultural development. Once a substantial agricultural exporter, Chile has failed to modernize its agricultural sector with the result that the country is now a large net importer of agricultural products. A broad range of measures, including agrarian reform and increased incentives for producers, are required to capitalize effectively on this key economic resource.

--Increase and improvement in educational opportunities. Although relatively good by Latin American standards, the Chilean educational system is inadequate to the requirements of a rapidly developing society. The Frei Government has initiated a thoroughgoing reform and expansion of the system.

Country Performance and Self-Help

Chile's performance in the economic and social spheres has been impressive during the past three years. The economy has benefitted from high copper prices and from substantial levels of foreign assistance. However, it has also been faced with determined internal political opposition and many institutional and bureaucratic rigidities not easily amenable to change.

Overall economic growth rates have increased. During the 10 year period 1956-1965 GNP growth averaged 4.5% per year and per capita GNP advanced about 2% annually. In 1966 the rate of growth reached 5.9% overall and 3.9% per capita. In 1967 the rate of growth slackened to 1.2% per capita.

Chile's high and chronic inflation has been decelerated, although to a lesser extent than was targeted at the outset of the Frei Administration. In 1964 the cost of living index rose 39%

Country: CHILE

(comparing December 1964 with December 1963). In 1965 this was reduced to 26% and in 1966 to 17%. In 1967, however, some ground was lost as the price level rose about 22%.

In 1965 and 1966 Chile ran balance of payments surpluses which were used to reduce short-term foreign borrowing. High copper prices in these years contributed to the surpluses. In 1967, however, in spite of continuing favorable prices for copper, Chile ran a substantial balance of payments deficit.

Over the past several years, Chilean exchange rate policy has been improved and the overvaluation of the Chilean escudo lessened. Confronted with continued increases in domestic price levels the Chilean Government has adopted the policy of gradual and continued movements in the exchange rate thus devaluing the currency by more than the increase in internal prices. This policy has reduced uncertainty confronting exporters and at the same time gradually reestablished a more realistic relationship between Chilean prices and world prices. Nevertheless, the escudo remains significantly overvalued.

Tax receipts have risen sharply as a result of both administrative and substantive reforms. In 1965 and 1966 central government tax revenues (in constant prices) increased by 25% and 32% respectively. It is estimated that the rise in 1967 was on the order of 8%. In 1964 tax revenues, not including social security, counted for about 15% of GNP; by 1966 this share had risen to about 20%. This is one of the best tax collection performances in the Hemisphere.

Total public sector investment has increased significantly in real terms, rising by 23% in 1965 and 15% in 1966. The increase in 1967 will be on the order of 15%. Gradual improvement is being made in the allocation of these increased public sector investments into more broadly productive areas, with the proportion for agriculture, industry, mining and education rising.

New agreements between the U.S. copper companies and the Chilean Government have been reached and an expansion program is under way that will nearly double Chilean output by the early 1970s. The agreements, which were reached after intense political debate in Chile, established new norms for the production, manufacture and marketing of copper as well as a new and stable tax rate for the copper companies.

Since 1964, real wages have registered significant increases (15% in 1965, and 13% in 1966) and within the public sector the pattern has been altered to provide maximum increases for the

lower income groups. However, wages in general have exceeded government guidelines and out-paced productivity increases. Wage policy remains the critical area in the entire stabilization program.

During the 1964 election campaign, President Frei promised a housing program which would involve 360,000 new starts during his six year term. While substantial progress has been made, with approximately 90,000 units being started during 1965 and 1966, financial and monetary considerations have made it necessary to revise the original goal downward.

On balance the successes have considerably outweighed the shortcomings in Chile during the past several years. Nevertheless, with the Frei Administration only slightly past the half-way mark, success in achieving some of its major goals is far from assured. The revitalization of agriculture and reasonable price stability remain key objectives to which the Chilean Government must devote greater efforts.

FY 1969 Program

Proposed A.I.D. assistance for Chile in FY 1969 is \$83 million; \$80 million in Development Loans and \$3 million for Technical Assistance. In addition it is expected that approximately \$15.0 million in P.L. 480 dollar repayable loans will be made for U.S. agricultural products.

The central element of the FY 1969 program is a program loan to support the Chilean Government's stabilization and development effort. Closely related will be sector loans for agriculture and education to continue intensive efforts initiated in FY 1967 and FY 1968. Technical assistance will provide experts in support of the two large sector loans in education and agriculture. Additional technical assistance will be provided in labor, public safety, public administration and health.

Chile receives assistance from other sources. It is estimated that for projects in both the public and private sectors, Chile received loan disbursements from sources other than A.I.D. of about \$171 million in 1967. These include the World Bank, the Inter-American Development Bank (IDB), the Export-Import Bank and various foreign governments and institutions. It is estimated that on credits already contracted, Chile will receive disbursements in 1968 of about \$204 million and in 1969 of about \$122 million. In addition Chile has received standby credits from the International Monetary Fund (IMF) to assist with short-term balance of payments problems.

Country: CHILE

Program Loan. As in past years, the proposed program loan of \$35 million is directed at the key stabilization and development objectives. The loan will relieve Chile's difficult balance of payments situation by providing imports from the United States. Program loans provide the core of outside resources needed by the Chilean Government to implement this ambitious program while at the same time carrying out reform and self-help measures designed to eliminate the need for concessionary external assistance within a reasonable period of time. They are conditioned each year on agreed policy measures and on performance targets for important variables in the area of fiscal, monetary and exchange rate policy. For FY 1969 it is expected that self-help criteria will concern the rate of inflation, government borrowing, public sector savings, the composition and level of public investment, the monetary program, exchange rate policy, export promotion and related factors.

Requirements for additional program loan assistance in FY 1968 and in FY 1969 depend on Chilean budgetary and balance of payments developments, which in turn are greatly affected by fluctuations in copper prices. The estimated requirement of \$35 million for FY 1969 is based on the likelihood of a decline in copper prices, with corresponding pressures on the Chilean budget and balance of payments.

With the intensification of the political struggle as the 1969 and 1970 elections approach, the Frei Government will need to accelerate social projects, such as housing and land reform, which will put added strain on the balance of payments and the government and may result in additional requests for assistance.

Agriculture Sector Loan. The \$20 million proposed for a sector loan for Chilean agriculture in FY 1969 is the second element of a program begun with the \$23 million sector loan in FY 1968 and planned to extend over several years. This sector lending program is designed to achieve a number of objectives including: increased agricultural investment; improved prices for farm products; accelerated agrarian reform; lower prices for farm inputs; and expansion and diversification of agricultural exports.

For nearly fifteen years the rate of increase in agricultural production in Chile has lagged behind the rate of population increase. The results are that Chile, once a major net exporter of agricultural products, has been forced to import increasing quantities of foodstuffs and other agricultural products while the volume of agricultural exports has remained almost stationary. In the period 1963-1965 the country imported agricultural products

at an annual average value of more than \$150 million, about 25% of annual imports. The Government has stated that it foresees the possibility of food imports rising above \$200 million annually by 1970.

While the factors that have led to stagnation in this potentially rich farming nation are complex, they involve mainly policies and institutional arrangements that have tended to discourage investment and production. Technical problems are secondary to other factors. Among the main causes of stagnation are: a policy designed to keep urban food prices low by means of price controls which has resulted in reduced income and profits for farmers and a low level of investment in agriculture; an exchange rate policy that overvalues the escudo, thereby encouraging imports of agricultural products and making Chile's products less competitive in world markets; fragmentation of governmental institutions responsible for agriculture; a system of land tenure which has concentrated the best agricultural lands in a few hands; and a high degree of monopoly in the system of supplying things farmers need, in marketing facilities and in short-term credit.

Progress in eliminating these problems and establishing a comprehensive agricultural program was spotty during the early years of the Frei Administration, despite awareness of the need to take decisive action. One problem has been the extreme difficulty of improving agricultural prices while carrying out a stabilization program that relies heavily on limiting consumer price increases. Another difficulty has been the time required to secure passage of the revised agrarian reform law. This controversial law was finally passed by the Chilean Congress in mid-1967. In addition to establishing a new and more effective constitutional basis for land reform, it provides for important reforms in agricultural institutions.

In 1967 the Chilean Government undertook a program for agricultural development for the period 1967-1971. The plan calls for an average aggregate annual growth rate for crops and livestock of 5.8% through 1971. The Government is preparing production programs by region and product, an overall farm credit plan, an agrarian reform plan for the period 1967-1972, a general export development policy for farm products, a national marketing plan, and general guidelines for the sale of farm inputs. A program for the reorganization of agricultural institutions is in progress. The Chilean efforts will place great emphasis on an accelerated land reform program since this has major social and political ramifications in Chile in addition to its key economic importance.

Country: CHILE

The FY 1968 agriculture sector loan contains a series of mutually agreed self-help conditions based on the Government's agricultural plans. Major emphasis for 1968 is on measures to increase incentives for agricultural producers by improving prices for agricultural output and reducing costs of agricultural inputs. Performance on these and other commitments are geared to periodic sector reviews and releases of funds. The loan will finance the costs of imports of fertilizer, agricultural machinery, breeding cattle, seeds, pesticides and other agricultural requisites. Imports of agricultural inputs under the loan will be additional to the levels of such imports in prior years to assure a significant increase in total use of these items. Fertilizer and machinery prices will be substantially reduced.

As a condition to the loan the government agreed to increase the relative share of its own investment resources going to agriculture--thus, in 1967, agriculture's share of total public investment was 11% compared to 9.4% in 1966. The counterpart of the U.S. loan will provide an additional increment of investment in the sector.

Education Sector Loan. In FY 1969 A.I.D. will continue major emphasis on education that began with the \$10 million sector loan in FY 1967.

The Chilean educational system, though recognized as one of the best in Latin America, has not been an effective instrument for promoting economic and social development. It has been oriented towards producing university graduates from the upper classes. The quality of public primary and secondary education has been particularly deficient. Major problems were: outmoded curriculum and teaching methods, insufficient and poor quality teachers, lack of sufficient physical facilities and equipment, inaccessibility of schools in rural areas, and a rigid organizational structure which has deprived large segments of the population of educational opportunities.

The Frei Administration launched a comprehensive, two-fold, modernization plan including immediate measures aimed at substantial increases in primary and middle level enrollments, and longer-term measures, emphasizing changes in structure and improvement in quality.

The short run effort has rapidly improved educational opportunities. In 1965 some 175,000 new primary students were enrolled compared to a normal increase of about 40,000. In 1966 enrollment levels rose by 60,000. In 1966 a new seventh year was added to the six

year primary school cycle and, in 1967, an eighth year was added.

Quality improvements were started at the primary and middle levels involving teacher upgrading, curriculum modernization and improvement of instructional materials. Education budgets have steadily increased in real terms since 1964, rising by 29% in 1965, 17% in 1966, and 15% in 1967.

The Chilean Ministry of Education prepared a five-year education plan covering the years 1966 to 1970 setting forth a program for permanent improvement. Restructuring of the primary and secondary systems will be complete by 1970 with the eight-year primary and four-year secondary system fully replacing the previous six-and-six structure. It is hoped that all primary school aged children will receive a minimum of six years of general education by 1970, with this being increased to nine years by 1976. For secondary education, the aim is to increase the proportion of the 15 to 19 year age group in school from 28% in 1965 to 35% by 1970, and to 50% by 1976. By 1970 the aim is to have a thorough improvement in quality throughout the system, including a complete modernization of curriculum in basic and middle level education; a greatly expanded use of teaching materials and books; expansion of in-service teacher training; improvement of pre-service teacher preparation; and introduction of testing, guidance and evaluation systems. Concurrently with these substantive improvements, there are plans to stress regional and local participation in the system through reorganization of administration and financing.

The United States will continue support of education modernization effort in FY 1969 by providing a sector loan of \$10 million following up on a similar loan in FY 1967. This loan will be conditioned on continued provision of a high level of Chilean Government funds to the program and on a series of specific policy measures and performance targets to be agreed with the Chileans when the loan is negotiated. Releases of loan funds will be conditioned on periodic reviews of progress. We will provide technical assistance to support the education sector loan.

Other Sectors. Technical assistance projects will continue in other areas such as labor, small industry development, transportation planning, health and population. Development of the private industrial sector remains an important overall objective and lending of \$15 million is proposed for specific industrial projects.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Country: CHILE

TABLE II

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	12,500	XXX	XXX	XXX	40,056 ^{a/}	XXX	XXX	XXX	80,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	1,250	1,250	-	-	1,374	1,374	-	-	1,581	1,581	-
Participants	312	312	-	-	241	241	-	-	378	378	-
Commodities	374	374	-	-	107	107	-	-	80	80	-
Other Costs	1,079	1,079	-	-	903	903	-	-	961	961	-
Total Project Assistance	3,015	3,015	-	-	2,625	2,625	-	-	3,000	3,000	-
Method of Financing											
Project Assistance											
Direct A.I.D.	1,707	1,707	-	-	1,374	1,374	-	-	1,530	1,530	-
Other Agency	221	221	-	-	263	263	-	-	205	205	-
Contract	1,087	1,087	-	-	988	988	-	-	1,265	1,265	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan .	3,015	3,015	-	-	2,625	2,625	-	-	3,000	3,000	-
Total Assistance	15,515	XXX	XXX	XXX	42,681	XXX	XXX	XXX	83,000	XXX	XXX

^{a/} Includes \$56 thousand in grants for population programs.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	25	28	29
Participating agency	8	5	5
Contractor technicians	20	16	17
Total	53	49	51

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	75	59	85
Contract	5	-	-
Total	80	59	85

PROJECT TITLE	ACTIVITY	FUNDS	
Agricultural Development	Agriculture and Natural Resources	TA	
PROJECT NUMBER 513-11-150-194	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	p. 77, FY 68 IA P.D.B.	FY: 1965	FY: 1972

Project Target and Course Action: Until its transfer in October 1967, technical assistance activities in the Agricultural Development area were carried out under the Chile/California program and were concentrated mainly in the area of agricultural marketing. A new phase began with the greater emphasis given to agriculture by the GOC and conclusion of the first agricultural sector loan (\$23.5 million) in October 1967. The Agriculture Development project, beginning in FY 1968 is designed to provide technical assistance resources directly complimentary to the financing program being carried out through the agriculture sector loans.

The GOC agricultural plan calls for attaining an annual growth rate of 5.5% for agricultural production by 1970. This project in conjunction with the sector loans will provide assistance toward achievement of the following specific objectives: 1) improvement of planning and project development; 2) preparation of regional agricultural plans; 3) improvement in production incentives through measures to lower input prices and raise product prices; 4) improvement of marketing and distribution facilities; 5) improvement and enlargement of the agricultural credit system; 6) expansion of the agricultural extension system. The GOC will contribute approximately the equivalent of \$250,000 per year to cover local project costs.

Progress to Date: Under the Chile/California contract technical assistance was provided to:

- 1) strengthen the State Agricultural Marketing Enterprise and assist in carrying out a series of studies on key marketing problems.
- 2) assist the Development Corporation in preparing a national fruit development plan.
- 3) assist the Ministry of Agriculture in establishing an effective market reporting system and in improving its capacity for making crop and livestock production estimates.

FY 1969 Program: A contract will be signed with an appropriate U.S. institution for provision of technical services through December 31, 1969.

U.S. Technicians - Seven agricultural advisors under contract (funded for 18 months each) and 2 under PASA with the U.S. Department of Agriculture (one for 12 months and one for 6 months) in the areas of agricultural economics, crop and livestock reporting, wheat production, price policy, marketing systems, agricultural credit, and the development of cooperatives.

Participants - Fifteen Chilean officials for training in the U.S.

Other Costs - Local travel, per diem and publication costs.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	533	301	232					U.S. Department of Agriculture			
Estimated FY 68	82	44									
Estimated through 6/30/68	615	345	270	U.S. Technicians	-	50	50		-	380	380
				Participants . . .	12	-	12		60	-	60
				Commodities . . .	-	-	-		-	-	-
				Other Costs . . .	-	20	20		-	70	70
Proposed FY 69	510	675	1,800	Total Obligations	12	70	82	60	450	510	

Country: CHILE

PROJECT DATA

TABLE III

PROJECT TITLE Campesino Development	ACTIVITY Labor	FUNDS TA	
PROJECT NUMBER 513-13-410-209	PRIOR REFERENCE p. 81, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1969

Project Target and Course Action: This project will strengthen the National Campesino Federation (CNC) and its constituent syndicates as financially independent, democratically oriented rural organizations by: (1) assisting the CNC to attain a total registered membership of 50,000 farm workers (out of a total of 200,000 in the country) by mid-1968 and to substantially increase its membership thereafter; and (2) supporting and developing the organizing, training and technical service functions of the CNC.

The financial situation of the CNC and its constituent syndicates was strengthened by the Farm Workers' Unionization Law of April, 1967 and its Implementing Order, which instituted a dues check-off and employer contribution system to finance farm workers' organizations. However, because of the delay in instituting the Implementing Order and because of changes in its provisions, the national organization of the CNC will not receive as much as previously had been expected in FY 1969 and possibly in FY 1970. Consequently, the final obligation date has been extended through FY 1969 and the amount of FY 1968 funding increased slightly to fill this gap.

As before, the funds will be channeled through the International Development Foundation, which provides technical assistance to the CNC as well as managing the implementation of the project.

Progress to Date: The technical services department of the CNC played a key role in drawing up the Farm Worker Unionization Law and its Implementing Order described

above. Also it has assisted the local syndicates in expediting their initial legalization, in stabilizing their financing and resolving local syndicate-employer issues. The organizing department was able to register 25,000 members under the new law by October 1967 which made the CNC the largest farm worker organization in Chile. In FY 1967 the training department instructed about 650 leaders in techniques of rural organization, accounting and management, collective bargaining and other topics. About 690 other farm worker leaders were given short orientation and instruction courses.

FY 1969 Program: All of the FY 1969 funds will be allocated to the IDF contract to cover expenses through December 31, 1969.

U.S. Technicians - One technician to monitor the project and provide technical assistance to the training department of the CNC.

Other Costs - Local personnel in the technical service, organizing and training departments of the national organization of the CNC.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS XXXXXXXXXX				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other XXXXXXXXXX	Total	Direct AID	Contract/Other XXXXXXXXXX	Total	
Through 6/30/67	434	166	268								International Development Foundation
Estimated FY 68	87	264		U.S. Technicians	-	30	30	-	20	20	
Estimated through 6/30/68	521	430	91	Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	57	57	-	80	80	
Proposed FY 69	100	-	621	Total Obligations	-	87	87	-	100	100	

PROJECT TITLE Labor	ACTIVITY Labor	FUNDS TA	
PROJECT NUMBER 513-15-410-032	PRIOR REFERENCE p. 82, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1958	SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: The purpose of this project is to help develop a democratic, responsible labor movement in Chile through financial support of the American Institute for Free Labor Development (AIFLD) program of union education seminars, cooperative seminars, participant training programs and social projects.

The Chilean contribution to the project involves the use of trade union facilities for seminar activities and the granting of leave with pay for labor participants by their employers.

Given the strong Marxist orientation among Chilean trade unions, it is proposed that the AIFLD program be extended through to 1971 in order to continue its long term efforts toward the creation of a democratic labor movement in Chile.

In mid-1967 an expanded 18-month contract was signed with AIFLD. Under the contract some 2,900 leaders are expected to receive instruction in the education seminar program by December 31, 1968 and 20 participants are scheduled to receive advanced training in the U.S. and Puerto Rico.

Progress to Date: As of May, 1967, 3,047 labor leaders had received training in the principles of democratic trade unionism under the AIFLD education seminar program, which was begun in 1963. Also since 1958 approximately 365 participants have received out-of-country training. Many of these participants have now assumed leadership positions in the Chilean unions and in the labor section of other organizations including the radical and the Christian Democratic political parties.

FY 1969 Program: FY 1969 funds will be allocated to extend the AIFLD contract and the participant training program through December 31, 1969, and for the salaries of one Assistant Labor Attache and a Chilean administrative assistant and secretary.

U.S. Technicians: One Assistant Labor Attache and Program Director and Assistant Program Director of the AIFLD program.

Participants: Twenty participants to Puerto Rico and the U.S. in specialized areas of labor leadership training.

Other Costs: Local personnel to carry on AIFLD seminar and social projects programs.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES American Institute for Free Labor Development
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	1,450	1,428	22							
Estimated FY 68	411	275								
Estimated through 6/30/68	1,861	1,703	158							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	296	450	2,607							
				Cost Components						
				U.S. Technicians						
				Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

Country: CHILE

PROJECT DATA

TABLE III

PROJECT TITLE Education Modernization	ACTIVITY Education	FUNDS TA
PROJECT NUMBER 513-11-690-148	PRIOR REFERENCE p. 85 and 87, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1972
	INITIAL OBLIGATION FY: 1964	

Project Target and Course of Action: To help Chile expand and modernize primary and secondary education to more adequately meet the nation's human resources requirements. Chilean education has been ineffective in the past due to its being an elite system which produced university graduates from the upper classes. Public primary and secondary education was particularly deficient. Major problems were outmoded curriculum and teaching methods, insufficient and poor quality teachers, lack of physical facilities and equipment, inaccessibility of schools in rural areas, and a rigid organization structure which has deprived much of the population of educational opportunity.

The Frei Administration launched a comprehensive modernization program in 1965. As a result 235,000 new primary students were enrolled in 1965 and 1966. A 7th and 8th year were added to the previous 6 year primary school cycle in 1966 and 1967. Quality improvements at the primary and middle levels include teacher upgrading, curriculum modernization and improvement of instructional materials. Education sector capital expenditures rose from 20% of the total education budget in 1966 to 64% in 1967.

In 1967 the decision was made to support the Chilean effort through sector lending and technical assistance. In FY 1967 a \$10.0 million education sector loan was approved to finance local and U.S. costs of construction, teacher training, and instructional materials and equipment. Further sector loans are planned. Technical assistance under this project will support the sector loan program.

This is an expansion of the activities previously carried-out under the Chile/California Education Administration and Technical-Vocational Training project. The GOC contribution to this project will equal or exceed the U.S. contribution and will consist of local personnel, office space and equipment, local travel, and international travel for participants.

FY 1969 Program: A contract (\$244,000) will be signed with a U.S. university to extend through June 30, 1970.

U.S. Technicians: 1 direct-hire education advisor for 1 year, 4 contract advisors for 18 months, and 3 consultants for up to 3 months each to help the Ministry of Education implement programs financed through the sector loans and to work in the areas of education economics, testing, and evaluation, and curriculum development.

Participants: 9 participants to receive academic training in the U.S. for periods ranging from 6 to 24 months.

Other Costs: Travel and consultation costs for senior project director in U.S.; publications; supplies.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1968			Proposed FY 1969
Through 6/30/67	81	62	19	Direct AID	Contract/Other Agency		Total
Estimated FY 68	221	15		Direct AID	Contract/Other Agency	Total	
Estimated through 6/30/68	302	77	225				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 69	332	600	1,234	85	136	221	
				88	244	332	

PROJECT TITLE Training for Development	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 513-11-690-172	PRIOR REFERENCE p. 86, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: The purpose of this project is to provide training in the U.S. for qualified professionals from Chilean government institutions, universities and selected private organizations who have demonstrated potential to contribute to the planning, administration and implementation of development activities.

A limited number of participants, about 20 per year, will be trained in their respective fields of specialization at U.S. graduate schools for 12 to 18 months with a smaller number of participants taking part in short-term programs. The project will continue to select candidates from diverse professions and disciplines but will concentrate on economics and public administration.

The original target was to provide graduate level training for 105 participants over a 5-year period ending in FY 1968. However, the Mission now proposes to continue this type of training through FY 1972. The selection process has produced excellent candidates who generally return to assume positions of greater responsibility in government agencies, university facilities, research organizations, and private enterprises.

Local salaries and international travel of most participants are paid by the Chilean institutions which support them.

Progress to Date: As of March 1, 1968, 42 participants had been trained under the project and had returned to Chile. Of these, 25 had completed programs leading to a Masters Degree and 17 had attended various short courses and seminars of a specialized nature. Thirty-two participants were

studying in the U.S.

At present the Mission is making the arrangements for nineteen participants to begin their studies in the 1968-1969 academic year. Fourteen of those are to be enrolled in programs lasting from 12-18 months which lead to a Masters Degree.

With one exception, all returned participants under the project are now working in Chile. All but three of them are working for the institution which sponsored them, and the others continued in their fields of specialization in positions of greater responsibility than before their training.

FY 1969 Program: FY 1969 funds will be used to finance 20 participants in programs of 12-18 months beginning in the 1969-70 academic year. Five participants will be sent to short courses and seminars, normally lasting 1-3 months.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/ AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	
Through 6/30/67	534	283	251	-	-	-	-	-	-	
Estimated FY 68	135	214		135	-	135	185	-	185	
Estimated through 6/30/68	669	497	172	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	185	450	1,304	135	-	135	185	-	185	
				Cost Components						
				U.S. Technicians Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

PROJECT TITLE Health Services Administration		ACTIVITY Public Administration and Public Safety		FUNDS DL(grant)/TA	
PROJECT NUMBER 513-11-740-208		PRIOR REFERENCE p. 79, FY 68 LA P.D.B.		INITIAL OBLIGATION FY: 1967	
				SCHEDULED FINAL OBLIGATION FY: 1969	

Project Target and Course of Action: The purpose of this project is to increase the efficiency of the Chilean National Health Service (SNS), in the areas of administration, manpower and facilities utilization, health services financing, facilities construction and family planning.

The financial position of the SNS remains poor. Income is inadequate to meet the rising demand for health services and consequently fiscal transfers to cover SNS operating expenses have had to increase at a rapid rate. In the future, government transfers will be held to a constant percentage of total government expenditures, which means that the efficiency of the SNS will have to be improved to provide more services. The long-term advisor financed through a contract with Johns Hopkins University arrived in Chile in July, 1967 to assist in this effort.

In the future the project will place increased emphasis on family planning not only by attempting to improve the efficiency of the SNS in this area but also by encouraging the SNS to devote increased resources to population problems. This may involve funding from the project to finance demographic studies, technical facilities, trained personnel, contraceptive supplies and transportation and communications equipment, if required. Also, other institutions besides the SNS may receive assistance to accelerate family planning activity. Consequently, the amount of funding allotted to it will be increased substantially in FY 1969.

Progress to Date: A new National Health Council was created recently to provide policy coordination among the SNS, the Ministry of Health, the National Planning Office and private

health groups. A health sector planning group has been established and a system of program budgeting has been initiated. The leadership of the Hospital Construction Society has been changed and as a consequence major reforms are expected in that agency.

FY 1969 Program: AID is preparing several new population activities. For example, a new project will introduce a course in the dynamics of family life at the secondary level. In addition the services of the health and family planning advisor will be extended through December 31, 1969.

U.S. Technicians: One long-term and three short-term advisors to assist in improving the efficiency of SNS operations and to promote family planning. The long-term advisor will coordinate the family planning assistance now provided in Chile by various U.S. institutions.

Commodities: Training and research commodities.

Other Costs: Salaries and local employees and other expenses associated with the extension of the new population projects mentioned above.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTOR/AGENCIES
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						Johns Hopkins University
				Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Agency	Total	Direct AID	Contract/Agency	Total	
Through 6/30/67	58	-	58							
Estimated FY 68	56	88								
Estimated through 6/30/68	114	88	26							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	192	-	306							
				Cost Components						
				U.S. Technicians	-	41	41	-	44	44
				Participants . . .	-	-	-	-	-	-
				Commodities . . .	-	5	5	-	6	6
				Other Costs . . .	-	10	10	132	10	142
				Total Obligations	-	56	56 ^{a/}	132	60	192

^{a/} Funded from Alliance Loans.

Country: CHILE

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety	ACTIVITY Public Administration and Public Safety	FUNDS TA
PROJECT NUMBER 513-11-710-138	PRIOR REFERENCE p. 90, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1963
		SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course Action: This project assists the national police force (Carabineros) in developing its capacity to carry on effective law enforcement and to control emergency situations affecting internal security by improving (1) police administration and training, (2) police telecommunications, (3) police vehicle maintenance, (4) non-lethal riot control procedures.

This project was scheduled to terminate at the end of FY 1968. It is now proposed to extend the project to FY 1970 to assure proper organization of the expanded telecommunications network and to complete technical assistance in police management.

Progress to Date:

A. Telecommunications - As of March, 1968 telecommunications equipment installation was about 99% complete. Rapid and efficient point-to-point and mobile communications have been established on a national basis.

B. Automotive Maintenance - The Carabineros repair and maintenance facilities are being overhauled and its vehicle maintenance practices altered to increase the efficiency of operations. A survey is being carried out to determine the location and equipment distribution for regional repair centers. Also about \$1,000,000 in foreign credits have been secured by the Chilean Government for the purchase of essential automotive repair equipment.

C. Emergency Operations - The Chilean Government has equipped 16 bus chassis provided by the U.S. with bus bodies. Ten are being used in Santiago to supplement existing transport equipment for emergency operations and the others are being used for similar purposes at each of the regional police schools.

D. Participant and In-Country Training - Eighty-eight participants have been trained in the U.S. and 4,357 policemen have received some training in the in-country program. The returned participants have begun to make their presence felt by instituting administrative reforms as they advance in rank.

FY 1969 Program: FY 1969 funds will be used to continue technical assistance in telecommunications and police management, and to finance a limited number of participants.

U.S. Technicians - One public safety advisor and one electronics technician.

Participants - Six to attend the International Police Academy for an average of three months each.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/67	1,507	1,249		258	Estimated FY 1968		Proposed FY 1969			
						Estimated FY 68		96	206		Direct AID
Estimated through 6/30/68	1,603	1,455	148	U.S. Technicians	48	-	48	48	-	48	
		Future Year Obligations	Estimated Total Cost	Participants ...	20	-	20	11	-	11	
				Commodities ...	25	-	25	-	-	-	
				Other Costs ...	3	-	3	2	-	2	
Proposed FY 69	61	60	1,724	Total Obligations	96	-	96	61	-	61	

PROJECT TITLE Special Development Activities	ACTIVITY General and Miscellaneous	FUNDS TA	
PROJECT NUMBER 513-11-990-187	PRIOR REFERENCE p. 94, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course Action: This project demonstrates U.S. interest in and the development of democratic private and local governmental institutions and the welfare of the Chilean people by partially financing low-cost, self-help community projects. A four member committee composed of representatives from the Embassy, USIS, Peace Corps and A.I.D. reviews projects proposals, makes recommendations to the A.I.D. Mission Director regarding the selection of projects, and monitors projects during implementation. A.I.D. handles the actual processing and implementation of each grant. In selecting projects the Committee takes account of five guidelines which emphasize productivity, self-help, community action, wealth producing skills and support for new institutions. The Chilean contribution in each of the projects generally equals or exceeds the amount of the U.S. donation. An important activity under the project is the expansion of the flow of books available in Chile, especially to the school-age population, through library development projects and other donation programs. A large part of the book distribution program is implemented by providing publications in Spanish from the Regional Technical Aids Center (RTAC) located in Mexico City.

Progress to Date: In FY 1967 a total of 28 self-help projects were approved. Examples of the projects are the following:

1. A cash grant of \$5,000 to purchase 25 new soil-cement building brick machines to be used in a series of

self-help housing and community development projects involving Peace Corps participation.

2. A 29-passenger excess property bus was donated to the Agrarian Reform Agency for use in a farmers' settlement in the northern part of Chile. About 500 families will be benefitted by the donation.

3. A grant of \$4,000 to the Fide Secundaria, an association of private secondary schools, to support a pilot program for teaching science in 36 schools in the greater Santiago area.

4. A grant of \$6,000 to purchase hand tools, literacy materials and other supplies for a summer workshop program involving 3,000 university students who went to southern Chile to work on the construction of rural schools and health centers and assist in literacy programs.

In addition some 101,000 publications were distributed under the book program.

FY 1969 Program: The proposed funding for FY 1969 has been increased over the 1968 level in order to (1) provide for an increasingly large share of the expenses of the RTAC program, and (2) permit a larger number of the self-help projects to be approved.

Commodities: Funds to cover an increasingly large share of the book distribution program.

Other Costs: Funds to finance in part the self-help projects recommended by the Special Development Activities Committee.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	164	143	21								
Estimated FY 68	40	60									
Estimated through 6/30/68	204	203	1								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 69	150	Continuing			40	-	40	50	-	50	
				U.S. Technicians	-	-	-	-	-	-	
				Participants . . .	-	-	-	-	-	-	
				Commodities . . .	10	-	10	15	-	15	
				Other Costs . . .	30	-	30	35	-	35	
				Total Obligations	40	-	40	50	-	50	

Country: CHILE

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA
PROJECT NUMBER 513-15-990-000	PRIOR REFERENCE p. 96, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1956
		SCHEDULED FINAL OBLIGATION FY: Continuing

FY 1969 Program:

U.S. Technicians - Twenty-four direct-hire staff members are included to provide assistance in development planning and programming, economic advisory services, development loan planning and implementation, project monitoring, participant training management, monitoring of Food for Peace and Title IX activities, supply and procurement, engineering services, and secretarial support. Also, provision is made for four short-term advisors for periods ranging up to three months each. Anticipated step increases and a 4.5% general wage increase in July, 1967 are taken into account.

Participants - Funds are provided for Mission expenses for English language training and medical examinations for participants.

Commodities - Funds are provided for Mission expenses for office supplies, equipment and furniture, and vehicle replacement.

Other Costs - Funds are provided for Mission expenses for 35 local employees; office rentals and maintenance, Spanish language training for U.S. employees, printing and local travel. Also \$75,000 is allocated for an expanded research program for studies by Chilean institutions in priority areas where the Mission and the GOC need research support to develop action programs.

In August, 1967 the Joint Administrative Services (JAS) system was established in Chile. Three months later 34 local-hire positions previously financed under this project became part of the Shared Administrative Services (SAS) budgetary system and have been financed by AID/W funds on a reimbursement basis to the Department of State. Consequently, although the project remains at about the same level as in previous years and total A.I.D. expenses are not changed, the amount of funding from the Mission for local personnel has been diminished by approximately \$167,000 per year.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/67	5,658	5,541		117	Estimated FY 1968			Proposed FY 1969		
						Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 68	1,005	1,013		U.S. Technicians	518	36	554	525	25	550	Chilean - North American Institute
Estimated through 6/30/68	6,663	6,554	109	Participants . . .	5	5	10	5	5	10	
				Commodities . . .	70	-	70	59	-	59	
				Other Costs . . .	336	35	371	253	120	373	
				Total Obligations	929	76	1,005	842	150	992	
Proposed FY 69	992	Continuing									

PROJECT DATA SUMMARY

TABLE IV

COUNTRY: CHILE

(Dollar Amounts in Thousands)

Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6-30-67	Obligations	Expenditures	Unliquidated Obligation 6-30-68	Funds	Amount		
Rural Cooperative Development	513-13-140-190	1964	1967	333	305	28	-	28	-	-	-	-	333
Council of Rectors	513-11-290-225	1967	1967	20	14	6	-	6	-	-	-	-	20
Small and Medium Industry Development	513-13-290-210	1966	1968	175	97	78	118	99	97	-	-	-	293
Industrial Training	513-11-440-031	1957	1968	1,023	990	33	31	46	18	-	-	-	1,054
Labor Promotion Institute	513-16-810-165	1963	1967	509	443	66	-	66	-	-	-	-	509
Customs Administration	518-11-750-139	1963	1968	290	242	48	66	113	1	-	-	-	356
Transportation Planning	518-11-750-144	1964	1968	497	236	261	97	191	167	-	-	-	594
Program Support-Chile/California	513-15-990-175	1964	1967	721	526	195	-	27	168	-	-	-	721
Total										-	-		
TA											-		
SA											-		
DL (grants)											-		

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: DLF

Title and Number of Loan: Airport Construction - Pudahuel DLF-134 513-A-006	
Date Authorized: 6/29/60	Date Signed: 7/19/60
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized 7,252	Grace Period 1 yr.
Disbursed 6,050	Interest Rate 3 $\frac{1}{2}$ %
Repayments 315	Currency of Repayment.. Escudos W/MOV
Interest Collected 379	

The loan agreement for this project, signed in 1961, specified that local currency generated under PL 480, Title I, could be used to pay local costs that would otherwise accrue to the dollar loan, with the amount of the dollar loan being reduced accordingly. PL 480, Title I Section 104(g) escudos became available for the first time in 1960 and as a result the original \$10.5 million loan has been reduced by \$3.25 million, up to the present time.

Host Country Contribution-Procurement Source: The GOC is contributing the local currency equivalent of \$4.2 million to the project. All goods and related services financed by this loan are procured from the U.S. or Chile. U.S. dollars used to cover local currency costs are being provided through the Special Letter of Credit procedure which ties those dollars to U.S. procurement.

Purpose of Loan: The purpose of the loan is to finance the construction of a commercial jet airport at Pudahuel, about nine miles northwest of Santiago.

Comments on Implementation: No problems are anticipated in completing this project.

Physical Status: The airport has been in use since mid-1967. A miscalculation of spare parts needed for the Instrument Landing System has delayed completion of the IT&T contract covering communications and navigations aids for the airport until late 1967. Overall, the project is estimated to be 99% complete.

Financial Status: The loan is 83% disbursed compared with 57% at the end of CY 1966. Payments to the contractors are made by the GOC, which is later reimbursed from the loan for approved costs.

Disbursements for the communications and navigations aids are not made until they have been checked out and proved to be operational. The check-out for the Instrument Landing System has been delayed and consequently the final disbursements on the loan will not be made until the ILS system receives final technical approval.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Airport Construction - Concepcion DLF-188 513-A-010	
Date Authorized: 4/17/61	Date Signed: 6/21/61
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized 3,200	Grace Period 1 yr.
Disbursed 1,015	Interest Rate 3 $\frac{1}{2}$ %
Repayments 12	Currency of Repayment . $\frac{1}{2}$ Escudos
Interest Collected 34	w/MOV - $\frac{1}{2}$ U.S. \$

is mainly financing the imported equipment such as navigational aids and lighting which are installed at the end of the project.

Host Country Contribution-Procurement Source: The GOC has provided the land for the airport and all resources, in addition to this loan, required for the completion of the project. Procurement is limited to the U.S. or Chile. U.S. dollars used to generate local currency are being provided through the Special Letter of Credit procedure, which ties those dollars to U.S. procurement.

Comments on Implementation: Although earlier problems delayed implementation, the project is now nearing completion. Construction plans and specifications were not approved until October 1962. Lengthy contract negotiations further delayed construction activity until January 1965. Disagreements concerning additional costs between contractors and Borrower slowed construction work during 1965.

In 1966, after considerable grading and sub-base work had been done, it was noted that (1) the Borrower was directing the contractor to construct the runway with DC-8 capacity, as opposed to agreed upon DC-6 capacity; (2) Ministry of Public Works (MOP) supervisory teams had not properly inspected the work and specifications, and (3) the AID-financed supervisory engineer was without adequate equipment and was not certifying disbursement requests. The MOP concurrently hired a new U.S. supervisory engineer, Rader & Associates, and conducted its own investigation of the project. After this review, the MOP and AID agreed that the U.S. engineering firm would prepare a report outlining the steps necessary to once more bring the project back to its original scope. Rader also checked all vouchers previously issued by MOP without appropriate approval.

This project is now moving ahead, and no further major problems are expected prior to completion.

Purpose of Loan: The purpose of the loan is to assist in financing a fully equipped airport at Concepcion, including 6,600 ft. of bi-directional runway, a terminal building, access roads, parking facilities, and airfield marking, lighting, and navigational aids. This airport will provide facilities needed for the rapidly industrializing Concepcion area, and will provide an alternate emergency airport for Santiago which is 250 miles to the north and 1,500 ft. higher than Concepcion.

Physical Status: The airport was officially inaugurated on January 3, 1968 although navigational and lighting equipment has not been fully installed. Overall the project is estimated to be 85% completed. Construction, which began in 1965, is now fully completed on the paving, buildings, and water and sewerage portions of the airport contract. The communications and navigational aids contract has been let to Melpar, Inc. and is 42% completed. The delivery and installation of lighting equipment is 65% completed.

Financial Status: The loan is 31% disbursed. Payments to contractors are made by the GOC, which is later reimbursed from the loan for approved costs. Loan disbursements have lagged behind overall project completion because the loan

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Feasibility Studies 513-L-019	
Date Authorized: 8-8-63	Date Signed: 3-16-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 2,600	Grace Period 10 yrs.
Disbursed 664	Interest Rate 3/4%
Repayments -	Currency of Repayment .. \$ U.S.
Interest Collected 3	

Eight studies have been completed and accepted and another seven studies are being reviewed by the GOC. It is expected that these studies when completed will significantly expand the number of well formulated priority projects suitable for financing.

Financial Status: The loan is 25% disbursed, compared to 15% at the end of CY 1966.

Host Country Contribution-Procurement Source: The Government of Chile is contributing personnel, office space, and other support as may be required to complete each study.

Equipment, salaries and services financed under the loan are being procured from the U.S. or Chile. U.S. dollars used to finance local currency costs will be confined to goods and services procured from the U.S.

Purpose of Loan: The purpose of the loan is (1) to assist the GOC and the Chilean private sector in preparing well formulated feasibility studies leading to the development of priority projects acceptable for international financing; (2) to assist in financing the costs of general surveys and pre-feasibility studies to assist in the identification, appraisal, and formulation of priority development projects; and (3) to provide technical assistance to Chilean public and private agencies to improve their project planning and preparation capabilities.

This loan was originally authorized for \$3.0 million with \$750,000 available for pre-feasibility studies and general surveys by the GOC as well as for the costs of technical assistance to the planning department of the GOC budget office and \$2.25 million for feasibility studies. Of the latter amount, \$1.5 million was to be used by the GOC and \$750,000 to finance studies for private sector investments. However, very few private sector studies were approved and consequently \$400,000 was deobligated from that portion of the loan in February, 1967.

Physical Status: Contracts totalling \$2.023 million for thirty-one studies have been signed. Another ten studies totalling \$434,000 have been approved by the USAID.

Comments on Implementation: Despite difficulties encountered in implementing the loan in its early stages, there has been increasing demand in the past two years for feasibility study financing throughout the public sector resulting from improvement in GOC programming and utilization of the loan. This is due in part to major improvements made by the Frei administration in the planning and programming process at both the national and sectoral levels, and to increased emphasis within the GOC on project preparation and evaluation at the agency level in the various sectoral planning offices. Consequently, rapid disbursement is expected during CY 1968.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Empresa Portuaria de Chile

Funds: AFP Loan

Title and Number of Loan: San Vicente Port Construction 513-L-020	
Date Authorized: 10/28/63	Date Signed: 5/11/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs. Two-Step 40 yrs.
Authorized 7,000	Grace Period 5 yrs. Two-Step 10 yrs.
Disbursed 135	Interest Rate 3 1/2% Two-Step 3/4% GP: 3/4% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected 7	

which were submitted were open on December 18, 1967 and the Empresa Belfi, with a bid of \$15,025,919.25 was announced as the successful bidder in January, 1968. At present an official decree is being drawn up by the GOC to give formal legal approval to the selection.

The project is now expected to be completed by April, 1971, with construction commencing by mid-1968.

Financial Status: The loan is 2% disbursed. Disbursements to date reflect only payments to the consulting engineer. The bulk of the disbursements are to be made during the three year construction period starting in 1968.

Host Country Contribution-Procurement Source: Up to \$3.5 million will cover the foreign exchange costs of U.S. engineering fees for the preparation and the plans and specifications, fees for a U.S. construction company, and imported equipment for the port site. The remainder of the loan will finance local construction costs.* The Government of Chile is providing the necessary amount to finance all other project costs.

Comments on Implementation: Delays in implementing the project caused an increase in the estimated costs of the project. However, the GOC will finance the total increase and no further delays are expected in the project implementation.

Purpose of Loan: The purpose of the loan is to finance part of the construction costs of a \$15 million deep-water port to service the provinces of Concepcion, Bio-Bio, and Malleco. This area, comprising the second largest industrial complex in Chile, is chiefly concerned with metallurgy, textiles, and non-metallic minerals extraction; it also contains the country's largest coal deposits. With the construction of a 1,842 foot long wharf, a cargo handling area of 60 acres, three warehouses, railroad sidings, and the purchase of necessary cargo-handling equipment, the port of San Vicente will develop seacoast industries geared to export market.

Agreement has been reached under which the Government of Chile will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10 year grace period, with annual interest at 3/4% during the grace period and thereafter.

Physical Status: The basic field survey was completed by the U.S. consulting engineer, McCreary and Koretsky, in May, 1965. The final plans and cost estimates were approved by AID and the Ministry of Public Works (MOP) and on August 18, 1967 bid documents were sent to the five Chilean firms, one U.S. firm and one joint U.S./Chilean firm which previously had been ruled qualified to submit bids. The three bids

*U.S. dollars used to generate local currency are being provided through the Special Letter of Credit procedure which ties those dollars to U.S. procurement.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Central Savings and Loan Bank

Funds: AFP

Title and Number of Loan: Central Savings and Loan Bank 513-L-022	
Date Authorized: 2/27/64	Date Signed: 3/18/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs Two-step 40 yrs
Authorized 8,700	Grace Period 5 yrs Two-step 10 yrs
Disbursed 8,697	Interest Rate 4% Two-step 3/4% GP; 2% after
Repayments -	Currency of Repayment .. \$ U.S.
Interest Collected 87	

Physical Status: The Bank, together with its 24 savings and loan associations, has some 190,000 depositors. By December 1967 the savings and loan system had generated \$74 million in local savings and had financed 40,939 homes. It plans to finance about 8,000 new homes annually.

Financial Status: The loan is 99% disbursed. The loan is expected to be fully disbursed in CY 1968.

Host Country Contribution-Procurement Source: The Government of Chile is to match the AID contribution by providing the escudo equivalent of \$8.7 million to the Central Savings and Loan Bank over the disbursement period of the loan.

Procurement under this loan is limited to the U.S. or Chile. U.S. dollars used to cover local currency costs are being provided through the Special Letter of Credit procedure which ties those dollars to U.S. procurement.

Purpose of Loan: The purpose of the loan is to assist Chile's national housing program by supporting the rapidly growing savings and loan system. Through its national system of 24 savings and loan associations, the Central Savings and Loan Bank will extend mortgage loans with terms of from 8 to 25 years at a 7% interest rate. A technical assistance component of up to \$250,000 has been provided to assist in directing the expansion of the savings and loan system.

Comments on Implementation: No problems are anticipated since this loan is almost entirely disbursed.

The loan complements DLF Loan 199 which was extended to the Bank in 1961 for housing construction and for the development of the savings and loan system. Other assistance has been provided by the IDB in the form of two loans, each of \$5 million, for the promotion of cooperative housing. AID also made a \$5 million grant as part of the \$20 million Reconstruction and Rehabilitation Grant and made a \$1.3 million loan under P.L. 480, Title I.

Agreement has been reached under which the Government of Chile will receive loan payments from the borrower in local currency. It will reimburse AID in dollars within 40 years, including a 10 year grace period, with annual interest at 3/4% during the grace period, and 2% thereafter.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Corporation de Fomento (CORFO)

Funds: AFP

Title and Number of Loan: Rural Electric Cooperatives 513-L-024	
Date Authorized: 9-22-64	Date Signed: 3-5-65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 3,300	Grace Period 10 yrs.
Disbursed 1,852	Interest Rate 3/4% GP 2% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected 8	

To date, all of the 14 cooperatives have projects that are completed or underway. A total of 329 projects are completed, 74 are under construction and 18 remain to be started.

Financial Status: The loan is 53% disbursed. Disbursements will continue regularly through most of CY 1968.

Host Country Contribution-Procurement Source: Of the total \$6.9 million project costs, the \$3.3 million A.I.D. loan will finance all foreign exchange costs and about \$2.5 million of the local costs. The Borrower will contribute the equivalent of \$3.6 million for local costs.

Equipment, materials, and services financed under the loan are procured from the U.S. or Chile. U.S. dollars used to generate currency for local costs will be used to finance goods and related services from the U.S.

Comments on Implementation: Implementation of the loan is proceeding satisfactorily and no problems are anticipated.

Purpose of Loan: The purpose of this loan is to assist in the financing, through sub-loans to 14 rural electric cooperatives, of (1) new construction, (2) improvement of existing electric power transmission and distribution systems, and (3) maintenance tools and equipment. The loan also provides technical assistance and training needed to expand rural electric cooperatives. The loan will add 1,451 miles of distribution lines and will make electric power available to 75,000 previously unserved people. The increased availability of electric power will promote greater agricultural and industrial production through the use of electric irrigation and pumping equipment and the relocation of manufacturing and processing industries near the source of supply. Up to \$100,000 of the loan is to be used for providing technical assistance to the cooperatives.

The project is based upon a study prepared in 1963 under an AID-financed contract with the National Rural Electric Cooperatives Association (NRECA).

Physical Status: The borrower and 14 sub-borrowers are existing institutions. The latter now have 2,325 miles of distribution lines in operation and serve an area with a population of 236,000.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Program Assistance 513-L-025	
Date Authorized: 12-4-64	Date Signed: 1-15-65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 79,999	Grace Period 10 yrs.
Disbursed 78,381	Interest Rate 1% GP 2 1/2% after
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 1,351	

execution of this Development Program.

United States dollars provided under the loan have been tied to U.S. procurement through the Special Letter of Credit procedure.

Purpose of Loan: The purpose of this loan is to provide support for the Chilean Development Program by assisting in the financing of the dollar costs of essential imports from the U.S. The local currency generated by the dollar disbursement has also bolstered A.I.D. approved projects in the borrowers' public sector investment program.

This loan was part of a total package of \$116 million (\$80 million program loan, \$20 million PL 480 sales agreement, and a \$16 million U.S. Treasury agreement) negotiated with the Frei Administration in conjunction with the \$34 million stand-by agreement signed by the IMF and the GOC in January 1965.

Financial Status: All tranches of the loan have been released. The loan is fully committed and 97% disbursed. Final disbursement is scheduled in early 1968.

Host Country Contribution-Procurement Sources:

Disbursements have been conditioned on the GOC's provision of evidence satisfactory to A.I.D. that it has implemented the Chilean Development Program as described in the 11-26-64 letter from the Chilean Minister of Finance to CIAP. The GOC has had to provide all funds, in addition to this loan, and all other resources required for the

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Instituto de Financiamiento Cooperativo

Funds: AFP Loan

Title and Number of Loan: Cooperative Development Bank 513-L-026	
Date Authorized: 6/26/65	Date Signed: 4/13/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs. Two Step 40 yrs.
Authorized 3,650	Grace Period 10 yrs. Two Step 10 yrs.
Disbursed 1,142	Interest Rate 1% GP 2 1/2% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected 8	

Financial Status: The loan is 31% disbursed. Disbursements are expected to continue at a regular pace during FY 1968. The loan is guaranteed by the GOC.

To help relieve the Chilean foreign debt service burden in the next few years, an agreement has been negotiated between the GOC and the U.S. whereby the GOC will receive the principal and interest payments from the borrower in local currency and over a period of 40 years will satisfy the borrower's dollar principal and interest obligations under the loan.

Host Country Contribution-Procurement Source: The Chilean contribution totals \$434,000, including \$150,000 of paid-in capital to be contributed by member cooperatives during the first two years of the bank's operations. Equipment, materials, and services financed under the loan must be procured from the U.S. or Chile. U.S. dollars used to generate local currency are being provided through the Special Letter of Credit procedure, which ties those dollars to U.S. procurement.

Comments on Implementation: No future implementation problems are expected.

Purpose of Loan: The purpose of the loan is to provide seed capital for the creation and initial financing of a Cooperative Development Bank (IFICOOP) and to provide credit facilities and technical and managerial services to Chilean cooperatives. The project will make credit available to groups otherwise unable to obtain financing and will unify and strengthen the cooperative movement in Chile, thus contributing to a more rational distribution of resources between the urban and rural areas.

Physical Status: The Bank began operations with its own funds in the first half of 1966 and obtained short-term local bank credit to expand its lending. Additional funding became available with the signing of the AID loan agreement in April, 1966.

Through January, 1968, IFICOOP had made loans totaling nearly 14 million escudos (equal to \$2.26 million at the current exchange rate) to consumer, agricultural, small farmer, housing and services cooperatives.

Chile has contracted for technical assistance through the International Cooperative Development Association.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Program Assistance	
513-L-030	
Date Authorized: 1-27-66	Date Signed: 2-15-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 78,750	Grace Period 10 yrs.
Disbursed 57,934	Interest Rate 1% GP 2 1/2% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected 344	

The GOC complied with the major targets established under the loan during the loan period. Satisfactory progress was made in key reform areas including tax collections, customs administration, budgetary controls, wage policies, and agricultural marketing and pricing policies.

Financial Status: As of December 1967 the loan was 73% disbursed and over 99% committed. In October 1967 further program assistance was provided in the amount of \$15 million.

Host Country Contribution-Procurement Source: This loan constitutes part of a much larger effort by the GOC to increase public investment in key sectors of the economy. Dollar procurement is limited to U.S. sources.

Purpose of Loan: The purpose of the loan is to support the Chilean development program by (1) financing the essential imports needed to maintain an adequate investment level, and (2) inducing and enabling the GOC to carry out necessary economic development policies. Local currency generated by the loan is being used to finance projects approved by A.I.D. in the borrower's public sector investment program.

This loan was part of a total assistance package which included an International Monetary Fund (IMF) standby agreement permitting Chile to rollover \$70 million of debt amortization in 1966; an agreement by creditor countries resulting from the Paris Club meeting of February 1965 to refinance approximately \$50 million of Chile's 1966 debt amortization due to these countries; and Export-Import Bank proposals to finance \$200 million in investment to be made by U.S. copper companies and the GOC to expand copper production from 1966 through 1970.

Comments on Implementation: No disbursement problems are anticipated. The procedure for Chilean public agency placement of orders in the U.S. under loan commitments has resulted in slower disbursement of this portion of the loan than the private sector portion.

Physical Status: The first two tranches of the loan were released following detailed quarterly reviews on Chilean performance under the economic program outlined by the GOC's 1966 Letter of Intent to CIAP. The third and fourth (final) tranches of the loan were released in December 1966 following satisfactory completion of the review of GOC performance for the third and fourth quarters of 1966.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Central Bank of Chile

Funds: AFP Loan

Title and Number of Loan: Private Sector Imports 513-L-031	
Date Authorized: 3/18/66	Date Signed: 6/2/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 10,000	Grace Period 10 yrs.
Disbursed 6,795	Interest Rate 1% GP 2 1/2% After
Repayments -	Currency of Repayment . . \$ U.S.
Interest Collected 9	

Physical Status: The Central Bank has made 89 subloans committing a total of \$8.5 million. Fifty-five of the subloans are general private sector loans, 22 are agriculture loans and the remaining 10 are loans to small and medium-sized mining operations.

Financial Status: The loan is 68% disbursed and the full \$10 million is committed with U.S. commercial banks for payment to U.S. exporters against the loan. The loan should be fully disbursed by mid-1968.

Host Country Contribution-Procurement Source: The Borrower must abide by the terms of the Paris Agreement of 1965. By agreement with the GOC, Chilean commercial banks, the Banco del Estado, CORFO (the government development corporation), and ENAMI (the national mining company) are guaranteeing the sub-loans, thus assuming the commercial risks of the borrower's lending program. All U.S. dollars provided under this loan must be used to finance goods from the U.S.

Comments on Implementation: No problems are anticipated.

Purpose of Loan: The purpose of the loan is to finance the procurement in the United States of capital goods for the private sector on medium credit terms by providing foreign exchange to the Central Bank of Chile.

At the time the 1965 program loan was negotiated, no need was anticipated for financing capital equipment imports on repayment terms such as those proposed in the present loan. It was expected that additional suppliers' credits of the traditional kind would be sufficient to meet the expected needs. However, in the Paris debt renegotiation of February 1965 conducted by an international consortium headed by the World Bank, the GOC agreed to restrict the use of traditional suppliers' credits in view of the high burden of short and medium-term debt on the balance of payments. Under the Paris agreement, there was to be no net increase in suppliers' credits (defined as having a term of eight years or less) during 1965 and 1966. As a result, the Central Bank has tightly rationed the use of suppliers' credits since then and there has been a large unsatisfied demand for financing of capital equipment imports. The loan is to help fill this demand in a way that will be consistent with the Paris agreement on debt renegotiation.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Feasibility Studies 513-L-033	
Date Authorized: 6/13/67	Date Signed: 10/23/67
Loan Status as of 12/31/67 (In Thousands of Dollars and Equivalent)	Loan Terms
Authorized 2,500	Duration 40 yrs.
Disbursed -	Grace Period 10 yrs.
Repayments -	Interest Rate 1% GP 2½% After
Interest Collected -	Currency of Repayment . . \$ U.S.

Physical Status: The loan agreement was signed in October, 1967 but the conditions precedent to the initial disbursement of the loan have not yet been satisfied by the GOC.

Financial Status: No disbursements have been made.

Host Country Contribution-Procurement Source: The GOC has agreed to budget the escudo equivalent of \$2.0 million to help establish a fund totaling \$4.5 million. At least \$1.5 million of this fund is to be used to finance dollar costs of U.S. services. U.S. dollars used to generate local currency are being provided through the Special Letter of Credit procedure, which ties those dollars to U.S. procurement.

Comments on Implementation: The GOC delayed implementation of the loan while an amendment to the agreement was being considered. No future implementation problems are anticipated.

Purpose of Loan: The purpose of the loan is (1) to assist the GOC and the Chilean private sector to prepare well formulated feasibility studies for international financing; (2) to assist in financing the costs of general surveys and pre-feasibility studies to identify, appraise, and formulate priority development projects; and (3) to provide technical assistance to Chilean public agencies to improve their project planning and preparation capabilities.

At least \$1.75 million of the loan will be made available for use by the public sector for feasibility studies, pre-feasibility studies, general surveys and technical assistance. At some future date up to \$750,000 may be set aside to finance private sector studies if and when it is determined that the funds can properly be used by an institution mutually agreeable to the GOC and AID.

Progress under the public sector portion of the first feasibility studies loan (019), now fully committed, has been quite satisfactory since the Project Evaluation Office of the GOC received official status and an adequate staff in mid-1965. On the other hand, progress was slow in the use of funds for private sector studies and as a result funds from this loan will not be set aside for use by the private sector unless there is a demonstrated need for it.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Educational Sector 513-L-034	
Date Authorized: 6/29/67	Date Signed: 9/14/67
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 10,000	Grace Period 10 yrs.
Disbursed -	Interest Rate 1% GP 2 1/2% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected -	

This, along with the Technical Assistance project in Education Modernization, will support accelerated activities by the Ministry of Education in structural reform, educational administration, curricula development, and guidance, testing and evaluation. Funds from the loan will also be used to finance the distribution of teaching materials, school construction in marginal areas, establishment of regional education centers and help in the consolidation and diversification of vocational schools.

Physical Status: The GOC has met the conditions precedent to disbursement of the first \$2.5 million tranche of the loan. The second tranche will be approved upon satisfactory completion of a review of the education sector in March 1968.

Financial Status: Disbursements on the first tranche of the loan are expected soon.

Host Country Contribution-Procurement Source: This loan constitutes a part of the much larger program of the GOC to expand public sector investment in education. All goods and services procured under this loan must be from the U.S. or Chile. U.S. dollars used to generate local currency are being provided through the Special Letter of Credit procedure, which ties those dollars to U.S. procurement.

Comments on Implementation: The loan was approved late in FY 1967. No major future implementation problems are anticipated. The principal impact of this loan should be felt during CY 1968.

Purpose of Loan: The proceeds of this sector loan will be used to help Chile improve and expand its primary and secondary educational programs and facilities. The long range objective is to help develop an educational system which will provide opportunities for social mobility and assure the availability of the trained people necessary to a sustained growth rate.

Chilean education, although good by Latin American standards, has been ineffective in responding to the growing needs of the economy. It has been an elite system which produced university graduates from the upper classes. Public primary and secondary education was particularly deficient. Major problems were outmoded curriculum and teaching methods, insufficient and poor quality teachers, lack of physical facilities and equipment, inaccessibility of schools in rural areas, and a rigid organizational structure which has deprived much of the population of educational opportunity.

One of the main objectives of the loan is to increase the relative share of Chilean Government resources devoted to education. In 1967, before the sector loan, Chilean public sector investment in education was 6.0% of total public sector investment compared with 5.3% in 1966 and 5.1% in 1965. Total public sector expenditures on education were increased in real terms in 1967 by about 18%.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan:		Program Assistance 513-L-036
Date Authorized:	10-18-67	Date Signed: 10-23-67
Loan Status as of 12/31/67		Loan Terms
(In Thousands of Dollars and Equivalent)		Duration 40 yrs.
Authorized	15,000	Grace Period 10 yrs.
Disbursed	-	Interest Rate 1% GP 2½ After
Repayments	-	Currency of Repayment . . U.S.\$
Interest Collected	-	

Comments on Implementation: The procurement program is proceeding according to schedule and no problems are anticipated.

Purpose of Loan: This loan is being used to support the GOC's economic stabilization and development program by financing the purchase from the United States of essential automotive equipment, such as refrigerated trucks, bus chassis and jeeps which will be used primarily by agricultural and industrial cooperatives. Local currency generated by the dollar loan is being used to finance projects approved by A.I.D. in the borrower's public sector investment program.

Financial Status: Commitment documents have been issued by A.I.D. and the local currency equivalent of the \$15 million has been obligated for mutually determined projects in the GOC 1967 Budget. Dollar disbursements have not been initiated.

Host Country Contribution-Procurement Sources: The GOC must provide all funds, in addition to those provided under this loan, and all other resources required for the punctual execution of the Chilean program of economic and social development outlined in the 9-1-67 letter from the Chilean Minister of Finance to CIAP. U.S. dollars provided under this loan are tied to U.S. procurement through the Special Letter of Credit procedure.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: CHILE

Borrower: Government of Chile

Funds: AFP Loan

Title and Number of Loan: Agriculture Sector 513-L-037	
Date Authorized: 10/18/67	Date Signed: 10/23/67
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 23,000	Grace Period 10 yrs.
Disbursed -	Interest Rate 1% GP 2 1/2% After
Repayments -	Currency of Repayment.. \$ U.S.
Interest Collected -	

Physical Status: The commodity imports under the loan have progressed very well.

(a) Fertilizer - 91,000 metric tons of phosphate fertilizer orders have been awarded on the basis of bids received in December, 1967. Two shipments have already arrived in Chile.

(b) Cattle - Approximately 3,150 head of cattle were purchased by the end of January.

(c) Machinery - The invitation for bids is expected to be completed in March following discussions between the Mission and the GOC.

(d) Seeds - The invitation for bids was published in February.

Financial Status: As of December 31, 1967 no disbursements had been made under the loan. However, after the release of the first tranche of the loan, commitment documents were issued for \$11 million. Release of the second tranche will depend on the first semi-annual review of GOC agricultural policies related to this loan, which is scheduled for March, 1968. It is expected that disbursements will proceed rapidly in CY 1968.

Purpose of Loan: The proceeds of this loan will be used by the GOC in its general program to increase agricultural production. By financing the importation of fertilizers, agricultural machinery, cattle breeding stock and other commodities the loan will increase the supply of key farm inputs available to the Chilean agriculture sector, and by agreement with the GOC it will also sharply reduce the prices of these inputs. This reduction in input prices, combined with measures to improve output prices will produce an increase in real farm income which is necessary if agricultural production is to increase.

The GOC has also agreed to make a series of key policy changes to stimulate agricultural production in conjunction with the loan including: (1) announcement of forward prices for farm products, (2) maintenance of real price levels in 1968 and 1969 at least equal to the levels of 1966, (3) coordinating the activities of the government agencies connected with agriculture, (4) increasing public investment in agriculture, (5) reducing fertilizer distribution costs, (6) expanding and democratizing the government farm credit system, and (7) rationalizing the system of expropriation under the new agrarian reform law.

Host Country Contribution-Procurement Source: This loan constitutes part of a much larger GOC program to stimulate agricultural production. The GOC has made good progress in carrying out the policy commitments made in conjunction with this loan. All procurement financed under the loan will be exclusively for goods of U.S. source and origin.

Comments on Implementation: Implementation of the loan has been accomplished at a rapid pace and no further problems are anticipated.

Colombia



BASIC DATA

Population (<i>millions – mid-1967</i>).....	19.2
Annual Growth Rate (<i>percent</i>).....	3.2
Area (<i>1000 square miles</i>).....	440
Population Density Per Square Mile.....	44
Agricultural Land as % of Total Area	17
Percent of Labor Force in Agriculture.....	52

Per Capita GNP (<i>dollars</i>).....	297*
Life Expectancy (<i>years</i>).....	55
People Per Doctor	2,270
Literacy Rate (<i>percent</i>)	62
Pupils as Percent of Population.....	14
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: COLOMBIA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	100.0	75.1 ^{a/}	90.0
Technical Assistance	4.7	4.4	5.1
Total A.I.D. Assistance	104.7	79.4	95.1

a/ Includes \$70,000 in grants for population programs under Title X of the Foreign Assistance Act.

U.S. Objectives

U.S. aid objectives are to assist Colombia with: (1) overcoming the balance of payments constraint on growth by diversification of agricultural and industrial exports, and improved monetary and fiscal policies, (2) diversifying and strengthening the agriculture sector, (3) modernizing the educational system, (4) mobilizing of public and private resources, through fiscal and institutional reforms, for programs which meet the growing pressures for a better standard of living.

The substantial A.I.D. program in Colombia reflects: (a) the commitment and growing ability of the Lleras government to mount a serious development effort; (b) the need to support a viable political alternative in preference to other less constructive approaches; and (c) the importance for the rest of the Hemisphere of demonstrating the effectiveness of Alliance principles in Colombia. The influence of Colombia's progressive leadership has been shown in its efforts in recent international meetings to help forge a workable agreement for coffee production control and diversification incentives and its role in fostering regional economic integration.

Country Performance and Self-Help

Economic Stabilization. The present government, through the application of sound monetary, exchange rate and fiscal reform policies, has made significant progress towards economic stabilization since the economic crisis of 1966 and is now moving to deal with longer term socio-economic problems. A.I.D., in coordination with the Consultative Group on Colombia (under World Bank leadership, it includes A.I.D. and other major Western sources of assistance) has directed its assistance primarily towards the overriding foreign exchange problem which has shackled economic growth.

A.I.D. assistance, mostly program lending, has supported Colombia's monetary and fiscal reforms required to overcome the root causes of Colombia's chronic balance of payments disequilibrium. With growing stabilization of the economy, fundamental and long overdue reforms for key sectors are now possible.

Since the November 1966 liquidity crisis, government economic policies have resulted in: (a) a flexible commodity exchange rate which has moved gradually from 13.50 pesos to the dollar in March of 1967 towards the fixed capital rate of 16.30 to one; (b) exceeding the International Monetary Fund (IMF) foreign exchange reserve target level -- net reserves increased by approximately \$78 million, although this still left the Central Bank in an overall negative reserve position; and (c) exceeding the IBRD commitment on current account cash surplus.

Capital outlay of the central government rose roughly 35% in 1966, (to \$209 million or 37% of the budget) and increased an estimated 44% in 1967. As development priorities became reflected in the budget, allocations to education and agriculture increased by almost 45% in 1967. This expansion of government investment was in large part the result of long overdue improvements in tax collections. The government initiated a withholding system for income taxes, imposed a new gasoline tax and closed numerous tax loopholes. As a result, tax revenues in 1966 rose 52% over 1965 and increased an additional 17% in 1967. (However, Colombia's tax revenues still average slightly less than 10% of GNP -- too low to support a sustained development effort.)

The Colombian Government has taken steps to encourage expanded and diversified exports and some import liberalization. During 1967 the Government moved cautiously to liberalize imports.

Despite progress, major structural problems remain. Basic obstacles to development include: (1) inadequate foreign exchange resulting from overdependence on coffee production in a declining world market (coffee traditionally accounts for two-thirds of all export earnings); (2) food production which is barely keeping pace with population growth, and an agricultural sector which does not offer sufficient employment opportunities to the large rural population to slow migration to urban centers; (3) an education system which does not provide sufficient trained manpower to meet the needs of development; and (4) inadequate mobilization of local resources.

Exacerbating these problems is a 3.2% population growth rate. This growth rate, which doubles the population every 22 years, imposes severe strains on the economy just to maintain per capita

R

Country: COLOMBIA

GNP levels (since 1961 per capita growth has varied between zero and 2.8%; in 1967 it was a modest 1.4%). This growing, and increasingly urbanized, population accelerates demands for schools, housing, social services, and employment opportunities.

The fact that economic growth in recent years has brought only small improvement to the lower income strata of society demonstrates that economic growth alone will not be sufficient. It will require opportunities for employment and education within the country. The fiscal measures and investment programs associated with the proposed program loan are aimed at these kinds of structural reforms.

Colombian agriculture (except for coffee) has not effectively contributed to economic growth over the past 20 years. Total output has grown at about 3% per annum or approximately the same as the population increase. In addition to overdependence on coffee, Colombian agriculture is a classic case of a "dual economy" where relatively sophisticated large-scale commercial operations exist side by side with more numerous and traditional subsistence farms. The result is misallocation of income, and little incentive to modernize in response to changing conditions. Crop yields have been virtually stagnant since 1960, with production increases attributed almost exclusively to expanded acreage rather than improved techniques.

Pending the completion of a realistic agricultural development plan, the Colombians are focusing on existing projects addressed to problems already defined. For example, it has initiated a four-year plan (1967-1970) designed to increase production of eight basic food items, including milk and meat. This effort will be reinforced by an Inter-American Development Bank (IDB) loan of \$10.7 million to the Colombian livestock bank as well as a major share of the local currency generated under A.I.D. program and Agricultural Sector loans.

In the area of rural development, Colombia has more than doubled its 1966 allocation to the Agrarian Reform Institute (INCORA) for agrarian reform and supervised agricultural credit activities. Through the latter program (which A.I.D. supported with two loans, \$10 million in 1963 and \$8.5 million in 1966), some 20,000 small farmers and cooperatives have received more than 30,000 subloans; the majority of participating farmers have tripled their income since the inception of the program five years ago.

Colombia's critical need for better education is demonstrated by the official estimate that more than one-third of those over the

age of seven can neither write nor read simple instructions. In addition to the shortage of classrooms and adequately trained teachers, the dropout rate is extremely high. At the primary level (first five grades), the current attrition rate is 75%. Even this represents a considerable improvement over the 90% rate prevailing in 1953. The attrition among those going on to secondary school is only slightly less.

Using an extensive A.I.D./UNESCO study, the government has developed a plan for reform and modernization of its education system. A key element of the plan is establishment of 19 comprehensive high schools throughout the country. Colombia expects to receive an IBRD loan of \$14.0 million to help finance the first 10 such high schools. These schools will act as demonstration and training centers for improved teaching methods, curriculum and administration. The comprehensive high schools would also strengthen the vocational education training provided by private schools and the National Apprenticeship Service.

Colombia is building additional classrooms and giving priority to teaching and curriculum improvements. To meet immediate needs the Minister of Education has adopted an "Emergency Plan" to extend educational opportunity by shortening and intensifying instruction, establishing double sessions, and asking teachers to assume additional responsibilities without extra remuneration. His efforts to undertake the extensive reform and planning improvements needed have been complicated by split responsibility between national and local governments, inadequate financial resources, and lack of technical personnel.

FY 1969 Program

The proposed A.I.D. level of \$95.1 million is composed of a \$65 million program loan, \$15 million agricultural sector loan, \$10 million educational sector loan, and a Technical Assistance program of \$5.1 million. A P.L. 480, Title I agreement for up to \$13 million worth of wheat and tobacco is under consideration. This P.L. 480 assistance will be predicated upon agricultural self-help measures. The FY 1969 program envisions increases in technical and financial assistance to the critical areas of agriculture, education and social infrastructure.

The proposed bilateral strategy will be carried out within the framework of the Consultative Group. Substantial assistance is expected in FY 1969 from other members of the Consultative Group.

Country: COLOMBIA

Economic Stabilization. Colombian growth is dependent on the availability of a minimum level of imports. The proposed program loan of \$65 million for FY 1969, builds on the stabilization efforts of 1967 and is intended to provide a portion of the input crucial to Colombia's economic growth while strengthening structural reform measures.

By coordinating our assistance with multilateral efforts of the Consultative Group and the IMF, we are able to maximize reform influence multiply the mobilization of other resources and reinforce the effectiveness of individual inputs and sector strategy.

Colombia's improvement in planning and allocation of its resources has been facilitated by the procedures developed for the release of funds under program loans. The Colombian Government has committed itself to specific economic and social policy targets (with particular emphasis on fiscal, programming and private sector investment policies). The government has also coordinated the use of the pesos with other resources to support priority development projects. The availability of program loan generated pesos has afforded Colombia the incentive and resources to undertake development planning on a nation-wide scale.

Reforms sought under the program loan generally include self-help measures on: exchange rate flexibility, import liberalization, adequate incentives to achieve a 30% increase in minor exports, fiscal reforms aimed at increased revenues and improved budgeting of resources to support priority development needs and modernization of savings and credit institutions to increase private sector investments, particularly in the field of housing.

U.S. technical assistance projects in tax and customs administration projects will continue to emphasize improving administration and enforcement and achieving a rapid increase in public revenues.

Agriculture. The proposed FY 1969 loan would continue FY 1968 efforts to isolate those obstacles to improved agricultural performance where change can be fostered most effectively and quickly. The sector loan will:

--provide financing (in combination with the proposed program loan) for necessary agricultural investment goods such as fertilizers, machinery, insecticides, etc., from the United States to support and sustain Colombia's development program.

--allocate local currency generated by the loan for investment in priority agriculture projects (e.g., agrarian

reform, marketing, price stabilization and credit as well as production efforts aimed at diversification).

--encourage policy and institutional reforms needed to improve rural infrastructure (especially agrarian reform), accelerate programs which will attract sufficient new investment in commercial agriculture (agro-industries and marketing functions), induce changes in import procedures to assure an adequate and dependable flow of imports, distribute commodities to support necessary technical inputs and expand government support of social and economic programs for the small farmer.

Related to the \$15 million sector loan is the proposed P.L. 480 (dollar sales) agreement for up to \$14.5 million (including transportation). This agreement would provide local currency generation which would be programmed in coordination with the sector loan.

In support of the above loan financed activities, sizeable technical assistance will assist the Colombians to refine their agricultural sector plan and provide a broad range of substantive technical skills in order to rapidly implement the production and diversification goals.

Through an agreement with the United States Department of Agriculture a team of specialists will assist the Agricultural Ministry in refining the agricultural sector development plan and setting forth detailed projects for priority requirements in agriculture. Reinforcing this plan will be a regionally-funded A.I.D. project to identify and analyze barriers to efficient agricultural production and marketing in the Cali food-shed area. Local, national, and university officials as well as local private companies are involved in this project, which will also increase Colombia's institutional capability to analyze food-shed problems throughout the country.

A.I.D. will continue technical assistance to Colombia's Agricultural and Livestock Institute (ICA) in its effort to establish a nationwide system of agricultural education, extension, and research. The Inter-American Development Bank (IDB), UN Development Program (UNDP), and three private foundations are coordinating assistance to ICA. A.I.D.'s participation includes a project to expand and upgrade the agriculture and veterinary medicine faculties on three campuses of Colombia's National University through a contract with the University of Nebraska (acting as prime contractor for the Mid-America State Universities Association, to provide 32 full time university professors).

Country: COLOMBIA

Education. The proposed \$10 million education sector loan would be used to support and encourage the preparation and implementation of concrete programs to modernize Colombia's education system. Pesos generated by the loan will be complemented by increased local financing and support for: (a) the National Comprehensive High School program and related efforts to modernize teaching methods, curriculum and administration; (b) expansion of training of secondary school administrators, in conjunction with our technical assistance effort through a contract with the University of New Mexico; and (c) formulation of detailed regional programs. The dollar portion of the sector loan will be used in part to import U.S. instructional materials and equipment to support the revised curriculum efforts.

In addition, A.I.D. will render technical assistance to selected Colombian colleges of education with particular emphasis on improving curriculum and methodology in pre-service and in-service teacher training. A.I.D. assistance is being closely coordinated with UNESCO's plan for assisting teacher colleges. At the same time, the Peace Corps is redirecting its program of 85 Educational Volunteers to cooperate in this effort. Its program in secondary teacher training emphasizes new methods in teaching mathematics, science, and English.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Country: COLOMBIA

TABLE II

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	100,000	XXX	XXX	XXX	75,070a	XXX	XXX	XXX	90,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	3,288	3,288	-	-	2,813	2,813	-	-	3,358	3,358	-
Participants	236	236	-	-	547	547	-	-	868	868	-
Commodities	747	747	-	-	276	276	-	-	302	302	-
Other Costs	444	444	-	-	725	725	-	-	572	572	-
Total Project Assistance	4,715	4,715	-	-	4,361	4,361	-	-	5,100	5,100	-
Method of Financing											
Project Assistance											
Direct A.I.D.	2,591	2,591	-	-	2,077	2,077	-	-	1,850	1,850	-
Other Agency	525	525	-	-	612	612	-	-	612	612	-
Contract	1,599	1,599	-	-	1,672	1,672	-	-	2,638	2,638	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	4,715	4,715	-	-	4,361	4,361	-	-	5,100	5,100	-
Total Assistance	104,715	XXX	XXX	XXX	79,431	XXX	XXX	XXX	95,100	XXX	XXX

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	49	43	41
Participating agency	22	18	19
Contractor technicians	35	49	52
Total	106	110	112

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	125	168	220
Contract	44	53	88
Total	169	221	308

PROJECT TITLE	ACTIVITY	FUNDS
National Agricultural Planning	Agriculture and Natural Resources	TA
PROJECT NUMBER 514-11-190-097	PRIOR REFERENCE	SCHEDULED FINAL OBLIGATION
	p. 114, FY 68 LA P.D.B.	FY: 1972
	INITIAL OBLIGATION	
	FY: 1961	

Project Target and Course of Action: (1) To improve planning and program implementation (with priority on a detailed sector plan) in the Ministry of Agriculture, and (2) to develop institutional capacity to evaluate, analyze and plan development of Colombia's natural resources.

(a) **National Agricultural Planning:** Assistance focusses on improving the organization and staffing of the National Agricultural Planning Office which assists the Ministry of Agriculture in formulating and coordinating agricultural policy. U.S. Department of Agriculture specialists will provide advisory assistance in the development of a comprehensive agricultural plan which will determine priorities, recommend legislative, fiscal and budgetary measures, and establish the framework for coordinating the efforts of all Colombian agencies engaged in agricultural activities.

(b) **Basic Resources Survey:** Inter-American Geodetic Survey technicians are assisting the Colombian Geographic Institute to increase its capacity to: collect data on soils, forestry, and hydrologic problems; provide information for use by other planning agencies, and; coordinate other basic resource development projects.

Progress to Date:

(a) **National Agricultural Planning:** In 1967, a team of 4 USDA specialists reviewed ministry planning resources, defined needs for technical advice and drew up a work plan. Recruitment difficulties caused delay but USDA advisors are now arriving. Meanwhile, during 1967 the ministry formulated plans for expanding production of eight basic food crops.

(b) **Basic Resources Survey:** Assistance to mapping activi-

ties has resulted in photographs of 504,000 sq. kilometers and map computations for 247,900 sq. kilometers; soil studies for 2,709,000 hectares; ecology studies of 787,400 hectares; 50 hydrologic stations; and 656 new climatological stations. The preliminary evaluation of the multiple purpose water resources development possibilities for the Magdalena-Cauca river basin has been completed. The cadastral program, through improvement of the quality of evaluations, has established a firm basis for future expansion, which is essential to improve government revenues and land utilization.

FY 1969 Program: The PASAs with USDA and IAGS will be extended for one year. The IAGS technicians will depart in FY 1969, when a competent Colombian staff will be available to continue basic resource studies.

U.S. Technicians: USDA (\$200,000) 6 advisors (Price Stabilization, Transportation, Marketing, Credit, Grades and Standards, Slaughterhouse; IAGS (\$96,000), 1 Forest Management and 2 Soils Advisors. Direct hire: 2 Rural Development Officers, 1 Economist, 1 Water Resources Advisor.

Participants: 4 officials of the Min/Ag, one year's training in Agricultural Economics; 30 mapping officials 10 weeks training in Photogrammetry and Cartography; one, 9 months of training in Irrigation operations.

Commodities: Demonstration-teaching materials and office equipment.

Other Costs: Three Colombian technicians, 6 bilingual secretaries; local travel and per diem.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL AGENCIES									
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS								
					Estimated FY 1968			Proposed FY 1969					
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total			
Through 6/30/67	2,956	2,757	199										
Estimated FY 68	335	329											
Estimated through 6/30/68	3,291	3,086	205										
		Future Year Obligations	Estimated Total Cost										
Proposed FY 69	526	1,000	4,817	Total Obligations	132	203	335	230	296	526			

U.S. Department of Agriculture
Inter-American Geodetic Survey

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Education	ACTIVITY Agriculture and Natural Resources		FUNDS TA
	PRIOR REFERENCE p.116, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1971
PROJECT NUMBER 514-15-110-120			

Project Target and Course of Action: The objective of this project is to (1) increase the training competence and capacity of the Colombian Agricultural Institute (ICA) and the National University Schools of Agriculture and Veterinary Medicine at Bogota, Medellin, and Palmira and (2) increase the effectiveness of ICA to carry out programs in agriculture extension and research.

Thirty A.I.D. financed professors under contract with the University of Nebraska, will continue to assist in the modernization of the curriculum, staff development, improving the quality of research laboratories and extension stations, and teaching research and extension methods. This program is being carried out in coordination with UNESCO, the Rockefeller, Ford and Kellogg Foundations and the IBRD.

Progress to Date: In 1963, ICA was given the overall responsibility for coordinating and carrying out agriculture and livestock research, education and extension services. In cooperation with the National University, ICA is engaged in re-orienting study and research programs toward crop diversification requirements and expansion of production in underutilized tropical lands.

The Graduate School of ICA, with sizeable participation by the University of Nebraska team, was begun in February, with 13 students studying for Master's degrees in the first semester, 16 in the second semester.

The agricultural extension service of the Ministry of Agriculture was formally transferred to ICA in 1967 and the first in-service training courses for extension work-

ers was begun in August.

Several new courses of study and important research projects were developed in 1967. They include weed control, agricultural engineering, livestock management and rural sociology. The latter is being used in teaching extension personnel the importance of establishing sound adult educational procedures.

In FY 1968, mainly due to funding restrictions, the Nebraska Contract will be extended for only 6 months, through December 3, 1968; this accounts for the reduction from the amount shown in the FY 1968 Congressional Presentation.

FY 1969 Program: The contract with the University of Nebraska will be extended for one year, through December 1969.

U.S. Technicians: 30 contract advisors who are experts in Agricultural Education, Agricultural Extension and Agricultural Research, from the University of Nebraska plus one campus coordinator and 2 secretaries.

Participants: 8 participants will receive training in the fields of agronomy, 5 in animal husbandry, 5 in veterinary medicine, 5 in agricultural engineering and one each in agricultural economics and rural sociology.

Commodities: Teaching aids and laboratory equipment.

Other Costs: Local travel and per diem.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS UNIVERSITY OF NEBRASKA
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/67	1,567	245	1,322		-	-	-	-	-	-	
Estimated FY 68	492	807		-	360	360	-	903	903		
Estimated through 6/30/68	2,059	1,052	1,007	-	45	45	-	200	200		
		Future Year Obligations	Estimated Total Cost	-	75	75	-	95	95		
				-	12	12	-	37	37		
Proposed FY 69	1,235	2,480	5,774	-	492	492	-	1,235	1,235		

PROJECT TITLE Export Development (formerly Industrial Development)	ACTIVITY Industry and Mining	FUNDS TA	
	PRIOR REFERENCE p.117, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1960	SCHEDULED FINAL OBLIGATION FY: 1970
PROJECT NUMBER 511-13-290-143			

Project Target and Course of Action: To assist the Government of Colombia and the private sector to increase Colombia's minor exports (excludes coffee and petroleum) through the creation of an effective export development program aimed at increasing exports 30% by 1970.

Progress to Date: An emerging characteristic of the Colombian Industrial Development effort is the emphasis now given to the expansion of minor exports. For this reason, and because of its potential impact on the entire economy in FY 1969 A.I.D. is shifting its limited technical assistance in industrial development to the export promotion program. A.I.D. will continue to emphasize improved overall industrial development policy measures in program loan negotiations and in the allocation of counterpart funds.

The Government has already passed the necessary legislation establishing an export promotion agency. A.I.D. assisted this effort by providing technical marketing guidance in export mechanisms and institutions. The second phase of this program has begun. A.I.D. assistance to this effort will be provided by a series of short-term consultants, marketing specialists in specific export product categories or in specialized marketing techniques.

In March, 1967, the Colombian Government issued a decree which establishes a basis for future export growth, including a more favorable exchange rate; fiscal incentives, financial assistance and promotional services. The Export Promotion Fund is the key element in this mechanism. The Fund draws its initial capital from a 1 $\frac{1}{2}$ % tax on all imports. During the first 6 months of its existence, over

50 million pesos (\$3 million) was allocated to specific export promotion projects, including loans for export working capital, for export raw materials, and for marketing campaigns abroad. Although major progress on a broad front in export promotion has not been possible within the short period of the Fund's operation, there are several examples of dramatic achievements by specific firms. Exportadora Panamericana, with loan assistance from the Fund, increased its exports from \$3.5 million in 1966 to \$7.5 million in 1967.

FY 1969 Program: In addition to one year contract extensions for an export marketing supervisor and an agricultural export advisor, funding provides for 10 short-term contract consultants in specialized categories (such as wood, meat, fish and textiles). Each contract will include the services of a short-term advisor and a program of participant training.

U.S. Technicians: One Export Marketing Advisor under a one year \$30,000 contract with the Council for International Progress in Management (CIPM); one Agricultural Export Marketing Advisor; 10 short-term specialists on the specific export items for 4-5 months each.

Participants: 50 officials of the Export Development Fund will receive 1-2 months training in the marketing of wood, meat, fish and textiles.

Other Costs: Local travel and per diem; audio-visual aids and teaching materials for use in training local personnel.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/	Total	Direct AID	Contract/	Total
Through 6/30/67	1,217	943	274							
Estimated FY 68	279	371								
Estimated through 6/30/68	1,496	1,314	182	U.S. Technicians	38	155	193	-	206	206
				Participants ...	16	42	58	-	50	50
				Commodities ...	2	-	2	-	-	-
				Other Costs ...	26	-	26	36	-	36
Proposed FY 69	292	393	2,181	Total Obligations	82	197	279	36	256	292

Council for International Progress in Management
H.B. Maynard

PROJECT TITLE Auxiliary Health Worker Demonstration Project	ACTIVITY Health and Sanitation	FUNDS DL(grant)/TA	
PROJECT NUMBER 514-11-590-150	PRIOR REFERENCE	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: The primary purpose is to obtain information under actual field conditions on a variety of new and innovative techniques for training and utilizing auxiliary health workers especially in areas related to maternal and child health and other priority programs (demographic) of the National Health Plan. Public health needs for trained technicians are accelerating faster than highly skilled personnel can be trained. This pilot project is designed to test the feasibility of delegating functions traditionally performed by professionals to auxiliary personnel in order to multiply the effectiveness of the limited number of doctors and other professional people. The project will be implemented through a contract with PAHO in conjunction with the Colombian Association of Medical Schools and the Ministry of Health. It is anticipated that this project may eventually serve as a regional training resource if successful methods for multiplying the effectiveness of public health technicians are developed.

Progress to Date: This project is an outgrowth of the National Health Manpower Survey sponsored by the Milbank Memorial Fund, PAHO, Colombian Association of Medical Faculties and the Ministry of Health. Further collaboration by these organizations has resulted in the completion of the project design, implementation workplans and preliminary drafting of the training manuals. The experimental aspects of this project will concentrate on new approaches to problems already identified by the Govern-

ment's National Health Plan and will serve to resolve critical skilled manpower needs not amenable to traditional solutions. Local contributions include \$5,400 from the Colombian Association of Medical Schools and \$225,000 from the Ministry of Health.

FY 1969 Program: A.I.D. funds will be used primarily for salaries of full-time local project supervisory personnel and consultants; travel and transportation costs, including a limited number of vehicles and translation and printing costs.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/ XXXXXXXX Pan American Health Organization Colombian Association of Medical Schools
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	-	-	-	Direct AID	Contract/ XXXXX Agency	Total	Direct AID	Contract/ XXXXX Agency	Total	
Estimated FY 68	70	20		-	-	-	-	-	-	
Estimated through 6/30/68	70	20	50	-	-	-	-	20	20	
		Future Year Obligations	Estimated Total Cost	-	-	-	-	50	50	
				-	70	70	-	142	142	
Proposed FY 69	212	490	772	-	70	70 ^{a/}	-	212	212	

^{a/} To be funded from Alliance Loans.

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE National Education Planning	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 514-11-680-083	PRIOR REFERENCE p.119, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To assist the Ministry of Education in the development of an education sector plan providing a thorough analysis of the existing system of education and recommendations for integrated major reforms in administration, financial support, curriculum, and teaching and administrative personnel.

A.I.D. is providing advisory assistance to the Colombian Ministry of Education and other education institutions in project formulation and in the implementation of educational reforms.

Progress to Date: The National Education Planning Study, initiated in 1963, has provided a general plan for educational reform which set forth priorities for action programs. Several sectoral reports have been completed, i.e. Secondary Education, Agricultural Education, Industrial Education, Education Statistics, Teacher Education, and have been used by the Ministry of Education to develop education policies. Of particular importance is the completion of the secondary education curriculum reform which will serve as the basis for the development of 19 new comprehensive type high schools throughout the country. In addition, plans for an expanded in-service teacher training program to be carried out through the establishment of 23 regional education centers are now being completed. These centers will provide courses to up-grade subject matter knowledge, and training in improved teaching methods including the use of instructional materials.

Improved instruction programs utilizing modern biology,

physics, and mathematics teaching have also been initiated by the Ministry of Education with assistance provided by the Peace Corps and selected Colombian universities.

FY 1969 Program: This project in FY 69 will continue to provide in coordination with the Secondary Education Project short-term advisors to give a maximum input to the planning capacity of the Ministry of Education. The amount of assistance will be based on the GOC's expressed needs and the amount of US and GOC funding available.

U.S. Technicians: (2) Chief and Deputy, Education Division Officers, short-term contract assistance will be effected under personal service contracts in the field of primary education.

Participants: 4 participants for a total 12-months in an educational planning course.

Commodities: Demonstration teaching materials.

Other Costs: 1 bi-lingual secretary, local travel and per diem.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	566	336	230								Personal Services Contract
Estimated FY 68	106	213			58	30	88	58	58	116	
Estimated through 6/30/68	672	549	123	U.S. Technicians	7	-	7	7	-	7	
		Future Year Obligations	Estimated Total Cost	Participants . . .	2	-	2	2	-	2	
				Commodities . . .	9	-	9	10	-	10	
Proposed FY 69	135	160	967	Other Costs . . .	76	30	106	77	58	135	
				Total Obligations							

PROJECT TITLE Higher Education	ACTIVITY Education	FUNDS TA
PROJECT NUMBER 514-15-660-101	PRIOR REFERENCE p. 120, FY 68 IA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1972
	INITIAL OBLIGATION FY: 1962	

Project Target and Course of Action: To increase the quantity and quality of Colombian university graduates, through more efficient allocation and management of financial and technical resources.

Through a contract with the University of California, A.I.D. provided technical assistance to the Association of Colombian universities in developing a national plan for higher education. Pending final approval of the plan by the Colombian Congress, A.I.D. will concentrate limited technical assistance in preparing institutions to carry out these reforms in specialized areas.

Progress to Date: The National Higher Education Plan sets forth priorities and provides a solid analysis of the major problems in Colombian higher education. In depth studies for detailed operational programming must follow.

The Colombian Government's commitment to higher education is illustrated in that annual expenditures for higher education have more than doubled from 1963 to 1966. However, these increased resources have been used to expand enrollment, rather than to effect qualitative reforms.

Changes, nevertheless, have been made in several computerized scheduling, elective courses, and student health and welfare services.

In 1966, a 15 million pesos (\$870,000) counterpart allocation was made to the National University in Bogota four year expansion and reform plan. Another allocation of 30 million pesos (\$1,850,000) is anticipated in 1968.

In FY 1968, A.I.D. assistance is concentrating on two

areas: (1) Three advisors from the University of Wisconsin will study optimum utilization of physical facilities and improvement in cost accounting at the University of Antioquia; (2) Two U.S. scientists will direct seminars on the teaching of Basic Sciences and study the science program at four universities.

This project's increased estimated total cost reflects programs to implement the recommendations which will result from these studies.

FY 1969 Program: The FY 1969 program will emphasize participant training in several key areas.

U.S. Technicians: 1 direct-hire Higher Education Advisor; 3 short-term personal services contractors for a total of \$20,000 ending in June 1969.

Participants: 15 professors will receive Masters or PhD degree science training in the U.S.; 5 participants, one year training in library development; 5 officials, 6 to 12 months training in data collection and analysis.

Commodities: Reference books and journals.

Other Costs: Local travel and per diem.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	1,783	1,329	454		Direct AID	Contract/Grant XXXXX	Total	Direct AID	Contract/Grant XXXXX	Total	University of California Personal Services Contracts
Estimated FY 68	77	249		U.S. Technicians	28	-	28	28	20	48	
Estimated through 6/30/68	1,860	1,578	282	Participants ...	48	-	48	140	-	140	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	31	-	31	
				Other Costs ...	1	-	1	2	-	2	
Proposed FY 69	221	420	2,501	Total Obligations	77	-	77	201	20	221	

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Secondary Education	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 514-11-650-119	PRIOR REFERENCE p.121, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: This project seeks to assist the GOC in basic reform of public, secondary education. The traditional emphasis on academic subjects has not produced the balance between academic and vocational and other skills needed for developing a country.

Under plans now being drawn up by the Ministry of Education, at least 19 comprehensive high schools will be constructed, with some scheduled to be in operation by 1970. The schools will have a modern curriculum which will include general education and commercial and industrial arts, agriculture, and other vocational skills.

Colombia has requested a loan of \$14.0 million from the International Bank for Reconstruction and Development (IBRD) to cover the cost of constructing the first ten of these schools, and IBRD officials have indicated they foresee approval of this request within the next few months.

Curriculum Reform: The first phase of A.I.D. assistance to this project, Curriculum Reform, will involve contract technical advice of approximately 18 man-years (this includes 8 full-time advisors for two years totaling 16 man-years and approximately 6 short-term advisors totaling 2 man-years). The full-time advisors will be specialists in the fields of curriculum development, organization and administration of secondary education, guidance and counseling, and school plant planning and teacher education. Sources of recruitment will be through university contract.

Secondary School Administration and Teacher Education: The second phase will provide under U.S. university con-

tract, advisors to train and guide Colombian administration of the new schools; also to assist in preparation of needed teachers by helping selected colleges of education to organize pre-service and in-service teacher training programs. Progress to Date: In October 1967, the GOC presented an application to the IBRD for a loan to finance the construction of the first ten high schools. Throughout the planning for this loan USAID/Colombia played a major role by providing data on the current secondary education problems, selecting sites for schools, and working with the Education Ministry and IBRD. The Mission is providing most of the technical assistance for this loan. UNESCO will also cooperate in this project by assisting in the improvement of science, mathematics, and vocational education. The Peace Corps plans to train Colombian teachers in the use of new mathematics, biology, chemistry, and physics. Seventeen school administrators are being trained at the University of New Mexico in modern administrative techniques to run these comprehensive high schools, and several Colombian guidance and counseling participants are also being trained there.

In FY 1968, the first phase of advisory assistance to this program, curriculum reform and national planning for teacher training will begin. Eight long-term advisors in general curriculum development, vocational education, educational specifications, teacher education, and guidance and counseling, and 2 man-years of short-term consultants will work with the Ministry of Education. These additional advisors in teacher education will begin preliminary work

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/ UNIVERSITY					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	-	-	-		Direct AID	Contract/	Total	Direct AID	Contract/	Total	University of New Mexico Florida State University
Estimated FY 68	648	150		U.S. Technicians	28	438	466	28	504	532	
Estimated through 6/30/68	648	150	498	Participants . . .	7	144	151	60	67	127	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	15	-	15	20	-	20	
				Other Costs . . .	16	-	16	21	-	21	
Proposed FY 69	700	1,550	2,898	Total Obligations	66	582	648	129	571	700	

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Secondary Education	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 514-11-650-119	PRIOR REFERENCE p.121, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: 1972

with selected university faculties of education. These advisors will be funded under one or more university contracts, yet to be determined.

FY 1969 Program: The final obligation date is being extended to FY 1972 because the detailed studies prerequisite to Colombia's concluding negotiations for a construction loan from the IBRD have required more time than anticipated, and technical assistance will be required for the early stages of the schools' operations.

U.S. Technicians: Three contracts with U.S. universities will be effected to provide approximately 9 specialists to advise Colombian selected Colleges of Education in the preparation of teachers and other personnel for the new comprehensive secondary high schools and for other Colombian secondary schools. Advisors will also advise the faculties of the new comprehensive high schools in the areas of management, administration, class scheduling, and related fields. A.I.D. provides 1 Secondary School Adv.

Participants: 23 participants (10 direct and 13 contract) will study in the U.S. and third countries in such areas as teacher extension activities, guidance counselling, school administration, and attend special masters degree programs in mathematics, chemistry, industrial arts, and commercial education.

Commodities: Class, laboratory supplies and equipment.

Other Costs: Local travel, per diem, and miscellaneous support costs.

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Tax Administration	ACTIVITY Public Administration and Public Safety	FUNDS TA	
PROJECT NUMBER 514-11-750-100	PRIOR REFERENCE p.124, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: To assist the Ministry of Finance to improve methods of identifying and investigating tax liabilities, to speed up the liquidation of new returns, to insure prompt collection of all taxes, to develop and improve systematic training of Tax Division Personnel, and to simplify tax laws to permit more efficient administration and enforcement.

Progress to Date: Total tax revenues increased 32% in real terms from 1965 through 1967. As part of its efforts to increase domestic resources for development, the GOC adopted a sales tax in 1965 and withholding tax system in January 1966. Income tax collections for 1967 produced an estimated 2.5 million pesos in revenue and therefore met the target of a 10% increase over the 1966 collections of 2.2 million pesos.

As a result of the computer programming of income tax returns, instituted in 1965, backlogs of several years returns have been eliminated in the Bogota district and in other large districts. During 1967, computer-produced registers of income taxes collectable were made available to the Bogota district. These registers, incorporating approximately 250,000 individual accounts, replace out-moded hand and machine posted account cards and provide a safeguard against the loss of accounts and the falsification of amounts posted. A new, and larger computer was installed in December 1967. The additional capacity of this computer will permit substantial expansion of services to other regional offices.

The investigations program of the Sales Tax Division,

initiated in 1967, produced additional revenues of 12.6 million pesos. Other tax investigation activities in 1967 produced 75 million pesos more revenue than the 1966 investigations, and with no increase in staff.

FY 1969 Program: The PASA with the U.S. Internal Revenue Service which provided the services of 7 long-term advisors in FY 1968 will be reduced to 5 in FY 69.

U.S. Technicians: PASA (\$180,000) 5 long-term IRS advisors in Collection, Audit, Data Processing, and Organization and Methods.

Participants: 5 participants will receive 1-2 months training in Audit Supervision and Tax Payer Information Services.

Commodities: Instructional Materials, demonstration equipment.

Other Costs: Local travel, 1 local interpreter, 1 bilingual secretary.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	Internal Revenue Service
Through 6/30/67	1,067	975	92		-	253	253	-	180	180	
Estimated FY 68	300	354			20	-	25	10	-	10	
Estimated through 6/30/68	1,367	1,329	38	U.S. Technicians	5	-	5	5	-	5	
		Future Year Obligations	Estimated Total Cost	Participants . . .	17	-	17	17	-	17	
Proposed FY 69	212	195	1,774	Commodities . . .	47	253	300	32	180	212	
				Other Costs . . .							
				Total Obligations							

PROJECT TITLE Customs Administration	ACTIVITY Public Administration and Public Safety	FUNDS TA
PROJECT NUMBER 514-11-750-115	PRIOR REFERENCE p. 123, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1965
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: To improve Colombian Customs' administrative procedures, examination, classification and appraisal practices, and investigation and enforcement activities. A PASA team from the U.S. Bureau of Customs will serve as advisors. If this project is successful, Colombia will increase substantially customs duties, suppress illegal importations and prevent fraud and collusion. Additionally, the goal for 1968-69 is to aid importers by reducing the current entry time of merchandise by 50%.

Progress to Date: The project has already developed important administrative tools for the improvement of the Colombian customs service. For example: (1) Under the project all current customs' regulations were recently compiled, published and distributed. Previously, inadequate distribution of regulations and changes resulted in differing procedures among ports of entry. (2) A reform was made of the auction system for contraband goods. (3) An elite investigation unit has been established and the training of members of this unit is underway in FY 68. (4) A new training school for customs officers has been established.

Utilizing the assistance of a U.S. advisor, a central Customs laboratory was established. This will facilitate better appraisal of a large variety of industrial chemical imports. In connection with this program, three Colombian chemists received training at the U.S. Bureau of Customs laboratories.

In FY 68, the first course, for merchandise appraisers, and enforcement personnel was held in the new training cen-

ter for customs officials. By the end of FY 68, a total of 70 officials will have completed training courses at the school.

During 1967, the Special Investigations Division of the Customs Directorate, established by law in 1963, was finally put into operation. The 22-man staff, has conducted a total of 283 investigations which have resulted in the seizure of illegally imported merchandise worth approximately \$1,800,000. FY 1969 Program: In an effort to upgrade the Customs Directorate, an increase in the participant training program is planned. The PASA with the U.S. Bureau of Customs will be reduced by one man in FY 1969.

U.S. Technicians: PASA (\$136,000)--4 long-term Bureau of Customs Advisors in Administrative Procedures, Examination, appraisal techniques and enforcement activities.

Participants: 48 Customs Officials for 2 months course in Overall Customs Operations; 12 appraisers, 5 week course in Classification and Value Operations; 7 investigators, 9 week courses in Customs Enforcement and Investigation; 13 administrators, 2 months courses in Customs Field Operations; 3 chemists, 3 month courses in laboratory Methods and Operations.

Other Costs: Local travel, per diem and supplies.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL EXECUTIVE AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Cooperating Other Agency	Total	Direct AID	Cooperating Other Agency	Total	
Through 6/30/67	155	123	32							U.S. Bureau of Customs	
Estimated FY 68	240	245									
Estimated through 6/30/68	395	368	27	U.S. Technicians	-	156	156	-	136		136
				Participants ...	70	-	70	96	-		96
				Commodities ...	4	-	4	4	-		4
				Other Costs ...	10	-	10	10	-		10
Proposed FY 69	246	175	816	Total Obligations	84	156	240	110	136	246	

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety	ACTIVITY Public Administration and Public Safety	FUNDS TA
PROJECT NUMBER 514-11-710-066	PRIOR REFERENCE p. 125, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1970
		INITIAL OBLIGATION FY: 1963

Project Target and Course of Action: Through training and limited commodity assistance, this program seeks to improve the capability of the National Police and Investigative Police (DAS) to maintain law and order and to counter guerrilla and bandit activities. A.I.D. assistance seeks to improve mobility and communications, modernize police small arms and improve ability to use them, and to improve investigative techniques to upgrade police administration.

Progress to Date: In 1967 the President signed a decree to improve organization of the National Police and to provide more widespread inspection procedures. Another decree gave the National Police responsibility for investigation of common crimes. A.I.D. is helping in the organization and training of personnel for investigative units.

Special National Police task forces in major cities have received intensive riot and crowd control training. Six hundred National Police personnel have received training in leadership and supervision. Since FY 63, over \$2.7 million worth of communications equipment, small arms and vehicles have been provided based on surveys. Instructor's training in marksmanship and firearms safety has been provided to 1,048 key personnel.

Police vehicles in service on patrol in Bogota have been increased from 5% to 60% and patrol systems have been established on a self-help basis in seven key cities. Tactical, urban FM radio nets for use in riot control and crime surveillance operations have been established in six cities. Installations of rural tactical radio-communication

systems have been completed in 10 departments and are in progress in three more.

As a result urban terrorism and the traditional rural violence have been reduced, with bandit gangs declining from over 500 in 1962 to less than 100 in 1967 and citizen deaths from such violence declined from 2,270 to under 1,000.

FY 1969 Program: A.I.D. assistance to the National Police and DAS will be continued at approximately the same levels in FY 1968 and FY 1969.

U.S. Technicians: 8 direct-hire advisors in the fields of Investigations, Training, Communications, Vehicle Maintenance, and Municipal Police Development.

Participants: 25 officials, 5 months training at the International Police Academy; 1 Investigator, 4 months training at the FBI National Academy; 1 technician, a 10-month course in Telecommunications Management; 1 official, 6 months' course in Vehicle Maintenance and Fleet Management.

Commodities: Telecommunication equipment to complete installation rural tactical radio network, and riot control equipment.

Other Costs: Per diem and local travel.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	4,052	3,419	633		167	-	167	167	-	167	
Estimated FY 68	330	563		68	-	68	68	-	68		
Estimated through 6/30/68	4,382	3,982	400	76	-	76	72	-	72		
		Future Year Obligations	Estimated Total Cost	19	-	19	19	-	19		
Proposed FY 69	326	482	5,190	330	-	330	326	-	326		

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Urban Development	ACTIVITY Community Development, Social Welfare and Housing	FUNDS TA
PROJECT NUMBER 514-15-830-058	PRIOR REFERENCE p. 127, FY 68 IA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1970
	INITIAL OBLIGATION FY: 1962	

Project Target and Course of Action: To improve planning, coordination, and implementation of programs in urban development and housing.

A.I.D. technical assistance will include:

(1) Urban Development Planning: Assistance to the national and selected urban area governments in formulating urban development plans and the allocation of public and private resources.

(2) Low-Cost Housing: Assistance through the Foundation for Cooperative Housing Company (FCH) to the Government's urban housing agency, the Instituto de Credito Territorial (ICT) (a) to increase the level of low-cost housing units to 35,000 annually by 1972; (b) to provide public utilities and social services in slum areas; (c) to strengthen ICT social program.

(3) Cooperative Housing: Technical assistance through the FCH to assist private cooperative institutions.

(4) Savings and Loan: Technical assistance in establishing a saving and loan system capable of mobilizing increasing amounts of private capital for financing housing.

(5) Investment Guaranty: Monitor A.I.D. housing projects.

Progress to Date:

(1) Urban Planning: In 1967, the President appointed a committee for the study of urban development problems. A.I.D. is supplying short-term consultant services to the committee.

(2) Low-Cost Housing: To date, ICT has constructed

over 100,000 units and recently it drafted a four-year plan under which over 130,000 housing units will be constructed by the end of 1970. Improved ICT mortgage collection will be sought by helping ICT to analyze the causes of delinquency and to formulate more effective collection procedures.

(3) Cooperative Housing: Agreement was reached with the Federation of Housing Cooperatives on a mortgage adjustment system which will enable the Federation to maintain the approximate value of its revolving fund against inflation, while avoiding undue financial burden on the families who occupy the houses.

(4) Savings and Loan: Legislation was adopted in 1965 but needs modification to increase its effectiveness.

(5) Investment Guaranty: The first Housing Guaranty was completed in 1967, 1,569 houses being constructed. Two projects for an additional 2,950 houses are under construction.

FY 1969 Program:

U.S. Technicians: Direct-Hire: 2 Urban Development Advisors. Contract: Low-Cost Housing Advisor for 1 year; Housing Finance Advisor for 1 year; Short-term advisors from the FCH for \$70,000 with an estimated termination in September 1970.

Participants: 3 participants, 2 months training in urban planning; 2, one month training in Urban Community Development; 4, one month training in Savings and Loan Development.

Other Costs: 2 bi-lingual secretaries; travel, per diem; training aids.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Foundation for Cooperative Housing Company
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	1,222	1,012	210							
Estimated FY 68	98	233								
Estimated through 6/30/68	1,320	1,245	75							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	159	268	1,747	47	51	98	89	70	159	
				Cost Components						
				U.S. Technicians						
				Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Training for Improved Planning and Implementation	ACTIVITY General and Miscellaneous		FUNDS TA
	PRIOR REFERENCE p.122, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1971
PROJECT NUMBER 514-15-990-148			

Project Target and Course of Action: To improve Colombian capability in planning and implementing programs essential to Colombian economic and social development. Training will be provided to carefully selected Colombians in specialized academic subjects or techniques, where such training is not directly related to specific projects included in the country program and is not otherwise available.

Progress to Date: This project was initiated in FY 1967. To date five participants have been funded to study such fields as economic development, general economics, and business administration for periods averaging one year.

FY 1969 Program:

Participants: 10 in fields connected with economic development and not linked to specific projects.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1968			Proposed FY 1969
				Direct AID	Contract/Other Agency		Total
Through 6/30/67	23	2	21				
Estimated FY 68	30	40					
Estimated through 6/30/68	53	42	11				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 69	60	240	353	30	-	30	
				60	-	60	

Country: COLOMBIA

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA	
PROJECT NUMBER 514-15-990-000	PRIOR REFERENCE p.130, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1954	SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: The objective of this activity is to provide the support services and administrative management required at the Mission level for all program activities, the funding for which cannot be properly allocated to particular projects. The majority of the personnel are program or administrative personnel. Technical support services also are required, including rent, utilities, communications, printing and reproduction, supplies, materials, equipment, and maintenance.

During FY 1967, the Mission instituted savings programs involving a procurement system; local purchase of tires for the civic action program, utilization of excess property in loan programs, increased efficiency in time and attendance reporting, and in payment of Quarters Allowances. It is estimated that these savings amounted to approximately \$100,000 in FY 1967.

FY 1969 Program: In anticipation of the successful negotiation of a Trust Fund with the GOC during FY 68 this project has been reduced \$600,000 below estimated requirements. Therefore, projected dollar costs for Technical Support are substantially below those originally estimated in last year's Congressional Presentation.

U.S. Technicians: 23 U.S. direct-hire technicians through June 30, 1969.

Commodities: Household furniture, office equipment and supplies, vehicle replacement.

Other Costs: Minimum contingency in the event selected local costs cannot be funded from Trust Fund (Trust Fund

will finance 55 direct hire Colombian personnel for one year each; 2 contract-hire Colombian personnel for one year each; repairs; maintenance; storage; operations and repair of program vehicles, rents, communications, utilities).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES		
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
	Through 6/30/67	4,385	4,239	146	Estimated FY 1968			Proposed FY 1969	
					Direct AID	Contract/Other Agency		Total	Direct AID
Estimated FY 68	1,051	1,021		Cost Components					
Estimated through 6/30/68	5,436	5,260	176	U.S. Technicians					
		Future Year Obligations	Estimated Total Cost	Participants ...					
				Commodities ...					
				Other Costs ...					
Proposed FY 69	495	Continuing		Total Obligations					
				1,041	10	1,051	495	-	495

COUNTRY: COLOMBIA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
Agricultural Diversification	514-15-130-098	1960	1967	1,229	1,031	198	70	198	70	-	-	-	1,299
Regional Training	514-11-540-078	1963	1966	110	88	22	-	22	-	-	-	-	110
Educational Television	514-11-680-077	1963	1966	584	576	8	-	8	-	-	-	-	584
Civic Action	514-11-820-099	1963	1967	1,902	1,471	431	-	220	211	-	-	-	1,902
Total										-	-		
TA											-		
SA											-		
DL (grants)											-		

*New Project--see TABLE IVa

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Government of Colombia

Funds: AFP Loan

Title and Number of Loan: Feasibility Studies 514-L-025	
Date Authorized: 5-13-63	Date Signed: 6-26-63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 3,000	Grace Period 10 yrs.
Disbursed 447	Interest Rate 3/4%
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected 3	

Purpose of Loan: To increase Colombia's ability to present priority projects for external financing. Feasibility studies have been financed for specific projects in both the private and public sectors which contribute most to the economic development of Colombia, within the following areas: (1) electric power; (2) transport; (3) agriculture, including irrigation; (4) water supply and sewerage; and (5) other areas agreed upon by Colombia and A.I.D. Also, utilization of up to \$1,000,000 was permitted for pre-feasibility and general area studies having as their prime objective the identification of potential projects requiring further investigation through feasibility studies.

Physical Status: A contract of \$92,500 has been completed by Weitz-Hettelsater Engineers of Kansas City for an economic and engineering feasibility study on the storage and handling of various crops. Work being done by U.S. firms includes: (1) a \$278,600 contract for an irrigation/flood control study of the Suarez River Basin being prepared by the Development and Resources Corp. of New York; (2) a \$75,300 contract for a study of water and sewerage systems for Tulua by Reynolds, Smith and Hills; (3) a \$91,000 contract to Barnard and Burk, Inc. for a feasibility study of water and sewerage systems for Palmira; (4) a \$20,000 contract to Camp, Dresser & McKee and to Arthur D. Little for a study of the second phase of the Bogota sewerage master plan; (5) a \$109,957 contract (partially financed by

other sources) for a study of water and sewerage systems for Pereira being prepared by Reynolds, Smith and Hills; (6) a \$120,000 contract (partially financed by other sources) to Barnard and Burk, Inc. for a study of a water and sewerage system for Armenia; (7) a feasibility study of a water system for Cartagena being prepared by Greenleaf, Inc. under a \$111,226 contract (partially financed by other sources); (8) a \$220,000 contract (partially financed by other sources) for a study of the National Airport being executed by R. Dixon Speas and Assoc.; (9) a study of erosion control for Bucaramanga being prepared by Boyle Engineering under a \$155,500 contract (partially financed by other sources). Most of these studies should be completed in 1968.

Financial Status: Repayments by private and public sub-borrowers to the Bank of the Republic for studies have been put into a special account to be used as a revolving fund for financing other feasibility studies agreed to by A.I.D.

Host Country Contribution-Procurement Sources: The Colombian Ministries and autonomous agencies, as well as the Planning Agency (Planeacion) and Bank of the Republic, have furnished personnel, office space, and other support to each study. Services under this loan are being performed by private firms from the United States and Colombia.*

Comments on Implementation: Colombian bureaucratic problems and an insufficiency of trained personnel resulted in slow use of this loan during its first two years. This loan was originally authorized for \$4,000,000. Because of its slow utilization, A.I.D. deobligated \$1,000,000 of the loan in December 1965. Planeacion was reorganized and strengthened in 1966, and the new Government has placed increased reliance on this entity for development planning. G.O.C. utilization of this loan greatly improved during 1967. As of 12-31-67 the loan was 14% disbursed. Disbursement authorizations totaling 100% of the loan have been made.

*All dollar financing of local costs is being provided through the Special Letter of Credit procedure which ties these dollars to imports from the United States.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Empresas Municipales de Cali

Funds: AFP Loan

Title and Number of Loan:	
Cali Sewerage 514-L-029	
Date Authorized: 6-29-63	Date Signed: 9-20-63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 30 years
Authorized 3,700	Two-Step 40 years
Disbursed 898	Grace Period 5 years
Repayments -	Two-Step 10 years
Interest Collected 6	Interest Rate 3 1/2%
	Two-Step 3/4 GP
	2% thereafter
	Currency of Repayment . . U.S.\$

has increased substantially. A local currency loan from program loan proceeds has been made to the Empresa, and the Empresa has increased its contribution to assure sufficient funds for the satisfactory completion of the project. The loan is guaranteed by the Government of Colombia.

Two Step Process: To help relieve Colombia's foreign debt service burden in the next few years, agreement was reached under which the Colombian Government will receive loan payments from the borrower in local currency. GOC will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period, and 2% thereafter.

Host Country Contribution-Procurement Sources: The Borrower will contribute the equivalent of 50% of total project costs. Equipment, materials, and services financed under the loan will be procured from the United States or Colombia. The U.S. dollars covering local currency costs will be used for procurement of essential goods and services from the United States.

Comments on Implementation: Following the award of the first construction contract for Section D, it is expected progress for the entire project will be considerably accelerated. Construction will be initiated on several other sections of this project in CY 1968.

Purpose of Loan: To improve and enlarge the existing sewerage system of Colombia's third largest city, alleviating the current unsanitary conditions caused by the lack of disposal facilities.

In complementing a \$2.5 million loan made by the IDB in 1961 to expand the water supply system in Cali, the loan will complete the integration of municipal water utilities and permit a rational expansion of housing construction, especially in the areas occupied by low-income groups.

Physical Status: All designs and preparations of contract bidding documents have been completed. Fabrication in Colombia of reinforced concrete pipe under contract has been completed. A contract has been awarded for the work under Section D consisting of the construction of facilities of Canaveralejo and Carrera 23.

All other work construction sections are in the bidding phase. Bid openings for these sections (other than for the pumping station) are scheduled for February, 1968.

Financial Status: At the time the loan agreement was signed the total cost of the project was estimated at \$5.5 million. Due to rising costs and increased population to be served by the proposed improvements, the estimated cost

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Government of Colombia

Funds: AFP Loan

Title and Number of Loan: Mineral Resources Survey 514-L-030	
Date Authorized: 6-29-63	Date Signed: 11-14-63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 2,000	Grace Period 10 years
Disbursed 716	Interest Rate 3/4%
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 5	

Colombian technicians. All goods and services financed by the loan are being procured from the United States. Dollars used to finance any local costs are tied to U.S. procurement through Special Letter of Credit procedure.

Comments on Implementation: Some initial indications of phosphate deposits, highly important for agricultural development, caused a greater emphasis to be placed on the exploration and detailed outlining of these deposits. Additional evidence of economic phosphate deposits was discovered in CY 1967. This sector will be emphasized during CY 1968. As of 12-31-67 this loan had been 35% disbursed and disbursements of an additional 25% of the loan had been authorized.

Purpose of Loan: To assist the Colombian Ministry of Mines and Petroleum in the further exploitation of the mineral resources required for industrialization by financing the foreign exchange costs of U.S. technician salaries, contract services (chiefly photogeological), laboratory equipment and 10 scholastic years of graduate scholarships in the U.S.

Data production includes photogeological mapping, field and laboratory investigations, and mineral exploration and complements work in this field by the U.S. Geological Survey, the U.N. Special Fund, and work financed by an A.I.D. grant for a Basic Resources Survey.

Physical Status: The photogeology contract with a U.S. firm has been completed and field investigations, under supervision of U.S. technicians from U.S. Geological Survey, are progressing well. Reconnaissance geological data is being produced; Colombian geologists are receiving advance training in the U.S.; and the technical and administrative capacity of the Colombian Geological Survey is being strengthened.

Financial Status: Originally disbursements were delayed because bills were not submitted on a timely basis.

Host Country Contribution-Procurement Source: The Government of Colombia is contributing the equivalent of \$1,559,591 to finance all local costs associated with the purchase of equipment, laboratory services, and salaries of

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Electraguas (Water and Electric Power Institute)

Funds: AFP Loan

Title and Number of Loan: Rural Electric Cooperatives 514-L-035	
Date Authorized: 4-7-64	Date Signed: 5-11-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 35 years
Authorized 1,300	Two-Step 40 years
Disbursed 377	Grace Period 10 years
Repayments -	Two-Step 10 years
Interest Collected 2	Interest Rate 2%
	Two-Step 3/4% GP
	2% thereafter
	Currency of Repayment . . U.S.\$

by the end of 1968.

An NRECA Specialist has been supervising the projects since May, 1966.

Financial Status: Full disbursement is planned by the end of CY 1968. The loan funds are guaranteed by the Government of Colombia.

Two Step Process: To help relieve Colombia's foreign debt service burden in the next few years, agreement was reached under which the Colombian Government will receive loan payments from the borrower in local currency. GOC will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period, and 2% thereafter.

Host Country Contribution-Procurement Sources: The Borrower will contribute \$396,614 to the construction of the cooperatives and their distribution systems.

Equipment, materials, and services financed under the loan will be procured from the United States or Colombia. U.S. dollars used for local currency costs of the projects will be used for procurement of goods and services in the United States.

Comments on Implementation: Meeting Conditions Precedent was complex due to documentation required between cooperatives and borrowing agencies, Cauca Valley Corporation (CVC) and Centrales of Electraguas, Colombia's nation-wide power authority. Innumerable delays in organizing the cooperatives, arranging for materials and construction have caused delays. Completion is now expected by the end of CY 1968.

Purpose of the Loan: To establish three pilot rural electric cooperatives as a means of determining the feasibility of utilizing cooperatives for carrying out a rural electrification program in Colombia.

Three cooperatives of Tibu, Palermo, and Sevilla-Caicedonia (Se-Ca) will make electricity available to 10,000 farms and small rural business firms and will thereby not only permit greater agricultural efficiency through the use of electric irrigation equipment and refrigeration of produce, but will enable produce-handling and manufacturing industries to establish themselves close to the source of supply.

The project is the result of a study completed in November, 1962, by three U.S. specialists under an A.I.D. National Rural Electric Cooperative Association (NRECA) contract.

Physical Status: The Tibu and Palermo cooperatives first served their members in 1966. At the end of December, 1967, about 69% and 87% of their respective anticipated 10-year membership were receiving service. Delays in obtaining materials from the U.S. will slow construction of the balance of those systems. The Se-Ca cooperative plans to begin serving some members in early 1968. Difficulties in obtaining materials and substation sites have delayed construction. Completion of all three cooperatives is expected

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Empresas Publicas de Medellin

Funds: AFP Loan

Title and Number of Loan:		Medellin Sewerage 514-L-036	
Date Authorized: 5-15-64		Date Signed: 7-18-64	
Loan Status as of 12/31/67		Loan Terms	
(In Thousands of Dollars and Equivalent)		Duration 10 years	
Authorized	250	Two-Step 40 years	
Disbursed	110	Grace Period 5 years	
Repayments	-	Two-Step 10 years	
Interest Collected	-	Interest Rate 3½%	
		Two-Step ¾% GP; 2% there-	
		after	
		Currency of Repayment .. U.S.\$	

the grace period, and 2% thereafter.

Host Country Contribution-Procurement Source: In March 1966, a local currency loan of \$14,000,000 pesos was made by the GOC to the Empresas from program loan generated pesos. With these funds and those contributed by the Empresa, sufficient funds are available to assure successful completion of the project. The A.I.D. loan represents about 14% of the total project cost, the local currency loan 58% and the contribution by the Empresa 28%. The entire project totals \$2.2 million and is expected to be completed in CY 1968. The loan funds are guaranteed by the Government of Colombia. Engineering services financed under this loan have been procured in the United States from Greeley and Hansen of Chicago, Illinois.

Purpose of Loan: To finance engineering services related to construction of an improved sewerage system which will prevent pollution of many small streams and the Medellin River. Currently the raw sewage, industrial refuse, and sanitary wastes are being removed through natural waterways, open canals, and storm sewers that run through the city and into the Medellin River. The project is based upon a report and preliminary engineering study performed by the Chicago engineering firm of Greeley and Hansen.

Comments on Implementation: After some delay in satisfying the conditions precedent, work is progressing satisfactorily and no implementation problems are foreseen. As of 12-31-67 the loan had been 44% disbursed, and disbursements totalling 100% of the loan had been authorized.

Physical Status: Work was initiated on the project during March 1966, and, as of January 1, 1968, the preparation of engineering design and bid documents was virtually completed. The construction aspects of the project (not being financed by the A.I.D. loan) are progressing satisfactorily.

Financial Status: Disbursements are now being made regularly.

Two Step Process: To help relieve Colombia's foreign debt service burden in the next few years, agreement was reached under which the Colombian Government will receive loan payments from the borrower in local currency. GOC will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at ¾ of 1% during

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Empresa de Acueducto y Alcantarillado de Bogota

Funds: AFP Loan

Title and Number of Loan: Engineering Services Bogota Sewerage 514-L-037	
Date Authorized: 5-15-64	Date Signed: 7-18-64
Loan Status as of 12/31/67	
(In Thousands of Dollars and Equivalent)	
Authorized	450
Disbursed	76
Repayments	-
Interest Collected	-
Loan Terms	
Duration	10 years Two-Step 40 years
Grace Period	5 years Two-Step 10 years
Interest Rate	3 1/4% Two-Step 3/4% GP 2% thereafter
Currency of Repayment ..	U.S.\$

under which the Colombian Government will receive loan payments from the borrower in local currency. GOC will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period, and 2% thereafter.

Host Country Contribution-Procurement Source: The A.I.D. loan represents about 3% of a \$14.5 million project. For the balance, 34% will come from local currency loan funds generated by A.I.D. program loans and 63% from the contribution of the Empresa. The A.I.D. loan funds are guaranteed by the Government of Colombia.

Engineering services financed under this loan are being procured in the United States.

Purpose of Loan: To provide engineering services for a project to expand and improve the sewage collection and treatment facilities in the Sanitary District of Bogota, and to finance the acquisition of maintenance equipment required for construction of the project. The project, the result of a Master Plan Study performed by the engineering firm of Camp, Dresser, and McKee, calls for the construction of 19.2 Km. of interceptor sewers in Bogota. This improvement to the existing system will alleviate existing unsanitary conditions in the low-income areas and will complement an A.I.D. loan for low-cost housing (L-026), which was completed in 1967.

Comments on Implementation: Implementation was initially delayed because the Government did not have sufficient counterpart funds to loan to the Empresa for construction of the sewerage system.

Physical Status: A.I.D.-financed engineering services are being provided by Camp, Dresser, and McKee. They have completed their responsibilities as design consultant, and are now supervising construction (which was 30% completed by 12-31-67). Whenever possible, maintenance equipment has been procured from the excess property stocks of the U.S. Government.

Financial Status: Disbursements are now being made regularly.

Two Step Process: To help relieve Colombia's foreign debt service burden in the next few years, agreement was reached

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Banco de la Republica

Funds: AFP Loan

Title and Number of Loan: Private Investment Fund (PIF) 514-L-040	
Date Authorized: 6-13-64	Date Signed: 12-23-64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 10,000.	Duration 15 years Two-Step 40 years
Disbursed 5,052	Grace Period 5 years Two-Step 10 years
Repayments -	Interest Rate 5 1/2% Two-Step 3 3/4% GP 2% thereafter
Interest Collected 13	Currency of Repayment . . U.S. \$

into the loan covenants.

Financial Status: This loan is disbursing regularly. The loan is guaranteed by the Government of Colombia. Letters of commitment have been opened for the full amount of the loan.

Two Step Process: To help relieve Colombia's foreign debt service burden in the next few years, agreement was reached under which the Colombian Government will receive loan payments from the borrower in local currency. GOC will reimburse A.I.D. in dollars within 40 years, including a 10-year grace period, with annual interest at 3/4 of 1% during the grace period, and 2% thereafter.

Host Country Contribution-Procurement Source: The PIF, as an existing institution, will commit to the overall project its other resources totalling \$110 million.

Equipment, materials, and service financed under the loan are being procured from the United States.

Comments on Implementation: A 1965 shortage of local currency to complement the dollars of this loan reduced PIF's ability to utilize fully these loan funds. Recent allocations of program loan peso proceeds have enabled PIF to become a more active lender, as indicated by the step-up in commitments since receipt of counterpart. As of 12-31-67 this loan was 50% disbursed.

*because of a with-
holding program
loan to fund*

Purpose of Loan: To cover all or part of the foreign exchange costs of high priority projects financed by PIF through its operating arms, e.g., commercial banks and investment corporations. It will make available to Colombian private investors engaged in export expansion or import-substitution oriented industries, credits with 3 to 15 year maturities at rates of interest from 12-14% (denominated in local currency). By making these credits available for foreign exchange costs alone, the loan will reduce the short-term nature of sublenders' suppliers' credits and will in all likelihood result in additional U.S. exports to Colombia. PIF's primary source of local currency has been the peso equivalent of \$45 million generated by A.I.D. program loans (Loans 024, 032, 039, and 044).

The loan also complements a credit line to the Banco de la Republica by the IDB and the Netherlands, and a loan from the IERD received in 1966.

Physical Status: The Private Investment Fund is an existing and well functioning organization. In the years following its founding in February 1963, the PIF has approved loans for projects in the agricultural, manufacturing, and chemical industries. As part of the project review, A.I.D. technicians evaluated the policies and operational procedures of the PIF and incorporated their recommendations

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Government of Colombia

Funds: AFP Loan

Title and Number of Loan: Program Assistance 514-L-044	
Date Authorized: 11-19-65	Date Signed: 12-20-65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 64,998	Grace Period 10 years
Disbursed 64,091	Interest Rate 1% GP thereafter 2½%
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 476	

(3) support of purposes and projects of social and economic development, such as census surveys and planning, and (4) agricultural development.

Physical Status: The loan was signed on December 20, 1965. General legal and administrative conditions precedent were met speedily. Counterpart funds have been allocated for such activities as agricultural research and extension projects being carried out by the Colombian Land Reform Institute (INCORA); for primary school classroom construction; to the Colombian Housing Institute for low and medium income housing construction programs; and for support of a cadastral mapping and surveying program.

Financial Status: An initial disbursement of \$20 million was released following signature (\$10 million of which was on an advanced commodity financing basis which is a procedure for the immediate payment of dollars to a country in return for a commitment to set aside an equivalent amount of its own dollars for the subsequent financing of agreed upon U.S. commodities and related services) and three \$15 million tranches were released following careful reviews and satisfactory findings of performance for the periods ending December 31, 1965, March 31, 1966 and June 30, 1966.

Procurement Source: All dollar proceeds of this loan were used to import essential goods and related services from the United States.

Comments on Implementation: No disbursement problems have occurred. Colombian imports of U.S. goods under this loan have been made under letter of commitment (L/C) which is an agreement between A.I.D. and a U.S. bank to extend assistance to a cooperating country for financing selected imports, and the prior notice system (Regulation I) has been applied to all imports. In 1966 a system for Small Business notification, providing advance notice to the U.S. suppliers of the total procurement anticipated under the loan together with trade lists of potential Colombian importers, was substituted for the advance notice to suppliers published in Sub-Part C of A.I.D. Regulation I, and has been well received by U.S. exporters. As of 12-31-67 this loan was 98% disbursed.

Purpose of Loan: This loan provided support for the Colombian Development Program to: help finance essential imports, and at the same time encourage and enable the Colombian Government to adopt necessary economic policies, institutions and services needed for economic development programs. This loan was considered the principal instrument of A.I.D. assistance for FY 1966, since it provided foreign exchange for private sector imports and created counterpart local currency for public and private investment, thus making an immediate and vital contribution both to narrowing the balance of payment gap and to the ability of the government and private sector to meet investment targets through non-inflationary means.

The allocation and disbursement of pesos generated through this loan has financed high priority projects which have been approved by A.I.D. and the Colombian Government and are a part of Colombia's Development Plan. All counterpart to be generated from this loan has already been allocated. The areas in which the pesos have been used for development purposes include: (1) industrial development, including but not limited to: diversification and promotion of exports, elimination of production bottlenecks, and import substitution; (2) infra-structure developmental purposes and projects in such fields as housing, water and sewerage, power, transportation, communications, education, and health;

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Colombian Institute for Agrarian Reform (INCORA)

Funds: AFP Loan

Title and Number of Loan: Supervised Agricultural Credit 511-L-046	
Date Authorized: 2-24-66	Date Signed: 3-16-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 8,500	Grace Period 10 yrs.
Disbursed 8,391	Interest Rate 1% GP thereafter 2½%
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected 96	

Host Country Contribution-Procurement Sources: Procurement under the loan and sub-loan is limited to U.S. and Colombian sources. Vehicles to permit improved supervision were procured in the U.S. The U.S. dollars covering local currency costs were used for procurement of essential goods and services from the U.S. and were of further assistance in countering Colombia's balance of payments problem.

In addition to INCORA's paying all operating costs of the program, the GOC has agreed to the allocation of Ps. 65 million counterpart to continue lending operations after this loan is fully disbursed.

Comments on Implementation: There have been no implementation problems.

Purpose of Loan: To increase agricultural production by introducing improved methods and commercial practices to those farmers who can operate a viable farming unit if they are provided with credit and technical assistance available from conventional sources. This technical assistance is also intended to promote crop diversification so as to decrease Colombia's dependence on coffee as a source of foreign exchange, and to increase the quality and quantity of food production.

Physical Status: The loan was authorized in February, 1966 conditions precedent were promptly met, and disbursements were begun in April, 1966. It is being disbursed through the supervised credit program of the Colombian Institute of Agrarian Reform. The loan continues assistance initiated under loan 027 (completed).

Financial Status: As of 12-31-67 this loan was 98% disbursed. Since the initial disbursement the funds have been moving regularly, and the dollar loan should be fully disbursed by the termination date of 6-30-68.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Banco Ganadero

Funds: AFP Loan

Title and Number of Loan: Livestock Bank 514-L-048	
Date Authorized: 5-13-66	Date Signed: 7-25-66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized 8,000	Grace Period 10 yrs.
Disbursed 7,774	Interest Rate 1% GP thereafter 2½%
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected 43	

Host Country Contribution-Procurement Sources: Procurement under the loan and any sub-loan is limited to U.S. or Colombian sources. The U.S. dollars covering local currency costs will be used for procurement of essential goods and services from the U.S. and thus be of further assistance in view of Colombia's balance of payments problem.

Comments on Implementation: The Banco's performance has been quite satisfactory to date. The loan has been virtually completely disbursed (97%) as of 12-31-67, and should be fully disbursed by the termination date of 5-31-68.

Purpose of Loan: To continue assistance to the program of lending by the Banco Ganadero to livestock producers begun under Loan 038 (completed).

Physical Status: The Banco Ganadero was formed in 1959 for the purpose of providing technical assistance with credit at terms better than those available commercially. With 75% of the ownership in the hands of private owners and 18 offices in the major livestock centers, the Banco Ganadero has been of vital importance to the development of the Colombian cattle industry.

Financial Status: The loan was authorized in May, 1966. Disbursements began in September, 1966 and have continued regularly as planned. Under the present loan the Banco, as of 12-31-67, had made 1,015 sub-loans to ranchers of medium and small size holdings, which were used to finance such activities as the purchase of breeding stock, the acquisition of equipment and pasture improvement.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: COLOMBIA

Borrower: Banco de la Republica

Funds: AFP Loan

Title and Number of Loan: Development Program 514-L-049	
Date Authorized: 5-2-67	Date Signed: 5-27-67
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration40 years
Authorized 100,000	Grace Period10 years
Disbursed 25,200	Interest Rate1% GP thereafter 2%
Repayments -	Currency of Repayment .. U.S.\$
Interest Collected -	

Host Country Contribution-Procurement Sources: Conditions Precedent to the disbursement of the loan required the Colombian Government to satisfy USAID: (1) that it has made adequate efforts to advance the economic and social development of Colombia pursuant to its Development Program; (2) that prospects are satisfactory for such development in the future; and (3) that it has fulfilled its commitments to facilitate the importation of products of U.S. manufacture.

The framework for reviews of performance under (1) and (2) above include specific and realistic targets as well as forward planning. All dollar proceeds of this loan are to be used to assist the financing of goods and services originating in and procured from the United States within categories approved by USAID.

Comments on Implementation: Performance by the Colombian Government under this loan has been satisfactory. It is anticipated that the loan will be fully disbursed by the termination date of 3-31-69. As of 12-31-67 the loan was 25% disbursed; disbursements totalling an additional 35% of the loan had been authorized but not utilized.

Purpose of Loan: This loan is designed (a) to provide support for the Colombian development program during the year 1967 and part of 1968 by assisting in the financing of imports essential to continued growth; and (b) to encourage and enable the Colombian Government to pursue essential economic development policies and establish the institutions and services needed for development. This foreign exchange assistance is essential to the continuation of Colombia's economic growth in view of the recent substantial declines in the prices of Colombia's principle export products.

Financial Status: The loan agreement was signed on 5-27-67. The initial conditions precedent were satisfied by 6-5-67 and \$40 million was released shortly thereafter. The next tranche of \$20 million was released in September 1967, following a determination by USAID that the Colombian Government had fulfilled its obligations under the loan agreement for the period ending 6-30-67. An additional \$20 million was released in December 1967, in response to the satisfactory performance by the Colombian Government during the period ending 9-30-67. \$10 million of the first tranche was made available through medium-term credits to industrialists and farmers for the acquisition of capital goods.

Dominican Republic



BASIC DATA

Population (<i>millions – mid-1967</i>).....	3.9
Annual Growth Rate (<i>percent</i>).....	3.6
Area (<i>1000 square miles</i>).....	18.8
Population Density Per Square Mile.....	210
Agricultural Land as % of Total Area	26
Percent of Labor Force in Agriculture.....	57

Per Capita GNP (<i>dollars</i>).....	264*
Life Expectancy (<i>years</i>).....	58
People Per Doctor	1,620
Literacy Rate (<i>percent</i>)	64
Pupils as Percent of Population.....	16
<i>(Primary and Secondary)</i>	

Country: DOMINICAN REPUBLIC

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	17.1	15.3 ^{a/}	30.0
Technical Assistance	4.4	4.6	5.4
Supporting Assistance	25.0	16.1	20.0
Contingency Fund	7.2	-	-
Total A.I.D. Assistance	53.7	36.0	55.4

^{a/} Includes \$300 thousand in grants for population program under Title X of the Foreign Assistance Act.

U.S. Aid Objectives

The U.S. objective is to achieve sufficient progress toward resolution of urgent economic and social problems to contribute to the maintenance of constitutional stability in the Dominican Republic. A.I.D. help is needed to:

- Alleviate the chronic balance of payments problem by diversification and growth of exports, rationalization of sugar production (currently about 60% of Dominican exports), and implementation of fiscal and monetary policies to increase internal revenues and improve export incentives.
- Boost agricultural production to achieve self-sufficiency in staple food crops, and increase production of cash crops for export.
- Expand educational opportunities through broad-scale assistance aimed at secondary, higher and vocational education.
- Deal with mounting population pressures by an active family planning program.
- Build strong local institutions through a community development program, both at the rural and urban levels, to increase grass roots participation in the political system.

Over the long-run, our objective is to help lay the foundation for and stimulate sustained economic, social and political development, with broad exploitation of the ample agricultural and mineral resource base.

Country Performance and Self-Help

The Dominican Republic has made much progress since the bloody revolution of April 24, 1965. For the first time since the assassination of Trujillo in 1961, a Dominican government, constitutionally elected, has remained in office one full year and more. President Balaguer, who assumed office on July 1, 1966, is leading the country toward constitutional stability.

President Balaguer has pursued a policy of economic austerity to correct the fundamental disequilibrium which has characterized the Dominican economy since the early 1960s. The austerity policy has imposed new import controls, a tightening of credit to the private sector except for investment purposes, and a substantial reduction in public sector wages, employment, and non-personnel operating expenditures.

Some balance of payments and fiscal improvements have been achieved, but both the balance of payments and the budget remain major problems in 1968. With a continuation of rigorous import controls, no significant improvement in customs or total revenues can be expected. Lack of adequate tax revenues may produce a substantial reduction in the rate of public investment.

With the assistance of a \$40 million A.I.D. Supporting Assistance loan, President Balaguer has sustained a public investment program designed to stimulate economic recovery and reduce unemployment, estimated to be 22% of the labor force in the capital city, or about 36,000 persons. The program is aimed primarily at agriculture, but with substantial commitment as well to construction of schools, roads, and health facilities, rehabilitation or irrigation and potable water systems, and construction of a metallurgical complex.

A.I.D. Technical Assistance has supported the effectiveness of projects financed by the SA Loan. For example, A.I.D. agricultural technicians give training courses in the San Cristobal agricultural research station, established with the help of Supporting Assistance funds, and A.I.D. technicians are building up the number and quality of high school teachers to staff newly constructed schools.

Significant progress has been made in the field of agriculture during the past three years. Through basic research and instruction of farmers, self-sufficiency was achieved in 1967 in some crops such as potatoes and onions despite severe drought.

R

Country: DOMINICAN REPUBLIC

A new seed division in the Secretariat of Agriculture provides for supervision, inspection, research and multiplication of quality seed. Because of seed improvement and a supervised credit program, a 25% increase is expected in the 1968 rice crop.

Using improved peanut seeds, peanut oil production-- a Dominican staple--should increase by 35%-40% during 1968. By early 1968 the production of feed grains will eliminate deficits, so as to permit expansion of local poultry, swine and beef production.

In 1967 commercial poultry production totalled 7 million birds compared to 4.5 million in 1966, an increase of 55%; it is expected to increase an additional 14% in 1968. Commercial egg production increased 18% in 1967, and will increase another 20% by early 1969. Intensive technical assistance to the Dominican beef industry was begun in FY 1967 and will continue through FY 1969.

The Balaguer Government with A.I.D. assistance has begun to attack other basic obstacles to Dominican development. One has been the number of State-owned industrial enterprises inherited from the Trujillo era, many of them unprofitable. The largest of these, the sugar complex (CEA), operated during CY 1966 at a deficit of RD \$19 million. Under the new administration appointed by Balaguer, the CEA has announced a cash flow profit of RD \$1.5 million for the 1967 crop year (October 1, 1966 through September 30, 1967).

In December 1967, the Dominican Government received the report and recommendations of a group of American consulting firms hired to do a study of CEA, and further progress is expected in 1968.

Thus, with A.I.D. assistance, the various sectors of Dominican life are beginning to realize their potential growth and development. In agriculture, two years of research have revealed which varieties of crops will flourish and the seed has been grown. The next step, greatly increased production, will depend upon imaginative use of that knowledge and proper planting of that seed.

In industry, feasibility studies have been financed with A.I.D. loans and potential investors are being attracted to the possibilities. Now the building of enterprises will depend

upon whether businessmen feel confident in the future stability of the country. In education the government has been persuaded of the necessity to change its secondary school system, but it needs guidance and help in establishing and running comprehensive high schools, a brand new concept in the country.

The next few years will be decisive for the shaping of those national sectors to a pattern of orderly development.

FY 1969 Program

The proposed FY 1969 program includes \$30 million in Development Loans, \$5.4 million for Technical Assistance, and \$20 million in Supporting Assistance loans.

A Supporting Assistance loan for FY 1968 has been approved in the amount of \$16.1 million. This loan in conjunction with \$14 million of PL 480 commodities will support responsible self-help measures in balance of payments and fiscal policy as well as significant new fiscal reforms including: (1) more effective utilization of revenues for development purposes; (2) additional measures for increasing Government of Dominican Republic budgetary resources; and (3) such additional monetary and fiscal measures as may be necessary to restrict import demand sufficiently to avoid an exchange crisis.

During FY 1967, A.I.D. authorized a Supporting Assistance grant of \$375,000 for commodity assistance to the National Police forces. A similar grant may be necessary during FY 1968 and FY 1969.

P.L. 480 dollar repayable commodities are also likely to be required in FY 1969.

Anticipated Assistance from other Donors

In December 1967, the Export-Import Bank and the Inter-American Development Bank (IDB) each authorized loans to the Dominican Republic Government, both likely to be disbursed throughout FY 1969. The IDB loaned \$1,950,000 from their Fund for Special Operations for construction of 89 small-town water systems. The Ex-Im Bank loaned \$7 million for the purchase of U.S. equipment and services needed in expanding production of electric power. To date the Ex-Im Bank has authorized four credits totalling \$27.3 million to finance expansion of power facilities.

R

Country: DOMINICAN REPUBLIC

During FY 1969, it is expected that IDB will make a loan to the Dominican Government for the construction of the Tavera Dam complex, involving power and irrigation facilities affecting an extensive area, with considerable agricultural potential. A.I.D. may also participate in the financing of this project.

Agricultural Development

Agricultural development continues to be the first priority of the A.I.D. program. In FY 1969, A.I.D. technicians and Texas A & M University contract technicians will continue working to diversify the sources of agricultural wealth so as to lessen the country's dependence on sugar, coffee, and cacao. Accordingly, in FY 1969 as before, the joint A.I.D.-Dominican agricultural efforts will focus on (1) increasing efficiency and quantity of production of the traditional Dominican staple crops such as rice, beans, corn, oil crops, garlic, and plantanos; (2) producing high protein foods presently in short supply and which the Dominicans should consume more of, such as livestock, swine, poultry, milk, local feed grains, fruits, and vegetables; and (3) producing high-value export crops such as winter fruits and vegetables, and raw materials for industry such as tomatoes.

These objectives are being supported by A.I.D. through a number of programs. Of the \$30 million proposed Development Loan program for FY 1969, \$22 million is in agriculture. In line with our objectives of agricultural diversification and the rationalization of sugar production, a \$10 million loan is proposed to assist diversification of sugar lands. This program will convert marginal or high cost sugar land to other more productive purposes.

The successful government irrigation rehabilitation program is to receive a \$6 million loan in FY 1969 which will have a combined agricultural and rural community development impact. A \$6 million loan is proposed for the further expansion and improvement of cooperatives. Revolving funds for agricultural cooperatives involving about \$850,000 are to be used for agricultural production lending purposes. Without this money, cooperative activities would have to be reduced by 50%-60%. Technical assistance helped to increase the number of incorporated cooperatives from 136 in July 1966, to 252 in December 1967.

In March 1967 the Managed Agricultural Credit Program was initiated. By December 1967, over 802 credit applications were approved, totalling approximately \$2.8 million.

In addition, a revolving cattle loan fund totalling \$500,000 from the \$40 million Supporting Assistance loan was set up during FY 1967 and is being managed by the Chase Manhattan Bank.

Industrial Development, based on the produce of the agricultural sector, holds second priority in the development of the Dominican Republic. A Dominican industrial promotion agency has been working to encourage both foreign and domestic private investment, and a mutually profitable industrial relationship with Puerto Rico.

Ten foreign (including U.S.) companies are currently constructing a hotel, and vegetable and meat processing plants. A metallurgical complex which will fabricate light steel products (bars, plates, angles, hardware, etc.) is under construction.

Assistance will continue to be provided through the Private Investors' Fund which is capitalized jointly by A.I.D. and the IDB. Also an Artisans' Fund to help small owner operated businesses has been started with over 50 loans totalling \$100,000. An additional \$300,000 was recently added to the Fund to expand its activities.

Community Development is A.I.D.'s third priority. This activity, called "democratic institution building" in Title IX of the Foreign Assistance Act, has a distinctive style in the Dominican Republic. The activity was begun by the Dominicans themselves with such determination that a permanent agency was created by the government in 1962, within the office of the Presidency. In 1964, the Office of Community Development (OCD) expanded from a regional project to an organization designed to serve country-wide.

In 1967 A.I.D. made an \$8.7 million loan to OCD to further training of campesino leaders, establish agricultural associations and to enlarge and refine the ongoing operations. OCD by the beginning of FY 1968 had 200 young Dominican "promoters" serving in 382 communities (almost half the rural area) and had completed 849 projects including irrigation ditches, land clearing, school construction, latrines, agricultural production and general local improvements. These projects, for which 52% of the cost and all of the labor were contributed by local people, have resulted in minor capital formation that is impressive in the rural Dominican context. They have provided the basis for continuing growth in local self-confidence and political development based on local initiatives.

R

Country: DOMINICAN REPUBLIC

Education

In education A.I.D. is encouraging the Dominican Republic to concentrate its efforts and financial resources on secondary education, higher education, and industrial training, since these have the greatest potential for immediate impact on social reform and economic development. In January 1967, the Dominican Government signed an agreement with A.I.D. to launch the country's first National Education Census, for which the field work was in its final phase in September 1967. The Government has increased the 1968 education budget by 5.5% over 1967, while decreasing the 1968 military budget by 7.4%. To date A.I.D. has worked with the Dominican Government to modernize its secondary education system by setting up six comprehensive high schools. Two of these high schools opened in the fall of 1967.

The vocational school for the Dominican Armed Forces and National Police at Bani, established with the help of A.I.D. funds in October 1966, has become a source of semi-skilled workers for industry and has created a more positive image of the armed forces. In its first year of operation the school has trained 594 students and has increased the number of students taught in one instructional cycle from 150 to more than 300.

Technical Assistance in education in FY 1969 will be based upon the implementation of a \$11 million education sector loan to be approved in FY 1968, which will first affect the FY 1969 school year.

Health and Sanitation

Health services in the Dominican Republic have long been entirely inadequate. A health sector loan of \$4 million will provide for expansion of rural health clinics and comprehensive maternal/child care services. The loan is planned for authorization in late FY 1968.

In addition, loans are proposed in FY 1969 for the Santo Domingo water (\$3 million) and sewerage (\$5 million) systems which will have employment-generating effects in the capital city, as well as the beneficial health aspects of greatly decreased disease.

Other Activities

The Public Safety program has assisted the National Police to improve their training, mobility, communications and ability to control civil disturbances.

In the field of public administration, assistance will be continued in tax and budget reform, and in strengthening local government administration. Technical assistance is also being provided in highway maintenance and worker education.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Country: DOMINICAN REPUBLIC

TABLE II

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	17,100	XXX	XXX	XXX	15,300 <u>a/</u>	XXX	XXX	XXX	30,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	4,792	3,018	-	1,774	3,433	3,433	-	-	4,126	4,126	-
Participants	440	440	-	-	265	265	-	-	213	213	-
Commodities	621	220	-	401	146	146	-	-	367	367	-
Other Costs	704	704	-	-	756	756	-	-	694	694	-
Total Project Assistance	6,557	4,382	-	2,175	4,600	4,600	-	-	5,400	5,400	-
Method of Financing											
Project Assistance											
Direct A.I.D.	3,169	2,668	-	501	2,526	2,526	-	-	2,743	2,743	-
Other Agency	549	549	-	-	673	673	-	-	609	609	-
Contract	2,839	1,165	-	1,674	1,401	1,401	-	-	2,048	2,048	-
Program Assistance	30,000	-	25,000	5,000	16,100	-	16,100	-	20,000	-	20,000
Total Other than Devel. Loan	36,557	4,382	25,000	7,175	20,700	4,600	16,100	-	25,400	5,400	20,000
Total Assistance	53,657	XXX	XXX	XXX	36,000	XXX	XXX	XXX	55,400	XXX	XXX

a/ Includes \$300 thousand in grants for population programs.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	80	61	56
Participating agency	17	21	19
Contractor technicians	96	68	74
Total	193	150	149

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	143	85	132
Contract	41	25	-
Total	184	110	132

PROJECT TITLE Agriculture Development Support	ACTIVITY Agriculture and Natural Resources		FUNDS TA
	PRIOR REFERENCE PROJECT NUMBER 517-15-190-059	INITIAL OBLIGATION p. 148, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1965 FY: 1975

Project Target and Course of Action: To increase agricultural production so that the Dominicans may (1) become self-sufficient in staples, (2) increase exports of vegetables and livestock, and (3) increase the protein in their diet; to develop an approach to agrarian reform suited to the country by experimenting with organization and financing; to reforest the watersheds; and to improve agricultural information, credit, marketing services and education. AID-financed technicians will work with the Secretariat of Agriculture, other GODR agricultural agencies, and regional agricultural centers in a coordinated effort to implement agricultural production programs.

Progress to Date: Despite severe drouth in 1967 self-sufficiency was maintained in rice and achieved for the first time in several priority crops including potatoes, onions, garlic, and cereal grains. Exports of yucca and greenpeppers more than doubled over the 1966 level, and 2,000 acres of non-traditional export crops such as cucumbers and melons were planted in time to reach U.S. winter markets. During 1967 the various GODR agricultural agencies were coordinated into a single national effort. Seven regional agricultural centers and a national experimental station were completed. Detailed production guidelines were developed for priority crops and livestock.

FY 1969 Program: President Balaguer has decreed 1968 "The Year of Production", and realistic production goals

in priority crops and livestock have been set at the national and regional levels. The major emphasis of this project will be to assist the Dominicans in carrying out the national agricultural production plan.

U.S. Technicians: 6 **Direct-hire:** 1 Chief Advisor, 1 Deputy Chief, and 1 Program Assistant to coordinate, monitor and evaluate the total agricultural program; 1 technician in agrarian reform; 1 in agricultural credit; 1 secretary. **28 Contract Advisors:** Texas A&M University. **6 PASA Advisors (USDA):** 1 forestry specialist, 1 agricultural statistician, 4 grain storage advisors, plus short-term consultants. **1 PASA (IAGS) advisor** in land classification assisting in the planning and implementation of a soils survey.

Participants: 2 to Mexico, marketing; 8 to U.S., agricultural credit; 4 to U.S., livestock; 5 to U.S., field crops; 8 to Ecuador and Trinidad, cacao, root and oil crops; 2 to U.S., soils classification.

Commodities: Demonstration equipment and excess property for agricultural institutions.

Other Costs: Local transportation, local supplies and services.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Texas A&M University USDA
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	3,835	2,078	1,757							
Estimated FY 68	1,080	1,514								
Estimated through 6/30/68	4,915	3,592	1,323							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	1,502	4,500	10,917	256	824	1,080	321	1,181	1,502	
Cost Components										
U.S. Technicians				187	648	835	182	1,159	1,341	
Participants . . .				20	164	184	90	-	90	
Commodities . . .				-	12	12	10	22	32	
Other Costs . . .				49	-	49	39	-	39	
Total Obligations				256	824	1,080	321	1,181	1,502	

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Development of Industry and Marketing	ACTIVITY Industry and Mining	FUNDS TA	
PROJECT NUMBER 517-11-290-066	PRIOR REFERENCE p. 149, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1965	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To generate by 1972: (a) employment for 300,000 workers; (b) \$400 million of new industrial investment; (c) \$40 million a year in domestic production of goods now imported; (d) \$20 million of new industrial exports; (e) \$7 million a year of net tourism income. Efforts will be made: (a) to improve the investment climate by securing passage of an improved industrial incentive law and encouraging the passage of an improved industrial free zone law and the establishment of several zones; (b) to strengthen industrial and tourism development institutions; and (c) to provide industrial credit on a more aggressively developmental basis.

Progress to Date: Technical assistance rendered to Dominican and U.S. investors and financing from an AID-IDB financed Private Investment Fund have generated: \$17.5 million in new industrial investment; 12,000 new jobs; \$4.6 million of annual import substitution savings; \$4.9 million in annual industrial exports; 69 new plants or expansions under construction or finished; and initiation of production in 43 new plants.

FY 1969 Program: Objectives include: the passage of a new industrial incentive law; the restructuring of the Industrial Development Corporation, stressing the identification and promotion of industrial opportunities; the development of a Master Tourism Plan, the passage of

new tourism encouragement laws, and the reorganization of the tourism directorate; and the establishment of effective export promotion machinery.

U.S. Technicians: Direct-hire: 2 direct-hire industrial development and marketing advisors. Contract: 2 industrial development specialists for one year each; 1 tourism advisor for one year; 5 short-term consultants in investment promotion; contract with Arthur D. Little for one year to provide the services of a team of specialists to assist in implementing an export promotion program and short-term consultants to conduct investment opportunity surveys; 4 short-term advisors in industrial management orientation.

Participants: 6 to Monterrey Institute of Technology in Mexico for one year in advanced business administration; 2 to INCAE in Central America for six weeks for leading business policy makers.

Other Costs: Local salaries, travel, etc.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1968			Proposed FY 1969				
					Direct AID	Contract/Grant/Agency	Total	Direct AID	Contract/Grant/Agency	Total		
Through 6/30/67	364	286	78									
Estimated FY 68	284	280			45	220	265	61	503	564		
Estimated through 6/30/68	648	566	82	U.S. Technicians	-	-	-	13	-	13		
		Future Year Obligations	Estimated Total Cost	Participants . . .	-	-	-	-	-	-		
				Commodities . . .	19	-	19	38	-	38		
Proposed FY 69	615	950	2,213	Other Costs . . .	64	220	284	112	503	615		
				Total Obligations								

Arthur D. Little, Nat'l Planning & Construction Corp., Conway Services, Council for International Progress & Management, Personal Services Contracts

PROJECT TITLE Highway Development Support ^{1/}	ACTIVITY Transportation	FUNDS TA
PROJECT NUMBER 517-12-310-065	PRIOR REFERENCE P-150, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1971
	INITIAL OBLIGATION FY: 1966	

Project Target and Course of Action: To assist in the re-organization of the General Directorate for Highways of the Secretariat of Public Works, the reform of its administrative and planning procedures, and the development of its road maintenance, materials testing and construction supervision capabilities so that it can plan and implement an adequate program of continuous highway maintenance and improvement; to provide similar assistance to the General Directorate of Urban Public Works of the City of Santo Domingo in order to improve its services within the National District.

Progress to Date: USAID and Bureau of Public Roads technicians have contributed to a number of reforms in the Directorate of Highways of the Secretariat of Public Works, as follows: Policy reforms include stopping the dangerous practice of piling asphalt in highway lanes prior to patching surfaces, setting up an efficient system of storage and inventory of spare parts, and drafting and submitting to the legislature revised traffic control statutes regulating vehicle weights and sizes. Economies of equipment and maintenance have resulted from teaching the use of modern materials and construction practices.

FY 1969 Program: USAID, under a PASA with the Bureau of Public Roads, will continue to assist the personnel of both general directorates in the planning, organization and execution of their work, including preparation of

plans and cost estimates for future work. They will also make continuous inspections to assure the use of proper materials and compliance with accepted good engineering practices.

U.S. Technicians: 6 Bureau of Public Roads engineers to advise and assist Highway Directorate.

Other Costs: Local engineers and secretary.

^{1/} Previously entitled: "Transportation - Technical Assistance"

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/67	333	261	72								Bureau of Public Roads
Estimated FY 68	192	200									
Estimated through 6/30/68	525	461	64	U.S. Technicians	-	176	176	-	176	176	
				Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	16	-	16	16	-	16	
Proposed FY 69	192	545	1,262	Total Obligations	16	176	192	16	176	192	

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Labor Administration and Manpower Development	ACTIVITY Labor	FUNDS TA	
	PRIOR REFERENCE p. 151, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1972
PROJECT NUMBER 517-15-490-029			

Project Target and Course of Action: To strengthen representative nonauthoritarian labor organizations whose primary concern is the defense and advancement of the economic and social interests of their members through legal means. American Institute for Free Labor Development (AIFLD) contract advisors will assist in achieving this objective by providing training to labor union leaders and helping labor organizations carry out community development projects.

Progress to Date: During CY-1967 1,637 workers attended labor leader and union management seminars. Compared to those of 1966, the 1967 seminars lasted longer, had more students and presented fewer and more specialized subjects. For the first time in 1967 the AIFLD presented seminars for rural associations dealing with community development, agricultural extension, conservation and agrarian reform. From additional seminars affiliated with the International Trade Secretariats, eight students were sponsored for training in the AIFLD Labor Education School in Virginia. The results of the trade union education program of 1967 are most evident in the emergence of young leaders and increased membership in the independent unions. 1967 Social Project activities included completion of the 110 unit John F. Kennedy Housing Project for sugar workers and follow-up community development activities there; and initiation of vocational training activities for sugar processing mechanics and restaurant workers.

FY 1969 Program: AIFLD will continue to identify and select potential labor leaders in cooperation with Dominican labor organizations for its training courses at the Dominican Institute of Labor Training. Special emphasis will be placed on management training. AIFLD will also assist labor organizations in the promotion, technical development, financing and implementation of small self-help community projects. Assistance to the Secretariat of Labor under a PASA with the U.S. Department of Labor will be phased out during FY-1968.

U.S. Technicians: 3 AIFLD contract advisors.

Other Costs: Local costs for the administration of workers' education seminars including local salaries, travel, rent and supplies.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1968			Proposed FY 1969
					Direct AID	Contract/Other Agency		Total
Through 6/30/67	926	718	208					
Estimated FY 68	290	408						
Estimated through 6/30/68	1,216	1,126	90					
		Future Year Obligations	Estimated Total Cost					
Proposed FY 69	162	1,000	2,378	Total Obligations	20	270	290	
				U.S. Technicians	-	139	139	
				Participants . . .	20	-	20	
				Commodities . . .	-	-	-	
				Other Costs . . .	-	131	131	
						58	58	
						-	-	
						104	104	
						162	162	

AIFLD; Dept. of Labor

PROJECT TITLE Public Health	ACTIVITY Health and Sanitation	FUNDS TA
PROJECT NUMBER 517-15-550-080	PRIOR REFERENCE p. 160, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To assist the GODR in the development and institutionalization of a nationwide comprehensive maternal child care program under the supervision of the Secretariat of Public Health. This program, financed by grant funds and a development loan, will provide comprehensive maternal/child care services including venereal disease control, cervical cancer control, pre-natal, partum and postpartum care, as well as family planning services. Family planning services will be offered by these facilities on a voluntary, free choice basis in post-partum clinics. A sufficient number of trained public health personnel (doctors, nurses, paramedical) will be provided by the Secretariat of Public Health to staff and operate this program.

Progress to Date: In February, 1968, the National Population Council was created by Presidential decree. The Council will be autonomous, semi-official, and will be in charge of coordinating and supervising the nationwide family planning program. In addition, since May 1967, 20 new facilities for this program, constructed with supporting assistance local currency proceeds, have been inaugurated; 45 doctors have received short-term training in family planning techniques; a contract cytologist arrived to advise on the cancer detection aspects of the program; and 6 participants have entered cytology training in Puerto Rico.

FY 1969 Program: Development loan and GODR funds will be used to repair or construct and equip a network of hospitals, sub-centers and rural clinics throughout the country. Technical assistance will be provided to assist in the implementation of the development loan and to set up in-country training programs for Secretariat of Public Health personnel.

U.S. Technicians: 8 short-term contract advisors in demography, family planning, health education and data processing; 1 public health contract advisor for two years.

Participants: 52 to Puerto Rico and the U.S. for short-term training in family planning, health education, demography and nursing.

Commodities: Family planning supplies, laboratory equipment, drugs and educational materials.

Other Costs: Local Employees' salaries.

U.S. DOLLAR COSTS (in Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/ XXXXXXXX Personal Services Contracts
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/ Other	Total	Direct AID	Contract/ Other	Total	
Through 6/30/67	90	20	70							
Estimated FY 68	300 ^{1/}	230								
Estimated through 6/30/68	390	250	140							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	344	1,000	1,734	250	50	300 ^{1/}	244	100	344	

^{1/} to be funded from Alliance Loans

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Teacher Education	ACTIVITY Education	FUNDS TA	
	PRIOR REFERENCE P. 152, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1972
PROJECT NUMBER 517-11-690-069			

Project Target and Course of Action: To assist the GODR establish a national system of comprehensive high schools which will provide industrial, technical, agricultural, commercial, home economics, nursing, and primary teacher education programs, as well as preparation for university entrance. The target is thereby to improve the quality of secondary school teachers and improve and enlarge the national secondary education system so that it will be responsive to the multiple development needs of the country. Modern curricula, teaching methods, and administrative techniques will be introduced into each reorganized school system by in-service training.

To increase the number of graduates in primary teacher education from about 100 to 1,000 annually, by 1) improving the quality of existing normal schools over three years, and 2) introducing primary teacher education as a specialization in the new comprehensive high schools.

Financial assistance in carrying out these objectives will be provided through an FY-1968 educational development loan.

Progress to Date: Although availability of funds for the comprehensive high school plan must await the signing of the 1968 educational development loan, three pilot projects were initiated in November, 1967. Each pilot school was reorganized, and classical curricula were dropped or modified. Vocational education programs in teacher educa-

tion, agriculture, industrial arts, and commercial education were initiated in these schools. Enrollment doubled at each school when the new program was introduced, and average daily attendance jumped from 55% to 94% for the first three months of school operation.

FY-1969 Program: Five additional model comprehensive high schools will be opened in urban and semi-rural areas.

U.S. Technicians: One U.S. direct-hire secondary education advisor. Additional funding for eight San Jose State contract advisors until arrangements can be made to fund them under the educational development loan early in CY 1969.

Other Costs: Local employees' salaries; housing for San Jose contract team.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCY				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	1,689	845	844								San Jose State College
Estimated FY 68	72	551									
Estimated through 6/30/68	1,761	1,396	365								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 69	182	120	2,063 ^{1/}		38	34	72	50	132	182	
				Total Obligations							

1/ Estimated cost to completion reduced to reflect transfer of San Jose contract to loan funding.

PROJECT TITLE Education Development Support	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 517-11-690-067	PRIOR REFERENCE p. 153, FY 1968 LA P.D.B.	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: To assist the Education Secretariat in developing short-range and long-range national educational plans and in achieving comprehensive administrative reorganization and reform, including a substantial upgrading of personnel. This will be accomplished through technical assistance and financing from an FY-68 education development loan.

Progress to Date: A comprehensive study has been made of the Secretariat organization. The recommendations formulated in this study for reorganization, administrative reform, and upgrading of personnel have been accepted by the Secretariat. All field work and data processing for a national educational census have been completed, and data will be available in usable form very shortly for educational planning purposes. Modern budget development procedures have been instituted. Six key Secretariat personnel have been sent to the U.S. for special training for periods ranging from two weeks to three months. The Secretariat of Education has provided numerous counterpart technicians in the various phases dealing with Secretariat reorganization, the national educational census, and the development of better personnel and budget procedures.

FY 1969 Program: Activities for FY 1969 will be aimed at fully implementing the reorganization plan already accepted by the Secretariat of Education, modernizing and de-

centralizing certain Secretariat functions, and upgrading key Secretariat personnel. A direct hire advisor in educational administration will continue to work closely with the Secretariat in these areas and will be assisted by contract technicians (funded in FY 1968) in the more important functional areas. Under the educational development loan, short-term technicians will be obtained to conduct training courses and selected personnel will be sent abroad for further training.

U.S. Technicians: One Chief of Human Resources Development; 1 Assistant Chief of HRD; 1 Education Administration Advisor.

Other Costs: Local salaries, travel, and services.

1/ Includes FY-68 obligations of \$47,000 under "Civic Action # 517-11-690-071.2, to be closed out in FY-68.

2/ The reduction of estimated total cost from that shown in FY 1968 Congressional Presentation represents transfer of \$865,000 obligation for St. Louis University contract to Higher Education project. (See note page 153, FY-68 LA P.D.B.)

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	178	103	75								Clapp & Mayne
Estimated FY 68	363 ^{1/}	304		U.S. Technicians	150	142	292	90	-	90	
Estimated through 6/30/68	541	407	134	Participants ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	71	-	71	37	-	37	
Proposed FY 69	158	900	1,599 ^{2/}	Total Obligations	221	142	363	127	-	127	

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Higher Education	ACTIVITY Education		FUNDS	
	PRIOR REFERENCE p. 154, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1972	
PROJECT NUMBER 517-11-690-067.1				

Project Target and Course of Action: To improve university administration and organization and to develop higher education programs to meet the professional needs of development. Contract advisors, largely financed from prior year funds, will assist all three of the universities in the country in effecting administrative improvements and upgrading the quality of instruction in selected university departments. The three universities are: Autonomous University of Santo Domingo (UASD), the National University Pedro Enriquez Urena (UNPHU), and the Catholic University in Santiago (UCMM). Funds for higher education development will be provided as a part of an educational development loan to be authorized in FY-1968.

Progress to Date: UASD and UNPHU: American Institutes for Research (AIR) contract advisors are helping UASD and UNPHU develop curricula, improve teaching, and upgrade professional staff. Four professors are receiving advanced training in the U.S. and third countries. UCMM: St. Louis University technicians have assisted selected departments in curricula development and have advised in the physical plan of the campus. Short-term consultants have advised in college administration and library science. Seven professors are receiving advanced training in the U.S. and third countries. The university fund-raising drive has received pledges of over \$1,000,000 during its first few weeks from the community of Santiago. Instituto de Estudios Superiores

(IES): This is a business college sponsored by a private nonprofit development organization, Accion Pro-Educacion y Cultura. Early in FY-68 the Bryant College contract team completed its assistance to the school. IES' first class, consisting of 66 business administration students and 36 executive secretaries, graduated in June 1967.

FY 1969 Program: AIR technicians (in collaboration with a U.S. university) will continue to assist UASD and UNPHU in administrative reform and instructional improvements, particularly in the fields of science and engineering. St. Louis University advisors will concentrate their efforts in the fields of social science, English, and architecture. The St. Louis contract, now funded through December 31, 1968, will be shifted to the educational development loan early in CY 1969.

U.S. Technicians: 1 direct-hire advisor in higher education to monitor and coordinate contract operations.

Commodities: Instructional materials and equipment.

Other Cost: Local salaries and housing for contract advisors.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/XXXXXXXX			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
Through 6/30/67	1,340 1/	495	845		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 68	143	726		U.S. Technicians	30	41	71	30	-	30
Estimated through 6/30/68	1,483	1,221	262	Participants ...	17	-	17	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	10	-	10
Proposed FY 69	82	1,000	2,565	Other Costs ...	11	44	55	42	-	42
				Total Obligations	58	85	143	82	-	82

St. Louis University
American Institutes for
Research
Bryant College (terminat-
ing in FY-68)

1/ Includes FY-66 obligation of \$865,000 for St. Louis Contract previously shown under Educational Development Support.

PROJECT TITLE Public Safety	ACTIVITY Public Administration and Public Safety	FUNDS TA
PROJECT NUMBER 517-11-710-021	PRIOR REFERENCE P. 156, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: To develop the National Police into a modern professional law enforcement organization capable of maintaining law and order and constituting an effective first line of defense against subversion. A total, integrated police program, consisting of 14 elements, is necessary to accomplish the project objective. The 14 interrelated elements or sub-projects of this project are Civil Disurbance Control, Rural Training Teams, Basic Training - National Police Academy, Leadership Education, Firearms Training, Police Administration, Rural/Municipal Policing, Traffic Control, Criminal Investigations, Motor Vehicle Maintenance, Records and Identification, Criminalistics Laboratory, and Training Aids.

Progress to Date: An integrated 5-year plan consisting of 14 elements has been prepared by U.S. advisors and accepted by the Secretariat of Interior and Police and the Chief of Police. The plan calls for a complete structural reorganization of the National Police (NP) and professional training for both officers and enlisted men. A new police academy suitable for training 5,000 policemen in ten 12-week courses and officer cadets has been constructed. A Directorate of Education and Training has been formed and numerous short courses given both senior and junior officers. The Criminal Investigations Division has been reorganized and a training program for 46 investigators completed. Major crimes reported to the

police decreased 30% from July 1966 to July 1967. Smuggling has diminished and the NP contraband section has been reduced. A Records and Identification Unit has been formed and 70 NP personnel trained in fingerprint classification. Motor vehicle maintenance shops have reduced the number of deadlined vehicles by 85%. A civil disturbance control force has been organized, equipped and trained and has been effective in controlling a large number of serious disturbances using a minimum amount of force.

FY 1969 Program: The program is a continuation of the 5-year National Police development plan. Improved personnel management, increased rural, border, and highway patrols, and basic training will be emphasized.

U.S. Technicians: 16 full-time technicians and 1 part-time advisor to provide technical advice in the various elements of the program; 1 secretary.

Participants: 9 to attend International Police Academy basic and specialized courses.

Other Costs: Local travel and miscellaneous expenses.

1/ This includes CF financing of commodities not included in FY 1968 P.D.B.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/67	1,874 ^{1/}	1,687	187							
Estimated FY 68	505	500		U.S. Technicians	476	-	476	448	-	448
Estimated through 6/30/68	2,379	2,187	192	Participants . . .	14	-	14	16	-	16
		Future Year Obligations	Estimated Total Cost	Commodities . . .	9	-	9	-	-	-
				Other Costs . . .	6	-	6	6	-	6
Proposed FY 69	470	1,000	3,849	Total Obligations	505	-	505	470	-	470

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Public Administration 1/	ACTIVITY Public Administration and Public Safety	FUNDS TA
PROJECT NUMBER 517-11-790-062	PRIOR REFERENCE p. 157, FY 68 IA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1972
	INITIAL OBLIGATION FY: 1965	

Project Target and Course of Action: To help the GODR secure the revenues needed for development by establishing a consistent and equitable revenue policy and administering it fairly and efficiently; to help create viable, self-supporting democratic local governments which will assure local participation in the development process. An Internal Revenue Service PASA team will continue work with the GODR in all aspects of tax reporting, collecting, and auditing. USAID technicians will help the Municipal League provide technical assistance to the 98 municipalities outside of the capital city, including identifying, coordinating and developing their resources, training local officials, and introducing program budgets.

Progress to Date: The highlight of the 1967 work of the IRS team with the GODR was the 21% increase in direct tax collections for the year. A contract economist has designed a fiscal policy strategy to secure revenues needed for development. A Clapp and Mayne contract team has submitted recommendations on the budget accounting system of the GODR. The prestige and effectiveness of the Municipal League in assisting municipal governments have been greatly increased through the work of AID and Institute of Public Administration advisors. As a result, considerable progress has been made in strengthening local government administration and stimulating the participation of the municipalities in development activities.

FY 1969 Program: IRS technicians will continue to advise the GODR in the administration of tax laws. Technical assistance to the Municipal League will follow a detailed work program to be accomplished by June 1969. Funding will include \$230,000 for the IRS PASA and \$117,000 for the extension of the Institute of Public Administration (IPA) contract.

U.S. Technicians: 4 direct-hire; 1 Chief Public Administration Advisor; 1 Budget Analyst; 1 Municipal Government Advisor; 1 Supply Advisor. 6 PASA-IRS tax administration advisors. 3 IPA contract advisors (1 yr.) and 3 short-term consultants in municipal government.

Participants: 12 for INTAX program; 6 to U.S. in local government; 4 to Puerto Rico for budgeting and accounting; 2 to U.S. in property tax assessment.

Commodities: Accounting, calculating and reproduction machines; training materials.

Other Costs: Local travel, salaries

1/ Previously entitled "Government Organization and Management".

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	2,217	1,312	905							Institute of Public Administration Clapp and Mayne Internal Revenue Service
Estimated FY 68	484	884								
Estimated through 6/30/68	2,701	2,196	505	132	230	362	122	347	469	
		Future Year Obligations	Estimated Total Cost	21	-	21	50	-	50	
				40	-	40	40	-	40	
				61	-	61	34	-	34	
Proposed FY 69	593	1,180	4,474	254	230	484	246	347	593	

PROJECT TITLE Special Development Fund	ACTIVITY General and Miscellaneous	FUNDS TA
PROJECT NUMBER 517-11-990-050	PRIOR REFERENCE p. 161, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: Continuing
	INITIAL OBLIGATION FY: 1965	

Project Target and Course of Action: To encourage small self-help efforts, particularly in areas where other USAID efforts lack immediate impact, by providing grants not exceeding \$5,000 to organizations or groups for projects which 1) benefit a group rather than an individual, 2) result from a significant mobilization of resources by the group and which will contribute directly to the economic and social development of the community involved; and 3) will benefit a group capable of carrying out the activity without continuing USAID assistance, or a group which has found a sponsor who will assume responsibility for any necessary technical and financial assistance. Occasionally the Fund may be used to assist activities not meeting these criteria but contributing significantly to the achievement of overall U.S. objectives such as those described in Title IX of the Foreign Assistance Act. U.S. Voluntary Agencies, the American Institute for Free Labor Development, the GODR and the Peace Corps provide technical and material support to a number of the projects financed under this project.

and equipment of medical clinics. As of August 1967, 50% of the 36 projects were completed and the remainder scheduled to be completed by the end of the year.

Progress to Date: During FY-67, 36 projects were authorized for a total obligation of \$175,000. As a result of the recommendations of Vice-President Humphrey, \$96,500 of this was allocated for medicines and medical equipment for a public children's hospital in Santo Domingo. Other projects financed from the Fund include assistance to community development and youth organizations, repair, construction

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	387	272	115								
Estimated FY 68	50	121		U.S. Technicians	-	6	6	-	6	6	
Estimated through 6/30/68	437	393	44	Participants ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	44	-	44	69	-	69	
Proposed FY 69	75	Continuing		Total Obligations	44	6	50	69	6	75	

Country: DOMINICAN REPUBLIC

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA
PROJECT NUMBER 517-11-990-000	PRIOR REFERENCE p.162, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962
		SCHEDULED FINAL OBLIGATION FY: Continuing

FY 1969 Program:

U.S. Technicians: 20 Direct-hire personnel including: 1 Asst. Director, 5 Program Officers, 3 Loan Officers, 4 Engineers, 4 Food-for-Peace personnel, 1 Financial Analyst, and 2 secretaries. TDY contract assistance to improve commodity import physical and accounting control procedures.

Commodities: Office equipment, supplies; household furnishings; replacement vehicles.

Other Costs: Salaries of local staff under Technical Support project, maintenance and operation of Mission vehicles, rent and utilities, and locally purchased supplies and equipment.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCY					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1968			Proposed FY 1969				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/67	3,819	3,612	207									Lybrand, Ross
Estimated FY 68	982	980		U.S. Technicians	600	30	630	600	30	630		
Estimated through 6/30/68	4,801	4,592	209	Participants . . .	-	-	-	-	-	-		
		Future Year Obligations	Estimated Total Cost	Commodities . . .	85	-	85	85	-	85		
				Other Costs . . .	267	-	267	267	-	267		
Proposed FY 69	982	Continuing		Total Obligations	952	30	982	952	30	982		

PROJECT DATA SUMMARY

TABLE IV

COUNTRY: DOMINICAN REPUBLIC

(Dollar Amounts in Thousands)

Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
Civic Action Road Construction Improvement	517-11-310-041	1964	1968	83	69	14	-	15	-				84
Skilled Manpower Development	517-11-420-030	1963	1966	289	262	27	-	27	-				289
Vocational Education	517-11-690-071	1963	1967	702	567	135	-	135	-				702
Worker Housing	517-12-830-081	1965	1968	600	522	78	-	78	-				600
Total													
TA													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Feasibility Studies 517-L-005	
Date Authorized: January 5, 1965 Date Signed: February 16, 1965	
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 1,000	Grace Period 10 yrs.
Disbursed 475	Interest Rate .. GP 1%
Repayments -	thereafter 2½%
Interest Collected -	Currency of Repayment .. \$US

Comments on Implementation: Although implementation of this loan was initially slow due to the disruption caused by civil strife during 1965, prospects for a group of well developed and useful studies are now excellent.

Purpose of Loan: To assist in financing the cost of feasibility studies, pre-feasibility studies and project evaluations required for investment proposals, public or private, which will contribute to the social and economic development of the country.

Physical Status: Twelve contracts have been approved for studies under this loan. Ten contracts have been signed and work on them has either been completed or is underway. The Government of the Dominican Republic is reviewing the completed studies and the Mission expects to receive requests to help in the financing of several projects developed under this loan.

Financial Status: Studies amounting to the full amount of the loan have been approved by the A.I.D. Mission. All studies are expected to be completed by May 1968 and all funds are expected to be disbursed by December, 1968.

Host Country Contribution-Procurement Sources: All proposals for studies under the loan are channeled through the National Planning Office (Technical Secretariat of the Presidency). Equipment, materials and services financed under this loan are to be procured from the United States or the Dominican Republic.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Private Investment Fund (PIF) 517-L-007	
Date Authorized: March 31, 1965	Date Signed: April 19, 1965
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 5,000	Duration 40 yrs.
Disbursed 2,373	Grace Period 10 yrs.
Repayments -	Interest Rate .. GP 1% thereafter 2½%
Interest Collected 9	Currency of Repayment.. \$US

Equipment, materials and services are procured from the United States or the Dominican Republic.

Comments on Implementation: The loan agreement providing the funds for the program was signed early in April, 1965. The revolution intervened and no organized attempt to implement the program was made until the first quarter of 1966. The first loan was approved by the Banco Central on May 30, 1966. Because of the Banco Central's strict interpretation of the loan requirements, the program was slow in starting. USAID has been working with the Banco Central to expedite loan approval procedures and to gain the confidence and cooperation of the private commercial banks. Consequently the accelerated disbursement rate in 1967 is expected to continue.

Purpose of Loan: To finance the dollar and peso costs of private sector projects in order to increase production and services in agriculture, industry, mining and transportation, with the following priorities: (a) promotion and diversification of exports, (b) elimination of production bottlenecks, and (c) import substitution. Sub-loans are made by the Central Bank acting through the commercial banks.

Physical Status: The PIF has approved loans totaling \$3.9 million to assist 39 firms in establishing new industries or expanding existing ones. New enterprises have been established not only in the capital, but in other areas of the country as well.

Financial Status: \$2,370,000 was disbursed on December 31, 1967 vs. only \$300,000 a year earlier. Disbursements are expected to continue at the 1967 rate.

Host Country Contribution - Procurement Sources: The PIF is administered by the Central Bank. Local commercial banks process loan applications and assume the commercial risks in the proposed investments. The investors contribute at least 50% of the equity involved in the new investment.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: National Housing Bank (Second Loan) 517-L-008	
Date Authorized: January 21, 1966 Date Signed: March 29, 1966	
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized 5,000	Two-step 40 yrs.
Disbursed 3,268	Grace Period 5 yrs.
Repayments -	Two-step 10 yrs.
Interest Collected 20	Interest Rate . . GP 1%; 2½% after Two-step GP 1%; 2½% after
	Currency of Repayment . . \$US

Explanation of two-step process: To help ease the Dominican Republic's foreign debt service problem in the next few years, agreement has been reached under which the Dominican Government will receive loan payments from the borrowers in local currency, reimbursing AID in dollars within 40 years, including a 10 year grace period with annual interest at 1% during the grace period, and 2½% thereafter.

Purpose of Loan: To enable the National Housing Bank to meet the demand for housing through the savings and loan system established with the assistance of a prior AID loan.

Physical Status: Eight Savings and Loan Associations are members of the National Housing Bank. The number of savings accounts as of December 31, 1967, was 15,565 totaling \$5,154,000 as against 12,242 and \$4,158,000 as of December 31, 1966. The number of mortgage loans on record as of December 31, 1967, was 2,851-an increase of 711 from the December 31, 1966, balance of 2,140 mortgage loans recorded.

Financial Status: The loan should be fully disbursed by the end of the FY-1968. X

Host Country Contribution-Procurement Sources: The Dominican Government has both guaranteed and assumed maintenance of value risks on the loan. Dollar disbursements are tied to U.S. procurement through the Special Letter of Credit procedure.

Comments on Implementation: There have been no major implementation problems.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Managed Agricultural Credit 517-L-010	
Date Authorized: May 4, 1966	Date Signed: October 5, 1966
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 9,500	Duration 40 yrs.
Disbursed 2,084	Grace Period 10 yrs.
Repayments -	Interest Rate . . GP 1% thereafter 2½%
Interest Collected 5	Currency of Repayment . . \$US

Financial Status: The USAID believes that when the current suspension is lifted the rate of disbursements will be higher than before the disbursements were stopped.

Host-Country Contribution-Procurement Sources: The Government of the Dominican Republic has both guaranteed and assumed maintenance of value risks on the loan. Equipment, materials, and services are to be procured from the United States or the Dominican Republic.

Comments on Implementation: See Physical and Financial Status Comments.

Purpose of Loan: This program involves a combination of loan and technical assistance to farmers through the Dominican Agricultural Bank. It is the goal of this activity to increase productivity and agricultural development under a managed credit program.

Physical Status: Disbursements were suspended in the 4th quarter of CY 1967; they will resume when the Agricultural Bank has made changes in its administration and loan processing procedures requested by the USAID. It is the desire of the USAID, in conjunction with the IDB, to revamp the entire operations of this Bank to make it more efficient and more attuned to the needs of the people.

The Bank is in the process of making the required changes and is working with USAID personnel to satisfactorily accomplish these changes.

Sub-loans and technical assistance have been available to the Dominican farmers since March 20, 1967.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Community Development 517-L-014	
Date Authorized: March 8, 1967	Date Signed: April 26, 1967
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 8,700	Grace Period 10 yrs.
Disbursed 1,499	Interest Rate .. GP 1% thereafter 2½%
Repayments -	Currency of Repayment. \$US
Interest Collected -	

financial support will be directed toward meeting administrative costs. It is anticipated that local communities will provide up to \$4.8 million in labor and materials.

Equipment, materials, and services financed under the loan are being procured from the United States or the Dominican Republic--U.S. dollars used to finance local currency costs will be used to finance goods and related services procured from the United States.

Comments on Implementation: Disbursements in the early months of this program were slow as the borrower was not familiar with A.I.D. procedures. The Mission has been working closely with the borrower and these efforts have shown good results. The rate of disbursements and the number of projects are expected to show rapid acceleration in CY 1968.

Purpose of Loan: To assist in financing the cost of community projects designed to secure through self-help measures maximum participation of the people of the Dominican Republic. Behind the specific self-help projects lies the long range goal of such a program--the establishment of local democratic institutions responsive to local community needs as called for under Title IX of the Foreign Assistance Act. This loan will also assist in supplying groups of technicians to help the Office of Community development expand and strengthen its program.

Physical Status: 86 projects with an estimated cost of \$324,000 have been approved. Technical assistance, in the form of Agricultural Technician Teams, has been initiated and is contributing to the goals of the program.

Financial Status: \$1,499,000 was disbursed on December 31, 1967. Disbursements are expected to accelerate in CY 1968.

Host-Country Contribution-Procurement Sources: 50% of the cost of the program is being financed by the Dominicans--22% by the GODR and 28% by local communities. GODR

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Feasibility Studies 517-L-016	
Date Authorized: June 13, 1967	Date Signed: January 10, 1968
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 2,000	Grace Period 10 yrs.
Disbursed -	Interest Rate . . GP 1% thereafter 2½%
Repayments -	Currency of Repayment . . \$US
Interest Collected -	

Purpose of Loan: To assist in the financing of feasibility prefeasibility, and general planning studies which will contribute to the economic development of the country. In addition it will provide technical assistance to the Planning Office.

Physical Status: The Loan Agreement was signed January 10, 1968. The borrower is in the process of meeting the conditions precedent to disbursements.

Financial Status: No disbursements have been made under the loan.

Host Country Contribution-Procurement Sources: All proposals for studies under the loan are channeled through the National Planning Office (Technical Secretariat of the Presidency). Equipment, materials and services financed under this loan are to be procured from the United States or the Dominican Republic.

Comments on Implementation: Since most of the studies to be performed under this loan have already been agreed upon by both the National Planning Office and the USAID, the implementation of this loan, after it is signed and all conditions precedent are met, should be smooth.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Foundation for Educational Credit 517-L-017	
Date Authorized: June 21, 1967	Date Signed: January 10, 1968
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 1,400	Grace Period 10 yrs.
Disbursed -	Interest Rate .. GP 1% thereafter 2½%
Repayments -	Currency of Repayment.. \$US
Interest Collected -	

Purpose of Loan: To assist in the establishment and capitalization of an effective credit institution which will administer a fund for educational credit for advanced technical training and university level study in the Dominican Republic and the United States. Technical assistance relating to the development of the institution will also be financed.

Physical Status: This loan was signed January 10, 1968. The borrower is in the process of meeting the conditions precedent to disbursement under the loan agreement.

Financial Status: There have been no disbursements under this loan.

Host Country Contributions-Procurement Sources: The Government of the Dominican Republic has guaranteed the loan. All administrative costs will be financed by the GODR through 1970/71. In the following year interest payments on sub-loans will generate sufficient funds to phase out GODR funding.

All services financed will be procured from the United States or the Dominican Republic.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: DOMINICAN REPUBLIC

Borrower: Government of the Dominican Republic

Funds: AFP Loan

Title and Number of Loan: Private Development Company 517-L-018	
Date Authorized: June 21, 1967	Date Signed: -
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 5,000	Grace Period 10 yrs.
Disbursed -	Interest Rate 1% thereafter 2½%
Repayments -	Currency of Repayment. \$US
Interest Collected -	

made in accordance with normal A.I.D. procurement procedures applicable to intermediate credit institutions and development banks.

Purpose of Loan: To assist in the establishment of a private development finance company which will make loans and equity investments for the creation, expansion and modernization of manufacturing, agriculture, mining, transport and service industries and other facilities in the Dominican Republic.

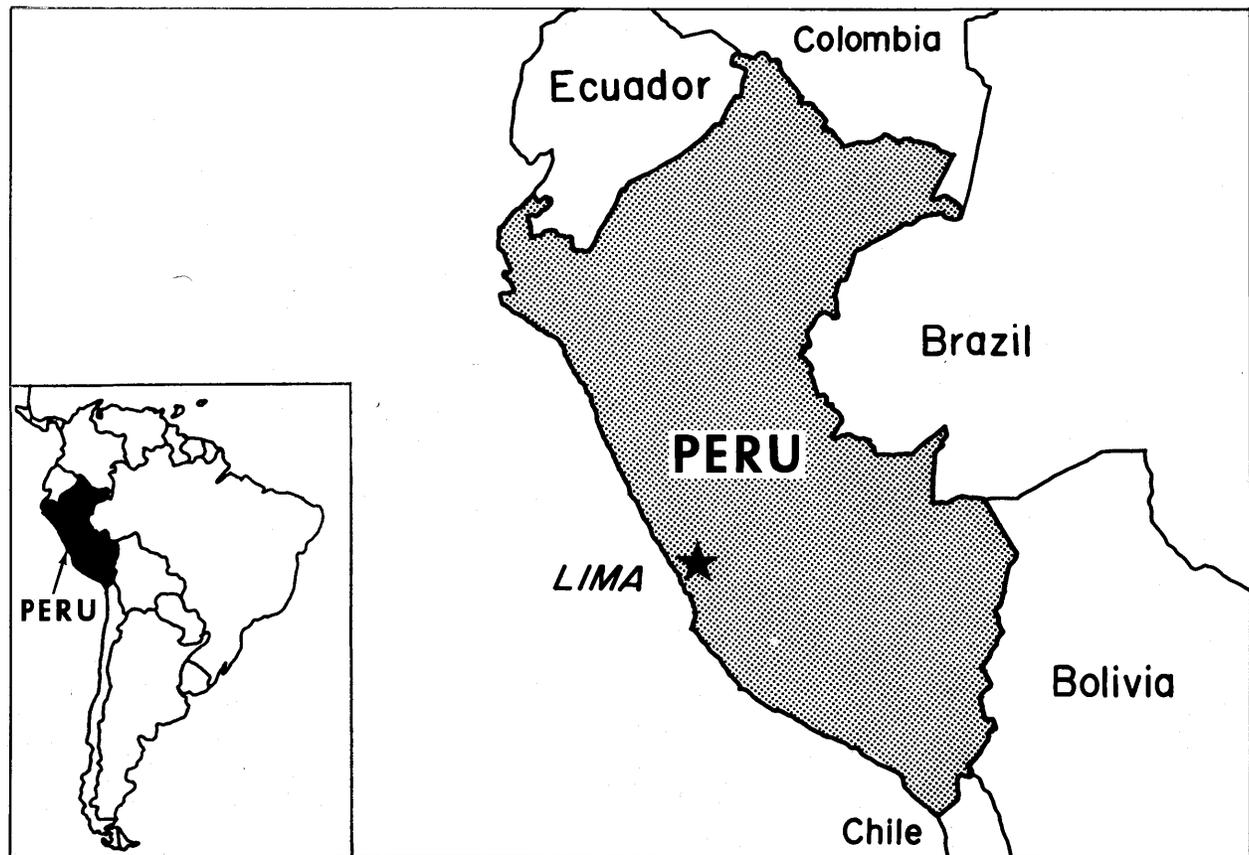
Physical Status: The loan is expected to be signed in March, 1968.

Financial Status: No disbursements have been made.

Host Country Contributions - Procurement Sources: The stockholders of the development bank will invest \$1.0 million. It is estimated that during the first three years of operations projects valued at \$15.0 million will be partially financed with these funds throughout the country. Of that amount, \$5.0 million will be from the A.I.D. loan, \$1.0 million from stockholders' equity, \$1.8 million from repayment and earnings and \$7.2 million from the sub-borrowers as their own contributions.

100% of the A.I.D. funds will be used to purchase goods or services in the United States. All purchases will be

Peru



BASIC DATA

Population (<i>millions – mid-1967</i>).....	12.4
Annual Growth Rate (<i>percent</i>).....	3.1
Area (<i>1000 square miles</i>).....	496
Population Density Per Square Mile.....	25
Agricultural Land as % of Total Area	16
Percent of Labor Force in Agriculture.....	50

Per Capita GNP (<i>dollars</i>).....	299*
Life Expectancy (<i>years</i>).....	55
People Per Doctor	2,150
Literacy Rate (<i>percent</i>)	61
Pupils as Percent of Population.....	19
<i>(Primary and Secondary)</i>	

Country: PERU

(Excludes classified materials which have been made available to appropriate Committees of the Congress.)

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	17.4	37.7 ^{a/}	30.0
Technical Assistance	5.2	4.8	5.5
Total A.I.D. Assistance	22.6	42.5	35.5

a/ Includes \$241,000 in grants for population programs under Title X of the Foreign Assistance Act.

U.S. Aid Objectives

The election of Fernando Belaunde Terry as President of Peru in 1963 raised great hopes for the role that Peru might play in the Alliance for Progress. The value to the Alliance, and hence to U.S. interests, of accelerated economic and social progress in Peru was obvious because of the country's unmistakable importance in Latin America. In addition, it had long been a major U.S. trading partner and a locus of much U.S. private investment.

Peru, in many ways, epitomizes the challenge facing the Alliance. It is characterized by extremes in wealth and opportunity. Half the population consists of Indians living in the mountains, not integrated socially with the rest of the country, and subsisting at or below the economic and cultural standards of the pre-Spanish era. The country has a tradition of military intervention in the political process. A fresh start for attacking these deep-seated problems seemed to be offered by the democratic election of Belaunde, who ran on a platform of development and social reform.

The Belaunde Government launched a program of greatly expanded investment in public works and community development. Large investments were made in roads, power projects, and other infrastructure, as well as programs in education, health, agrarian reform, and agriculture.

But the high hopes held out at the onset of the Belaunde Administration have been substantially frustrated by the Government's increasing difficulties in mobilizing internal resources. The opposition political parties, whose coalition controls the Congress, have thwarted Government efforts to secure new revenues.

U.S. objectives are to support a wide ranging program of self-help which will help Peru to regain the 6%-7% growth rate performance experienced up to 1967. These include:

- The adoption by Peru of new tax revenue measures to support the level of the government's development investment programs at the 1966-1967 level, without resort to inflationary measures.
- An increase in the proportion of the budget which is allocated to development rather than defense.
- The preservation of an attractive climate for private investment.
- Agreement with the IMF on a stabilization program.
- A more equitable distribution of income.
- An increase in agricultural production towards self-sufficiency in key food crops for domestic consumption.
- A greatly improved quality of primary, secondary, vocational, and university education and increased literacy.

Country: PERU

Country Performance and Self-Help

Despite recent developments, Peru's economic growth (6%-7% a year) over the past decade and a half compares very favorably with other Latin American countries. This growth has been due primarily to the outstanding performance of the private sector, which concentrated on the development of a well-diversified export trade. The dynamic export sector has grown during the 1960's at an average annual rate of about 10% with a favorable impact on overall economic growth.

Private enterprise has provided more than three-fourths of Peru's gross investment during this period as well as the vital foreign exchange necessary for imported capital equipment, raw materials, and foodstuffs or other consumer goods not locally available. This export growth has now slowed and is unlikely to increase at more than a 3-4% rate in future years due to factors such as the discouraging outlook for Peru's agricultural exports and limitations on additional mineral exports.

While Peru remains basically attractive as an opportunity for foreign investment, the events of recent months have led many private investors to defer planned investments until the Government displays the ability to cope with the overall situation. Similarly, the Consultative Group established in July 1966 under the leadership of the IBRD to coordinate public investment in Peru has not reconvened since its organizational meeting.

It is obvious that the Government of Peru will have to make a major effort in the future to improve its own fiscal performance.

Agriculture

Peru has taken many self-help measures to advance its social and economic development in the rural sector. An Agricultural Promotion Law was passed in mid-November 1967 and will go into effect April 1, 1968, which provides a variety of incentives for suppliers of farm machinery and chemicals, food processors and other companies engaged in agro-industry.

The credit channels for small and medium sized farm operators continued to be expanded. About 33,000 loans for the equivalent of \$20 million have been made over a period of 3½ years under a supervised agricultural credit program established with A.I.D. assistance. To reach the overall food production goals it is estimated that these credit programs will have to reach approximately 27,000 farmers each year hereafter.

Peru's food situation continues to be characterized by: (a) a long-run annual rate of growth of demand for food of 4.4% compared to a long-run rate of growth of food crop production of below 3%, which has led to rapidly increasing imports of such items as milk, meat, rice, wheat and oils (from \$70 million in 1960 to almost double that in 1966); (b) continued low levels of nutrition in the rural areas, especially in the Sierra; (c) discrimination against producers to maintain low consumer food prices relative to other costs of living; and (d) allocation by the Peruvian agencies concerned with agriculture of a disproportionate share of their budgets to social reform activities rather than production oriented programs.

The national agricultural university at La Molina has expanded its budget by 700% during 1960-1966. Enrollment has doubled and the university now is one of the outstanding land grant type institutions in Latin America. Both A.I.D. and IDB are assisting the school to expand its facilities. A.I.D.'s \$3.9 million equivalent and IDB's \$2 million are part of a \$7.1 million expansion program now underway.

Education

Peru is increasing its expenditures on education with the result that its school system has rapidly expanded, from primary to university levels. The literacy rate, now estimated at 61%, is expected to rise. Since 1960, the Peru Government has built 6,500 new schools. The number of children enrolled in primary and secondary schools has increased by about 1,100,000, or 70% in the same period. From 1960 to 1965, university enrollment more than doubled, increasing from 31,000 to over 64,000.

R

Country: PERU

Public expenditures for education have increased (in real terms) by over 200%, from about \$66 million equivalent in 1960 to about \$190 million equivalent in 1966, and currently account for 30% of the central and local government budgets. In spite of this good performance, the need for accelerated educational programs remains great. Only about 65% of the children are enrolled in primary schools, and about two-thirds of these drop out before completing the educational cycle. Only 15% of the secondary school age group actually attend schools.

Peru's population is growing at an estimated 3.1% per year. This rate may be sustained or increased over the next five years--but the growth of per capita GNP may not exceed 3% per year. There is widespread and increasing conviction in Peru that the individual family has the right to decide for itself the question of family planning. This is leading to a growing public demand for maternal and child health programs which would include family planning services.

FY 1969 Program

Subject to the self-help requirements of the Inter-American commitments and U.S. law, A.I.D. is prepared to provide a \$35.5 million level of assistance in FY 1969. This is in support of Peruvian Government action to implement measures to devote increased resources to needed programs, particularly in the fields of agriculture and education. A.I.D. plans an FY 1969 loan program of \$30 million to finance possible sector loans and specific project proposals. In addition, \$5.5 million in technical assistance is proposed for agriculture, rural development, public administration and education. Finally, a \$10 million P.L. 480 dollar repayable sale is proposed during FY 1969 plus continued foodstuff grants of approximately \$6 million in commodities to support the successful child feeding, reforestation, civic action, and voluntary agency P.L. 480 programs.

The principal instrument to achieve A.I.D. objectives in the agricultural sector will be proposed loans (\$17.5 million) to open up or improve new and fertile agricultural areas and link them to markets in Lima, to assist the agricultural university at La Molina, to provide agricultural credit to farmers and for agro-industry.

An agricultural sector loan may be provided if Peru is able to mobilize its domestic resources in this field. It would provide funds to import necessary farm equipment, fertilizer, improved seed, livestock, pesticides and fungicides.

The local currency derived from such a loan or from the proposed P.L. 480 sale will be programmed to increase the level of investment in the agricultural sector, principally expanding credit facilities available to the medium and commercial type operators who give priority to foodstuff production. A major share of this local currency will go to "commodity-in-depth" programs for five key crops: potatoes, livestock and forages, beans, fruit, and rice. These programs will train and mobilize into a concentrated effort the scientists and agricultural technicians working in present Peruvian organizations. North Carolina State and Iowa State Universities under contract with A.I.D. are providing the technical expertise in the research phase of this program.

All A.I.D. loans in agriculture will contain a series of mutually agreed self-help actions subject to periodic reviews and releases of funds. These actions will include increases in the percentage of the government budget going to agriculture; measures to increase the efficiency of the public institutions in this sector such as better training for personnel, higher salaries and adequate operating funds; and policies to improve the incentives for the farmer to produce. The latter would include reduced marketing costs with higher prices for the farmers and the establishment of a market news service.

Project loans are proposed in 1969 including a \$2.5 million loan for additional construction of classrooms for the National Agricultural University at La Molina, and loans for specialized credit programs such as one to develop agro-industry in Southern Peru (\$4 million).

A.I.D. proposes a \$3.5 million loan to a private institute in FY 1969 in the education field to increase the output and quality of skills in short supply, in such fields as medicine and paramedical skills, the natural sciences, engineering, agriculture, administration and economics. A.I.D. also plans project assistance

R

Country: PERU

(\$7 million in FY 1969) to a few carefully selected universities which are willing to adopt academic and administrative reforms. A new contract with a major U.S. university will be negotiated to provide advisory services in this field and to supervise the U.S. funds which would be used for scholarships, construction, equipment and U.S. advisors.

Technical assistance in education is provided through a contract with Teachers College, Columbia University, to act as a catalyst in improving the education sector through cooperation with the Ministry of Education and key universities.

R

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Country: PERU

TABLE II

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total ^{a/}	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	17,400	XXX	XXX	XXX	37,741	XXX	XXX	XXX	30,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	3,112	3,112	-	-	3,332	3,332	-	-	3,549	3,549	-
Participants	508	508	-	-	551	551	-	-	667	667	-
Commodities	530	530	-	-	167	167	-	-	162	162	-
Other Costs	1,033	1,033	-	-	765	765	-	-	1,122	1,122	-
Total Project Assistance	5,183	5,183	-	-	4,815	4,815	-	-	5,500	5,500	-
Method of Financing											
Project Assistance											
Direct A.I.D.	2,439	2,439	-	-	1,780	1,780	-	-	2,248	2,248	-
Other Agency	424	424	-	-	414	414	-	-	339	339	-
Contract	2,320	2,320	-	-	2,621	2,621	-	-	2,913	2,913	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan .	5,183	5,183	-	-	4,815	4,815	-	-	5,500	5,500	-
Total Assistance	22,583	XXX	XXX	XXX	42,556	XXX	XXX	XXX	35,500	XXX	XXX

^{a/} Includes \$241 thousand in grants for population programs.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	39	39	39
Participating agency	12	12	11
Contractor technicians	72	68	72
Total	123	119	122

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	183	109	123
Contract	107	93	99
Total	290	202	222

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Institutional Development and Operations	ACTIVITY Agriculture and Natural Resources	FUNDS TA
PROJECT NUMBER 527-11-110-060	PRIOR REFERENCE p. 175, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1962
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: To increase the annual growth rate of consumers' food supply from an average of 3.9% over the last 10 years to 4.4% through increased production and improved distribution, and meet the food needs of Peru's population growing at over 3% per year. The project concentrates on production and marketing of key food commodities: potatoes, livestock, beans, and fruit through in-depth research; extension, and promotional efforts, including improved and expanded use of fertilizer, new seed varieties, credit to small and medium-sized farmers; and a continued expansion of the supply of trained manpower. A wheat or rice program is planned to be initiated in 1969. USAID will continue working in 1968 and 1969 through North Carolina State University in building two institutions of key importance to Peru's agricultural development: SIPA (Agricultural Research and Extension Service) in the Ministry of Agriculture, and the National Agriculture University.

The longer term program to upgrade the National Agricultural University will be continued by three U.S. advisors and through continued advanced training for its faculty members.

Progress to Date: During FY 1967 over \$8 million of AID funds were provided in 9,600 subloans to small Peruvian farmers. AID funds accounted for over 20% of all agricultural credit loans made during the year by the Ag. Bank.

Under the commodity in-depth projects (launched in early FY 1967), research and promotional programs have been established for potatoes, beans and beef and dairy cattle. Individual dairy herd production increases approached 50%

in the important Arequipa milk-shed area.

Through 1967, 221 participants have received training under the NCSU contract. Fifty-three were teaching at the National Agriculture University whose enrollment has increased from 756 students in 1961 to 1,946 in 1967. Returned AID participant trainees also have assumed positions of leadership within Peru's key agricultural institutions.

The National Agriculture University is now completing the first stage of a building program partially financed from AID and Inter-American Development Bank loans. Unliquidated balance 6/30/68 results because contract financing extends 6 months beyond fiscal year and there is normally 6 months lag in contractor billings.

FY 1969 Program: Funds are needed to finance the on-going NCSU contract for CY 1969 and direct-hire technicians.

U.S. Technicians: 2 AID technicians for planning, coordination, and supervision; 23 full time and 6 short-term contract advisors; 9 U.S. campus faculty members for 3 month tours, plus administrative support on the campus.

Participants: 55 participants will receive U.S. training and 4 third-country training.

Commodities: Training and demonstration equipment for commodity in-depth programs.

Other Costs: Local travel, salaries of 2 local direct-hire and 20 local contract personnel and other support costs for the contractor.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/XXXXXXXX				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/ Other	Total	Direct AID	Contract/ Other	Total	
Through 6/30/67	5,556	3,755	1,801								North Carolina State University
Estimated FY 68	1,039	1,100									
Estimated through 6/30/68	6,595	4,855	1,740	U.S. Technicians	65	589	654	65	699	764	
				Participants . . .	8	200	208	10	225	235	
				Commodities . . .	-	50	50	-	45	45	
				Other Costs . . .	12	115	127	13	125	138	
Proposed FY 69	1,182	2,201	9,978	Total Obligations	85	954	1,039	88	1,094	1,182	

PROJECT TITLE Private Enterprise Development		ACTIVITY Industry and Mining		FUNDS TA	
PROJECT NUMBER 527-11-290-058		PRIOR REFERENCE p. 176, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1970	

Project Target and Course of Action: To strengthen the private industrial sector of Peru for the purpose of creating more employment opportunities, raising the standard of living, and increasing industrial productivity. AID is focussing its efforts in four areas: (1) regional development corporations, (2) graduate training for business managers, (3) assistance to Peruvian institutions concerned with management and promotion, and (4) the development of handicraft production and marketing.

Progress to Date: With AID assistance, six provinces formed a development corporation, which combined in 1966 to form a single regional development corporation for Southern Peru. The Arequipa Development Corporation has set up an industrial park which has seven plants already operating and the remaining fifteen plant sites have been committed. 40 new industries for the area are under study for future investment. 226 students have graduated with Master Degrees from the Graduate School of Business Administration (ESAN) established in 1963 by Stanford University under an AID contract. 685 business executives have attended short term executive development courses at ESAN. The U.S. teaching staff at ESAN has been reduced from 9 to 2, Peruvian replacements have been trained, and a Peruvian Dean-Elect has been confirmed. The Peruvian handicrafts organization, established with AID assistance in 1965, is developing domestic, U.S., and European markets. With technical assistance from USAID and the Peace Corps, annual sales increased by 60% in 1967 to \$430,000. The Peruvian productivity center and management association training programs expanded and moved toward complete independence from

AID support during the past year. Unliquidated balance 6/30/68 results because contract financing extends 6 months beyond fiscal year and there is normally 6 months lag in contractor billings.

FY 1969 Program: Funds are required to extend the two contracts listed at a reduced level, through December 31, 1969.

U.S. Technicians: 4 advisors will be on long-term contracts, (2 Stanford professors and 2 CIPM handicraft specialists) and 20 short-term consultants (2 Stanford and 18 CIPM), will be used to advise on specific industrial problems.

Participants: 6 non-contract and 2 contract (Stanford University) participants will receive training in the U.S. in industrial development and business administration.

Commodities: Primarily books used by the Stanford University contract technicians in the Graduate School of Business Administration.

Other Costs: Includes local contract support costs, salary of one contract local employee, local travel, printing, and publications.

1/ Estimated total cost increased \$300,000 because of decisions to defer total AID phase-out of Handicraft sub-project from FY 1968 to FY 1969 and to defer AID phase-out of ESAN project from FY 1969 to FY 1970

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/XXXXXXXX				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/XXXXXXXX	Total	Direct AID	Contract/XXXXXXXX	Total	
Through 6/30/67	3,801	2,919	882		-	360	360	-	302	302	Stanford University Council for International Progress in Management (CIPM) Stanford Research Institute (phased out in mid-FY 1968)
Estimated FY 68	431	632		U.S. Technicians	25	15	40	25	12	37	
Estimated through 6/30/68	4,232	3,551	681	Participants . . .	-	11	11	-	8	8	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	20	20	-	20	20	
				Other Costs . . .	25	406	431	25	342	367	
Proposed FY 69	367	201	4,800 1/	Total Obligations							

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Transportation Development	ACTIVITY Transportation	FUNDS TA	
PROJECT NUMBER 527-11-390-064	PRIOR REFERENCE P. 179, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: To assist in developing the road and air transport system needed to support Peru's economic development. Bureau of Public Roads PASA technicians are monitoring the active AID road loans designed to open up new areas to agricultural settlement and, in cooperation with other international agencies, are assisting the GOP to establish a basic system of highway maintenance. In the civil aviation program, Federal Aviation Agency PASA technicians are providing advice and training in airport design and construction, the operation of modern communications facilities and navigational aids, and in air traffic control procedures.

Progress to Date: As of June 30, 1967 approximately 589 miles of roads had been completed on AID financed construction and improvement projects. Over 200 miles are presently under construction. Since 1960, AID loans for roads total over \$26 million, while the Export-Import Bank has loaned \$34 million for road equipment. USAID is concentrating its technical assistance personnel on the implementation of existing loans and on the development of a maintenance program which will ensure that roads built through U.S. financing will continue to be serviceable. The GOP has made a strong self-help effort in road construction - its budget for its Highway Department has more than doubled since 1962. In addition, the Peruvian Army has built a total of 255 miles of penetration roads.

In aviation, Mission technicians are presently assisting in the implementation of the \$5.7 million loan which the GOP obtained from the Export-Import Bank in FY 67.

Mission technicians assisted in the installation of Peru's first Very High Frequency Omni-Directional Radio Range (VOR) late in 1966. During the last year three more were installed and orders have been placed for all 20 of the VOR's planned for this navigation system. In addition, Mission technicians have assisted the GOP to expand the Lima navigation control area north 400 Kms. from Lima, and south 300 Kms. and are advising the GOP on the construction of modern all weather airports at four important interior locations.

FY 1969 Program:

U.S. Technicians: The number of Bureau of Public Roads PASA advisors will be reduced to two-long-term and one short-term specialist who will continue to supervise the implementation of U.S. financed road projects and give assistance in the establishment of a maintenance program. Advisory assistance in Civil Aviation will be reduced to one Electronics Engineer.

Participants: 4 short-term participants will be sent to the U.S. for training in maintenance. Ten short-term participants will receive training in the U.S. and Panama in communications systems, air traffic control, electronics and radar.

Commodities: Technical publications, training aids, and engineering supplies and equipment used by the AID technicians.

Other Costs: Local travel, supplies, printing and communications.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968		Proposed FY 1969				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	852	737	115		-	146	146	-	91	91	Bureau of Public Roads Federal Aviation Agency
Estimated FY 68	170	180			15	-	15	28	-	28	
Estimated through 6/30/68	1,022	917	105	U.S. Technicians	-	4	4	-	3	3	
		Future Year Obligations	Estimated Total Cost	Participants . . .	-	5	5	-	7	7	
				Commodities . . .	15	155	170	28	101	129	
Proposed FY 69	129	399	1,550	Other Costs . . .							
				Total Obligations							

PROJECT TITLE Labor Development	ACTIVITY Labor		FUNDS TA	
	PRIOR REFERENCE P. 178, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1970	
PROJECT NUMBER 527-11-410-063				

Project Target and Course of Action: To strengthen the democratic labor movement in Peru so that it can more adequately and responsibly represent the workers' interest and effectively contribute to national economic and social development. The principal AID-assisted activities are: (1) a Labor Education Center which trains instructors, prepares labor leaders in the more technical aspects of trade union operation and also conducts seminars in Lima and in the provinces for union members (2) technical assistance to labor-sponsored social projects, in Lima and the provinces, in the housing, coop, and credit fields; and (3) advanced participant training in the United States for labor leaders and Labor Ministry officials.

Progress to Date: Since its opening in 1963 the Labor Education Center has trained 134 instructors, 1,285 labor leaders in 19 ten-week courses in Lima, 1,788 union members in shorter courses in Lima and 3,450 in province seminar courses. Leaders with this training have assumed increasingly important roles in their unions. During FY 1967 a regional office of the Center was opened in Arequipa.

The first worker-owned savings and loan association in Latin America was formed in 1964 with AID technical assistance to the Peruvian labor movement. As of December 31, 1967 this savings and loan association (ASINCOOP) had over 9,700 savers and had approved financing for 696 houses in Lima. Despite the devaluation of the Sol in September 1967, the number of accounts and total amount of deposits continued to increase in 1967. 723 additional homes have been financed in the Provinces under a second AIFLD-administered

program.

210 labor leaders and 2 Labor Ministry officials have had special training in the U.S. and Puerto Rico since 1962. Evaluation studies show that over 90% of those trained continue to be active in unions.

FY 1969 Program: Funds are needed to finance two contracts with the American Institute for Free Labor Development for CY 1969, \$136,000 for the Labor Education Center contract and \$50,000 for the Social Projects Program. U.S. Technicians: One direct-hire labor officer to monitor the contracts and participant program, four AIFLD contract technicians--a country director, a labor education specialist, a housing advisor, and a social projects advisor--to work with the provincial labor cooperative program.

Participants: In 1969, 4 Labor Ministry officials to receive training in administration; 10 provincial leaders to initiate a new Union-to-Union trade apprenticeship program, and advanced training for three personnel, 2 to the Harvard Trade Union Program and 1 in a productivity and economic integration program.

Other Costs: Salary for 10 local personnel funded under the AIFLD contract, a direct-hire local secretary, Education Center program costs, contract support and other miscellaneous costs associated with the AIFLD contract.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES American Institute for Free Labor Development (AIFLD)				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	1,353	992	361	Direct AID	Contract/ OTHER AGENCY		Total	Direct AID	Contract/ OTHER AGENCY	Total
Estimated FY 68	240	375		21	115	136	25	105	130	
Estimated through 6/30/68	1,593	1,367	226	25	-	25	45	-	45	
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-	
Proposed FY 69	260	300	2,153	4	75	79	4	81	85	
				Total Obligations	50	190	240	74	186	260

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Manpower and Education	ACTIVITY Education		FUNDS TA	
	PRIOR REFERENCE p.180, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1971	
PROJECT NUMBER 527-11-690-067				

Project Target and Course of Action: To act as a catalyst in improving the education sector through (a) aid to the Ministry of Education for improving teacher education, curricula, teaching materials, and educational research, (b) assistance to key universities and selected faculties to prepare more qualified graduates in science, mathematics, engineering, economics, public and business administration, and medicinal technology, (c) aid in upgrading instruction and expansion of the vocational training program of the Peruvian Army.

Progress to Date: The Ministry has adopted new administrative policies covering the operation of its regional offices. The Colombia Teachers College (TCCU) team has visited 5 of these offices for detailed analyses of methods to decentralize administration. TCCU assisted in the preparation of an Education Sector Plan for Peru and the creation of a Center for Educational Research to improve educational planning.

Normal schools have already been converted from a three to a four year curriculum using new courses developed with the help of advisors from TCCU and a consolidation plan was formulated to reduce the number of such schools from nearly 80 to approximately 40. Another center for training rural and slum teachers and supervisors was opened in 1967 (2 had been established previously) and over 200 personnel given training.

With AID assistance the first reliable statistics on university education have been published and an evaluation completed to identify institutions and faculties to be

considered for loan assistance. Textbook rental programs were developed at five of the universities during 1967. The two most promising private universities already have agreed to collaborate in joint programs whereby each university can specialize in certain fields, thus strengthening faculties, avoiding duplication, and reducing costs.

With AID assistance the Peruvian Army has established 16 Vocational Training Centers. From 1962 through 1967. The Peruvian Government, which has borne over 80% of the cost of this project since its inception, will assume the full cost after AID assistance is terminated during 1968.

FY 1969 Program: Assistance in Public Education will be concentrated in the four key areas mentioned above in (a). At the university level, faculty training and curriculum improvement will be emphasized in addition to the initial work on a graduate public administration program.

U.S. Technicians: 1 direct hire education advisor, 8 full-time contract advisors plus one man year of campus back-stopping, and 8 short term contract consultants in various university teaching and administrative specialties.

Participants: 25 under TCCU contract, primarily in teacher supervision and educational administration, and 7 non contract in fields mentioned in (b) above.

Commodities: Books for the textbook rental program and instructional materials.

Other Costs: Primarily for assisting in local educational training programs and for local travel.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS								
				Estimated FY 1968		Proposed FY 1969						
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total		
Through 6/30/67	2,575	2,091	484	Cost Components U.S. Technicians Participants ... Commodities ... Other Costs ... Total Obligations						Teachers College, Columbia University PASA-Dept. of Army		
Estimated FY 68	498	535										
Estimated through 6/30/68	3,073	2,626	447									
		Future Year Obligations	Estimated Total Cost									
Proposed FY 69	503	1,164	4,740									

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Government Finance & Administration		ACTIVITY Public Administration and Public Safety		FUNDS TA	
PROJECT NUMBER 527-11-790-057		PRIOR REFERENCE p. 181, FY 68 IA P.D.B.		INITIAL OBLIGATION FY: 1962	
				SCHEDULED FINAL OBLIGATION FY: 1971	

Project Target and Course of Action: (a) Tax Administration: to improve tax administration, collection and enforcement through technical assistance provided by a team of U.S. Internal Revenue Service Advisors. (b) Customs Administration: overall improvement of the Customs Service, emphasizing training of personnel, improved enforcement, use of modern appraisal and classification systems, and reorganization of the Customs Superintendency. (c) Public Administration: to strengthen Peruvian public administration through assistance to the National Office of Public Administration and other government agencies.

Progress to Date: In 1967 the number of individual and corporate income tax returns filed increased by 34%, due in large part to a pre-filing publicity campaign carried out by the Finance Ministry with U.S. tax team assistance. Revenues from taxes administered by the Tax Superintendency increased 31% over 1966. The number of cases audited in 1967, while the potential additional tax collections as a result of these audits rose by \$8 million over 1966. Administrative improvements continued to be made in 1967 by simplifying tax returns and the system for tax payment and through the introduction of machine processing and accounting for tax returns.

The Customs administration project was terminated in January of 1968 after a thorough review indicated that further progress, particularly in the areas of enforcement and customs appraisal, could not be made under the present conditions in the Customs Superintendency.

During 1967 contract advisors from the Institute of

Public Administration (IPA) continued to work with ONRAP, the Peruvian Office of Public Administration. 12 studies recommending improvements in government agency functions were completed in 1967. In-country training was given by ONRAP to 425 personnel as part of its regular program; to 663 in clerical and extension courses; and to 70 top level government officials in a major seminar.

FY 1969 Program: The tax team will continue its assistance to increase tax collections and to improve internal tax administration by working in the audit, tax collection, and data processing areas. During 1967 one member of the IPA team began to work directly in the Ministry of Education to begin developing an in-house capability for administrative improvement. Two additional members are expected to work directly with the Ministry of Education or Agriculture in 1968 and 1969. This will supplement the general public administration improvement work carried on with ONRAP by the remainder of the IPA team.

U.S. Technicians: 7 full-time advisors from the Internal Revenue Service and 7 full-time advisors from IPA in addition to backstopping from the New York Office.

Participants: 9 non-contract for training in tax administration and 5 contract participants in public administration.

Commodities: Books for the ONRAP training program.

Other Costs: Local travel, the salary of one local employee assisting the tax team and training aids.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS								
				Estimated FY 1968		Proposed FY 1969						
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total		
Through 6/30/67	3,297	2,456	841	Cost Components U.S. Technicians Participants . . . Commodities . . . Other Costs . . . Total Obligations						PASA-Internal Revenue Service Institute of Public Administration of New York		
Estimated FY 68	492	750										
Estimated through 6/30/68	3,789	3,206	583									
		Future Year Obligations	Estimated Total Cost									
Proposed FY 69	564	845	5,198	12	480	492	22	542	564			

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Economic Research And Planning	ACTIVITY Public Administration and Public Safety		FUNDS DL(grant)/TA
	PRIOR REFERENCE p. 182, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1975
PROJECT NUMBER 527-11-790-066			

Project Target and Course of Action: To develop an institution within the Ministry of Labor capable of collecting, analyzing, processing and publishing socio-economic data relevant to Peru's development; to assist the GOP in developing a capability to plan and implement a broad range of capital development projects; and to assist the Center for Studies of Population and Development and the Division of Health Education at the Ministry of Health in their efforts to develop a population program which is relevant and acceptable to Peru.

Progress to Date: As of July 1, 1967, long-term Inter-American Geological Survey Specialists, working with the National Planning Institute's Natural Resources Division, previously funded under this project were funded under an AID Feasibility Studies loan to Peru.

In FY 1969 USAID assistance to the Sample Survey Center will be phased out. By then, work will be completed on a National Sampling Frame which will provide the basis for collecting socio-economic data on a continuing basis for many years. Institution building requirements, such as the development of sources of income other than AID and the Ministry of Labor, and final staff training are expected to be largely completed before phasing out the project. This institution has achieved growing recognition throughout Peru and all of Latin America. In February 1968 the Center hosted a symposium sponsored by AID/W for the Latin American Survey of House-Holds program which was attended by representatives of Statistics

Departments of all major Latin American countries. A modest automatic data processing unit has been installed and a number of Peruvian technicians have been trained in its use. This unit has been used by the Center in a number of publications on socio-economic studies and is available for use by other institutions.

A direct hire staff of loan officers and engineers assists Peruvian agencies to prepare sound development projects, the Mission to evaluate and analyze projects submitted with requests for financial assistance, and monitors active capital development projects.

FY 1969 Program:

U.S. Technicians: 8 long-term direct-hire AID advisors including 2 engineers, 5 loan officers and a population officer; and 4 short-term contract technicians.

Participants: 22 Short-term participants to receive U.S. and third country training in economic programming, national income accounts, statistical evaluation, family planning and demography.

Commodities: Equipment and supplies for Peruvian organizations dealing with population problems.

Other Costs: Research grants and support for population conferences, 7 local employees, local travel, other support costs for U.S. technicians, local contract costs in support of the population program, and contracts with local organizations.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	
Through 6/30/67	1,733	1,278	455								University of Michigan PASA - Inter-American Geodetic Survey (IAGS) IAGS loan funded as of 7/1/67
Estimated FY 68	488 ^{a/}	290		179	28	207	221	50	271		
Estimated through 6/30/68	2,221	1,568	653	44	-	44	62	-	62		
		Future Year Obligations	Estimated Total Cost	30	-	30	10	-	10		
				203	4	207	357	9	366		
Proposed FY 69	709	1,620	4,550	456	32	488 ^{a/}	650	59	709		

^{a/} Includes \$241,000 from Alliance Loans for population programs.

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Housing and Urban Development	ACTIVITY Community Development, Social Welfare & Housing	FUNDS TA	
PROJECT NUMBER 527-11-890-065	PRIOR REFERENCE P. 177, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: To supervise the largest AID Housing Guaranty Program in Latin America and to advise the rapidly developing Peruvian savings and loan system.

Progress to Date: In FY 1962 AID authorized a seed capital loan of \$7.5 million matched by \$7.5 million from the Government of Peru for the purpose of establishing a central housing bank and individual savings and loan associations. At that time there existed only two functioning savings and loan associations in Peru with 7,700 depositors, deposits of approximately \$1.1 million and loans totaling \$1.5 million. In December 1967 there were 21 savings and loan associations plus 17 branches located in almost all major cities in Peru, 178,000 depositors with \$64 million in deposits and loans totaling \$84 million. The Social Progress Trust Fund of the Inter-American Development Bank has granted five loans totaling \$33 million over the past 5 years to help relieve the Peruvian housing shortage. This U.S. assistance has stimulated Peruvian government and private investment in housing, leading to construction of an estimated 327,000 family units in Peru in the period 1961-1967, including 60,000 units in CY 1967.

The AID Housing Guaranty Program in Peru is expanding at a rapid rate. As of January 1968, six housing guaranty projects, totaling \$23 million had been signed (four are completed and two are in construction), six others totaling \$17.3 million were in process and an additional \$9 million in guaranty authority for pilot demonstration lower cost housing projects will be evaluated over the next

few months.

FY 1969 Program: Specialists provide technical assistance to the central housing bank and the savings and loan associations that service the mortgages of the AID housing guaranty projects and assume general supervision of this expanding housing program. Increased emphasis will be placed in FY 1969 upon: (1) the introduction of lower cost housing and construction methods; (2) creation of FHA-type mortgage insurance; and (3) development of a secondary mortgage market.

U.S. Technicians: One direct-hire Housing and Urban Development Officer; a long-term consultant in urban and community services; and three short term savings and loan consultants.

Participants: Seven short term participants to study and receive training in the fields of (1) FHA-type mortgage insurance; (2) secondary mortgage markets, (3) advanced building materials and methods. One long-term participant in self-help housing methods and another in urban and regional planning.

Other Costs: Salary of local secretary, local travel, and local contract costs.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
	Through 6/30/67	368	322		46	Estimated FY 1968			Proposed FY 1969			
						Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 68	58	80		U.S. Technicians	33	-	33	30	35	65		
Estimated through 6/30/68	426	402	24	Participants ...	22	-	22	25	-	25		
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-		
Proposed FY 69	100	112	638	Other Costs ...	3	-	3	10	-	10		
				Total Obligations	58	-	58	65	35	100		

PROJECT TITLE	ACTIVITY	FUNDS	
Community And Local Government Development	Community Development, Social Welfare and Housing	TA	
PROJECT NUMBER 527-11-810-118	PRIOR REFERENCE p.184, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: a/ 1972

Project Target and Course of Action: To work with the GOP to increase the interest and participation of communities and community organizations in government at all levels, and to assume increasing responsibility for their own economic and social development. To encourage and directly support the development of democratic institutions with the aim of enabling groups of people who have heretofore not played any organized role in self-government at any level to form economic interest groups and participate in democratic decision-making processes.

Progress to Date: To utilize constructively and channel the existing community traditions of the Sierra Indian, President Belaunde created Cooperacion Popular (COOPOP). This community development effort has stimulated the construction of schools, roads, clinics, water systems, irrigation systems and numerous other self-help projects throughout the country. Since COOPOP's inception in May 1964, over 4,000 community development projects have been completed and approximately 5,000 additional projects are underway. AID is assisting these efforts with a loan of \$2.1 million to provide technical assistance, tools and equipment required by the communities.

The National Community Development Council (NCDC) is now functioning and coordinating the work of eleven Peruvian Government agencies in seven community development zones in the Sierra. This program was established with assistance from a \$20 million loan by the IDB.

By the end of CY 1967 the first Peruvian rural electric cooperative (assisted by a \$1.6 million AID loan)

was supplying electricity to over 1,500 member families and will eventually serve over 10,000 members.

In FY 1967, as part of its Title IX effort, USAID contracted with the International Development Foundation to finance technical assistance to an organization of farmer producers in the central Sierra (ALPACA). The members work for their social and economic improvement through cooperative marketing and the introduction of new production methods. Members are provided the services of trained agronomers, seeds, fertilizer, and marketing facilities. The current monthly value of produce handled exceeds \$10,000.

To date 89 National Farmers Union participants have spent 6 months in the U.S. on programs of rural leadership. FY 1969 Program:

U.S. Technicians: One long-term AID direct-hire advisor will continue to be needed to coordinate community development projects, one long-term contract advisor, and 4 short-term a/

Participants: 11 short-term participants will receive training in cooperative organization, community development and local government administration. 15 rural youth leaders will spend 6 months in the U.S. under the National Farmers Union Program.

Other Costs: 1 local employee, local travel, printing and publications and miscellaneous costs.

a/ The Scheduled Final Obligation and the cost of completion have changed to enable the Mission to implement Title IX initiatives under this project.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES													
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS															
					Estimated FY 1968			Proposed FY 1969												
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total										
Through 6/30/67	876	623	253																	
Estimated FY 68	148	185																		
Estimated through 6/30/68	1024	808	216																	
		Future Year Obligations	Estimated Total Cost																	
Proposed FY 69	244	547	1,815 ^a	Total Obligations	74	74	148	84	160	244										

International Development Foundation (ALPACA)

Federation of Agrarian Workers of Chepen Federation of Communities and Farmers of Cuzco

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY		FUNDS	
	Special Projects Activities	General and Miscellaneous		TA
PROJECT NUMBER 527-11-990-061	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION	
	p. 185, FY 68 IA P.D.B.	FY: 1963	FY: Continuing	

Project Target and Course of Action: To promote the self-help objectives of the Alliance for Progress by giving direct assistance to small projects prepared by communities and other organizations throughout Peru which depend for their success on self-help efforts, produce significant social and economic progress in the areas affected, and generate public awareness and support for U.S. assistance efforts among people not normally reached directly by major Alliance for Progress projects. This program will be continued in 1969 with greatest emphasis on projects that will have economic returns for the people involved and that will have a lasting impact.

Progress to Date: Since June of 1963 when this program was established, it has directly affected over 600,000 people in rural communities and slums in all areas of the country. Many projects initiated in prior years are now rapidly being completed. As of June 30, 1967, completed projects included: (1) 44 self-help schools; (2) 31 roads, bridges, and small irrigations projects; (3) 15 vocational training centers; (4) 25 cooperatives assisted. In addition, a total of 175 small libraries have been financed through the Special Projects fund and 51 other projects are under way.

In these and other projects, totaling 211 as of June 30, 1967, people in the communities assisted by providing a substantial amount of the material required (estimated at more than the equivalent of \$200,000), transportation of materials to the project site, and all of the manual labor required to complete the projects. With this self-

help contribution, the input of AID assistance has had a broader impact and communities have seen the value of their own participation in development efforts.

During the past year, the Texas Partners, a private statewide organization working directly with Peruvian counterpart groups, sponsored five short-term technical advisors in the field of agriculture in Peru, and are presently working on the development of a program to assist the Peruvian 4-H clubs.

FY 1969 Program:

U.S. Technicians: One long-term U.S. direct-hire Community Development Advisor will be required to investigate potential projects, prepare funding applications, and follow through on the execution of approved projects. He also monitors the Texas Partners of the Alliance program and the Council of Foreign Voluntary Agencies in Peru. He also assists in the general Mission Community Development Program.

Other Costs: Most of these funds are for materials which are purchased locally in order to respond quickly to project requests. They also cover salaries for two local personnel, local travel, communications, and printing.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Through 6/30/67	457	311	146							
Estimated FY 68	82	110								
Estimated through 6/30/68	539	421	118	U.S. Technicians Participants ...	13	-	13	14	-	14
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-
				Other Costs ...	69	-	69	68	-	68
Proposed FY 69	82	Continuing		Total Obligations	82	-	82	82	-	82

Country: PERU

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA	
PROJECT NUMBER 527-11-999-000	PRIOR REFERENCE P. 186, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1955	SCHEDULED FINAL OBLIGATION FY: Continuing

FY 1969 Program:

U.S. Technicians: The following 14 direct-hire positions are funded under this project: Assistant Director - Operations, Economic Advisor, Training Officer, Rural Development Coordinator, Agricultural Development Officer, Area Development Officer, Deputy Program Officer, Assistant Program Officer - operations, two Industrial Development Advisors, General Services Officer, two Food for Peace Officers, and a U.S. Secretary.

Commodities: Supplies and material, replacement automotive parts, books, and office equipment.

Other Costs: Funds are required for 60 local employees, local travel, office rental, utilities and other local services.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Through 6/30/67	4,270	4,135		135	Estimated FY 1968		Proposed FY 1969		
						Direct AID		Contract/Other Agency	Total	Direct AID
Estimated FY 68	784	595		U.S. Technicians	447	4	451	420	-	420
Estimated through 6/30/68	5,054	4,730	324	Participants . . .	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities . . .	37	-	37	37	-	37
				Other Costs . . .	296	-	296	308	-	308
Proposed FY 69	765	Continuing		Total Obligations	780	4	784	765	-	765

COUNTRY: PERU

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
Self-Help Housing	527-12-840-046	1961	1966	271	253	18	-	18	-			-	271
Total													
TA													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Lima Water and Sewage System 527-H-022	
Date Authorized: 2/9/62	Date Signed: 3/26/63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 8,600	Duration 16 years 2nd Step 40 years
Disbursed 6,498	Grace Period 3 years 2nd Step 10 years
Repayments -	Interest Rate 3½% 2nd Step 3/4%
Interest Collected 45	Currency of Repayment . . U.S.\$

Purpose of Loan: To expand the potable water and sewerage systems of metropolitan Lima.

Physical Status: After a slow start, this project made excellent progress during 1966 and 1967. The project is divided into 15 construction and equipment installation contracts and one supervisory engineering contract. As of 12/31/67, 13 construction and equipment installation contracts were completed. One contract for water meter installation is 56 percent completed. The remaining contract for a raw water reservoir has experienced difficulties. On September 20, 1967, this reservoir, located east of Lima, failed after initial filling had started. The failure was caused by settlement of the clean-out channel on the floor of the reservoir. The clays beneath the clean-out channel were insufficiently compacted. When the channel sank under pressure of the water, the concrete slab lining the reservoir cracked and water flowed beneath the slab to the embankment which subsequently collapsed. The final reports of independent U.S. consultants contracted by A.I.D. to analyze the situation have not been completed. However, the reservoir will be redesigned and reconstructed.

Financial Status: Major disbursements remaining are for repayment of retention funds held as guarantee against satisfactory completion of contracts.

Two-Step Process: To help ease Peru's foreign debt service problem in the next few years, agreement has been reached under which the GOP will receive loan payments from the borrower in local currency within 16 years. The GOP will then assume responsibility of repayment to the United States on longer terms.

Procurement Source: Bidding on the construction and procurement is open only to Peruvian and United States firms or joint Peruvian/United States ventures.

Host Country Contribution: Financial plans were based on original construction and engineering estimates of \$19 million. The GOP is financing approximately 21 percent of project costs or \$3.9 million equivalent, and will cover any increased costs necessary to complete the project.

Comments on Implementation: This has been a complex loan to implement due to the necessity to divide the total project into 16 contracts. As noted above there have been problems with one reservoir. The remainder of the project, however, has been well constructed and contracts have been completed in a timely manner.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Feasibility Studies	527-L-023
Date Authorized: 6/8/62	Date Signed: 3/15/63
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 3,000	Grace Period 10 years
Disbursed 2,937	Interest Rate 3½%
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected 52	

Financial Status: This loan is now 98% disbursed. The terminal date for disbursement was extended to January 31, 1968.

Host Country Contribution: Under the loan agreement, loan funds were used to finance both foreign exchange and local costs of approved feasibility studies. The GOP financed economic and engineering studies on other projects entirely from its own funds.

Procurement Sources: Only pre-qualified United States or Peruvian consultants were awarded contracts paid with loan funds. U.S. consulting firms were awarded 12 of the 13 contracts by the GOP under this loan, singly or in combination with Peruvian firms.

Implementation Comments: This loan has been well implemented after a slow start due to necessity of training Peruvian Government personnel in the procedures required for contracting under A.I.D. loans. The success of this loan has provided the basis for further loan assistance by IDB and A.I.D. in the feasibility study area.

Purpose of Loan: To finance a series of economic and engineering surveys, including preliminary plans and cost estimates, on high priority development projects, since one of the major problems in providing financial assistance to Peru has been the lack of adequate planning for capital projects to develop detailed proposals for financing by international agencies.

Physical Status: Thirteen contracts for a total of 38 feasibility or pre-feasibility studies were signed under this loan. All work under twelve contracts has been completed and final acceptance is anticipated prior to 1/31/68. One contract may be cancelled since the consultant did not submit a supplement to his study as requested by the GOP.

The contracts included studies for: four road projects, four large irrigation-hydroelectric projects, a study of fourteen small inter-related hydroelectric projects, eleven small irrigation projects in the Arequipa area, one large hydroelectric project, two agricultural commodity marketing studies, one transportation study and one sewerage disposal study for the Lima area. Of those studies which showed economic feasibility, the GOP is now using or will use them to support construction loan applications to A.I.D. and international agencies.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: PERUVIAN SANTA CORPORATION

Funds: AFP Loan

Title and Number of Loan: Canon del Pato Hydroelectric Plant 527-L-024	
Date Authorized: 8/29/63	Date Signed: 3/12/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 13 yrs. 2nd step..... 40 yrs.
Authorized 2,200	Grace Period 3 yrs. 2nd step..... 10 yrs.
Disbursed 2,145	Interest Rate 5 3/4% 2nd step..... 3/4%
Repayments -	Currency of Repayment .. U. S. \$
Interest Collected 31	

Construction under this loan began August 1, 1964 and was completed in July 1967.

Financial Status: Two-step process: To help ease Peru's foreign debt service problem in the next few years, agreement has been made under which the GOP will receive loan payments from the borrower in local currency within 13 years. The GOP will then assume responsibility of repayment to the U. S. on longer terms.

Procurement Source: All goods and services financed by the A. I. D. loan have been procured either from Peru or the United States.

Host Country (and Other) Contribution: The Government of Peru financed the equivalent of \$4.6 million in local currency costs or over 36% of the \$12.5 million total project costs. The Ex-Im Bank provided \$4.7 million and Westinghouse \$1.0 million.

Comments on Implementation: Project completed, Loan will be reduced to disbursed amount.

Purpose of Loan: To assist in financing an expansion of the Canon del Pato Hydroelectric plant on the Santa River. The new construction represents the second stage of an existing facility operated by the Santa Corporation (a GOP regional development agency).

The first phase, completed in 1958, generates 50,000 KW. This capacity will be doubled under the loan. The power will be used in the rapidly growing communities of Chimbote and Trujillo, where industrial, agricultural processing and residential demands for electricity have far outdistanced present capacity.

Chimbote's power requirements are especially important since it is one of Peru's fastest growing areas. It is on a direct migration route from the highlands, and syphons off migrants that would otherwise descend on over-crowded Lima. A steel mill and 20 fishmeal processing plants are already located in the area and its future industrial and agricultural potential is high, but inadequate electric power is a limiting factor.

Physical Status: Expansion includes installation of two 25,000 KW generators, 28 miles of 138 KV single circuit and double circuit transmission line, a power-house, and two switch yards. During work on the first stage, excavation and civil engineering work were completed for the second stage.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: ANDEAN HYDROELECTRIC POWER CORPORATION

Funds: AFP Loan

Title and Number of Loan: Pativilca Hydroelectric 527-L-025	
Date Authorized: 12/13/63	Date Signed: 10/16/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 13 yrs. 2nd step.....40 yrs.
Authorized 2,000	Grace Period 3 yrs. 2nd step.....10 yrs.
Disbursed 1,928	Interest Rate 5 3/4% 2nd step..... 3/4%
Repayments -	Currency of Repayment .. U. S. \$
Interest Collected -	

Purpose of Loan: To assist in financing construction and equipment for a 20,000 kw hydroelectric plant on the Pativilca River, civil works to permit a future doubling of capacity, and erection of a 37-mile transmission line to Paramonga.

Present area power production is generated in small uneconomical thermoelectric facilities, mostly for industrial purposes, with only 10% of the total energy available for public use. The new plant will nearly double the present power supply and provide for further industrial growth and public consumption.

Because of the planned availability of this low-cost power, W.R, Grace and Co., started a \$20 million five-year investment program to expand their sugar, paper, caustic soda and chlorine plants in Paramonga. About \$11 million of the Grace Investment is for U. S. equipment. Additional development potential exists for cotton, cotton seed oil, fishmeal and canning.

Physical Status: Prior to loan approval, feasibility studies and final engineering were completed by Grace and Co., the Swiss firm of Motor Columbus, and Edison of Milan, Italy. Final plans, specifications and bidding were completed, and construction began in August 1965 by a Peruvian firm. Construction was completed and the

project inaugurated on December 2, 1967.

Financial Status: Two-step process: To help ease Peru's foreign debt service problem in the next few years, agreement has been reached under which the GOP will receive loan payments from the borrower in local currency within 13 years. The GOP will then assume responsibility of repayments to the US on longer terms.

Procurement Source: Procurement under the A. I. D. loan has been restricted to goods and services from the U.S. or Peru. Approximately \$500,000 of total project funds were used for imports from the U. S.

Host Country (and other) Contribution: Andean Hydroelectric financed the equivalent of \$2.8 million in local currency costs or approximately 30% of the \$9,250,000 total project cost. W.R. Grace and Co., is lending the equivalent of \$1.28 million; suppliers have extended credits of approximately \$1.69 million; and Motor Columbus has financed the equivalent of \$1.48 million. The AID loan is fully guaranteed by the Government of Peru.

Comments on Implementation: Project completed. Loan will be reduced to disbursed balance.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan: Tulumayo - La Moranda Highway 527-L-027	
Date Authorized: 1/24/64	Date Signed: 4/21/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 1,900	Grace Period 10 years
Disbursed 1,424	Interest Rate 3/4% GP 2% after
Repayments -	Currency of Repayment U.S.\$
Interest Collected 10	

Overall construction is now 85% complete. The completion date has now been extended to 4-30-68, the extension being granted on the basis of adverse weather conditions and the added work of widening one lane bridges. Most of the heavy work has been completed, the remaining work being the removal of two major landslides, construction of the subbase course, and clean-up operations.

Financial Status: Due to a shortage of funds, a change order is in process which would eliminate the base course and surfacing. The GOP is being encouraged to set aside funds in their budget to complete the work rather than reduce the quality of work due to shortage of funds. The loan is 75% disbursed.

Host Country Contributions-Procurement Source: Procurement of equipment financed under this loan was from the United States.

The Government of Peru is matching the \$1.9 million A.I.D. loan and the Ex-Im Bank is financing \$1.5 million of U.S. dollar requirements.

Implementation Comments: Implementation of this loan has proceeded in an orderly fashion with slight delays caused by late arrival of some equipment and by adverse weather conditions. Spontaneous colonization taking place along the zone influenced by the road has been impressive.

Purpose of Loan: To finance 50% of the local currency costs for the construction of a 48.8 mile highway from Tulumayo to La Morada. This is the first section of a 281 mile highway which will run north from the Central Highway, at Tingo Maria, along the Huallaga River Valley, and connect with the Northern Trans-Andean Highway at Tarapoto. The Northern Highway is being constructed from Pomacocha to Tarapoto with joint AID/Ex-Im Bank financing. Together, these roads will provide a basic transportation system for the economic development of north-eastern Peru. Under this loan, 22.5 miles of existing highways will be widened to 16.7 feet and 26.3 miles of new highway will be constructed to the same specifications. A 361 ft. suspension bridge will be constructed over the Huallaga River.

The road will benefit 19,000 people immediately and will stimulate additional colonization. This will assist in relieving population pressures in the Andean regions and increasing agricultural production.

Physical Status: The construction contract was awarded in December, 1964 to Laos and Bolzmann, a Peruvian Firm. The feasibility of the project was investigated by both the Inter-American Cooperative Development Service and the consulting firm of Brown and Root of Houston, Texas. The latter is also supervising construction.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Pomacocha Tarapoto Highway 527-L-028	
Date Authorized: 3/3/64	Date Signed: 5/19/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 12,100	Grace Period 10 years
Disbursed 1,647	Interest Rate 1/
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected 4	

Financial Status: Disbursements began in December, 1965, for mobilization payments under the construction contract, awarded in October, 1965, to Emkay S.A., a joint venture between Peruvian firms and Morrison Knudson International. The loan is 13.6% disbursed.

Host Country Contribution-Procurement Source: Equipment, materials and services financed under this loan will be procured from the United States or Peru.

The GOP will invest the equivalent of \$6.4 million in this project. The National Highway Department will provide general administrative support and will assume responsibility for the road's maintenance.

The total cost of the project was estimated to the equivalent of \$41.5 million. Export-Import Bank is providing \$23 million in U.S. dollar cost requirements.

Purpose of Loan: To assist in financing part of the local currency costs of constructing a 173.8 mile highway from Pomacocha to Tarapoto. The construction of this road has been given first priority by the GOP and by the IERD in their report on roads in Peru. When this section of the Olmos-Bagua-Yurimaguas highway is completed, the Pan American Highway on the Pacific Ocean will be linked with the Atlantic Ocean by way of the Huallaga and Amazon Rivers. It will be the only highway in northern Peru that crosses the Andes and penetrates the high jungle area of north-east where 100,000 people live, thus opening up a region of great agricultural potential.

Physical Status: The feasibility of the project was investigated by Coverdale and Colpitts for the IERD and by the U.S. consulting firm of Brown and Root. Brown and Root performed detailed engineering studies and will supervise construction. The project is now 26% complete, which is approximately 3% behind schedule. The first 34 Kms of the project have been completed and this section was accepted by the GOP on January 5, 1968. The 6th Engineer Battalion of the Peruvian Army is constructing the 28 Km Rio Imaza-Rio Nieva section.

Comments on Implementation: Construction of the road got underway in May of 1966. The target completion date is December, 1971. Work is periodically delayed by rainy seasons. Progress is 3% behind schedule but this should be made up in the coming year as easier terrain will be covered.

1/ 3/4% on first \$6,000,000 disbursed during grace period, 2% thereafter. 3 1/2% on remaining \$6,000,000 unless A.I.D. determines borrower's financial position requires easier terms in no case to be less than terms for first \$6,000,000.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Agricultural Development	527-H-029
Date Authorized: 3/5/64	Date Signed: 7/8/64
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 6,600	Grace Period 10 years
Disbursed 5,982	Interest Rate 3/4% GP Thereafter 2%
Repayments -	Currency of Repayment . . U.S. \$
Interest Collected 82	

\$24.5 million (this figure includes additional loans financed from repayments) have been made under these loans. In addition, all rural extension and research units are either completed or under construction and most of the equipment has been purchased. Continued work toward the general objectives of this loan will be financed under A.I.D. Loan 047.

Financial Status: Disbursements of \$2.8 million under this loan for the coastal credit and forestry programs are complete, and \$3 million of the \$3.6 million allocated to ONRA have been disbursed. Loan funds should be entirely disbursed by June 30, 1968.

The first interest payment was received in April 1965, and the first payment of principal is due October 14, 1974.
Host Country Contribution-Procurement Source

The GOP is contributing the local currency equivalent of \$8.9 million to the project, including the administrative costs of its extension service (SIPA) and agrarian reform authority (ONRA). Ex-Im Bank is providing \$1.7 million and PL-480 funds of \$1.0 million are being used to make up the total program of \$18.3 million through 1967.

Procurement under the A.I.D. loan will be restricted to goods and services from the United State of Peru.

Implementation Comments: As the volume of sub-loans grows under the program described above, a shift in emphasis to group extension work and cooperative loans is taking place. This is affording a more efficient use of staff involved in the program.

Purpose of Loan

To assist in financing the GOP's agricultural development program. The main objectives of the program are to support land reform and colonization and to bring about basic improvements in production and marketing practices. This program is a very high priority GOP development objective. Three specific sub-programs have been developed: (A) A coastal program for supervised credit, technical assistance, and construction of extension and research units, plant and seed production and processing units and animal breeding centers; (B) A supervised credit program for small and medium size farms in the agrarian reform and colonization areas of the highlands and eastern valleys; (C) A program for small Indian communities of forestry development and forest products utilization that will employ approximately 2,000 people.

Physical Status: After slow initial progress under DLF 204, Agricultural Settlement loan, the agricultural program was revamped by the Government with assistance from A.I.D.-financed teams from Iowa State and North Carolina State Universities. The funds under loan 204, this loan, and loan 527-L-047 have been administratively combined to support one consolidated program and progress has been satisfactory. Approximately 34,000 sub-loans totalling

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Cooperative Housing Program 527-L-034	
Date Authorized: 6/15/64	Date Signed: 2/15/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 6,000	Grace Period 10 years
Disbursed 2,819	Interest Rate 3/4 GP 2% after
Repayments -	Currency of Repayment . . U.S. \$
Interest Collected 22	

Physical Status: Fifteen projects receiving assistance under this loan, consisting of 1072 houses, are presently under construction.

Financial Status: Disbursement of the first \$2.0 million portion of the loan was completed in January 1966. The second \$2.0 million A.I.D. tranche is now 40% disbursed.

Host Country Contribution
The Government of Peru will provide the local currency equivalent of \$4.0 million, or 40% of the \$10 million total project cost. The first \$2.0 million contribution was made in 1966. \$1.8 million contribution was made by the CY 1967 GOP budget. The remaining GOP contribution of \$200,000 will be made in CY 1968.

Comments on Implementation:

By agreement with the Central Home Loan Bank, ASINCOOP will handle the loan funds allotted to the Lima-Callao area. 50 percent of the loan funds must be utilized outside of Lima-Callao and will be disbursed by existing or new savings and loan associations.

Purpose of Loan

To assist the Central Home Loan Bank to finance cooperative housing projects. About one-half of these credits are for labor cooperatives in the Lima-Callao area. The Government-owned Central Home Loan Bank was initially capitalized by the Government of Peru under DLF Loan #201. This Bank has provided loans for home construction through a system of mutual savings and loan associations. The Central Home Loan Bank had been legally barred from accepting the type of mortgage on an entire project without recourse against single dwellings. However, through the creation of a central cooperative institution (ASINCOOP), satisfactory procedures were developed to finance cooperatives.

Cooperative housing projects financed under this loan will have low unit costs, to be within the reach of lower income groups. This loan should make possible a gradual improvement of the living standards of labor and other groups by using the existing savings and loan associations and developing permanent institutions which will finance cooperative housing.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Agrarian University - La Molina 527-L-042	
Date Authorized: 3/10/65	Date Signed: 8/24/65
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 2,000	Grace Period 10 years
Disbursed 291	Interest Rate 1% GP 2½ after
Repayments -	Currency of Repayment . . U.S. \$
Interest Collected 1	

A.I.D. dollar loan	\$2,000,000
Two PL 480 loans	1,900,000
IDB	2,000,000
Government of Peru	1,000,000
Agricultural Univ.	200,000

This loan and the two PL 480 loans will be used to finance a laboratory building, three faculty office buildings, a student union building, a maintenance and operations building, and architectural and engineering services. An additional \$163,000 PL 480 loan from prior year PL 480 agreements, is contemplated to aid in financing stage one of the project.

Physical Status: Five contracts have now been let for laboratories, dorm, a library, a maintenance facility, faculty office building and site development. Progress is somewhat slower than anticipated. Overall completion is now projected for June 1969.

Financial Status: Disbursements under this loan have not been progressing as rapidly as project construction due to the fact that PL 480 funds are being disbursed first. Thus if there is any savings it will occur in the dollar funds. Also dollar funding is required mainly for imported equipment and lab items which are required only after completion of building.

Host Country Contribution-Procurement Sources: As mentioned above, the Government of Peru is contributing the equivalent of \$1.0 million to the project and the Agricultural University \$200,000.

Comments on Implementation: The construction program has been modified due to rising construction costs. Construction of some dormitories and classrooms has been postponed. University administration of the program has caused some delay due to excessive use of large committees in clearing all aspects of specification, contract and change orders. This has been improved by appointment of a University Project Coordinator with delegated authority.

Purpose of Loan: To finance a portion of the cost of expanding the physical plant of the National Agricultural University, the most important source of the trained manpower needed in Peru's agricultural development program. The University, founded in 1902, now has a student body of 2,000 and is experiencing a steady increase in enrollment. With the help of technical assistance provided by the University of North Carolina under an A.I.D. contract, the Agricultural University is undertaking an improvement and expansion program including the modernization of its curricula, the upgrading of its faculty and the expansion of its research and extension activities. The Ford and Rockefeller Foundations have granted over \$1.0 million in technical assistance to the University for the period 1963 to 1968. A major obstacle to the expansion program has been the inadequacy of the University's antiquated physical plant. To attack this problem, the University's building needs were studied by an architectural and engineering group from North Carolina which prepared designs, specifications and bid documents and will supervise the actual construction.

Stage one of the University expansion program was estimated to cost \$7.1 million to be furnished as follows:

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan: Cooperacion Popular Revolving Fund 527-L-045	
Date Authorized: 5/31/66	Date Signed: 9/20/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 2,100	Grace Period 10 years
Disbursed 283	Interest Rate 1% GP 2½% after
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected -	

Physical Status: The first subloan was granted in October 1967. Since then six other subloans have been approved for such community projects as potable water, markets, street paving and schools. Average sub-loan is about \$5,000.

Host Country Contribution-Procurement Source: In addition to providing all necessary administrative costs of the project, the GOP will provide \$2.0 million to the Revolving Fund. The communities will also provide a total of \$3.0 million to contributed labor and materials. Thus, the Peruvian contribution to the project represents 63% of the total cost and 73% of the local currency cost. Procurement under the A.I.D. loan will be restricted to goods and services from the United States or Peru.

Purpose of Loan

This loan is to assist the Peruvian Government's Cooperacion Popular (COOPOP) program which, since its initiation in August 1963, has been attempting to help overcome much of the general economic and social stagnation of thousands of rural villages by providing small amounts of technical assistance, materials and loans of tools and equipment needed to stimulate or sustain self-help community development activities. While this program has met with considerable success, it is in danger of losing momentum as a great many of approved projects have not been initiated due to lack of resources.

The basic purpose of this loan is to alleviate a major bottleneck to the COOPOP effort, the lack of materials such as cement, roofing and pipes which are used in the community projects. It is felt that the conditions of the loan, i.e., that the funds be sub-loaned to the communities from a revolving loan fund with amortization of from 3 to 8 years at an interest rate of 10% and that the GOP match the AID contribution to the Fund, will maximize its benefits. Furthermore, the sub-loan aspect will provide an acceptable rationale for the imposition of local taxes, a prerequisite for effective local government.

Comments on Implementation: A pipeline of financeable projects is now building up and sub-loans should now proceed rapidly. Since this program is de-centralized, its initial establishment in the various provinces has taken about 12 months to accomplish.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan:	
Mantaro Valley Rural Electrification 527-L-046	
Date Authorized: 6/21/66	Date Signed: 1/26/67
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 1,600	Grace Period 10 years
Disbursed 107	Interest Rate 1% GP 2½% after
Repayments -	Currency of Repayment . . U.S.\$
Interest Collected -	

Host Country Contribution-Procurement Sources

The GOP and the Cooperative will provide a total of \$494,000 to this project. This contribution represents 68% of the total local currency component. In addition, the GOP is contributing three hydro-electric plants to the project, as assets in place, at a total value of \$2,431,000. Procurement under the A.I.D. loan will be restricted to goods and services from the United States or Peru.

Comments on Implementation: The Peruvian Congress took considerable time to approve a law authorizing the GOP to contract this debt. The project is now progressing satisfactorily and is now scheduled for completion in April, 1969. The National Rural Electric Cooperative Association (NRECA) is providing management consulting services and Stanley Consultants, Inc. is providing engineering services.

Purpose of Loan

The A.I.D. loan will assist the GOP in the establishment and supervision of the country's first rural electric cooperative. The loan will be used to finance improved and expanded transmission facilities and distribution lines necessary to electrify the area to be served by the cooperative. The Cooperative will provide electricity to many of the inhabitants of the small communities and farms within its service area. The loan will also provide for technical assistance to the Peruvian Ministry of Development which will relend to the Cooperative and supervise the project. Through its technical assistance component, the loan will develop the technical capabilities of the Ministry of Development's Division of Rural Electrification.

Physical Status: The cooperative began initial operation in November when it took ownership of some existing properties which will become the nucleus of the co-op system. Orders have been placed for line construction materials to be obtained from the U.S. Delivery is expected in mid-March, 1968. Contract documents have been prepared and bids will be taken shortly for construction of the lines. Lines are now being staked. Construction should begin in late March.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: Government of Peru

Funds: AFP Loan

Title and Number of Loan: Supervised Agricultural Credit Fund 527-L-047	
Date Authorized: 6/30/66	Date Signed: 11/23/66
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 years
Authorized 9,000	Grace Period 10 years
Disbursed 2,631	Interest Rate 1% GP 2½% after
Repayments -	Currency of Repayment . . U.S. \$
Interest Collected 5	

Financial Status: The loan is 29% disbursed.

Host Country Contribution-Procurement Source: The GOP is providing all necessary administrative costs of the project as well as a total of \$4.0 million of the Fund over the next two years; \$1.0 million was provided in CY 1967, \$2.0 million will be provided in CY 1968 and \$2 million in CY 1969.

Procurement under the A.I.D. loan will be restricted to goods and services from the United States or Peru.

Comments on Implementation: The coastal sub-loan program is progressing satisfactorily but the agrarian reform program administered by ONRA is developing more slowly than anticipated. An extension by six-months of the terminal disbursement date will be necessary.

Purpose of Loan

This loan is an addition to the Supervised Agricultural Credit Fund established by previous A.I.D. loans, DLF 204 and L-029, made in 1961 and 1964. The purpose of the Fund is to make credit and technical assistance available to small and medium-sized farmers, most of whom are new land owners as a result of the Agrarian Reform Law. It is intended that as these farmers gain technical experience and begin to capitalize their farm operations they will transfer to other sources of financing for their credit needs. The Fund is thus conceived as a means of assisting previous farm laborers to become viable farm owners and also as a mechanism by which production of domestically consumed foods can be increased and agrarian reform efforts supported. The funds from this loan will result in approximately 15,000 sub-loans to individuals, cooperatives and communities. SIPA (the Peruvian agricultural extension service) is assigned \$6,000,000 for its coastal program, ONRA (the Peruvian agrarian reform agency) \$2.25 million for the Sierra Central and La Convencion projects, and the Forestry Service \$500,000 for expansion of its forestry program. Finally, \$250,000 is to be used to finance technical assistance provided by North Carolina State University.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: GOVERNMENT OF PERU

Funds: AFP Loan

Title and Number of Loan:	
Vocational Training	527-L-050
Date Authorized: 4/29/67	Date Signed: Unsigned
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 1,200	Grace Period 10 yrs.
Disbursed -	Interest Rate 1% G.P. 2½% thereafter
Repayments -	Currency of Repayment .. US\$
Interest Collected -	

Procurement Source: . Equipment, materials and services, except participant training, financed under the loan shall be procured from the U. S. Participant training may take place in any country included in A.I.D. Geographic Code 935.

Comments on Implementation: No implementation problems anticipated at this time.

Purpose of Loan: This project will increase the capacity and effectiveness of five industrial and one agricultural vocational training centers operated by the Peruvian Army in various sections of the country. These schools train soldiers, who will shortly return to civilian life, and civilians in a basic industrial skill, or in modern agricultural techniques. The project should improve the quality of training, increase the number of courses taught, and multiply the number of graduates of the vocational training centers by four-fold. When fully staffed and equipped, the centers will be able to carry out their training activities with minimum assistance, and will also provide strong visual evidence of the GOP's efforts to bring the Sierra Indian into a more modern and productive age.

Physical Status: Loan agreement being negotiated.

Host Country Contribution: The GOP is providing \$4 million over the period 1967-1969. Approximately \$3.0 million of the GOP contribution is allocated to meet administrative costs.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: PERU

Borrower: INDUSTRIAL BANK OF PERU

Funds: AFP Loan

Title and Number of Loan:	
Private Investment Fund 527-I-051	
Date Authorized: 4/29/67	Date Signed: Unsigned
Loan Status as of 12/31/67	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 7,500	Duration 40 yrs
Disbursed -	Grace Period 10 yrs
Repayments -	Interest Rate 1% G.P. 2½% thereafter
Interest Collected -	Currency of Repayment . . US\$

Procurement Source: Equipment, materials and services financed under the loan will be procured from the United States.

Comments on Implementation: No implementation problems anticipated at this time.

Purpose of Loan: To assist the Central Bank in the establishment and administration of a Private Investment Fund which, in turn, will provide financing (primarily via intermediate credit institutions) to private industrial enterprises engaged in processing, packaging or perserving agricultural commodities. In order to avoid potential competition with nominal medium-term export financing of the Export-Import Bank, A.I.D. loan proceeds will not be made available for pure equipment financing loan, and project proposals requiring more than \$500,000 of U. S. procurement will be first referred to the Export-Import Bank.

Physical Status: Loan agreement is being negotiated.

Host Country Contribution: The A.I.D. loan of \$7.5 million will be matched by an equivalent amount of Peruvian Soles provided by the Central Bank. These soles will complement the A.I.D. loan dollars and also finance a portion of the local currency costs of projects.

REGIONAL PROGRAMS

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	1.3 ^{a/}	5.0
Technical Assistance	8.9	8.1	10.7
Total A.I.D. Assistance	8.9	9.5	15.7

a/ Represents \$1,344 thousand in grants for population programs, under Title X of the Foreign Assistance Act.

Regional projects in Latin America serve one or both objectives of: (1) high priority development which otherwise could not be effectively administered or financed; (2) introduction of new and innovative approaches to problems of development.

Individual projects are directly linked to Alliance goals, but also serve more specific objectives within the fields of education, population, labor and private business. A special project this year will be to help establish a Coffee Diversification Fund under a proposed new article of the International Coffee Agreement. Smaller projects are also conducted in fields such as agriculture, natural resources, public administration and tax reform.

Regional education programs proposed for FY 1969 total \$3.2 million. Two major projects are to receive over 90% of this amount. One is a scholarship program providing for education in the United States of superior but needy Latin university students, who will return to positions within Latin faculties. The other is the A.I.D.-operated Regional Technical Aids Center (RTAC) in Mexico City.

The academic training project is administered by the Latin American Scholarship Program of American Universities (IASPAU) under A.I.D. contract. A.I.D. finances approximately 65% of the project costs, paying for English-language training and subsistence allowances for students, and administration expenses of IASPAU. U.S. and Latin institutions absorb the remaining 35% of the costs. To date, more than 100 U.S. universities have provided full tuition grants for over 300 Latin students in a variety of study fields. Another 210 students are expected to enter academic training in the fall of 1968.

RTAC arranges for the translation, publication and distribution of low-cost Spanish-language texts and educational films. More than 4 million technical publications have been distributed in Latin America since 1957; from school primers, to technical "how-to" manuals, to the most up-to-date medical textbooks. Demand is so great that publishers are realizing commercial sales as great as four to five times the RTAC purchases.

Population programs are to receive the second largest segment of regional project funding, with \$2.8 million planned for FY 1969 (up from \$1.3 million in FY 1968). Latin America's birth rate exceeds that of any other region of the underdeveloped world. Understanding of the problem of population growth is growing in Latin America, due largely to the efforts of five A.I.D.-supported organizations: the Pan American Health Organization (PAHO); the Western Hemisphere Region, Inc. of the International Planned Parenthood Federation (IPPF); the Population Council; and the two Chile-based organizations, the Latin American Center for Demographic Studies (CELADE) and the Center for the Study of Population and the Family (CEIAP). PAHO and IPPF's Latin American branches have action programs to strengthen the capabilities of institutions involved in family planning and population activities. The Population Council provides selected grants for research. The centers in Chile also provide demographic and other institutional studies, plus training for Latin technicians.

All five help provide the information and analyses necessary to secure the support of private and government leaders for family planning and population programs. Their work helped bring about a recommendation by Latin economists, public health and medical professionals that Latin governments actively support such programs. This recommendation was the result of a September meeting in Caracas called by the OAS and PAHO.

Labor development programs in FY 1969 are scheduled to receive \$2 million in regional funding. This will support the headquarters cost of the contracted American Institute for Free Labor Development (AIFLD), plus two AIFLD sponsored training programs. AIFLD headquarters provides the expertise and guidance for A.I.D. missions conducting labor development projects in 19 countries. The training programs include one for labor leaders at AIFLD headquarters in Front Royal, Va., and one for labor economists at Georgetown University in the District of Columbia. About 150 Latin American labor professionals are expected to be trained by these institutions during FY 1969.

Regional-funded programs encourage private sectors of both Latin America and the United States to become involved in Latin development. In FY 1969, A.I.D. proposes \$1.4 million in assistance to

REGIONAL PROGRAMS

a new investment center in the United States, and a market integration program and cooperatives development effort in Latin America. An estimated \$20 million worth of investment opportunities in Latin America will be offered U.S. private investors when the new Inter-American Investment Development Center (IIDC) in New York City becomes fully operational in FY 1969.

A unique private sector project, National Market Integration Studies, is conducted under A.I.D. contract by Michigan State University (MSU). Experts identify the causes of high prices to consumers and low returns to farmers on basic food commodities. A.I.D. and host governments then use the studies in planning development loans which help alleviate inequities in the market structure. For example, such a study in Peru resulted in a \$5.5 million bi-lateral loan (matched by \$2.5 million from Peru) to reduce food prices by \$35 million annually in the Lima area. In Colombia, where the Government is funding half the cost of the basic studies, a local university is providing quarters and local staff support for the project; and local, regional and national agencies are providing professionals who learn market study techniques while assisting the MSU experts.

Latin American cooperatives and credit unions have almost doubled in number and in memberships during the past seven years. This growth has been largely due to the A.I.D. contracted assistance of the Cooperative League of the U.S.A. (CLUSA), the Credit Union National Association (CUNA) and the National Rural Electric Cooperative Association (NRECA). By the end of 1967 more than 21,000 Latin American cooperatives with over 8 million members were in operation.

The regional program supports the regional offices of CUNA, CLUSA, and NRECA and the activities of the Organization of Cooperatives of America (OCA). The latter is a confederation of cooperatives for Latin America.

Like AIFLD in the labor field, the regional offices of these organizations provide technical assistance backstopping for A.I.D. missions' work in the cooperative field and help organize, operate and improve the institutional structure for the cooperative movement.

Other regional projects (\$1.3 million proposed in FY 1969) are in the fields of agriculture, natural resources, public administration and tax reform. A graduate-level training program of the Inter-American Institute for Agricultural Sciences at Turrialba, Costa Rica, is one of these. Other projects include several conducted by U.S. federal agencies under agreements with A.I.D. such as the natural resources development program of the Inter-American Geodetic Survey of the Corps of Engineers; a tax administration training program by the Internal Revenue Service, and a new tax policy development project by the Treasury Department.

Coffee Diversification Fund. An FY 1969 loan of \$5 million is proposed for the world-wide Coffee Diversification Fund being established under a new article of the International Coffee Agreement (ICA). President Johnson at Punte del Este pledged a U.S. loan of \$15 million to the Fund as soon as it becomes operative, and to lend up to \$15 million additional to match assistance provided by the ICA-member producing countries.

Latin America has a particular interest in the establishment of this Fund, as the region produces two-thirds of the world's coffee, and many Latin countries are dependent on this product as their largest single foreign exchange earner. Coffee ranks second only to petroleum in Latin America's export trade. Six countries depend on it for more than 40% of their export income: Colombia, 67%; Haiti, 54%; Salvador, 47%; Guatemala, 46%; Brazil, 45%; and Costa Rica, 42%.

The International Coffee Agreement has helped to stabilize coffee prices, but prices are still depressed as a result of continuing over-production in a number of countries. Surplus coffee not salable under the Agreement represents a real waste of agricultural resources as well as a threat to price stability.

The new Diversification Fund proposes a cooperative attack on this problem of surplus production. Coffee producing countries will contribute to the Fund a minimum of 60 cents equivalent per bag of coffee exported. This should provide about \$150 million for diversification projects during the five years for which the Agreement is to be extended. The Fund is scheduled to be in operation in early 1969. It is expected that the World Bank (IBRD) will accept broad responsibility for administering the Fund.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

TABLE II

Country: L.A. REGIONAL

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	1,344 a/	XXX	XXX	XXX	5,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	4,606	4,606	-	-	4,438	4,438	-	-	4,020	4,020	-
Participants	918	918	-	-	1,085	1,085	-	-	2,356	2,356	-
Commodities	957	957	-	-	918	918	-	-	996	996	-
Other Costs	2,398	2,398	-	-	1,682	1,682	-	-	3,318	3,318	-
Total Project Assistance	8,879	8,879	-	-	8,123	8,123	-	-	10,690	10,690	-
Method of Financing											
Project Assistance											
Direct A.I.D.	1,143	1,143	-	-	1,041	1,041	-	-	1,193	1,193	-
Other Agency	1,209	1,209	-	-	1,253	1,253	-	-	1,027	1,027	-
Contract	6,527	6,527	-	-	5,829	5,829	-	-	8,470	8,470	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	8,879	8,879	-	-	8,123	8,123	-	-	10,690	10,690	-
Total Assistance	8,879	XXX	XXX	XXX	9,467	XXX	XXX	XXX	15,690	XXX	XXX

a/ Grants for population programs.

b/ Of which 51 were overseas in FY 1967, 39 are estimated for FY 1968 and 44 proposed for FY 1969.

NUMBER OF U.S. TECHNICIANS (Program Overseas and U.S.) b/

NUMBER OF PARTICIPANTS

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	6	7	7
Participating agency	75	78	31
Contractor technicians	247	192	189
Total	328	277	227

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	-	-	-
Contract	541	746	1,023
Total	541	746	1,023

PROJECT TITLE Inter-American Institute for Agricultural Sciences	ACTIVITY Agriculture and Natural Resources	FUNDS TA	
PROJECT NUMBER 598-15-110-001	PRIOR REFERENCE p. 285, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1955	SCHEDULED FINAL OBLIGATION FY: 1969

Project Target and Course of Action: To improve and expand technical assistance to national agricultural institutions by providing university and graduate level training for USAID-sponsored participants and furnishing short-term consultants and technical educational materials to USAIDs and LA country programs. The Inter-American Institute of Agricultural Sciences (IICA), headquartered at Turrialba, Costa Rica, is a specialized agricultural agency of the Organization of American States (OAS), whose members contribute on a quota basis to the costs of IICA. Through AID-sponsored contracts, focus has been placed upon certain priority activities: agricultural extension, survey and evaluation of natural resources, agricultural communication, university and graduate education, agrarian reform and agricultural development.

Progress to Date: In FY 1968, 110 students from throughout Latin America have been given training under IICA-AID auspices. Thirty-five of these were USAID-sponsored, 14 of whom participated in the top priority Resources for Development curriculum. Other courses offered were in Agricultural Extension Education, Communications and Coordination and Training. A.I.D. funding has continued to be aimed at institution building in these areas rather than scholarships. The facilities at the Turrialba Center have been expanded to accommodate more students. It is estimated that 200 students will be able to participate in the FY 1969 programs.

During FY 1968, a realistic schedule for the phase-out of the current AID-financed contracts with the IICA was carefully developed. This schedule permitted a substantial re-

duction in the level of AID financing during FY 1968--from an annual rate of approximately \$400,000 in previous years to a level of \$190,000 in FY 1968. AID-financing for programs in Home Economics, Higher Agricultural Education and Land Reform is being terminated by the end of FY 1968. AID support for the Resources for Development training program and the Training Coordination and Support activity are being continued through the end of CY 1969, at which time the IICA will absorb these activities within their regular budget. The above schedule will permit IICA to continue to the maximum extent possible, the activities previously sponsored by AID after AID-financing is terminated. Future areas for emphasis, which include agricultural planning and programming, animal husbandry and forestry, have been recommended to IICA by AID. These efforts will be undertaken by IICA without additional support from AID.

FY 1969 Program: In FY 1969, \$100,000 will be required to accomplish the orderly phase-out of AID financing for the Resources for Development training program and the training Coordination and Support activity. Costs will include \$34,000 for salaries, travel and related overhead for U.S. personnel (2.3 man years); \$5,000 for equipment training aids and supplies; \$45,000 for salaries and related overhead for 10 local and third-country national professional and administrative personnel; and \$16,000 for other direct costs including rent, utilities, communications, in-country travel and publications expenses.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES IICA
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	3,727	3,330	397							
Estimated FY 68	190	225								
Estimated through 6/30/68	3,917	3,555	362							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	100	-	4,017							
				Cost Components						
				U.S. Technicians	-	70	70	-	34	34
				Participants . . .	-	-	-	-	-	-
				Commodities . . .	-	20	20	-	5	5
				Other Costs . . .	-	100	100	-	61	61
				Total Obligations	-	190	190	-	100	100

Country: L.A. REGIONAL

PROJECT DATA

TABLE III

PROJECT TITLE National Markets	ACTIVITY Industry and Mining	FUNDS TA	
PROJECT NUMBER 518-15-260-440 a/	PRIOR REFERENCE p. 284, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: The Presidents of the Americas at Punta del Este stressed marketing modernization for expanded agricultural production and improved income distribution. This project will assist in more productive integration of rural and urban populations. This requires helping LA countries to: (a) identify the barriers to expanded agricultural production and to reduce food prices for the urban masses; (b) build coordinated marketing institutions to expand agricultural exports; (c) develop capacity for marketing reform.

Progress to Date: An AID-financed Market Planning Center at Michigan State University (MSU) has been established. A study in La Paz and the altiplano will enable significant changes in costs of food, durable and semi-durable goods for the campesino on the altiplano and in wholesale food market procedures in La Paz. In Northeast Brazil, factors in distribution, storage, credit, land tenure, health, and education have been identified which (a) inhibit expansion of production for five principal commodities, (b) prevent development of most efficient food marketing in Recife and (c) inhibit general economic development in Recife and its "food shed". MSU is now working with the planning agency for Northeast Brazil (SUDENE) and with local institutions and the AID Mission to develop programs to effect the findings of the study. The Center has also provided technical advice to CIAP and under OAS sponsorship has been part of advisory missions to Uruguay and Argentina. In Argentina, changes in credit and legal structure affecting marketing have been made. In Guatemala, Panama, and Peru, the Center

assisted in the development of investment budget and sectoral plans for agriculture.

Brazil and Bolivia have provided funds for survey research and local costs and personnel for the program.

In Colombia, a major study of interchange between Cali, a major urban consumption center, and surrounding rural areas has begun. Barriers to farm output will be identified and a program to expand farm output and improve urban consumption will be undertaken. The Colombian Congress has voted \$200,000 to finance local costs.

FY 1969 Program: In Colombia the agricultural and urban marketing system study will be completed. A program to reduce barriers to agricultural production and marketing will be developed. In Northeast Brazil, SUDENE staff receiving advance training at MSU will work on program implementation, and MSU inputs will assist SUDENE to implement the program. In Bolivia, work will be continued to develop more efficient marketing facilities. Evaluations to determine areas in which development can be substantially assisted by improving agricultural and urban market linkages will continue. \$244,000 will be for salaries, overhead and benefits, travel and administrative support for a team of 5 marketing specialists and short-term advisors. \$35,000 will be used to provide computer time for data processing. \$40,000 will be used for AID direct-hire marketing advisor activities. This includes relocation, overseas expenses, and travel costs.

a/ Incorrectly listed as 598-15-290-440 in FY 68 P.D.B.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated				
				Estimated FY 1968		Proposed FY 1969	
Through 6/30/67	410	217	193	Direct AID	Contract/Other Agency	Total	Michigan State University
Estimated FY 68	285	260		Direct AID	Contract/Other Agency	Total	
Estimated through 6/30/68	695	477	218	25	225	250	
		Future Year Obligations	Estimated Total Cost	40	244	284	
				-	-	-	
				-	-	-	
				-	35	35	
Proposed FY 69	319	300	1,314	25	260	285	
				40	279	319	

PROJECT TITLE	ACTIVITY	FUNDS	
Marketing of Artisan Handicraft	Industry and Mining	TA	
PROJECT NUMBER 598-13-290-421	PRIOR REFERENCE p. 286, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1969

Project Target and Course of Action: The A.I.D. objectives of increasing the productivity of the rural artisan communities of Bolivia, Ecuador, Guatemala, and Peru through this project have largely been realized. Through marketing and technical assistance, quality and quantity of handicrafts have been upgraded. Sales in both Latin America and the U.S. have been increased. Our target now is to phase out A.I.D. funding and to insure continued guidance and support for L.A. artisan groups by U.S. firms.

Progress to Date: During FY 1968 Guatemala became the fifth L.A. country to join the program. Following A.I.D. recommendations, the five cooperating country artisan corporations formed a central Latin American Handicraft Council to promote the interchange of information and to encourage intra-regional coordination of handicraft development. U.S. sales in CY 1967 were \$561,000 f.o.b., equal to about \$2.8 million retail. Additional sales, equivalent to \$500,000, were realized within the host countries. U.S. East and West Coast warehouses have been begun to provide more rapid delivery of handicraft products to U.S. sales outlets. In addition, nine sales organizations throughout the U.S., with a total of 16 salesmen, are selling the artisan products on a commission basis. It is estimated that in Peru alone additional employment is being provided to over 10,000 artisans as a direct result of this program. Peru's National Development Bank originally pledged \$150,000 to support the national handicraft development program and has made contributions to date in excess of \$450,000. It is

preparing to add another \$150,000 to help establish design and production centers in key areas of the country. OCEPA, the Ecuador artisan corporation, operates two national retail establishments and has made retail sales arrangements with artisan shops in Buenos Aires, Caracas, and St. Thomas, Virgin Islands. Bolivia's export sales in 1967 were 50% higher than 1966 sales (from \$60,000 to \$90,000 f.o.b.). In 1967, the retail outlets of the national artisan corporations began a program of selling each other's products. FY 1969 Program: To consolidate progress made to date under this project, and to leave the national organizations with viable sales representation in the U.S., and additional six months of assistance (to the end of the current calendar year) will be required to develop lasting wholesale arrangements between the artisan corporations and U.S. commercial handicraft importers.

The showroom in the Giftware Building in New York City will be discontinued by mid-summer, 1968, and action to complete U.S. wholesale merchandising arrangements will begin. These arrangements will be made preferably with those U.S. firms who will provide guidance and assistance to the artisan corporations in developing new product designs and in upgrading the quality of their handicrafts, so that they may continue to hold and expand their export markets. FY 1969 funds will provide \$120,000 for staff, travel, and overhead, \$55,000 for other costs as follows: moving costs and rent, office costs, catalogs and publications, and domestic travel.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/XXXXXXXX			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS				
					Estimated FY 1968		Proposed FY 1969		
Through 6/30/67	3,080	3,010	70	Direct AID	Contract/XXXXXXXX	Total	Direct AID	Contract/XXXXXXXX	Total
Estimated FY 68	250	235		-	190	190	-	120	120
Estimated through 6/30/68	3,330	3,245	85	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	-	60	60	-	55	55
Proposed FY 69	175	-	3,505	-	250	250	-	175	175

Scherr and McDermott

Country: L.A. Regional

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Free Labor Development	Labor	TA	
PROJECT NUMBER 598-15-410-101	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	p. 290, FY 68 LA P.D.B.	FY: 1962	FY: 1974

Project Target and Course of Action: Through contract with the American Institute for Free Labor Development (AIFLD), A.I.D. provides assistance to democratic labor organizations throughout Latin America to help them in developing the effective, enlightened and responsible trade union leadership which will enable the Latin American labor movement to play a more effective role in developing and strengthening democratic societies. In achieving these objectives, the contractor utilizes educational programs, social projects and community services designed to improve worker living standards.

Progress to Date: The American Institute for Free Labor Development is a private, nonprofit organization of U.S. trade union and industrial groups. The Washington-based Regional Training Center has provided training for nearly 600 trade unionists in courses varying from 6-12 weeks in duration. Approximately 60,000 trade unionists have participated in short in-country training courses, seminars and conferences in Latin America and the Caribbean area.

In addition to the above training activity, 240 small impact projects have been developed affecting thousands of workers' lives. The AFL-CIO has contributed \$277,917.00 for this activity and A.I.D., through USAID programs, has provided approximately \$190,000 in U.S. dollar and local currency contributions and equipment. The AIFLD-initiated Peruvian Savings and Loan Association now has 9,747 depositors with workers' savings amounting to the equivalent of

\$1,600,000. 433 housing loans to Peruvian workers approximate the equivalent of three million dollars. Workers' cooperative housing projects completed or in process in Mexico, Honduras, Peru, Venezuela, Argentina, Brazil, and Guyana amount to over \$46,000,000.

FY 1969 Program: The Washington-based headquarters will continue to provide backstopping to the programs implemented in the various countries and will provide labor leader training in the Washington area for selected Latin American trade unionists. This will include three-month courses in worker education for 100 participants and a nine-month course in labor economics conducted at Georgetown University for 20 participants. The field programs will be directed to: (1) labor education and community development programs for trade unionists with special emphasis on rural workers, (2) projects designed to promote low cost workers' housing, cooperatives and related social projects.

This project will require funds as follows: \$1,300,000 for salaries, benefits, travel and associated costs of 44 professionals and 69 administrative and supporting personnel; \$385,000 for direct costs of training 140 participants; \$50,000 for supplies and equipment; and \$285,000 for other direct costs, including consultants fees for engineering and educational services, rent and utilities, communications and publications.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	6,086	5,534	552								American Institute for Free Labor Development (AIFLD)
Estimated FY 68	2,256	1,820									
Estimated through 6/30/68	8,342	7,354	988	U.S. Technicians	-	1,421	1,421	-	1,300	1,300	
				Participants ...	-	385	385	-	385	385	
				Commodities ...	-	72	72	-	50	50	
				Other Costs ...	-	378	378	-	265	265	
Proposed FY 69	2,000	10,000	20,342	Total Obligations	-	2,256	2,256	-	2,000	2,000	

PROJECT TITLE	ACTIVITY	FUNDS	
Demographic and Population Program	Health and Sanitation	TA	
598-15-570-455; 456; 457; 459; 460; 438.	PRIOR REFERENCE Page 302, FY 68 L.A. P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: Funding for population programs in LA is greatly increasing in response to expanding activities in family planning by LA governments and private organizations, and in response to the sense of Congress as expressed in Title X of the FAA. Regional program objectives are: 1) to develop an awareness of the population problem among government and private leaders in those countries where an official population policy does not yet exist; 2) to provide support to, or to assist in funding external sources of support for, national programs as requested; 3) to support LA demographic and socio-economic institutions by increasing their ability to provide greater services; and 4) to support multilateral agencies, international organizations and universities to expand their capabilities to assume a more effective role.

Progress to Date: Family planning in Latin America has progressed beyond the study and research phase into the action program stage. Information on family planning is beginning to be a recognized right of the individual in a steadily growing number of countries. The first meeting on Population Policies in Relation to Development in Latin America held in Caracas, Venezuela was attended by government leaders and specialists from 16 countries. The Conference recommended the adoption of official population policies and urged the incorporation of family planning services in existing public health facilities.

The Latin American Demographic Center (CELADE) has

provided technical assistance in demography upon request to 16 governments. CELADE has conducted studies in 13 countries and has increased enrollment in regular demographic training courses in Santiago from 19 to 30 students per year. In addition CELADE has sponsored numerous short courses in demography. A sub-center has been established in Costa Rica.

The Latin American Center for Population and the Family (CELAP) has conducted courses and research seminars to promote the concept of family planning in 9 countries and has carried out studies of attitudes of leaders toward family planning in 11 countries. CELAP has actively worked with other regional organizations (ECLA, IDB and CIAP) to establish a program of population studies which will relate all aspects of population growth to social and economic development and has assisted in stimulating government action in several countries.

The International Planned Parenthood Federation (IPPF) from funds provided by A.I.D. gave financial assistance to affiliate organizations for training programs and clinical services in five countries. A.I.D. provided financial assistance to the VIII International Conference of the International Planned Parenthood Federation held in Santiago, Chile.

The Population Council provided assistance to LA institutions from A.I.D. funds for study on human reproduction and contraceptives which are being conducted in 5 LA countries. In addition, a Regional Conference on the teaching of demography in medical schools was

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other AID	Total	Direct AID	Contract/Other AID	Total	
Through 6/30/67	2,868	1,462	1,406							CELADE CELAP IPPF PAHO POPULATION COUNCIL UNIV. OF PUERTO RICO
Estimated FY 68	1,344	1,100								
Estimated through 6/30/68	4,212	2,562	1,650 ^{1/}	34	75	109	34	160	194	
		Future Year Obligations	Estimated Total Cost	-	60	60	-	275	275	
				-	60	60	-	75	75	
				-	1,115	1,115	35	2,230	2,265	
Proposed FY 69	2,809	8,570	15,591	34	1,310	1,344	69	2,740	2,809	

Country: L.A. REGIONAL

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
		TA	
Demographic and Population Program	Health and Sanitation		
598-15-570-455; 456; 457;	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
459; 460; 438.	Page 302, FY 68 L.A. P.D.B.	FY: 1964	FY: 1975

sponsored in FY 68.

Notre Dame University continued to provide assistance in 3 countries to Catholic institutions in developing research and training competence in family sociology.

A.I.D. is continuing to work with the Pan American Health Organization (PAHO) to expand its capacity to respond to country requests for technical assistance in family planning.

FY 1969 Program: \$1,200,000 to support PAHO in responding to requests from additional countries for assistance in developing and conducting family planning and population programs. Approximately \$200,000 will be used for participant training and the remainder for local salaries, commodities and other costs through December 31, 1969.

In addition, the following projects are planned for FY 1969: \$300,000 for the CELADE contract to provide for expansion including new sub-regional centers and special assistance to the Organization of American States to enable CIAP to conduct in-depth country studies and annual reviews that will relate population data to total social and economic development plans. \$200,000 to CELAP for continued studies, seminars and workshops. \$200,000 to the Population Council for continued support to Latin American research in the fields of fertility factors and effective contraceptive techniques. \$500,000 to IPPF to provide sponsorship for international conferences,

publications and educational materials and for operational costs of IPPF affiliate associations in additional LA countries. \$200,000 to establish a regional training and demographic center for the English speaking countries in the Caribbean area and coordinated with a local official family planning program for field training. \$100,000 to the University of Puerto Rico to provide regular and tailored academic courses and short-term training utilizing the University's clinical facilities for related field work experience. Training will be for government personnel assigned to integrated health and family planning programs. \$40,000 for a survey to identify existing capabilities in family planning associations and Ministries of Health for designing, planning and carrying out a broad based organizational program for motivating public acceptance and utilization of family planning services; \$35,000 for translation, publication and distribution of educational materials including films and manuals for family planning programs. \$34,000 for Regional Population Officers will cover salary, allowances, travel and secretarial support for an A.I.D. direct hire Population Officer stationed in the field, and travel for consultative visits by regional population officers, to provide assistance to USAID's and local institutions.

1/ Pipeline is due to delayed billing for services rendered by the private and public international institutions through which the major portion of L.A. regional population funds are channeled.

PROJECT TITLE Latin American Scholarship Program of American Universities (LASPAU)		ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 598-13-690-453		PRIOR REFERENCE p. 298, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1973

Project Target and Course of Action: To strengthen the teaching staffs of Latin American institutions of higher education by providing training in selected disciplines required by the participating Latin schools and universities. The training program is implemented through LASPAU, Inc., a voluntary association of U.S. colleges and universities. Students are selected on the basis of a minimum of 2-3 years of college work, high scholastic standing, financial need, and dedication to teaching. They receive up to four years of undergraduate and graduate work leading to a Masters degree. Upon return to home country, the participant is obligated to serve as a full-time faculty member on the staff of his sponsoring institution. An adjunct to LASPAU is the Lincoln-Juarez program, co-sponsored by the Governments of the U.S. and Mexico, which provides scholarships to outstanding students.

Progress to Date: There are currently 293 students from 14 countries enrolled in 175 U.S. universities in 37 states. Expenses of the program are divided among the U.S. universities, which provide tuition and fees, A.I.D., which pays maintenance and incidental costs of the students and administrative costs of the contract, and the host country institutions or the students themselves, with the aid of personal loans, pay for international travel and the tuition costs of English language training. For the special Lincoln-Juarez scholarship program, AID fully funds their international travel and English language tuition.

In general, the academic performance of LASPAU students has been notable. At the end of academic year 1966-67, the

first full year of the program, fifty percent of the students were averaging honor grades (A's and B's), and only 4% had failing grades. Seventy percent of the LASPAU students are in science and technology courses, 9% are in teacher training, guidance, or educational administration and 6% are studying agriculture or related subjects. Most of the remaining students are in the social sciences.

The increase in FY 1968 costs of \$260,000 over the estimate shown in the FY 1968 P.D.B. is due to (a) discontinuation by the Ford Foundation of support for LASPAU administration first year "start up" costs for the program, and (b) assumption by AID of the students' subsistence allowance during the English language training phase of the program. A.I.D. agreed to reimburse these expenses when it became apparent that these expenses caused undue hardship for the students.

FY 1969 Program: 210 students are scheduled to begin academic studies in the school year 1968-69, 158 in September, 1968 and 52 in January, 1969, bringing the total number of students to approximately 500. An additional 210 will begin English language training in the spring of 1969 prior to entering academic programs in September, 1969.

In FY 1969 \$95,000 will be required for 7 1/2 man years of technical and clerical staff time, and \$50,000 for other costs including supplies, communications, printing, applicant testing and screening and office equipment rentals. \$1,655 will be required for direct participant costs including subsistence, books, insurance and incidental expenses.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Latin American Scholarship Program of American Universities (LASPAU), Inc.
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	1,921	152	1,769	-	-	-	-	-	-	
Estimated FY 68	760	1,519		-	90	90	-	95	95	
Estimated through 6/30/68	2,681	1,671	1,010	-	620	620	-	1,655	1,655	
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-	
				-	50	50	-	50	50	
Proposed FY 69	1,800	4,449	8,930	-	760	760	-	1,800	1,800	
				-	760	760	-	1,800	1,800	

Country: L.A. REGIONAL

PROJECT DATA

TABLE III

PROJECT TITLE Inter-American Investment Development Center (IIDC)		ACTIVITY Private Enterprise		FUNDS TA	
PROJECT NUMBER 598-13-950-463		PRIOR REFERENCE P. 289, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1972	

Project Target and Course of Action: To encourage the investment of private U.S. capital, technology, and management capabilities in Latin America. A development center which acts as an investment clearinghouse has been established to receive project proposals from L.A. development banks and other development institutions. Evaluated investment opportunities are facilitated for medium sized U.S. firms who have heretofore not had access to an organized mechanism for identifying investment opportunities. Through income earned in the form of "finders fees," the customary percentage paid to investment promotion firms by investors, it is planned that the Center will become self-sustaining. A.I.D. funding will be gradually decreased and phased out in approximately four years. The return sought is investment at a \$50:1 to \$100:1 ratio of private financing for each U.S. Government dollar expenditure.

Progress to Date: The Council for International Progress in Management was awarded the contract for establishment of the Center in May, 1967. In February, 1968, a policy-making advisory board of leading U.S. businessmen was appointed. It was agreed that the businessmen board members would receive no compensation until such time as this honorarium could be paid from earned income of the Center. An initial roster of promotional organizations has also been formed, which includes banks, auditing firms and management consultants. Thirty-six L.A. development banks and institutions in nineteen countries have formally affiliated with the Center. Center staff investment analysts with specialized investment experience have reviewed 115 projects received from L.A. and have accepted 26 for promotion in the U.S. \$6,500 has been

received in fees for these projects, which have an investment potential of approximately \$25 million. Nine of the projects have attracted the interest of U.S. investors, and two U.S. firms have made exploratory field trips at their own expense to further investigate the potential of the projects.

FY 1969 Program: Promotional activity will be intensified. By June 30, 1968, approximately 200 projects will have been reviewed and as many as 50 will be selected for promotion. In FY 1969 the goal is to double the projects reviewed and accepted. Qualified personnel will be provided through the Center to assist L.A. institutions to improve their presentation of project data.

FY 1969 funding is programmed for contract costs through December, 1969 as follows: \$180,000 for salaries and related costs, to fund a staff consisting of a managing director, four professional investment analysts and six clerical and administrative employees.

\$50,000 for rent, travel, printing, and postage, of which \$21,750 is for rent, \$20,000 for travel, and \$8,250 for printing and postage.

\$170,000 will be used for direct costs of promoting Latin American investment opportunities to the U.S. business community. This will primarily be used for consultant fees for the promotion of approximately 50 projects at an average promotional cost of about \$3500 per project.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/ KOB COB						
	Obligations	Expenditures	Unliquidated		OBLIGATIONS					
					Estimated FY 1968			Proposed FY 1969		
Through 6/30/67	125	-	125	Direct AID	Contract/ XXXXXX	Total	Direct AID	Contract/ XXXXX	Total	Council for International Progress in Management (CIPM)
Estimated FY 68	245	200		-	170	170	-	180	180	
Estimated through 6/30/68	370	200	170	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-	
				-	75	75	-	220	220	
Proposed FY 69	400	1,130	1,900	-	245	245	-	400	400	
				Total Obligations						

PROJECT TITLE Cooperative Development 598-13-995-098 598-13-920-116 598-15-990-437	ACTIVITY General and Miscellaneous	FUNDS TA
PROJECT NUMBER	PRIOR REFERENCE p. 287, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1974
	INITIAL OBLIGATION FY: 1962	

Project Target and Course of Action: Development of L.A. cooperatives with emphasis on agricultural production, marketing, banking, credit unions, consumer and training cooperatives. This will increase mobilization of credit, savings, investment, and lending by credit unions and cooperative development banks. The original phase out plan for this project called for final funding in FY 1970. While the growth of cooperatives in L.A. has had marked success, the institutional strength of the movement is not yet such that regional support can be discontinued. It is therefore necessary to extend regional funding to FY 1974, by which time the projects will be carried on entirely through A.I.D. Missions.

Progress to Date: The Credit Union International (CUNA) has helped to establish 333 new credit unions in 1967, raising the number of institutions in 12 L.A. countries to over 2,500 with about 630,350 members. Savings last year increased by \$9 million to \$48.8 million and \$15 million in interest bearing loans were disbursed. The Cooperative League of the USA (CLUSA) has provided 75 cooperative specialists and made feasibility studies in agricultural production development. It has assisted the Organization of the Cooperatives of America in organization, preparation and distribution of publications and the establishment and operation of 5 regional offices. Cooperative banks have been organized in Chile, Ecuador, Argentina, and Peru, and A.I.D. is concentrating its effort through CLUSA to effect greater coordination of total cooperative bank

development. The National Rural Electrification project has been phased out of regional funding and will now be funded through A.I.D. Missions.

FY 1969 Program: CUNA will: provide coordinated assistance in 12 countries in forming national federations and a Latin American federation of credit unions, and assist the annual establishment of 400 to 500 new credit unions. \$225,000 will be used to provide: \$215,000 for salaries of six U. S. employees and four foreign nationals, fringe benefits and travel, per diem, and other direct costs; \$10,000 for office rental, publications and postage. CLUSA will use \$275,000 to : a) assist local cooperatives to establish insurance programs; b) recruit technicians for farm supply, marketing, consumer cooperatives, wholesaling and agricultural cooperative activities; c) provide assistance to OCA and cooperative training to L.A. participants; and d) assist existing, and help establish, cooperative banks. Funds will provide: \$221,000 for salaries, overhead, and fringe benefits of 7 professional and 3 clerical personnel; \$23,000 for international travel; \$20,000 for office rental, travel in the U. S., translations, publications, and postage and cables; \$5,000 for ten participants, and \$6,000 for office equipment and supplies.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	2,533	1,891	642							Credit Union National Association Cooperative Leagues of the U.S.A. National Rural Electrification Cooperative Association
Estimated FY 68	592	725			464	464		459	459	
Estimated through 6/30/68	3,125	2,616	509		5	5		5	5	
		Future Year Obligations	Estimated Total Cost		9	9		6	6	
					114	114		30	30	
					592	592		500	500	
Proposed FY 69	500	2,250	5,875							
				Total Obligations						

Country: L.A. REGIONAL

PROJECT DATA

TABLE III

PROJECT TITLE Regional Technical Aids Center, Mexico (RTAC)		ACTIVITY General and Miscellaneous		FUNDS TA	
PROJECT NUMBER 598-11-995-005		PRIOR REFERENCE Page 292, FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1957	SCHEDULED FINAL OBLIGATION FY: 1975	

Project Target and Course of Action: RTAC's objectives are: (1) to create a viable indigenous publishing industry in L.A.; (2) to distribute non-commercial and commercial books and pamphlets; (3) to provide L.A. universities with translations of U.S. textbooks and establish university textbook rental libraries. RTAC's publications are in areas of emphasis set forth at the Summit Meeting of the Presidents: agriculture, education, science and technology engineering, and public health. These programs call for the continued support of technical publications. RTAC provides this support through translation and distribution of scientific and technological materials. Therefore, the final obligation date for RTAC has been extended to FY 1975. By then, it is expected that a healthy publishing industry will exist in Mexico and Argentina, and that several other countries of L.A. will have strengthened publishing capabilities.

Progress to Date: Over four million copies of publications have been distributed through L.A. More than 500 commercial titles have been produced by L.A. publishers, from whom RTAC buys 1,000 copies of each title for distribution to A.I.D. missions. Publishers are thereby encouraged to publish scientific and technical volumes which were previously considered a poor commercial risk. Each publisher agrees to publish at least 3,000 more copies for commercial sale, and by this means a viable L.A. publishing industry in scientific and technical fields is becoming a reality. Returns to the U.S. for royalties bring back

one-third of the amount RTAC invests in the commercial book program.

RTAC also acts as a clearing house for orders of technical volumes already available in Spanish, getting as much as 30% discount prices for A.I.D. Missions' orders. In addition to publications, production and distribution of films and related audio-visual materials is another RTAC service. Almost 1,000 film titles have been distributed under RTAC auspices. Film libraries are maintained in Mexico City and Buenos Aires, and nearly 3,000 prints are available for loan to A.I.D. Missions. One of the most recent efforts by RTAC is the establishment of textbook rental libraries. Students pay only one-fourth the cost of a textbook to rent it for a full academic year. Libraries have been started in ten countries.

FY 1969 Program: Emphasis will be placed on selection of priority titles in commercial and non-commercial publications, and on development of motivational and instructional materials in family planning. Some reduction in the number of titles for the textbook rental program will be necessary due to funding limitations. \$1,050,000 will be required: \$190,000 will be used for salaries of 23 local and 5 U.S. direct-hire personnel and \$860,000 for translation, publishing, and distribution costs.

^{a/} \$1,600,000 programmed for FY 1968 was reduced because of overall reduction in appropriations.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/ AGENCIES		
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1968		Proposed FY 1969	
Through 6/30/67	6,148	5,294	854		Direct AID	Contract/ Other Agency	Total	Regional Technical Aids Center (RTAC)
Estimated FY 68	950	980						
Estimated through 6/30/68	7,098	6,274	824	U.S. Technicians	125	-	125	
				Participants . . .	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	760	-	760	
				Other Costs . . .	65	-	65	
Proposed FY 69	1,050	5,500	1,3,648	Total Obligations	950 ^{a/}	-	950	
							1,050	

PROJECT TITLE Regional Training Programs 598-11-995-096		ACTIVITY General and Miscellaneous		FUNDS TA	
PROJECT NUMBER 598-15-995-077		PRIOR REFERENCE Page 293, FY 68 LA P.D.B.		INITIAL OBLIGATION FY: 1954	
				SCHEDULED FINAL OBLIGATION FY: 1969	

Project Target and Course of Action: Through a contract with the Monterrey Institute of Technology (Monterrey Tech), Monterrey, Mexico, to provide graduate training in science, engineering, and technology through general courses and special seminars. Through the Commonwealth of Puerto Rico, to offer short-term specialized courses in labor subjects.

Progress to Date: Since the contract with Monterrey Tech was begun in 1959, 311 AID sponsored students from 14 Latin American countries have been provided academic training in the areas of science, math, engineering, agriculture, and business administration. The academic excellence and outstanding physical facilities of this institution, the work of local business and government in continuing to improve programs which involve the use of the entire community as a training laboratory, and the efforts of the administration and faculty of Monterrey Tech to meet A.I.D. needs have enabled close coordination in the presentation of curricula high in A.I.D.'s priorities. These priorities include the emphasis of science and technology growing out of the April, 1967 meeting of the Presidents at Punta del Este, Uruguay. Courses at the Labor Relations Institute of the University of Puerto Rico have been attended by about 1,100 labor union members since the regional contract became effective in 1954. Union members have received training in labor communications, accident prevention, cooperativism, and other areas which enable them to become specialists in

their union organization.

FY 1969 Program: Monterrey Tech - Regional funds will be used to fund to the completion of their courses the 66 AID-sponsored students now studying for degrees in science, math, engineering, and other technical fields at Monterrey Tech. The last members of this group to complete their academic work will do so in 1971. The entire cost of USAID sponsored students entering general academic training programs at Monterrey after FY 1968 will be financed by the sponsoring USAID. The total cost to completion is as follows:

\$31,000 for participant costs including tuition, fees and in-country and U.S. travel to attend special training-related seminars and workshops; \$44,000 for other costs including Monterrey staff travel, counseling services, special seminars and workshop costs, communications, training methods, supplies and incidental expenses.

Puerto Rico: Four six-week courses will be conducted in Puerto Rico during FY 1969 for a total of 80 selected Latin American trade union specialists.

USAIDs will finance international travel and per diem while regional funding will finance the institutional costs of the University of Puerto Rico and domestic travel of participants. Institutional costs include: \$24,000 for 3 1/3 man years of technical and clerical staff including related overhead and international travel; \$21,000 for other costs including consultants, honoraria and expenses of visiting lecturers, communications, supplies and training materials and domestic staff travel. Training-related domestic participant travel will require \$5,000.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Order Agency	Total	Direct AID	Contract/Order Agency	Total	Monterrey Institute of Technology Commonwealth of Puerto Rico
Through 6/30/67	3,685	3,029	656								
Estimated FY 68	166	175									
Estimated through 6/30/68	3,851	3,204	647	U.S. Technicians	-	24	24	-	24	24	
				Participants . . .	-	50	50	-	36	36	
				Commodities . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Other Costs . . .	-	92	92	-	65	65	
Proposed FY 69	125	-	3,976	Total Obligations	-	166	166	-	125	125	

Country: L.A. REGIONAL

PROJECT DATA

TABLE III

PROJECT TITLE Other Government Agency Activities in Support of the Alliance 598-11-120-414,454; 598-11-370-150; 598-11-760-701 598-11-790-416,472,473 PROJECT NUMBER	ACTIVITY General and Miscellaneous	FUNDS TA	
	PRIOR REFERENCE p. 296 FY 68 LA P.D.B.	INITIAL OBLIGATION FY: 1953	SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: To make available to Latin American USAID development programs the specialized services and expertise of appropriate U. S. Government agencies.

Progress to Date:

The Inter-American Geodetic Survey (IAGS) has assisted USAID's and Host Governments in the initiation of programs to develop natural resources in Latin America and has provided training for Host Government officials in resources inventory techniques. As part of the total natural resources development effort the Engineer Agency for Resources Inventory (EARI) has produced, in cooperation with the IAGS, resources atlases for the Central American Countries, Venezuela and the Dominican Republic. The Department of Labor (USDL) has analyses of the manpower supply and training needs of L.A. countries and has recommended specific manpower programs for ten countries. The Internal Revenue Service (IRS) has trained more than 90 tax advisors who have been assigned to assist Host Government tax administration programs in 16 L.A. countries. IRS has also developed courses for Latin Americans in General Tax Administration Tax Audit and Tax Collection techniques and provides training for about 200 L.A. Tax Administrators each year.

force of ten technicians, with expertise in various natural resources disciplines, located in Panama.

USDL: \$32,000 for one manpower advisor to analyze manpower and vocational training requirements and provide advice to cooperating governments on manpower development programs.

IRS: \$200,000 to develop and update training programs for Latin American tax administrators and to train approximately 20 U. S. tax advisors who will be assigned to Latin American USAIDs to assist Host Governments in developing effective tax administration programs.

FAA: \$300,000 for a regional group of 9 full-time technicians whose services are available on request to assist USAIDs and Host Governments in the construction, installation and maintenance of modern airport facilities.

Bureau of Census: \$100,000 for a five-man task force to develop common statistical bases to provide basic data which will enable A.I.D. and Host Governments to measure progress toward development and make more effective the programming of resources for economic development.

Department of Treasury: \$75,000 for a three-man team of tax policy and analysis specialists to analyze Latin American tax systems and to identify areas of tax policy requiring modernization in order to better meet the needs of economic development efforts. In-service training will also be provided for selected Latin American participants on a pilot basis.

FY 1969 Program:

IAGS: \$250,000 to continue assistance to country programs in natural resources development through a regional task

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/67	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	5,189	4,889	300		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 68	974	900		U.S. Technicians	-	871	871	-	859	859	IAGS USDL IRS FAA Bureau of Census Treasury Department
Estimated through 6/30/68	6,163	5,789	374	Participants . . .	-	-	-	-	-	-	
	957	Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	103	103	-	98	98	
Proposed FY 69	957	Continuing		Total Obligations	-	974	974	-	957	957	

Country: L.A. Regional

PROJECT DATA

TABLE III

PROJECT TITLE Consultants & Seminars 598-15-995-081	ACTIVITY General and Miscellaneous		FUNDS TC	
	PRIOR REFERENCE 598-15-995-044	INITIAL OBLIGATION p.300, FY 68 LA PD.B.	SCHEDULED FINAL OBLIGATION FY: 1954	SCHEDULED FINAL OBLIGATION FY: Continuing
PROJECT NUMBER				

Project Target and Course of Action: To provide a flexible fund for activities of region-wide significance which involve small outlays of money and/or are completed within one fiscal year, and for activities of special importance which could not be foreseen prior to submission of the Congressional Presentation.

Progress to Date: Activities funded under Technicians and Seminars during FY 1968 include: a conference for Latin Health Ministry Officials on planning for, and the design and publication of nutritional training materials, including flip charts, films, strips, and pamphlets; seminar for Latin education administrators on the role of the university in the development process; a pilot project to determine the feasibility of establishing common statistical bases for measuring development progress in Latin America; special studies of the state of educational development and international trade in the Caribbean area; and a short term consultant to work with IDB and the OAS specialists in a cooperative effort to design and test new concepts for low-cost housing in Central America. Short term specialists were also funded to provide consultation in such fields as agriculture and fertilizer utilization, educational development, economic planning and public health.

FY 1969 Program: In FY 1969, this project will make available to AID/W, USAIDs and host governments the services of high-level consultants in specialized subject

areas important to development to conduct short specialized projects and studies, including exploratory work and/or pilot projects, and for evaluation of regional and USAID programs. To the extent funds are available, pilot projects to test the efficacy of new high protein commercial food products will be undertaken in selected Latin American countries. Funds will also be used to cover the costs of developing and publishing worthwhile technical and training materials, such as manuals and films, for use in assistance efforts in Latin America.

Selected seminars and workshops will be sponsored in such areas as municipal government, nutrition, health, vocational training, education, statistics, and tax policies and administration.

In FY 1969, we estimate that approximately \$100,000 will be required for seminar costs and approximately \$200,000 will be utilized for consultant services and evaluations. Personnel costs for both kinds of activities will approximate \$223,000 (90 man-months of effort plus international travel, per diem and related expenses); an estimated \$77,000 will be required for rental expenses for conference sites, translations and publications of technical and training materials and conference proceedings, communications and other direct costs.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/ Other Agency		Total	Direct AID	Contract/ Other Agency	Total
Through 6/30/67	2,130	1,878	252								Various
Estimated FY 68	389	310									
Estimated through 6/30/68	2,519	2,188	331	U.S. Technicians	13	252	265	16	207	223	
		Future Year Obligations	Estimated Total Cost	Participants . . .	-	10	10	-	-	-	
				Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	29	85	114	18	59	77	
Proposed FY 69	300		continuing	Total Obligations	42	347	389	34	266	300	

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

COUNTRY: L.A. REGIONAL

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
Agricultural Leadership Training	598-13-110-100	1962	1967	634	580	54	-	35	19			634	
Operation Ninos	598-11-160-450	1966	1968	294	234	60	35	50	45			329	
Council of International Prog. in Mgmt.	598-13-270-442	1965	1965	75	14	61	-	30	31			75	
Industrial Development - Tech.	598-15-280-428	1965	1967	310	242	68	-	50	18			310	
Industrial Development - Promotion	598-15-280-429	1965	1968	708	620	88	146	105	129			854	
Technical Education - Barbados	598-11-610-466	1967	1967	50	-	50	-	50	-			50	
Advisory Board - Science	598-15-610-104	1963	1965	563	504	59	-	59	-			563	
American Savings and Loan Institute	598-13-640-447	1966	1968	188	25	163	25	110	78			213	
Inter-American Civil Engineering	598-15-660-445	1964	1965	800	789	11	-	11	-			800	
National Training Laboratory	598-13-690-452	1966	1966	66	21	45	-	25	20			66	
Scholarly Journals - L.A.	598-15-690-108	1964	1964	40	27	13	-	13	-			40	
Workshop - Econ. Stat. & Census Data	598-11-780-411	1965	1966	198	176	22	-	22	-			198	
Cooperative Housing Development	598-15-890-098	1963	1968	615	501	114	63	75	102			678	
Washington Federal Savings and Loan	598-15-890-450	1967	1968	175	33	142	50	95	97			225	
Technical Consultation - Housing	598-15-890-457	1967	1968	169	20	149	32	85	96			201	
Housing Guaranty Underwriting	598-15-890-464	1967	1968	160	35	125	183	145	163			343	
Physical Inspection - Guaranty	598-15-890-465	1967	1968	144	17	127	95	90	132			239	
Agriculture Prod. Services	598-11-990-412	1966	1966	88	75	13	-	13	-			88	
Rural Elec. Coop. Dev.	598-15-990-437	1964	1966	177	128	49	-	25	24			177	
Program Development - Education, Science and Technology	598-15-990-463	1968	1968	-	-	-	256	50	206			256	
Export Promotion	598-15-990-467	1967	1967	250	-	250	-	250	-			250	
Total													
TA													
SA													
DL (grants)													

CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Technical Assistance	5.8	9.0	19.1

The "Summit" meeting of the American Chiefs of State held at Punta del Este last April gave new impetus to multilateralization of the Alliance for Progress. Meeting for the second time in history, the American Chiefs of State issued a blueprint for what President Johnson termed the second difficult and demanding phase of the Alliance for Progress.

The Declaration of the Presidents and their more detailed Action Plan forecast a wider role by Inter-American organizations to augment the self-help efforts of each country. A.I.D. proposes increased contributions to these multilateral programs in FY 1969 conditioned upon contributions from the Latin American governments.

Proposed U.S. support in FY 1969 to the major economic and social developmental goals outlined in the Action Plan are as follows:

Special Development Assistance Fund (SDAF) of the Organization of American States. A.I.D. will continue to assist Latin American nations in carrying out technical assistance and training activities projects and will continue to support many of the activities recommended by the Inter-American Committee for the Alliance for Progress (CIAP).

The SDAF is a continuing program, established in 1965 to replace the previous multilateral technical assistance program funded from the Inter-American Program for Social Progress. It also replaces certain bilateral fellowship grants provided by the United States. SDAF funds currently are used to support such activities as natural resources work, including hydrological studies underway for the River Plate watershed; and assistance for ten regional Latin American training centers such as public administration in Buenos Aires, urban studies in Lima, and rural development in Bogota.

The United States provides 66% of the SDAF funds and the Latin members 34%. The proposed A.I.D. voluntary pledge for FY 1969 is \$4.0 million, and will be made at the next Inter-American Economic and Social Council meeting. The pledge is lower than that of previous years because of new mechanisms to fund Summit

programs in science and education and the creation of the new Inter-American Export Promotion Center. In addition, the Inter-American Aftosa Center presently funded from the SDAF will be incorporated into the PAHO regular budget in CY 1969.

Special Malaria Eradication Fund (SMF) of PAHO. A.I.D. will continue to support the efforts of the Special Malaria Eradication Fund of PAHO which is working for the total eradication of malaria from the Western Hemisphere. With the resources of this Fund, PAHO is able to provide the Latin American countries with the required technical assistance to assure the success of their malaria eradication effort. The U.S. proposed contribution in FY 1969 of \$1.0 million contrasts with a higher contribution of \$1.3 million in FY 1968. Future requirements for U.S. voluntary contributions to the SMF are to decrease as the program is progressively absorbed into the PAHO regular budget. In addition to the U.S. and PAHO regular budget fundings, PAHO receives funds from the World Health Organization (WHO) regular and technical assistance budgets. Latin American countries contribute indirectly to this program through budget support in each country for the local costs of this region-wide effort.

Inter-American Export Promotion Center. At a special meeting of the Inter-American Economic and Social Council (IA-ECOSOC) in January 1968, a constitution and budget were adopted for the new Inter-American Export Promotion Center. The new center will promote Latin American "non-traditional" exports, particularly manufactures and semi-manufactures. It will assist, or help establish national export promotion centers in countries where none exist. Most of the information and services provided by this new Inter-American Center will be channeled through these national centers.

The U.S. pledge is to contribute up to \$500,000 in FY 1968 toward the first year's operation of this program, with the provision that this amount must be matched at the 66% U.S. - 34% L.A. ratio by the Latin American member governments. The same proviso will be attached to a \$500,000 contribution from FY 1969 funds to be pledged at the IA-ECOSOC meeting scheduled for the Spring of 1969.

Regional Scientific and Technological Development Program. At their "Summit" meeting in April 1967, the Presidents recognized the priority of the fields of education and science and technology in reaching Alliance targets for expansion and modernization. The U.S. has participated in the planning of multilateral programs in these fields through membership on the two committees responsible for formulation of the proposals. Final decision on the proposed programs is expected at the 5th meeting of the Inter-American Cultural Council in February 1968.

CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

The proposed Regional Scientific and Technological Development Program includes multinational projects in the basic sciences, natural resources and technology including support for certain basic studies in selected fields. Assistance will be provided for institutional development, research grants, the interchange of scientists and technicians, fellowships and the improvement of science teaching.

The new Inter-American Educational Development Program will include multinational projects in such areas as educational research, experimentation and innovation; training of educator-

administrators, planners and other professionals; educational television through a training center for Latin American educators and technicians; and organization of volunteer teacher and teacher-exchange programs.

Budgets for the two programs are expected to total \$25 million through FY 1969 with contributions under the standard 66% U.S. - 34% Latin American formula. The U.S. total proposed contribution will be \$16.5 million and the Latin American contribution will be \$8.5 million. This will require a U.S. contribution of \$3.2 million in FY 1968 and an FY 1969 contribution of \$13.3 million.

CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

TABLE II

Country:

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	-	XXX	XXX	XXX	-	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	-	-	-	-	-	-	-	-	-	-	-
Participants	-	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-
Other Costs	5,761	5,761	-	-	9,010	9,010	-	-	19,100	19,100	-
Total Project Assistance	5,761	5,761	-	-	9,010	9,010	-	-	19,100	19,100	-
Method of Financing											
Project Assistance											
Direct A.I.D.	-	-	-	-	-	-	-	-	-	-	-
Other Agency	5,761	5,761	-	-	9,010	9,010	-	-	19,100	-	-
Contract	-	-	-	-	-	-	-	-	-	-	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	5,761	5,761	-	-	9,010	9,010	-	-	19,100	19,100	-
Total Assistance	5,761^{a/}	XXX	XXX	XXX	9,010^{a/}	XXX	XXX	XXX	19,100^{a/}	XXX	XXX

^{a/} These totals comprise the U.S. voluntary contributions to multilateral Inter-American programs. U.S. dollar contributions become part of the over-all funding availability for these programs and lose their identity. Therefore, it is not possible to identify specific uses of the U.S. dollars so contributed.

NUMBER OF U.S. TECHNICIANS (Program Overseas) ^{a/}

NUMBER OF PARTICIPANTS ^{a/}

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	-	-	-
Participating agency	-	-	-
Contractor technicians	-	-	-
Total	-	-	-

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	-	-	-
Contract	-	-	-
Total	-	-	-

CONTRIBUTIONS TO INTER-AMERICAN

Country: ORGANIZATIONS

PROJECT DATA

TABLE III

PROJECT TITLE Pan American Health Organization (PAHO)	ACTIVITY Health and Sanitation		FUNDS TA
	PRIOR REFERENCE p. 291, FY 68 L.A. P.D.B.	INITIAL OBLIGATION FY: 1957	SCHEDULED FINAL OBLIGATION FY: 1972
PROJECT NUMBER 598-11-510-407; 408			

Project Target and Course of Action

To assist PAHO in providing assistance to malaria eradication and other health programs in Latin America. A.I.D. has supported the efforts of the Special Malaria Fund (SMF) of the PAHO Malaria Eradication Program to eradicate malaria through strengthening both the technical and administrative capabilities of PAHO. The U.S. will also support the efforts of the PAHO Inter-American Aftosa Center (foot and mouth disease) during its phasing-into the PAHO Regular Budget.

Progress to Date

The PAHO Eradication program of which the SMF is an element, operates in all countries where malaria remains a problem. It is coordinated with the national eradication programs which operate under internationally accepted plans of operation. PAHO's efforts in malaria eradication together with A.I.D. bilateral assistance and UNICEF inputs seek the eradication of malaria. The PAHO/SMF is one of the funding sources for the PAHO Malaria Eradication Program. Most of the LA countries are engaged in active malaria control campaigns which not only absorb their own resources, but require external loan assistance. U.S. voluntary contributions to the SMF are decreasing as the program is absorbed into the PAHO Regular Budget. In FY 1968 \$10,000 was utilized for the PAHO Community Water systems program to finance two PHS

advisors to PAHO in analyzing, evaluating and implementing community water systems in rural and urban areas in L.A. No further funding is planned for this program.

FY 1969 Program

A.I.D. voluntary assistance to the PAHO/SMF in FY 69 will be \$1 million. This will assist in making possible the continuation of PAHO technical assistance and coordination activities during CY 69. Funds provided by A.I.D. are but one part of the PAHO Malaria Eradication Program which includes the provision of advisory services in 16 country programs, a regional advisory team, training and research in epidemiology, studies and mass drug administration and assistance to country health services in developing and evaluating programs for maintenance of malaria eradication.

In FY 69, A.I.D. will make a special grant of up to \$300,000 on a 66:34 matching basis to PAHO for the Inter-American Aftosa Center as interim funding until the Center is incorporated, pursuant to action by the PAHO Directing Council, into the PAHO Regular Budget commencing CY 1969 (the PAHO fiscal year). The Center provides assistance to the LA countries in the prevention and control of foot and mouth disease. Funding for this project was previously provided in FY 1967; no further funding for this project is planned.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1968			Proposed FY 1969			
Through 6/30/67	23,665	21,790	1,875		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 68	1,310	1,000		U.S. Technicians	-	-	-	-	-	-	
Estimated through 6/30/68	24,975	22,790	2,185	Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
Proposed FY 69	1,300	1,600	27,875	Other Costs . . .	-	1,310	1,310	-	1,300	1,300	
				Total Obligations	-	1,310	1,310	-	1,300	1,300	

Pan American Health Organization

CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

PROJECT DATA

TABLE III

Country:

PROJECT TITLE PAU Special Development Assistance Fund (SDAF)	ACTIVITY General and Miscellaneous	FUNDS TA	
PROJECT NUMBER 598-15-990-435	PRIOR REFERENCE p. 30L, FY 68 L.A. P.D.B.	INITIAL OBLIGATION FY: 1965	SCHEDULED FINAL OBLIGATION FY: Continuing 1/

Project Target and Course of Action: To strengthen through voluntary contributions of member nations the multinational nature of the Alliance. The SDAF is a multilateral development fund managed by CIAP and IA-ECOSOC, which provides technical assistance, training and sectoral studies on priority problems of the Alliance. Contributions by the Latin American member states are matched by the U.S. in a 66:34 ratio.

Progress to Date: During the past year, evaluations were made by the CIAP budget sub-committee, (of which the U.S. is a member), of seven of ten regional training centers. As a result of the evaluations a number of modifications were recommended to CIAP in the programs and operations of the Centers.

A CIAP resolution was recently approved requesting member governments to submit payment schedules in writing to the Secretariat by March 1968. The payments record continues to improve and as of February 1968, Latin payments on programs from 1/65 - 1/30/68 totalled \$4.5 million with \$2.6 million due by January 31, 1969. Secretariat estimates of anticipated L.A. collections by June 1968 total \$1.9 million. During FY 68, the estimated U.S. payment is reduced to \$4.0 million, but indications are that the L.A. payments level will be as stated above. The SDAF serves as a mechanism for increasing assistance from Development Assistance Committee countries as well as Spain and Israel. Almost 1700 scholarships have been provided to date under a Special Training Program carried out in cooperation with

these non-OAS governments. The SDAF contributes about one-third of the costs.

In the interest of Fund management, the U.S. has recommended that in the future the Secretariat develop a plan such as that followed by the UNDP Working Capital Fund wherein U.S. payments would be made on certification of deposit of matching contributions.

FY 69 Program: The U.S. representative to CIAP has suggested the Secretariat prepare a budget which would correspond more nearly to the present annual expenditure level of around \$6 million which the rate of payment has been able to maintain. Indications are that the current \$6 million level will be maintained, so the proposed U.S. share is \$4 million. The FY69 program includes assistance to 1) the CIAP country review process; 2) 9 training centers including tax policy, marketing, and improved work supervision; 3) technical assistance to SIECA (the Secretariat for the Central American Common Market), in community and cooperative development, tax reform, natural resource compilation, improvement of social security and labor institutions, the River Plate Watershed development and legal aspects of integration; 4) support of special information activities including the National Alliance for Progress Committee. Under the Special Training Program, 400 fellowships are proposed for FY 69 in fields related to development.

1/ This program will continue in accordance with Summit declaration regarding multilateral efforts.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1968			Proposed FY 1969			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	9,142 ^{2/}	9,142	-							Pan American Union
Estimated FY 68	4,000	4,000								
Estimated through 6/30/68	13,142	13,142								
		Future Year Obligations	Estimated Total Cost							
Proposed FY 69	4,000	1/ Continuing	1/							
				Total Obligations						

2/ \$550,000 was deobligated in FY 1967 in order to bring the U.S. contribution through June 30, 1967 into balance, according to the 66:34 ratio, with actual Latin American payments under the first pledge period.

CONTRIBUTIONS TO INTER-AMERICAN

Country: ORGANIZATIONS

PROJECT DATA

TABLE III

PROJECT TITLE PAU - Inter-American Export Promotion Center		ACTIVITY General Miscellaneous		FUNDS TA	
PROJECT NUMBER 598-15-990-476		PRIOR REFERENCE p. 304, FY 68 IA P.D.B.	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: Continuing	

Project Target and Course of Action: To bring about through the establishment and operations of the Inter-American Export Promotion Center an expansion and diversification of non-traditional exports of Latin American countries with special emphasis on manufactured and semi-manufactured products, thereby helping to accelerate the economic integration and growth of the region.

Progress to Date: At the Sixth Special Meeting of the IA-ECOSOC held in Washington in January 1968, the statutes, budget for the first fiscal period of operation, measures for its financing and selection of the site for the new Center were adopted. An Executive Director will be appointed by the OAS Secretary General in consultation with CIAP. He will serve for three years and be responsible for the operation of the Center, which has headquarters in Bogota, Colombia, including preparation of the annual program-budget. The IA-ECOSOC will authorize the general policy of the Center and approve the proposed program-budget submitted by the Executive Director. The IA-ECOSOC approved \$757,576 as the total for national contributions for the first fiscal year. Once the Executive Director is appointed, the Center will be in operation, since the statutes provide that the Center can begin functioning when at least 12 members of the OAS have pledged their contributions which together amount to no less than 85% of the budget, and these pledges have been made.

The Center will provide the specialized services and information needed to determine and make use of new lines of exports; facilitate the placing of LA products in international markets and those of the region; and provide technical support to national and sub-regional export promotion agencies.

FY 1969 Program: The U.S. contribution is composed of FY 1968 funds of \$500,000 and a pledge of \$500,000 in FY 1969 funds to be matched by Latin contributions at the standard 66:34 ratio for contributions to OAS organizations. The Center will work through national Latin American centers disseminating information, giving advisory assistance and providing necessary technical training.

^{1/} The level of future contributions will be dependent upon L.A. pledges and flow of payments.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/ AGENCIES Inter-American Export Promotion Center
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	-	-	-		-	-	-	-	-	-	
Estimated FY 68	500	-	-	U.S. Technicians	-	-	-	-	-	-	
Estimated through 6/30/68	500	-	500	Participants ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	500	-	500	500	-	500	
Proposed FY 69	500	^{1/}	^{1/}	Total Obligations	500	-	500	500	-	500	

CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

PROJECT DATA

TABLE III

Country: PROJECT TITLE		ACTIVITY		FUNDS	
Summit-related Programs: Education; Science and Technology		General and Miscellaneous		TA	
PROJECT NUMBER 598-15-990-475		PRIOR REFERENCE p. 304, FY 68 LA P.D.B.		INITIAL OBLIGATION FY: 1968	
				SCHEDULED FINAL OBLIGATION FY: Continuing	

Project Target and Course of Action: Summit-related projects will be multilaterally administered and all contributions are voluntary at the 66% U.S.--34% Latin American member ratio. The grants will implement projects dealing with problems in education, science and technology.

Progress to Date: Program objectives, general content and organization for the Regional Scientific and Technological Program of up to \$15 million and the Regional Educational Development Program of up to \$10 million for March 68-June 30, 1969, were endorsed at the Fifth Inter-American Cultural Council (IACC) meeting held February 1968 in Venezuela. The organizational plan provides for general oversight and technical guidance for each program by professional commissions and staffs. U.S. will match Latin pledges at the 66:34 ratio. To get programs started the U.S. will match L.A. pledges. Thereafter following the UNDP Working Capital Fund practice, the U.S. will match L.A. payments.

FY 1969 Program: Total U.S. contributions, subject to Congressional Appropriation, could be up to \$13.3 million (depending on L.A. pledges and payments) as follows:

1) To the Regional Scientific and Technological Program \$9.9 million from March 1968-June 30, 1969, composed of \$2.0 million in FY 1968 funds and a pledge of \$7.9 million in FY 1969 funds. L.A. governments would match at the 66:34 ratio with \$5.1 million for a total program of \$15 million. The proposed budget includes multinational programs--\$9.56 million; basic studies--\$1 million; supporting actions including small grants to individuals and institu-

tions--\$3 million.

2) To the Regional Education Development Program \$6.6 million from March 1968-June 30, 1969, composed of \$1.2 million in FY 1968 funds and a pledge of \$5.4 million in FY 1969 funds. The L.A. member governments would match at the 66:34 ratio with \$3.4 million for a total program of \$10 million. Priority areas include, among others, training of specialized personnel in education, educational television, educational research, textbook and library development.

1/ The level of future contributions will be dependent upon L.A. pledges and flow of payments.

U.S. DOLLAR COSTS (in Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1968			Proposed FY 1969			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/67	-	-	-								
Estimated FY 68	3,200	250		U.S. Technicians	-	-	-	-	-	-	
Estimated through 6/30/68	3,200	250		Participants ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
Proposed FY 69	13,300	<u>1/</u>	<u>1/</u>	Other Costs ...	-	3,200	3,200	-	13,300	13,300	
				Total Obligations	-	3,200	3,200	-	13,300	13,300	

PRINCIPAL CONTRACTORS/AGENCIES

Inter-American Cultural Council

PROJECT DATA SUMMARY

TABLE IV

Part 2

COUNTRY: CONTRIBUTIONS TO INTER-AMERICAN ORGANIZATIONS

(Dollar Amounts in Thousands)

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/67	Obligations	Expenditures	Unliquidated Obligation 6/30/68	Funds	Amount		
PAU - Darien Survey	598-11-990-426	1962	1962	2,000	1,602	398	-	175	223	-	-	-	2,000
Total										-	-		
TA											-		
SA											-		
DL (grants)											-		

*New Project--see TABLE IVa

PARTNERS OF THE ALLIANCE

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Technical Assistance	0.3	0.3	0.5
Partners of Alliance ^{a/}	-	0.3	-
Total A.I.D. Assistance	<u>0.3</u>	<u>0.6</u>	<u>0.5</u>

^{a/} Special appropriation authorized by Section 252(b) of the Foreign Assistance Act of 1967.

The Partners of the Alliance was started in March 1964, largely to bring the spirit of the Alliance to the doorstep of the "little man" in Latin America by involving U.S. private citizens in small development activities.

By the end of 1967, the Partners Office had been the catalyst in establishing 33 U.S. state committees working with an equal number of local committees in 14 Latin American countries. Projects are now broader in scope, providing services as well as needed commodities or financing. Since its establishment late in 1966, the National Association of Partners of the Alliance (NAPA) has been active in coordinating the U.S. state committees' work and is now involved in identifying opportunities for U.S. private

investment in Latin America. Major areas of Partners' activities are agriculture, education, preventative medicine and public health, and private investment.

To date, about \$10 million of U.S. volunteer technical assistance, scholarships, equipment and medical supplies have been provided by state Partners' committees. The identification of investment opportunities has led to such works as the establishment of a new private development bank in British Honduras, supported jointly by the Michigan Partners Committee and supporters of the counterpart committee in British Honduras.

The National Association, incorporated as a non-profit, tax exempt corporation, gives additional stimulus to the development of financial support for Partners' activities. NAPA's tax exempt status is expected to stimulate increased private donations which, in turn, will reduce future requirements for A.I.D. support. The Association also is working to establish committees in six to eight more states and expand memberships of existing groups.

In FY 1969, the proposed regional program includes \$500,000 for the Partners program. Of this amount, NAPA will receive \$200,000 to finance one-half of its operating costs. The remaining \$300,000 will finance travel costs for state committee members and technical experts, who are unable to finance their own travel, to work with counterpart Latin committees in common development activities.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

Country: PARTNERS OF THE ALLIANCE

TABLE II

Category	Actual FY 1967				Estimate FY 1968				Proposed FY 1969		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	-	XXX	XXX	XXX	-	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	56	56	-	-	220	220	-	-	175	175	-
Participants	-	-	-	-	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-	-	-	-	-
Other Costs	255	255	-	-	382	382	-	-	325	325	-
Total Project Assistance	311	311	-	-	602	602	-	-	500	500	-
Method of Financing											
Project Assistance											
Direct A.I.D.	169	169	-	-	330	330	-	-	300	300	-
Other Agency	-	-	-	-	-	-	-	-	-	-	-
Contract	142	142	-	-	272	272	-	-	200	200	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	311	311	-	-	602	602	-	-	500	500	-
Total Assistance	311	XXX	XXX	XXX	602 ^{a/}	XXX	XXX	XXX	500	XXX	XXX

^{a/} Includes \$330 thousand authorized by Section 252(b) of the Foreign Assistance Act of 1967.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	-	-	-
Participating agency	-	-	-
Contractor technicians	-	2	3
Total	-	2	3

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract			
Contract			
Total			

Country: PARTNERS OF THE ALLIANCE

PROJECT DATA

TABLE III

PROJECT TITLE Partners of the Alliance	ACTIVITY Community Development, Social Welfare and Housing	FUNDS TA
PROJECT NUMBER 598-15-810-436	PRIOR REFERENCE p. 299, FY 68 LA P.D.B.	SCHEDULED FINAL OBLIGATION FY: 1971
	INITIAL OBLIGATION FY: 1965	

Project Target and Course of Action: To organize the efforts of U.S. and Latin American Institutions, organizations, firms, other groups and individuals towards direct citizens involvement in Partners relationships and programs. Active private sector participation is encouraged in the development and implementation, by counterpart U.S. and L.A. Partners organizations, of (a) socially oriented self-help projects in rural villages and urban slums; (b) educational and cultural exchanges; (c) technical assistance, and (d) investment and commercial ventures.

Progress to Date: By June 1968, partnerships involving 38 U.S. states, including the District of Columbia, and counterpart Partners groups in 15 L.A. countries will have participated in the completion of projects in all major activity fields including agriculture, health, education, business and industry, and self-help community programs. Examples include: (a) team visits by U.S. Partner agricultural volunteer experts with counterpart groups in Brazil, Bolivia, and Honduras to plan rural development programs at the grass roots level; (b) the granting of scholarships to L.A. students for attending U.S. universities in Florida, Ohio, Vermont, Wisconsin and other institutions in U.S. Partner states; (c) fourteen pumps were installed in Honduras by the Vermont Partners to provide potable water to 6,000 people in rural villages; (d) hospital and school equipment valued at more than \$1 million has been provided by ten U.S. state Partner committees to their counterparts in L.A.; (e) medicines and supplies channeled through Partnership arrangement to L.A. now exceeds more than \$3

million in value; (f) six Partner-sponsored investment opportunities conferences have been held. The Michigan/British Honduras Investment Conference resulted in the establishment of a privately-sponsored industrial development bank. Other investment projects are under study.

FY 1969 Program: Five additional U.S./L.A. Partners committees will be organized, bringing the total to 43 operative partnerships. The National Association of the Partners of the Alliance, Inc., (NAPA) with its headquarters staff of six, and a field staff of six will continue close collaboration with the A.I.D. Partners staff in backstopping the 43 U.S./L.A. partnerships. NAPA will provide logistic and financial support to five program development teams in the organizational stages of the 5 new partnerships, and will concentrate on the strengthening of committees in the U.S. and L.A. Some 450 Partner volunteer technicians will donate their time and expertise to Partners programs in L.A.; five 10-member functional committees will meet to plan operational programs in major activity fields, and limited financial assistance will be provided for shipments of emergency supplies and equipment donated through Partners channels.

Direct AID Costs: AID/Partners will provide economy travel and per diem for 450 short-term volunteer technicians for implementing project activities and will sponsor five Partners program planning meetings. As NAPA becomes self-sufficient administratively and financially, responsibility for operational and program functions will be progressively transferred to it by AID/Partners.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS AGENCY
	Obligations	Expenditures	Unliquidated				
				Estimated FY 1968		Proposed FY 1969	
Through 6/30/67	512	321	191	Direct AID	Contract/Other Agency	Total	*Grants to the National Association of the Partners of the Alliance (NAPA)
Estimated FY 68	602	375		-	220	220	
Estimated through 6/30/68	1,114	696	418	-	-	-	
		Future Year Obligations	Estimated Total Cost	-	-	-	
Proposed FY 69	500	750	2,364	330	52	382	
				300	25	325	
				330	272*	602	
				300	200*	500	

a/ Includes \$330 thousand authorized by Section 252(b) of the Foreign Assistance Act of 1967.

Argentina



BASIC DATA

Population (<i>millions – mid-1967</i>).....	23.1
Annual Growth Rate (<i>percent</i>).....	1.6
Area (<i>1000 square miles</i>).....	1,072
Population Density Per Square Mile.....	22
Agricultural Land as % of Total Area	50
Percent of Labor Force in Agriculture.....	19

Per Capita GNP (<i>dollars</i>).....	724*
Life Expectancy (<i>years</i>).....	66
People Per Doctor	670
Literacy Rate (<i>percent</i>)	91
Pupils as Percent of Population.....	15
<i>(Primary and Secondary)</i>	

COUNTRY: ARGENTINA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	1.0 ^{a/}	-
Technical Assistance	1.6	1.8	1.9
Total A.I.D. Assistance	1.6	2.8	1.9

a/ Includes \$20 thousand in grants for population programs under Title X of the Foreign Assistance Act.

The A.I.D. program in Argentina is limited to technical assistance to help the government carry out selected reforms in administrative procedures, national and provincial tax collections, customs, agricultural technology, free labor union practices, and educational planning. The broad goal of the A.I.D. program is to help Argentina in specific policy areas which are important to the achievement of her vast economic growth potential and her potential as a contributor to the needs of other Latin American countries under the Alliance for Progress.

The current government, which came to power in June 1966, faced an inflation rate of more than 40%, labor strife, and a severe business recession. It has characterized its immediate goal as an economic revolution to provide a period of stability and order during which a long-overdue modernization can take place. Consistent with this policy, the Government of Argentina, during the past year, has taken action in a wide range of areas overdue for reform.

These include: establishment of a single, free exchange rate, involving a 40% devaluation which has greatly increased exports; an International Monetary Fund (IMF) standby agreement which has helped bring about domestic stability and confidence to investors; voluntary price restrictions that have worked in conjunction with wage increase limitations; new tax laws which have substantially increased tax revenues and reached targeted levels; substantial

tariff and quota reductions on items previously prohibitively taxed; administrative and technical reforms in state enterprises; improvement of Port of Buenos Aires; compulsory arbitration law to stem labor disputes; legislation to encourage the return of foreign petroleum companies; and a series of laws to promote domestic and foreign investment.

The current Argentine Government has staked its political future on a successful economic recovery, and has taken significant self-help measures to achieve a sound economic base upon which a return to full constitutional rule could be based.

Technical Assistance amounting to \$1.9 million for FY 1969 is designed to provide specialized help in selected and essential parts of the Argentine reform and development undertakings. This includes: (1) modernization of the national tax structure to improve and increase tax collections; improvements of the customs service and an increase in its revenues; reorganization of the taxation system in the province of Buenos Aires; (2) technical assistance to agricultural institutions in order to help increase and improve production; (3) continuing programs of worker education for selected members of the Argentine labor movement; (4) guidance and training for key officials and institutions responsible for development of a new educational plan for the country; (5) continuing university programs in agricultural education and economics.

As part of the current stabilization effort, Argentina has received assistance from the IMF and the U.S. Treasury during the past year. Project loans from the Inter-American Development Bank (IDB) and IBRD have been authorized and limited technical assistance from UN Development Program (UNDP), Britain, West Germany, and France has been made available. Commercial credits from a number of the developed countries, including the United States, have been accorded. A.I.D. does not consider Argentina to be in need of A.I.D. concessional lending for capital development projects, although we may consider loans of special interest to Latin American economic integration. A.I.D. and the Government of Argentina are considering financing portions of the Technical Assistance program on a loan rather than a grant basis.

COUNTRY: ARGENTINA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Balcarce Agricultural College	510-11-110-041	1963	1970	479	215	264	225	230	259	TA	225	200	1,129
Agricultural Economics Service	510-11-140-040	1963	1969	695	357	338	250	290	298	TA	225	-	1,170
Labor Development	510-13-410-054	1964	1970	359	282	77	255	260	72	TA	205	200	1,019
Family Planning	510-15-580-078	1968	1970	-	-	-	20	-	20	TA	30	30	80
Education and Manpower Development	510-15-690-075	1964	1972	258	154	104	370	200	274	TA	380	1,000	2,008
Public Administration	510-11-750-064	1965	1972	555	231	324	362	486	200	TA	495	745	2,157
Technical Support	510-11-990-000	1958	Cont.	2,209	2,115	94	360	375	79	TA	340	Continuing	
Foot-and-Mouth Disease Control	510-11-130-068	1967	1967	120	-	120	-	70	50	-	-	-	120
Meat Technology and Aftosa Research	510-11-130-043	1963	1966	867	838	29	29	-	-	-	-	-	867
Rural Development Service	510-11-130-065	1966	1967	221	180	41	-	41	-	-	-	-	221
Civil Aviation	510-11-370-001	1958	1966	1,286	1,270	16	-	16	-	-	-	-	1,286
Graduate Physics	510-11-660-026	1958	1966	384	342	42	-	42	-	-	-	-	384
Science Metallurgy	510-11-660-027	1962	1965	88	81	7	-	7	-	-	-	-	88
Graduate Economics	510-11-660-033	1961	1966	717	688	29	-	29	-	-	-	-	717
Engineering	510-13-660-028	1962	1965	704	510	194	-	194	-	-	-	-	704
Public Safety	510-11-710-024	1962	1965	101	99	2	-	2	-	-	-	-	101
Business Administration	510-11-770-016	1960	1966	586	579	7	-	7	-	-	-	-	586
Housing	510-11-830-035	1963	1967	344	286	58	-	58	-	-	-	-	344
Total											1,900		
TA											1,900		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	10	9	9
Participating agency	7	10	9
Contractor technicians	8	18	22
Total	25	37	40

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	135	177	220
Contract	10	4	4
Total	145	181	224

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: ARGENTINA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
510-L-007	Highway Loan - Route 12	7/31/62	1/21/63	10	40	3/4	3/4	6,700	1,122	U.S.\$	-	3
510-L-008	AID/IERD Road Program	1/26/63	3/18/63	10	40	3/4	3/4	30,500	19,909	U.S.\$	-	246
510-L-010	Feasibility Studies	5/24/63	6/3/63	10	40	3/4	3/4	2,000	947	U.S.\$	-	4
510-L-010A	Feasibility Studies	8/25/67	10/07/67	10	40	3/4	2 1/2	1,000	-	U.S.\$	-	-
510-L-011	Grain Storage Facilities	5/24/63	10/10/63	10	40	3/4	3/4	21,700	-	U.S.\$	-	-
510-L-013	Animal Disease and Meat Technology Laboratories (INTA)-2 Step	12/26/63	5/24/66	5	30	3 1/2	3 1/2	1,400	-	U.S.\$	-	-
				10	40	3/4	3/4					
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	63,300	21,978	XXXX	-	253

Bolivia



BASIC DATA

Population (<i>millions – mid-1967</i>).....	4.3	Per Capita GNP (<i>dollars</i>).....	162*
Annual Growth Rate (<i>percent</i>).....	2.4	Life Expectancy (<i>years</i>).....	50
Area (<i>1000 square miles</i>).....	424	People Per Doctor	3,830
Population Density Per Square Mile.....	10	Literacy Rate (<i>percent</i>)	32
Agricultural Land as % of Total Area	13	Pupils as Percent of Population.....	14
Percent of Labor Force in Agriculture.....	68	(<i>Primary and Secondary</i>)	

COUNTRY: BOLIVIA

BOLIVIA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	11.0	14.1	29.0
Technical Assistance	4.1	3.3	4.1
Supporting Assistance	0.4	-	-
Total A.I.D. Assistance	15.5	17.4	33.1

U.S. A.I.D. Objective

The key A.I.D. objective in FY 1969 is to help improve Bolivia's ability to finance its own development needs through a program of increasing tax revenues, reducing public sector operating expenditures, and establishing in its budget a current account surplus for development purposes. The two principal development objectives are: (a) modernization of the mineral and mining sector to reduce production costs and increase private investment; and (b) greater integration of the rural sector with the national economy through increased grain and livestock production, a national transportation network to link rural areas with national marketing facilities, and improved educational opportunities.

Country Performance and Self-Help

During the years 1961-67, Bolivia's GNP growth rate averaged 5%-6% annually. Per capita GNP increased 23% from \$132 to \$162. Thus, Bolivia's per capita GNP has grown at twice the rate of the Latin American average--but still remains second lowest in the Hemisphere.

With A.I.D., Inter-American Development Bank (IDB), and German assistance, the Government of Bolivia continues to display political courage in attempting the reorganization and reform of COMIBOL--the state-owned tin mining corporation and largest single employer in the country. Despite rising production costs, these reforms enabled COMIBOL to pay modest taxes to the central government in 1966.

Bolivia has launched a National Community Development Program to hasten the assimilation of the rural population into the national

economic and social life, especially through the strengthening of local self government. This is assisted by the United Nations, Peace Corps, A.I.D., the German Voluntary Services and the IDB.

With both U.S. and Organization of American States (OAS) assistance, Bolivia has increased tax revenues by an average of 12.5% in real terms each year between 1961 and 1966. In 1967, however, revenue increases slowed to only 4%.

During 1967, the Government ran a large budget deficit. Budget expenditures increased, due in part to the financing of guerrilla operations which resulted in the defeat of "Che" Guevara. At the same time, Government revenues from export taxes on tin were reduced because of a drop in world tin prices from the high 1965-66 level. Administrative problems in monitoring expenditures and revenues also contributed to the budget crisis.

FY 1969 Program

The proposed FY 1969 program level includes \$29 million for development project loans and \$4.1 million for technical assistance. A P.L. 480 dollar-repayable program of approximately \$8 million is anticipated.

The IDB, the UN Special Fund, the World Bank, the Federal Republic of Germany, and other external public sources may provide loan financing and technical assistance totalling an estimated \$40 million. The 1967 and 1968 budget crisis has required a closer scrutiny of our 1969 programs. To help the Bolivian Government meet the crises, some additional A.I.D. loan assistance may be necessary during FY 1968. Our 1969 program will be carefully examined in light of the Bolivian implementation of the loan requirements and to insure that the program is consistent with continuing Bolivian measures to limit budget expenditures.

A.I.D. seeks greater private investment and diversification through the support of the Mining Code, the Investment Promotion Law and a more equitable mineral export tax structure. Under the joint U.S.-IDB-German rehabilitation program, "Operation Triangular," efforts will center on reduction of COMIBOL production costs.

Since Bolivia's mountainous terrain is a formidable obstacle to commerce, A.I.D. development loans have been directed towards building a basic road network and a National Road Service. FY 1969 development loan financing of \$29 million is planned for construction of the highway from Oruro to Cochabamba, completing

COUNTRY: BOLIVIA

the 1,249 kilometer, A.I.D.-financed roads linking Bolivia's major cities with fertile agricultural lands. Technical assistance funds will provide engineering advisory services.

To improve rural living standards and to give the campesino an opportunity to participate in the national economy, A.I.D. will encourage production of wheat, barley, and wool for which profitable domestic or export markets exist and help to develop an efficient distribution chain to reduce consumer cost. FY 1969 technical assistance funds will provide advisory services for these programs. A Utah State University contract will provide advisory services to aid the production of sheep, llama, and alpaca.

An evaluation of Bolivia's human resources is being conducted by the Ohio State University Research Foundation Diagnostic Survey. A.I.D. will continue to support curriculum revision and textbook publication programs; teacher training and seminar programs; a university scholarship program; Family Formation Survey (population program); and advisory assistance to the Ministry of Public Health and to Trade Union Development.

A Public Safety program was reinitiated in FY 1968 in response to an internal insurgency problem and to the government's expressed intent to develop a civil police force capable of maintaining law and order. A.I.D. will continue to support U.S. police advisory and training personnel to work with the National Police during FY 1969.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 1

COUNTRY: BOLIVIA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Rural Development	511-11-190-364	1953	1973	7,599	6,751	848	814	596	1,066	TA	926	4,363	13,702
Industrial Development	511-15-290-049	1954	1972	2,455	2,240	215	136	122	229	TA	186	214	2,991
Engineering Advisory Services	511-11-310-205	1960	1972	1,808	1,753	55	362	163	254	TA	313	658	3,141
Labor Training	511-11-410-043	1955	1971	1,180	949	231	213	107	337	TA	282	846	2,521
Human Resources Development	511-11-690-439	1948	1971	4,515	3,898	617	502	402	717	TA	599	1,153	6,769
Government Management Assistance	511-11-720-082	1956	1972	2,124	1,555	569	277	166	680	TA	645	1,282	4,328
Public Safety	511-11-710-091	1956	1972	1,873	1,838	35	126	123	38	TA	270	675	2,944
Special Development Activities	511-11-810-412	1964	Cont.	194	191	3	50	53	-	TA	50	Continuing	
Technical Support	511-15-990-000	1955	Cont.	5,125	4,875	250	813	599	464	TA	829	Continuing	
Rural Development Centers	511-11-110-481	1963	1967	70	69	1	-	1	-	-	-	-	70
Livestock Development	511-11-130-477	1963	1967	406	335	71	-	71	-	-	-	-	406
Minerals Survey	511-11-210-155	1958	1971	1,115	1,049	66	50	45	71	TA	-	190	1,355
Roads ^{a/}	511-11-310-406	1962	1967	1,310	1,111	199	-	100	99	-	-	-	1,310
Air Transport ^{a/}	511-15-370-407	1963	1967	814	779	35	-	35	-	-	-	-	814
Water System	511-11-810-354	1963	1967	759	615	144	-	144	-	-	-	-	759
Assistance to Okinawan Colony	511-13-810-416	1964	1967	655	564	91	-	91	-	-	-	-	655
Total											4,100		
TA											4,100		
SA											-		
DL (grants)											-		

^{a/} Beginning in FY 1968, obligations for the engineering advisory aspects of these projects are included in Engineering Advisory Services, 511-11-310-205

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	38	43	42
Participating agency	13	15	10
Contractor technicians	25	30	22
Total	76	88	74

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	80	47	63
Contract	5	16	8
Total	85	63	71

STATUS OF DEVELOPMENT LOANS SUMMARY

As of 12/31/67

COUNTRY: BOLIVIA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
511-A-002	Construction of Runway	6/17/59	10/22/59	10	40	3/4	3/4	1,500	1,497	U.S.\$	-	52
511-L-010	Feasibility Studies	6/8/62	6/28/62	10	40	3/4	3/4	6,000	5,444	U.S.\$	-	133
511-L-011A	El Alto Airport	2/25/64	3/16/64	10	40	3/4	2	600	577	U.S.\$	-	12
511-L-011B	Airport Construction	5/19/65	8/31/65	10	40	1	2 1/2	550	247	U.S.\$	-	-
511-L-014	COMIBOL Rehabilitation Project-2 Step	2/11/63	3/4/63	3	10	3/4	3/4	5,000	4,998	U.S.\$	-	250
				10	40	3/4	3/4					
511-L-015	Access Roads to Colonization Area	6/28/63	8/1/63	10	40	3/4	3/4	7,200	7,177	U.S.\$	-	61
511-L-017	El Alto Customs and Warehouse Center	6/29/63	8/17/63	10	40	3/4	3/4	2,200	414	U.S.\$	-	-
511-L-018	Industrial Bank	7/29/63	8/28/63	5	20	3	3	2,400	1,989	U.S.\$	-	127
511-L-021	Highways 1 & 4	6/29/64	9/16/64	10	40	3/4	2	33,200	9,781	U.S.\$	-	11
511-L-021A	Highway Construction	2/9/67	8/2/67	10	40	1	2 1/2	9,500	-	U.S.\$	-	-
511-L-026	National Road Service	1/5/66	4/19/66	10	40	1	2 1/2	5,000	95	U.S.\$	-	-
511-L-027	Mining Development Bank	1/5/66	3/22/66	10	40	1	2 1/2	4,300	75	U.S.\$	-	-
511-L-028	Agricultural Development Bank	1/21/66	3/22/66	10	40	1	2 1/2	2,100	214	U.S.\$	-	-
511-L-029	Mining Rehabilitation	3/18/66	4/19/66	10	40	1	2 1/2	1,100	-	U.S.\$	-	-
511-L-031	Electric Power Transmission	6/30/66	9/24/66	5	30	1	2 1/2	4,750	34	U.S.\$	-	-
511-L-032	Highway Construction	6/30/66	11/4/66	10	40	1	2 1/2	4,750	243	U.S.\$	-	-
511-L-035	Feasibility Study-Second	6/13/67	3/22/68	10	40	1	2 1/2	1,500	-	U.S.\$	-	-
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	91,650	32,785	XXXX	-	646

Central American
Economic
Community



CENTRAL AMERICAN ECONOMIC COMMUNITY

U.S. Aid Objectives

A major objective of U.S. assistance in Central America is acceleration of Central American economic integration. For this purpose the U.S. supports efforts of the five Central American countries to perfect their Common Market and establish a Central American Economic Community as the most effective means of assuring their continued growth.

The legal and institutional structure for the Central American Common Market (CACM) has been largely completed. A second, and more difficult phase, faces the community. During this phase, U.S. objectives are to assist CACM countries to:

- a. Develop a single set of regional policies designed to promote the growth of a more efficient industrial structure;
- b. Coordinate country policies and establish mechanisms to deal with common fiscal, monetary and balance of payments problems;
- c. Develop measures to control coffee production within market quota limits and seek alternative crops for local consumption and for export;
- d. Substantially increase investment - public and private;
- e. Seek a more equitable distribution of income;
- f. Assist in further strengthening the regional institutions which have a major role in designing development policies.

These objectives require multilateral and bilateral efforts. Multilateral efforts are carried out through ROCAP, the Regional Office of Central America and Panama. ROCAP focuses on problems which are properly dealt with at the level of regional organizations, for example, industrial and tariff policy, road networks and communications. Bilaterally, our programs focus on getting individual governments to take steps to mobilize the revenues needed for public development investment in critical economic and social areas, for example, agriculture and education.

Country Performance and Self-Help

Since 1960, the five Central American countries - Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua - have moved

rapidly to establish a Central American Common Market. Inter-country trade restrictions have been removed, thereby freeing an estimated 95% of the region's internal commerce. Most manufacturing and processing plants operating in any of the Central American countries can sell freely in the other four. Growth in trade within Central America has been phenomenal - increasing four and one-half times (from \$30.9 million to \$172.0 million) over the six year period. Over this period intra-regional trade increased from 7% to more than 20% of total trade.

The separate tariff systems of the five countries have been replaced by a common external tariff on all but a few commodities. Over the period 1960-1966, when Central America enjoyed an unusually favorable market for traditional exports (coffee, bananas and cotton), total exports outside the community grew by 64%. As a result, the region achieved high rates of economic growth, averaging 6.5% per year during the period 1961-1966.

Industry has grown rapidly within the CACM since its inception in 1961. Its development has been spurred by generous fiscal incentives, the expanded market area, and a vigorous private sector. Manufactures and chemicals in 1966 represented more than 78% of total intra-regional (CACM) trade in contrast to 9% in 1960. Industrial growth has been principally in consumer and intermediate goods (flour, beer, cigarettes, cement, textiles, fertilizer, plastics and insecticides) and includes many business ventures with the United States and other external investment participation.

Industrial development has not been without problems. In the past, it has been pursued indiscriminately, resulting in some heavily protected and/or low value-added industrialization. An example of this is the automobile assembly industry in Costa Rica, where six plants have suddenly appeared in a country of 1.6 million people. The Central American countries are becoming aware of the cost of highly protected industries in loss of tax revenue, costs to the consumer and the problems these plants would have surviving in a future Latin American free trade association. A treaty now ratified by four of the five countries is a first step toward reducing incentives which have been liberally granted to encourage new industry.

Growth of the private sector has been supported by the Central American Bank for Economic Integration (CABEI) which serves as the principal intermediate credit institution in Central America. CABEI was created in 1961 with capital subscribed by the five Central American countries and has received financial resources from A.I.D., the Inter-American Development Bank, several of

the European Governments and Mexico. By the end of 1967, CABEI had approved 187 individual subloans totalling \$120.7 million.

The Central American governments have also utilized CABEI as a means of financing infrastructure projects which tie the region together. For this purpose the "Fund for Economic Integration" was created in 1965. The Fund has committed \$55.8 million of its available resources (\$85 million) to 16 major regional highway projects in Central America.

The integration movement has provided an important dynamic element in Central American growth, but it will not be a source of dynamism indefinitely. The Common Market involves only some 14 million people, of whom perhaps half are outside the money economy, a relatively small market. This difficulty may be overcome in part by bringing more of the Central American population into the modern economy and, in part, by extending the Central American Common Market to new members, or associating it with the Latin American Free Trade Association or some other broader trading area.

Panama now is an active participant with the Central American countries in a series of regional activities (including higher education, labor and agriculture), and has expressed strong interest in full membership in the CACM. In 1967 the CACM regional organizations approved, in principle, admission of Panama on a progressive basis.

The population growth rate in Central America of 3.3% per annum is among the highest in the world. Fortunately, the Central American governments, after a long period in which the problem was officially ignored, are taking initial steps to provide assistance in family planning. Private groups have been active for several years. The Organization of Central American States (ODECA) has also been active in the promotion and encouragement of family planning throughout the region. But much more needs to be done if the growth rate is to be significantly lowered. Geographically small, El Salvador is bursting at the seams with a population of 3.1 million while Honduras, five times larger, has a population of only 2.4 million. The advances made in the free movement of capital and goods now must be followed by the free movement of people in search of employment. While the Central American countries agree in principle to this idea, the necessary substantive steps for its realization are slow in coming.

Conditions facing all the Central American countries have changed. The world market for coffee and cotton has deteriorated. No longer can large annual increases in trade within the community be expected. The forces driving economic development are

weakening. To sustain the momentum of economic progress, the Central American countries need to increase total investment substantially, particularly in agriculture, industry, education, roads and ports. There are some hopeful signs. Large investments in nickel in Guatemala and in pulp and paper in Honduras are expected in the next year or so.

Mobilizing domestic resources is the major prerequisite to increasing public investment. Guatemala, El Salvador, and Costa Rica especially need to increase tax revenues to levels which can support needed public sector investments. All countries, particularly Honduras, face serious administrative problems which hinder efficient project preparation and implementation.

The economic and political problems caused by Central America's overproduction of coffee are also of primary importance. As the production of coffee continues to be profitable despite a weakening in price, efforts to diversify have had little effect, and the political power of the wealthy coffee growers denies the government badly needed tax revenues.

As a result of falling world prices for traditional exports, all of the countries of Central America will be facing balance-of-payments problems during the next several years. Costa Rica, El Salvador and Nicaragua have already experienced a drop in their net exchange reserves as export earnings since 1966 have not kept pace with import expenditures. Each of these countries has moved to introduce protective measures. Unless actions are taken on a joint basis to coordinate country policies, the very existence of the CACM might be jeopardized by protectionists actions. The Central Americans are considering, as one course of action, establishment of a Regional Stabilization Fund.

FY 1969 Program

The proposed FY 1969 program for the Central American Economic Community consists of \$68 million in Development Loans and \$15.3 million in Technical Assistance. These totals include, at the regional level, a Development Loan program of \$25 million and a Technical Assistance program of \$4.0 million to be administered by ROCAP. The balance - \$43 million in Development Loans and \$11.3 million in Technical Assistance - is for bilateral programs in the five countries. In carrying out its present and planned programs, A.I.D. is cooperating directly with the other external assistance agencies working in Central America. The International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB) are of primary importance.

ROCAP

ROCAP

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	20.0	0.1 ^{a/}	25.0
Technical Assistance	4.2	3.3	4.0
Total A.I.D. Assistance	24.2	3.5	29.0

^{a/} Represents \$125 thousand in grants for population program under Title X of the Foreign Assistance Act.

The main thrust of ROCAP's Technical Assistance program is assisting the Central American regional institutions responsible for developing uniform regional agricultural and industrial policies, a customs union, and common monetary policies and practices.

The Permanent Secretariat of the Common Market (SIECA) was established to provide administrative and statistical support to the Common Market. It is the primary regional organization for developing regional economic development programs and coordinating national programs. For this purpose, it maintains planning units on infrastructure, agriculture, industry, customs, and statistics. ROCAP assistance to SIECA helps this organization accomplish these tasks and will permit SIECA to meet its increased responsibilities in preparing the necessary studies so that the CACM can consider integration into a Latin American Common Market.

The Organization of Central American States (ODECA) has become the regional organization primarily responsible for overall political and social cooperation. To this end, ROCAP provides assistance to ODECA activities in the fields of educational planning, textbook development, statistics, tourism coordination, labor affairs, public health, and population planning.

The Superior Council of Central American Universities (CSUCA) is composed of the national universities of the five countries and Panama. It has two objectives: (a) to establish regional post-graduate and professional schools thereby eliminating duplication

of facilities and increasing the efficient allocation of scarce financial and human resources; and (b) to strengthen each university and promote educational reform by developing programs of general studies and science teaching. ROCAP assistance is channeled through contracts with U.S. universities including Oklahoma State (veterinary medicine), North Carolina (sanitary engineering), Kansas (general studies), and Harvard Business School (business administration).

The Central American Bank for Economic Integration (CABEI) was chartered by the five Central American countries to provide financing of infrastructure and industrial projects of benefit to the region. A significant operation of CABEI is the Fund for Economic Integration which has resources of \$85.0 million, from U.S. sources and from Central American matching contributions. The countries contribute to the Fund on an equal basis, but receive resources for infrastructure building on the basis of need. Approximately 93% of the Fund's resources are committed to construction of a regional system of highways.

A loan is planned in FY 1969 to the Integration Fund; this will be a third tranche following FY 1965 and 1967 loans. This loan will require a larger Central American matching contribution than previously and will enable the Fund to finance port, telecommunications, and grain storage facilities.

In response to a Central American initiative to establish a stabilization fund which would make available foreign exchange to ease countries over temporary budget or balance of payments deficits, A.I.D. will consider a loan in FY 1969. Authorization will be contingent upon final agreement on the actual mechanism of the fund by the Central Americans and by the other international lending agencies.

Funding is proposed to continue a small program of vocational and participant training in agriculture begun by ROCAP in FY 1968 in British Honduras. This territory, now a colony of the United Kingdom, is within the geographic area embraced by ROCAP. British Honduras looks to the United States as a supplier of approximately 35% of its imports and as a market for about 30% of its exports.

TABLE IV

PROJECT DATA SUMMARY

(Dollar Amounts in Thousands)

Part I

COUNTRY: ROCAP

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
*Agricultural Planning	596-11-140-026	1969	1975	-	-	-	-	-	-	TA	131	819	950
Industrial Investment & Trade Promotion	596-11-290-002	1963	1969	2,109	1,516	593	342	325	610	TA	245	-	2,696
*Commercial and Industrial Planning	596-11-790-027	1969	1975	-	-	-	-	-	-	TA	146	954	1,100
Civil Aviation and Telecommunications	596-11-370-003	1963	1969	1,237	1,125	112	226	205	133	TA	195	-	1,658
Manpower Planning and Development	596-11-460-004	1963	1970	1,322	1,218	104	265	245	124	TA	165	190	1,942
Human Resources Development	596-11-460-100	1968	1972	-	-	-	35	10	25	TA	75	490	600
Health and Demographic Studies	596-15-590-023	1967	1970	270	60	210	125	185	150	TA	429	500	1,324
Textbook Development	596-11-640-006	1963	1970	2,394	1,838	556	400	400	556	TA	475	579	3,848
Development of Institutions of Higher Ed.	596-11-660-012	1964	1970	2,507	1,666	841	186	510	517	TA	470	490	3,653
*Fiscal and Monetary Planning	596-11-790-028	1969	1975	-	-	-	-	-	-	TA	208	992	1,200
Legal Publications and Studies	596-11-790-018	1965	1970	257	122	135	54	100	89	TA	86	181	578
Improvement of Statistics and Census	596-11-780-008	1963	1970	1,153	952	201	190	225	166	TA	225	200	1,768
Customs Policy and Administration	596-11-740-017	1966	1970	267	119	148	108	156	100	TA	182	150	707
Improvement of Development Administration	596-11-720-007	1963	1969	864	719	145	225	200	170	TA	65	-	1,154
Business Administration	596-13-770-024	1967	1970	361	23	338	285	250	373	TA	275	329	1,250
Technical Support	596-11-990-000	1961	Cont.	2,366	2,233	133	631	620	144	TA	628	Continuing	
Agricultural Policy and Development	596-11-150-001	1963	1968	758	573	185	210	175	220	-	-	-	968
Infrastructure Planning and Development	596-11-290-010	1964	1967	1,653	1,552	101	-	101	-	-	-	-	1,653
Economic Development Mapping	596-11-290-011	1964	1966	447	446	1	-	1	-	-	-	-	447
Cadastral Survey	596-11-290-031	1963	1967	547	540	7	-	7	-	-	-	-	547
Civil Aviation	596-11-370-032	1964	1967	328	324	4	-	4	-	-	-	-	328
Development Planning	596-11-790-009	1963	1968	383	377	6	189	120	75	-	-	-	572
Total											4,000		
TA											4,000		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual	Estimate	Proposed
	FY 1967	FY 1968	FY 1969
A.I.D. employed	32	30	31
Participating agency	29	25	25
Contractor technicians	29	22	25
Total	90	77	81

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual	Estimate	Proposed
	FY 1967	FY 1968	FY 1969
Non-contract	21	29	55
Contract	-	-	-
Total	21	29	55

DESCRIPTION OF NEW FY 1969 PROJECTS

COUNTRY: ROCAP

(In Thousands of Dollars)

TABLE IVa

Project Title	Project Number	Proposed Program FY 1969		Description
		Funds	Amount	
Agriculture Planning	596-11-140-026	TA	131	This project is designed to assist the Central American Common Market organizations to establish a practical agricultural investment policy for the region. New production must be promoted to provide new export crops, to substitute for present imports, and to increase domestically consumed food crops. U.S. advisors will assist the Common Market Secretariat (SIECA) in developing overall regional policy and programs including price stabilization, production zoning, and commodity price reporting.
Commercial and Industrial Planning	596-11-790-027	TA	146	This project will assist the Central American Common Market Secretariat (SIECA) to achieve a permanent capacity to deal with issues of regional industrial and trade policy and to improve SIECA's ability to develop and maintain planning for projects in regional physical infrastructure. Funding will include support for the local staff and provision of a U.S. advisor on tariff procedures.
Fiscal and Monetary Planning	596-11-790-028	TA	208	A team of IRS specialists on property tax and tax legislation will assist such regional organizations as the Common Market Secretariat (SIECA), the Central American Monetary Council and the Central American Institute of Public Administration to coordinate and harmonize fiscal and monetary policies leading to the establishment of a monetary union by 1973 or 1974.

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: ROCAP

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Authorized	Loan Agreement			Grace Period	Amortization					
598-A-001	CABEI* Industrial Relending	6-28-61	8-16-62	1	15	4	4	5,000	4,852	U.S.\$	352	441
595-L-002	CABEI Feasibility Studies	5-31-63	11-29-63	10	40	3/4	3/4	2,500	831	U.S.\$	-	8
596-L-004	CABEI Second Industrial Relending	5-4-64	5-11-64	10	40	3/4	2	10,000	3,561	U.S.\$	-	7
596-L-006	CABEI Integration Fund	5-28-65	7-29-65	10	40	1	2½	35,000	451	U.S.\$	-	-
596-L-007	CABEI Integration Fund	6-30-67	unsigned	10	40	1	2½	20,000	-	U.S.\$	-	-
* Central American Bank for Economic Integration												
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	72,500	9,695	XXXX	352	456

Costa Rica



BASIC DATA

Population (<i>millions – mid-1967</i>).....	1.6
Annual Growth Rate (<i>percent</i>).....	3.8
Area (<i>1000 square miles</i>).....	19.6
Population Density Per Square Mile.....	83
Agricultural Land as % of Total Area.....	30
Percent of Labor Force in Agriculture.....	49

Per Capita GNP (<i>dollars</i>).....	409*
Life Expectancy (<i>years</i>).....	63
People Per Doctor	2,200
Literacy Rate (<i>percent</i>)	84
Pupils as Percent of Population.....	21
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

COUNTRY: COSTA RICA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	5.0	7.3 ^{a/}	5.0
Technical Assistance	1.9	1.3	1.7
Total A.I.D. Assistance	<u>6.9</u>	<u>8.6</u>	<u>6.7</u>

^{a/} Includes \$300 thousand in grants for population program under Title X of the Foreign Assistance Act.

Costa Rica has a standard of living and literacy substantially above other Central American countries. But the country has a history of fiscal problems which arise, in part, from the expensive progressive social policies of successive governments.

In FY 1968 A.I.D. loan assistance to Costa Rica is linked to

improved fiscal performance by the Government which took legislative and administrative action to increase tax revenues. As a result, revenue in 1968 will be 25% above the level of 1966. Future assistance will be linked to continued improvement in the fiscal situation and facing the problem of coffee overproduction. Contingent on improvements in the fiscal situation in FY 1969, loans are proposed for agricultural diversification (\$3 million) and industrial relending (\$2 million).

The A.I.D. Technical Assistance program for FY 1969 is focused on the following areas: improvement of tax administration through the Internal Revenue Service; improvement of customs administration; and improvement in police forces.

A project to demonstrate the serious consequences of the country's population growth rate of 3.8% will be continued in FY 1969. This project combines demographic research and education, particularly in cooperation with the Costa Rican Demographic Society, the University of Costa Rica, the National Planning Office and the Ford Foundation.

COUNTRY: COSTA RICA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Development	515-11-140-038	1964	1970	1,909	1,613	296	173	423	46	TA	327	328	2,737
Industrial Development and Promotion	515-11-230-041	1956	1970	1,409	1,383	26	99	118	7	TA	74	74	1,656
General Assistance to Education	515-11-680-085	1966	1970	439	144	295	240	239	296	TA	209	250	1,138
Demographic Education	515-11-690-102	1968	1972	-	-	-	300	240	112	TA	303	900	1,503
Development Planning and Administration	515-11-720-060	1953	1970	1,589	1,504	85	166	238	12	TA	152	152	2,059
Public Safety	515-11-710-061	1963	1970	710	581	129	264	316	77	TA	217	217	1,408
Technical Support	515-11-990-000	1953	Cont.	2,144	1,976	168	350	448	70	TA	418	Continuing	
Irazu Volcano Project	515-11-210-070	1964	1967	468	465	3	-	3	-	-	-	-	468
Rural Mobile Health	515-11-530-049	1963	1967	651	531	120	-	120	-	-	-	-	651
University of Costa Rica Medical School	515-11-540-047	1959	1966	705	701	4	-	4	-	-	-	-	705
Population Program	515-11-590-096	1965	1967	129	77	52	-	52	-	-	-	-	129
Ministry of Education Development	515-11-640-055	1963	1966	468	467	1	-	1	-	-	-	-	468
High Level Manpower Training	515-11-690-068	1964	1966	104	103	1	-	1	-	-	-	-	104
Area Development	515-11-870-081	1965	1967	552	423	129	-	100	29	-	-	-	552
Total										TA	1,700		
TA											1,700		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	16	18	17
Participating agency	3	4	4
Contractor technicians	5	8	12
Total	24	30	33

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	81	63	64
Contract	16	5	42
Total	97	68	106

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: COSTA RICA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation					
515-A-004	Metropolitan Water Supply	6/12/61	12/22/61	1	20	3 1/2	3 1/2	3,500	450	Colon	30	14
515-L-006	INVU Slum Clearance	6/18/63	7/23/63	10	40	3/4	3/4	2,000	1,860	U.S.\$	-	23
515-L-008	Metropolitan Emergency Water Supply	7/1/63	7/23/63	10	40	3/4	3/4	1,400	1,115	U.S.\$	-	14
515-L-010	COFISA-Private Development Bank	11/18/63	12/23/63	5	20	2	2	5,000	4,988	U.S.\$	-	155
515-L-011	Cadastral Survey	4/23/64	10/19/64	10	40	3/4	2	1,600	986	U.S.\$	-	4
515-L-012	Irazu Maintenance and Betterment	11/20/64	1/25/65	10	40	1	2 1/2	1,300	1,107	U.S.\$	-	12
515-L-014	Feasibility Studies	5/28/65	12/10/65	10	40	1	2 1/2	800	-	U.S.\$	-	-
515-L-015	Rural Electrification	6/24/65	10/27/65	10	40	1	2 1/2	3,300	1,222	U.S.\$	-	3
515-L-016	Malaria Eradication	6/29/66	7/15/66	10	40	1	2 1/2	500	203	U.S.\$	-	-
515-L-017	Agricultural Development	4/26/67	5/17/67	10	40	1	2 1/2	5,000	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	23,600	11,931	XXXX	30	225

El Salvador



BASIC DATA

Population (<i>millions – mid-1967</i>).....	3.1	Per Capita GNP (<i>dollars</i>).....	284*
Annual Growth Rate (<i>percent</i>).....	3.2	Life Expectancy (<i>years</i>).....	60
Area (<i>1000 square miles</i>).....	8.3	People Per Doctor	4,520
Population Density Per Square Mile.....	380	Literacy Rate (<i>percent</i>)	48
Agricultural Land as % of Total Area	51	Pupils as Percent of Population.....	15
Percent of Labor Force in Agriculture.....	60	(<i>Primary and Secondary</i>)	
		* - 1967 in 1966 prices.	

COUNTRY: EL SALVADOR

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	0.4	3.8 ^{a/}	8.0
Technical Assistance	1.8	1.7	2.4
Total A.I.D. Assistance	2.2	5.5	10.4

a/ Includes \$325 thousand in grants for population program under Title X of the Foreign Assistance Act.

El Salvador, smallest of the Central American countries, is characterized by a high rate of population growth in relation to limited land resources, a rapidly growing industrial sector and a history of progressive leadership with respect to the Central American integration movement.

The Government has recently taken action to increase tax revenue so that there will be more adequate domestic resources available for development. As a result of a net worth tax passed in December 1967, net public savings will increase by \$4 million. Moreover, the Government will press soon for a sales tax which,

when effective, will add substantially to public savings and investment.

Overall A.I.D. objectives are the diversification of the agricultural sector out of coffee, stimulation of the growing private industry sector, upgrading of the education system and reduction of the population growth rate.

During FY 1968, A.I.D. and the Government will begin an educational television activity that will hopefully become a model for other Latin American countries. This activity will be part of a larger educational reform project and will receive both technical and capital assistance.

In education, the Government of El Salvador is working to have all seven-year old children in school by 1969. A.I.D. assists by producing elementary textbooks and by helping with primary school construction. Planning assistance is given at the primary and secondary level and for normal school and technical training.

Development loan assistance projected for FY 1969 includes \$5 million for supervised agricultural credit in support of agricultural diversification and \$3 million for school construction.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: EL SALVADOR

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Development & Agrarian Reform	519-11-110-012	1955	1969	3,474	3,270	204	286	315	175	TA	287	-	4,047
Development Banking & Industrial Promotion	519-11-290-075	1958	1970	523	517	6	37	33	10	TA	44	46	650
Free Labor Development	519-11-410-003	1955	1971	764	659	105	33	70	68	TA	77	226	1,100
Family Planning & Clinical Services	519-15-580-149	1966	1970	182	92	90	350	252	188	TA	401	667	1,600
Education Planning & Administrative Improvement	519-11-690-071	1955	1972	3,636	3,336	300	474	234	540	TA	737	2,153	7,000
Public Safety	519-11-710-030	1961	1970	1,612	1,514	98	173	144	127	TA	167	148	2,100
Public Administration	519-11-740-032	1958	1969	963	854	109	326	248	187	TA	308	-	1,597
Rural Community Development	519-11-810-094	1967	1970	88	36	52	113	63	102	TA	143	156	500
Technical Support	519-11-990-000	1955	Cont.	1,844	1,813	31	263	207	87	TA	236	Continuing	
Rural Health & Education	519-11-530-063	1955	1966	1,564	1,526	38	-	38	-	-	-	-	1,564
University Reform	519-11-660-088	1964	1965	171	161	10	-	10	-	-	-	-	171
Selected Participant Training	519-11-690-062	1965	1967	142	119	23	-	23	-	-	-	-	142
Development Planning	519-11-720-051	1962	1965	1,025	1,019	6	-	6	-	-	-	-	1,025
Earthquake Reconstruction	519-11-920-089	1965	1965	44	40	4	-	4	-	-	-	-	44
Technical Assistance Earthquake Reconstruction	519-11-990-146	1965	1965	374	130	244	-	144	100	-	-	-	374
Special Development Activities	519-11-990-147	1966	1966	48	21	27	-	27	-	-	-	-	48
Total											2,400		
TA											2,400		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	19	20	18
Participating agency	7	7	8
Contractor technicians	8	20	39
Total	34	47	65

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	43	37	55
Contract	-	1	22
Total	43	38	77

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: EL SALVADOR

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repay-ments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
519-L-004	Agricultural Loan Program	6-18-63	9-18-63	10	40	3/4	3/4	8,900	8,811	U.S.\$	-	150
519-L-005	Salvadoran Industrial Development Institute (INSAFI)	6-28-63	9-18-63	10	40	3/4	3/4	4,500	4,285	U.S.\$	-	51
519-L-006	Private Development Bank (Two Step)	5-28-64	8-17-64	5	20	2	2	5,200	3,914	U.S.\$	-	67
				10	40	3/4	2					
519-L-007	Rural Health Units and Posts	6-30-64	4-2-65	10	40	3/4	2	700	320	U.S.\$	-	-
519-L-008	National Housing Finance Agency	6-30-64	5-21-65	10	40	3/4	2	3,100	2,430	U.S.\$	-	27
519-L-010	Malaria Eradication	5-9-66	10-29-66	10	40	1	2 1/2	1,635	200	U.S.\$	-	1
519-L-011	American School	5-29-67	9-27-67	5	25	2	3 1/2	400	-	U.S.\$	-	-
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	24,435	19,960	XXXX	-	296

Guatemala



BASIC DATA

Population (<i>millions – mid-1967</i>).....	4.9
Annual Growth Rate (<i>percent</i>).....	3.3
Area (<i>1000 square miles</i>).....	42
Population Density Per Square Mile.....	120
Agricultural Land as % of Total Area	19
Percent of Labor Force in Agriculture.....	73

Per Capita GNP (<i>dollars</i>).....	308*
Life Expectancy (<i>years</i>).....	49
People Per Doctor	4,190
Literacy Rate (<i>percent</i>)	38
Pupils as Percent of Population.....	10
(<i>Primary and Secondary</i>)	

* - 1967 in 1966 prices.

Country: GUATEMALA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	8.0	0.7 ^{a/}	10.0
Technical Assistance	2.4	2.2	2.7
Contingency Fund	1.1	---	----
Total A.I.D. Assistance	<u>11.5</u>	<u>2.9</u>	<u>12.7</u>

^{a/} Includes \$159 thousand in grants for population program under Title X of the Foreign Assistance Act.

Guatemala has a third of Central America's population and a quarter of its area; it contains a substantial portion of the resources that make up the Central American economy. But Guatemala has not attained a rate of economic and social development commensurate with its size and its resources. It is plagued by internal security problems stemming from deep social ills and political divisions. The present Government of Guatemala, which came into office on July 1, 1966, has above and before all sought improvement in public order and safety, particularly in rural areas.

The most significant factors inhibiting Guatemala's economic development are: (a) the need for fiscal reform; (b) the internal security problem; (c) the need to lessen the country's dependence

on coffee as its major foreign exchange earner and (d) a serious lack of skilled manpower and a large, disaffected population.

The FY 1969 program focuses on rural areas where social problems are greatest. A.I.D. plans to mount a concerted effort to raise food production and to increase the involvement of rural communities in the nation's economic and social life and thereby develop a meaningful alternative to communism. A loan under consideration would provide small farmers with reasonable credit and improved extension services. These activities will complement proposed activities of the Inter-American Development Bank.

A loan is also under consideration to assist the Government of Guatemala in a program of primary school construction and teacher training. This loan is part of a concerted attack on the ills of Guatemalan education by the World Bank, the Inter-American Development Bank and A.I.D.

A.I.D. will assist the Government improve its public administration with primary emphasis on tax and customs administration. A.I.D. will continue its efforts to help improve police forces so that they can better maintain--or establish in some areas--law and order. A.I.D. provided substantial assistance to the police in FY 1967 and proposes to continue this assistance and expand it into rural insurgency areas.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: GUATEMALA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
*Agricultural Education	520-11-110-190	1969	1973	-	-	-	-	-	-	TA	211	770	981
*Agricultural Modern. & Diversification	520-11-100-194	1969	1973	-	-	-	-	-	-	TA	243	1,200	1,443
Labor Leadership Development	520-11-490-184	1967	1971	58	15	43	65	79	29	TA	69	140	332
Population and Rural Health	520-11-590-189	1968	1972	-	-	-	159	90	69	TA	155	1,041	1,355
*Rural Primary Education	520-11-640-193	1969	1972	-	-	-	-	-	-	TA	210	510	720
University Development	520-11-660-143	1963	1969	915	464	451	166	265	352	TA	287	-	1,368
Public Adm. & Municipal Government	520-11-790-176	1966	1970	688	471	217	315	275	257	TA	332	300	1,635
Public Safety	520-11-710-077	1957	1972	2,267	1,836	431	214	515	130	TA	217	600	3,298
Rural Community Leadership & Modernization	520-11-810-187	1967	1972	867	250	617	462	889	190	TA	431	1,068	2,828
Development Planning and Investment	520-11-990-185	1968	1971	-	-	-	234	200	34	TA	160	400	794
Special Development Activities	520-11-990-145	1963	Cont.	214	136	78	50	100	28	TA	50	Continuing	
Technical Support	520-11-990-000	1956	Cont.	2,641	2,616	25	290	210	105	TA	335	Continuing	
Total												2,700	
TA												2,700	
SA												-	
DL (grants)												-	

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	29	28	26
Participating agency	6	3	2
Contractor technicians	25	27	23
Total	60	58	51

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	208	137	161
Contract	-	-	-
Total	208	137	161

DESCRIPTION OF NEW FY 1969 PROJECTS

COUNTRY: GUATEMALA

(In Thousands of Dollars)

TABLE IVa

Project Title	Project Number	Proposed Program FY 1969		Description
		Funds	Amount	
Agricultural Education	520-11-110-190	TA	211	This project is designed to increase in quality and quantity the number of graduates of the Agricultural Vocational School and to increase the efforts of the Ministry of Agriculture to educate small and medium sized farmers in the rural areas of Guatemala. Three specialists from California Polytechnical Institute will advise on farm planning, livestock improvement, laboratory improvement and forestry. One short term and five long term participants will be trained in agricultural economics, credit engineering, administration, fruit and vegetable instruction, cooperative development, and plant protection.
Agricultural Modernization and Diversification	520-11-100-194	TA	243	Aimed at the small farmer, this project is designed to develop more effective agricultural marketing operations; to promote increased basic food crop production at reduced cost through research and extension; and to stimulate research and development of agricultural diversification possibilities. Three direct hire technicians and 8 long term participants in marketing and food processing will be funded.
Rural Primary Education	520-11-640-193	TA	210	Three direct hire technicians will assist the Ministry of Education in formulating and refining a country-wide plan for improving primary education through the study and testing of revisions in curriculum and teacher training requirements for primary schools. Efforts will be made to adjust rural education to rural life, to reduce drop-outs, and to increase primary 6th grade output. This project is part of a multilateral attack on the ills of the Guatemalan education system by the World Bank, the Inter-American Development Bank and A.I.D. Several short term participants will be trained in educational planning, curriculum revision, and industrial arts.

STATUS OF DEVELOPMENT LOANS SUMMARY

As of 12/31/67

COUNTRY: GUATEMALA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
520-A-002	Rubber Development	1-16-59	8-17-59	1	12	5	5	5,000	2,450	U.S.\$	108	371
520-A-005	Rio Hondo Highway	12-8-60	1-24-61	1	15	3½	3½	5,400	4,998	Quet.	988	554
520-L-008	General Surveys and Feasibility Stud.	4-27-64	9-1-65	10	40	3/4	2	2,000	32	U.S.\$	-	-
520-L-009	Customs Improvement	6-30-64	8-17-65	10	40	3/4	2	700	24	U.S.\$	-	-
520-L-011	Malaria Eradication	12-2-65	8-17-66	10	40	1	2½	1,550	457	U.S.\$	-	-
520-L-012	Rio Hondo Highway (increase)	9-30-66	10-14-66	10	40	1	2½	758	-	U.S.\$	-	-
520-L-013	Financiera-Development Bank	6-23-67	9-26-67	5	20	1½	2½	5,000	-	U.S.\$	-	-
	2 Step			10	40	1	2½					
520-L-014	Property Tax Development	6-9-67	7-10-67	10	40	1	2½	2,200	-	U.S.\$	-	-
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	22,608	7,961	XXXX	1,096	925

Honduras



BASIC DATA

Population (<i>millions – mid-1967</i>).....	2.4
Annual Growth Rate (<i>percent</i>).....	3.1
Area (<i>1000 square miles</i>).....	43
Population Density Per Square Mile.....	56
Agricultural Land as % of Total Area	38
Percent of Labor Force in Agriculture.....	66

Per Capita GNP (<i>dollars</i>).....	231*
Life Expectancy (<i>years</i>).....	46
People Per Doctor	6,640
Literacy Rate (<i>percent</i>)	45
Pupils as Percent of Population.....	14
(<i>Primary and Secondary</i>)	

* - 1967 in 1966 prices.

Country: HONDURAS

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	7.0	10.0 ^{a/}	8.0
Technical Assistance	2.1	2.0	2.3
Total A.I.D. Assistance	<u>9.1</u>	<u>12.0</u>	<u>10.3</u>

a/ Includes \$25 thousand in grants for population program under Title X of the Foreign Assistance Act.

Honduras is the least developed of the Central American countries and least benefitted by the development of the Common Market. Major increases are needed in public sector revenues to support expanded and urgent educational programs and infrastructure

investment. The most intractable obstacles to implementation of these requirements in Honduras are the low levels of technical and administrative competence and of institutional development in that country.

The FY 1969 program will provide technical assistance in several weak areas of public administration including personnel administration, fiscal management, economic planning, police administration and urban development. Certain technical assistance projects are designed to develop "grass roots" democracy. They include assistance in the development of free labor organizations, cooperatives of all types and new industries.

A Development Loan of \$7 million is projected for forest access roads and port improvement to assist in providing the infrastructure for a major private investment in pulp and paper.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

COUNTRY: HONDURAS

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Productivity	522-11-190-036	1964	1973	1,377	1,251	126	144	140	130	TA	166	1,193	2,880
Forest Management	522-11-170-056	1965	1973	428	399	29	84	72	41	TA	75	413	1,000
Private Enterprise Development <u>a/</u>	522-15-290-053	1961	1973	952	850	102	40	47	95	TA	35	118	1,145
Labor Development	522-15-490-083	1956	1973	382	350	32	80	61	51	TA	80	195	737
Health and Family Planning	522-11-580-065	1966	1973	151	46	105	28	74	59	TA	114	431	724
Education Improvement and Development	522-11-690-054	1965	1973	574	496	78	230	100	208	TA	272	1,024	2,100
Public Administration	522-11-790-039	1960	1973	1,295	1,003	292	327	334	285	TA	528	1,695	3,845
Public Safety	522-11-710-018	1960	1973	913	884	29	123	101	51	TA	121	443	1,600
Civic Development <u>b/</u>	522-15-810-091	1968	1973	-	-	-	200	65	135	TA	174	1,126	1,500
Cooperative Development	522-15-990-074	1966	1973	440	216	224	184	174	234	TA	189	711	1,524
Special Development Activities	522-15-990-073	1966	Cont.	83	64	19	50	55	14	TA	50	Continuing	
Technical Support	522-11-990-000	1960	Cont.	1,306	1,288	18	560	440	138	TA	496	Continuing	
Health Facilities	522-11-530-010	1956	1963	217	216	1	-	1	-	-	-	-	217
Mobile Rural Health	522-11-530-034	1963	1964	576	523	53	-	53	-	-	-	-	576
Textbook Program	522-11-640-061	1965	1967	294	122	172	-	90	82	-	-	-	294
High Level Manpower Training	522-11-660-062	1965	1966	53	33	20	-	20	-	-	-	-	53
Assist Adult Education Activities	522-13-670-063	1965	1965	10	8	2	-	2	-	-	-	-	10
Human Resources Training	522-15-690-087	1967	1967	54	13	41	-	41	-	-	-	-	54
School Construction, Equipment & Supply	522-12-690-029	1962	1962	482	473	9	-	9	-	-	-	-	482
Housing Cooperatives	522-14-830-043	1965	1965	90	89	1	-	1	-	-	-	-	90
Total										TA	2,300		
TA											2,300		
SA											-		
DL (grants)											-		

a/ Formerly 003, Industrial Development and Training

b/ Combines certain education and training elements formerly provided under projects 054, 031, and 087.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	19	20	20
Participating agency	2	4	5
Contractor technicians	16	16	20
Total	37	40	45

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	33	116	126
Contract	17	30	30
Total	50	146	156

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: HONDURAS

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
522-M-008	Small Rural Water Supplies	6-12-63	8-22-63	$\frac{1}{2}$	10	3/4	3/4	1,050	768	U.S.\$	2	5
522-L-010	Private Bank 2 Step	5-28-64	8-6-64	5	20	2	2	5,000	4,997	U.S.\$	-	66
522-H-011	Cooperative Housing Development	6-30-64	3-15-65	10	40	3/4	2	2,000	288	U.S.\$	-	1
522-L-012	Fire Control Access Road	11-27-64	12-14-64	10	40	1	$2\frac{1}{2}$	500	482	U.S.\$	-	9
522-L-013	Farm to Market Roads	9-23-65	11-25-65	10	40	1	$2\frac{1}{2}$	5,200	96	U.S.\$	-	-
522-L-014	Malaria Eradication	12-2-65	1-12-66	10	40	1	$2\frac{1}{2}$	1,170	567	U.S.\$	-	1
522-L-015	Feasibility Studies	2-12-66	2-25-66	10	40	1	$2\frac{1}{2}$	500	-	U.S.\$	-	-
522-L-016	Private Development Bank 2 Step	5-31-66	8-21-66	5	20	4	4	3,000	699	U.S.\$	-	-
522-L-017	Secondary Education	6-27-67	9-19-67	10	40	1	$2\frac{1}{2}$	7,000	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	25,420	7,897	XXXX	2	82

Nicaragua



BASIC DATA

Population (<i>millions – mid-1967</i>).....	1.8	Per Capita GNP (<i>dollars</i>).....	333*
Annual Growth Rate (<i>percent</i>).....	3.5	Life Expectancy (<i>years</i>).....	54
Area (<i>1000 square miles</i>).....	54	People Per Doctor	2,370
Population Density Per Square Mile.....	33	Literacy Rate (<i>percent</i>)	50
Agricultural Land as % of Total Area	13	Pupils as Percent of Population.....	13
Percent of Labor Force in Agriculture.....	60		

(*Primary and Secondary*)

* - 1967 in 1966 prices.

Country: NICARAGUA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	9.2	8.1 ^{a/}	12.0
Technical Assistance	2.2	1.6	2.2
Total A.I.D. Assistance	<u>11.4</u>	<u>9.7</u>	<u>14.2</u>

a/ Includes \$60 thousand in grants for population program under Title X of the Foreign Assistance Act.

In the first half of the present decade, Nicaragua experienced the highest per capita growth in GNP in Latin America. While this development had little direct effect on income distribution, it was accompanied by significant progress in health, education and rural development. Nicaragua now leads Central America with health centers and similar medical facilities. There has been recent progress in education in terms of primary school enrollment, classroom construction and teacher training. A substantial effort has been made to incorporate subsistence farmers into the national economy (2,075 such families have received land titles; 1,050 in September and October of last year).

Domestic resources available for public investment expenditures have been substantially reduced when they should be increasing. Tax increases are required and they will be a prerequisite of A.I.D. loan programs.

The proposed A.I.D. program for FY 1969 will continue Technical Assistance for improvement in tax collection, municipal administration, and administration of the central government.

The effort on behalf of "grass roots" democracy will be continued through support of cooperatives and credit unions. In the past two years, two agricultural cooperatives have been organized, another large agricultural cooperative reorganized, and 59 new credit unions established to serve low income-groups.

Proposed FY 1969 activities in public health include assistance in establishing a family planning program and in extending rural health services to 94 rural areas.

Projected for FY 1969 are Development Loans of \$2 million for primary school construction, \$2 million for reforestation and \$8 million for agricultural development with emphasis upon land settlement and agricultural diversification.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

COUNTRY: NICARAGUA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Reform and Rural Development	524-11-110-057	1958	1970	1,885	1,461	424	400	404	420	TA	239	130	2,654
*Agricultural Production and Diversification	524-11-110-073	1969	1972	-	-	-	-	-	-	TA	210	290	500
**Irrigation Development	524-11-120-067	1969	1972	-	-	-	-	-	-	TA	120	176	296
**Agrarian Reform	524-11-190-068	1969	1972	-	-	-	-	-	-	TA	75	212	287
*Skills Training	524-11-420-074	1969	1972	-	-	-	-	-	-	TA	139	110	249
Manpower Plng., Develop. and Utilization	524-11-460-054	1964	1969	654	454	200	174	259	115	TA	109	-	937
Community Health Services	524-11-590-059	1968	1972	-	-	-	115	84	31	TA	163	563	841
Family Planning	524-11-590-072	1968	1973	-	-	-	60	45	15	TA	112	343	515
Educational Planning and Development	524-11-640-023	1955	1970	2,251	1,884	367	301	340	328	TA	261	153	2,966
Tax and Administrative Reform	524-11-720-025	1966	1970	996	881	115	213	269	59	TA	220	96	1,525
Community Action and Cooperative Development	524-11-810-056	1966	1970	763	414	349	93	180	262	TA	53	48	957
Community Development	524-11-810-047	1968	1973	-	-	-	66	30	36	TA	249	280	595
Technical Support	524-11-990-000	1960	Cont.	1,444	1,399	45	288	288	45	TA	250	Continuing	
Higher Level Manpower Training	524-11-660-052	1964	1967	365	248	117	-	75	42	-	-	-	365
Nat'l. Planning & Governmental Policies	524-11-750-037	1962	1966	826	785	41	-	41	-	-	-	-	826
Indust. Mgt., Invest. Promotion & Advisory Services	524-11-290-011	1959	1966	474	453	21	-	21	-	-	-	-	474
Special Development Activities	524-11-990-058	1964	1969	192	76	116	-	116	-	-	-	-	192
Total										TA	2,200		
TA											2,200		
SA											-		
DL (grants)											-		

** Though proposed for implementation in FY 1968, projects were delayed as a result of reduced appropriations.

*New Project--see TABLE IVa

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	15	15	12
Participating agency	7	8	8
Contractor technicians	9	13	11
Total	31	36	31

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	142	73	202
Contract	7	4	-
Total	149	77	202

DESCRIPTION OF NEW FY 1969 PROJECTS

COUNTRY: NICARAGUA

(In Thousands of Dollars)

TABLE IVa

Project Title	Project Number	Proposed Program FY 1969		Description
		Funds	Amount	
Agricultural Production and Diversification	524-11-110-073	TA	210	This project is intended to support the Ministry of Agriculture's expansion and improvement of research work on food and livestock. A major emphasis will be on methods of rapid dissemination of newly acquired information to farmers. Research efforts will be concentrated on rice, corn, sorghum, pork, milk and forage. Six technicians will work in agronomy and veterinary sciences. Four participants will be trained in agronomy in Puerto Rico.
Skills Training	524-11-420-074	TA	139	In order to implement the findings of a detailed skills survey (presently underway) A.I.D. will provide technical assistance under this project to develop skills training programs, particularly in-plant training. Coordination of programs of the National Apprenticeship Institute and support of the private sector will be emphasized. A Training Advisor and a Trade Specialist, assisted by short term specialists will help in program development. Three participants will attend manpower seminars.

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: NICARAGUA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amerti-zation					
524-A-005	Highway Construction	2-9-61	11-21-62	10	40	3/4	3/4	2,800	2,767	U.S.\$	-	33
524-L-005	Highway Construction	9-20-62	11-21-62	10	40	3/4	3/4	900	714	U.S.\$	-	1
524-L-007	Rural Electric Cooperative	11-29-63	3-16-64	5	30	2	2	400	338	U.S.\$	-	7
524-L-008	Central American University of Managua	6-22-64	11-14-64	3	20	2	2	700	693	U.S.\$	-	7
524-L-009	Industrial Development Bank	9-29-64	12-23-64	5	25	2	2	4,000	2,722	U.S.\$	-	19
	Two-Step			10	40	3/4	2					
524-L-010	Private Development Bank	4-17-65	5-25-65	5	20	2 1/2	2 1/2	3,000	2,567	U.S.\$	-	16
	Two-Step			10	40	1	2 1/2					
524-L-011	Feasibility Studies	6-16-65	2-18-66	10	40	1	2 1/2	1,300	-	U.S.\$	-	-
524-L-012	Tax Improvement and Natural Resources Survey	6-29-65	2-28-66	10	40	1	2 1/2	5,400	256	U.S.\$	-	1
524-L-013	Malaria Eradication	12-2-65	4-15-66	10	40	1	2 1/2	2,070	428	U.S.\$	-	-
524-L-014	Urban School Construction	5-28-66	12-6-66	10	40	1	2 1/2	1,500	-	U.S.\$	-	-
524-L-015	Agricultural Credit	5-28-66	11-29-66	5	25	1	2 1/2	2,000	220	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
524-L-016	Private Development Bank	6-29-66	9-27-66	5	20	5 1/2	5 1/2	5,000	321	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
524-L-017	Savings and Loan System	6-30-66	3-16-67	8	30	2	3	3,700	250	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
524-L-018	Private Investment Bank	6-20-67	10-23-67	5	25	3 1/2	3 1/2	5,000	-	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
524-L-019	Small Enterprise	6-19-67	10-23-67	10	30	2 1/2	2 1/2	2,000	-	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	39,770	11,276	XXXX	-	84

Ecuador



BASIC DATA

Population (<i>millions – mid-1967</i>).....	5.4
Annual Growth Rate (<i>percent</i>).....	3.4
Area (<i>1000 square miles</i>).....	109
Population Density Per Square Mile.....	50
Agricultural Land as % of Total Area	19
Percent of Labor Force in Agriculture.....	53

Per Capita GNP (<i>dollars</i>).....	243*
Life Expectancy (<i>years</i>).....	53
People Per Doctor	2,990
Literacy Rate (<i>percent</i>)	68
Pupils as Percent of Population.....	16
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: ECUADOR

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	* a/	2.0
Technical Assistance	3.9	2.9	2.9
Total A.I.D. Assistance	3.9	2.9	4.9

* Under \$50,000.

a/ Includes \$40 thousand in grants for population program under Title X of the Foreign Assistance Act.

The principal objectives of the A.I.D. program in Ecuador are: (1) the formulation of a realistic agricultural development plan-- the first step to be the completion of a rice production plan; (2) export diversification away from concentration on the traditional exports of bananas, coffee and cocoa, into rice, edible oils, and livestock; and (3) strengthening of local and regional development-oriented institutions, in order to mobilize local resources and build grass roots desire for reforms.

During 1966 Ecuador's development effort was hampered by balance of payments and fiscal problems. But a combination of monetary and fiscal restraints on imports and rising export earnings enabled Ecuador to increase net foreign exchange reserves 19% during 1967 to an all-time high of over \$57 million. Moreover, as a result of increased earnings from import surcharges and application of more efficient tax collection procedures, Central Government revenues for the first eight months of 1967 increased 23% over the same period in 1966. Government expenditures were at the same time kept under tight control.

While restoring fiscal balance, the Central Government's austerity program prolonged the stagnation in government investment which has characterized Ecuador in the Alliance period. Government investment declined from 4.8% of GNP in 1961 to 3.5% in 1966. Government expenditures in the critical areas of food production and agrarian reform were reduced 27% and 35% respectively in 1967.

Against the backdrop of this uneven development performance by the Government, President Arosemena in 1967 criticized the Alliance for Progress for not providing enough financial aid to

Ecuador and for demanding too much from the Government in the way of financial contributions to projects. Following a public speech by our Ambassador to explain the rationale of Alliance for Progress self-help criteria, the Government of Ecuador declared the Ambassador persona non grata and gave him 48 hours to leave the country.

At U.S. initiative, a bilateral review was initiated with the Government of Ecuador on all active A.I.D. loans with the objective, either to confirm Ecuadorean willingness to continue implementation of each loan in accordance with the loan agreement, or to cancel the loan. The review did not surface any important Ecuadorean objections to A.I.D., and disbursement of all active loans continues, contingent upon the compliance of Ecuador with its obligations under the loan agreements.

FY 1969 Program

The proposed FY 1969 Technical Assistance program for Ecuador totals \$2.9 million. A \$2.0 million loan for supervised agricultural credit is being considered, and a \$2.0 million P.L. 480 program for maternal-child feeding and school lunch programs is anticipated. New A.I.D. lending will depend on Ecuador's willingness to accept the self-help obligations of the Alliance for Progress. Specifically the Agricultural Credit Loan will depend on the government's willingness to increase agricultural investment programs, including land reform, thereby reversing the trend of the past two years. A.I.D. will channel much of its technical assistance through autonomous public and private institutions (e.g. cooperatives, local development associations, Agricultural Development Bank, etc.), which demonstrate willingness and ability to support Alliance objectives. This approach will permit A.I.D. to continue to help development institutions in Ecuador, and thus lay the basis for more successful economic and social investment in the future.

The Inter-American Development Bank (IDB) heads a Consultative Group of lenders (A.I.D., international agencies, and Organization for Economic Cooperation and Development (OECD) members) whose members have made available \$91.6 million to Ecuador since 1965 for transportation, education, power, health, and industry. Of the total, \$10.3 million was loaned by A.I.D. Through the Consultative Group, A.I.D. maintains close coordination with the other lenders to Ecuador.

Country: ECUADOR

Because of the importance of agricultural development to Ecuador--agriculture accounts for 34% of the country's gross domestic product and 92% of its exports--A.I.D.'s main emphasis is on increasing agricultural production. A.I.D.'s technical assistance efforts in agriculture (\$550,000 in FY 1968 and \$900,000 in FY 1969) are directed toward: (1) assisting the Ministry of Agriculture prepare the agricultural development plan and implement the rice development plan; (2) encouraging agricultural diversification in order to reduce Ecuador's dependence on banana exports, which account for 55% of total export earnings; and (3) developing rural credit unions and production-marketing cooperatives.

In 1967 the Ministry of Agriculture established an agricultural statistics division to develop the statistical base necessary for an agricultural development plan. A.I.D. will continue to support this effort in FY 1969 by providing the services of two U.S. Department of Agriculture (USDA) statistical technicians. A.I.D. will continue to provide six USDA advisors in FY 1969 to assist the Ministry of Agriculture implement the rice development plan. The rice program will not only contribute to agricultural diversification but also enable the Ministry to gain practical planning experience that can be drawn upon when the sector plan is implemented. Credit union and cooperative

programs will continue to play an important role in mobilizing credit for small and medium-scale farmers, in improving marketing procedures within Ecuador, and in improving income distribution in the rural areas.

Through its community action programs (\$680,000 in FY 1968, \$930,000 in FY 1969), A.I.D. is assisting institutions outside the Central Government that are concerned with self-help economic development. In FY 1968, A.I.D. initiated a local planning and development project designed to expand the Peace Corps' pilot Campesino Leadership Training Program into several rural communities. This project is supported primarily by the interested local communities with support from the Ecuadorean Land Reform Agency, the Forestry Service, and the Agricultural Extension Service. In FY 1969 a similar leadership project will be initiated in low-income barrios of Guayaquil. Other activities with a Title IX thrust include: (a) the American Institute for Free Labor Development's organization and training of free labor unions under the auspices of the Ecuadorean Confederation of Free Trade Unions; (b) support for efforts to initiate a nationwide family planning program being undertaken by private groups in Ecuador; and (c) maternal-child and school lunch feeding programs.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

COUNTRY: ECUADOR

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Production & Agrarian Reform	518-11-100-051	1962	1972	2,091	2,026	65	295	300	60	TA	330	1,050	3,766
Labor	518-15-490-076	1966	1971	264	229	35	208	213	30	TA	249	900	1,621
Assistance to Universities	518-15-660-054	1962	1969	4,864	4,511	353	483	509	327	TA	90	-	5,437
Human Resources Development	518-15-690-075	1967	1970	757	270	487	375	398	464	TA	416	1,016	2,504
Public Safety	518-11-710-037	1962	1972	2,972	2,835	137	208	230	115	TA	354	576	4,110
Public Administration	518-11-750-017	1955	1969	1,835	1,808	27	41	43	25	TA	23	-	1,899
Local Planning and Development	518-15-810-092	1968	1971	-	-	-	99	70	29	TA	152	450	701
Special Development Activity	518-15-810-077	1966	Cont.	121	94	27	50	52	25	TA	50	Continuing	-
*Youth Affairs	518-15-825-095	1969	1973	-	-	-	-	-	-	TA	15	200	215
Industrial Development	518-15-910-024	1956	1971	1,583	1,390	193	164	177	180	TA	274	469	2,490
Cooperative Development	518-15-990-058	1962	1970	2,032	1,884	148	230	242	136	TA	260	866	3,388
Civic Action	518-15-990-056	1962	1971	983	933	50	25	30	45	TA	20	50	1,078
Technical Support	518-11-990-000	1953	Cont.	4,433	4,345	88	700	708	80	TA	667	Continuing	-
Vocational Education	518-11-610-038	1960	1967	1,915	1,876	39	-	-	39	-	-	-	1,915
School Construction	518-15-640-039	1960	1967	1,856	1,838	18	-	-	18	-	-	-	1,856
Food for Peace	518-15-820-091	1967	1968	41	38	3	38	38	3	-	-	-	79
Audio-Visual Operations	518-15-960-093	1967	1968	70	65	5	62	60	7	-	-	-	132
Economic Development Planning	518-15-990-055	1962	1967	617	577	40	-	10	30	-	-	-	617
Town Plan	518-15-990-074	1962	1967	419	382	37	-	-	37	-	-	-	419
Total											2,900		
TA											2,900		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
	A.I.D. employed	48	33
Participating agency	8	7	7
Contractor technicians	32	26	15
Total	88	66	50

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
	Non-contract	83	45
Contract	20	19	16
Total	103	64	69

DESCRIPTION OF NEW FY 1969 PROJECTS

COUNTRY: ECUADOR

(In Thousands of Dollars)

TABLE IVa

Project Title	Project Number	Proposed Program FY 1969		Description
		Funds	Amount	
Youth Affairs	518-15-825-095	TA	15	<p>The targets of this new project are: (1) to involve capable students in the development and integrative processes of the country by encouraging them to participate in rural and urban development activities; (2) to help the student work and live in an environment which will enable him to change attitudes, ideas, and role perceptions in relationship to economic development and social reform; and (3) to aid community development while identifying universities with local problems through the active participation of their students.</p> <p>The USAID will: (1) identify capable students from various Ecuadorean universities who can contribute to and profit by programs of community action of the type envisaged by Title IX of the F.A.A. Students from normal and secondary schools will also be involved in these development activities, and (2) in every possible instance, help students find meaningful involvement in the development process by having them work with Peace Corps Volunteers, AID staff, other foreign collaborators, and Ecuadorean development agencies and leaders.</p> <p>FY-1969 funds will be used to pay maintenance costs of participating students and to cover local travel costs of the U.S. direct-hire individual responsible for monitoring the project.</p>

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

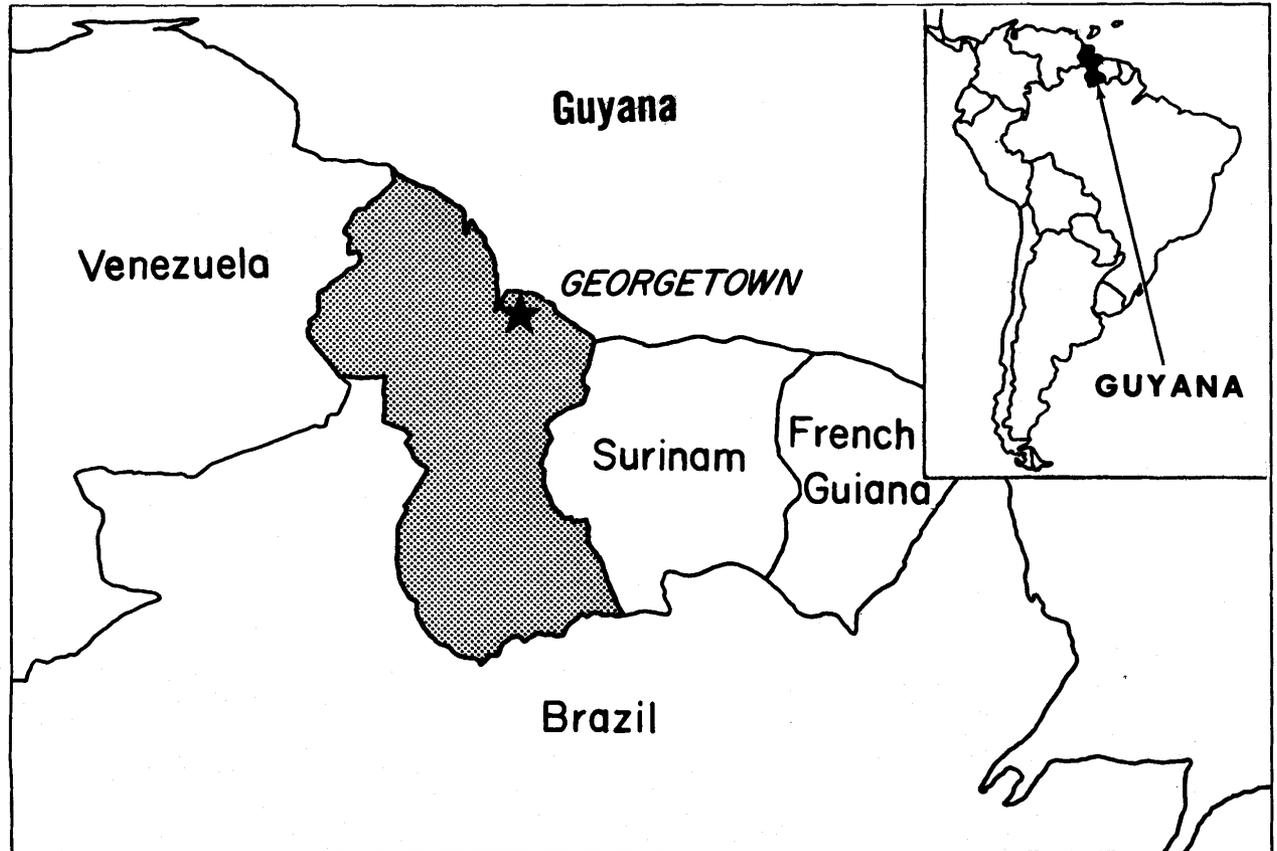
COUNTRY: ECUADOR

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation					
518-A-011	Aerial Photogrammetric Mapping	4/18/61	10/19/61	1/2	20	3 1/2	3 1/2	1,800	1,608	3/4 IC 1/4 US\$	320	71
518-A-012	Central Housing Bank	6/28/61	10/31/61	1	25	4	4	5,000	4,999	U.S.\$	162	583
518-L-014	Industrial Credit - 2 Step	2/9/62	7/20/62	5	20	5 3/4	5 3/4	5,000	4,690	U.S.\$	-	29
518-L-017	Feasibility Studies	2/28/63	9/4/63	10	40	3/4	3/4	2,000	1,646	U.S.\$	-	10
518-M-019	Administrative and Fiscal Reform	4/17/63	9/2/63	1	40	3/4	3/4	1,425	1,272	U.S.\$	40	16
518-L-022	Consortium Road	4/22/64	5/26/64	10	40	3/4	2	13,300	2,894	U.S.\$	-	22
518-L-023	Rural Electric Cooperatives	5/8/64	8/30/64	10	40	3/4	2	650	318	U.S.\$	-	1
518-L-024	Cooperative Bank - 2 Step	6/12/64	2/8/65	5	25	3/4	2	1,200	898	U.S.\$	-	5
518-H-025	Institute of Electrification (INECEL)	6/30/64	8/24/64	10	40	3/4	2	700	290	U.S.\$	-	1
518-L-026	Compania Financiera Development Bank 2 Step	6/26/65	1/31/66	5	20	2 1/2	2 1/2	3,000	1,982	U.S.\$	-	17
518-L-027	Primary Education Improvement	6/29/65	2/11/66	10	40	1	2 1/2	5,300	16	U.S.\$	-	-
518-L-029	Malaria Eradication	6/30/66	5/30/67	10	40	1	2 1/2	2,000	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	41,375	20,613	XXXX	522	755

Guyana



BASIC DATA

Population (<i>millions – mid-1967</i>).....	0.7
Annual Growth Rate (<i>percent</i>).....	2.8
Area (<i>1000 square miles</i>).....	83
Population Density Per Square Mile.....	8
Agricultural Land as % of Total Area	13
Percent of Labor Force in Agriculture.....	34

Per Capita GNP (<i>dollars</i>).....	331*
Life Expectancy (<i>years</i>).....	51
People Per Doctor	2,110
Literacy Rate (<i>percent</i>)	80
Pupils as Percent of Population.....	24
<i>(Primary and Secondary)</i>	

Country: GUYANA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	8.1	13.0	7.0
Technical Assistance	1.3	1.1	1.5
Total A.I.D. Assistance	9.4	14.1	8.5

The A.I.D. program serves a dual purpose: fostering basic economic development, and continuing projects which will provide visible evidence of progress under the present moderate leadership. The major challenger to the present leadership in the next election, sometime before April 1969, is expected to be Cheddi Jagan, a communist and former head of government before Guyana gained her independence in 1966.

A.I.D. objectives are to:

- (a) strengthen foreign exchange earnings and the agricultural sector by a 4% annual expansion of rice export earnings through modernization of the entire industry, and
- (b) reduce the rate of unemployment by 50% during the next five years (to less than 10% of labor force by 1973) through general economic expansion, expanded vocational training, and promotion of new and expanded labor intensive enterprises.

Guyana achieved significant gains during 1967, following International Monetary Fund (IMF) recommendations made in conjunction with an IMF stand-by agreement in February. Foreign exchange reserves increased by nearly one-third to \$23 million. Gross Domestic Product in 1967 rose by 3.5% in real terms. The capital budget for development projects has nearly doubled during the present administration (1965-1968). Government investment incentives (including duty-free industrial imports, tax holidays, tariff concessions and subsidized land sites) have helped general employment and diversification of the economy away from its dependence on aluminum and sugar for export.

Unemployment continues at a barely tolerable level of 15%-20% as more unskilled youths enter the labor market. Industrialization is able to absorb only 16% of the labor force.

A.I.D.-assisted projects of major infrastructure rehabilitation and improvement such as road-building, airport and sea wall reconstruction, in the past have helped allay the employment problem. Involvement of a cross-section of recognized racial groupings in these projects also helped reduce social tensions created by racially-backed parties vying for national political leadership.

FY 1969 Program

In FY 1969, A.I.D. proposes a program of \$7 million for Development Loans and \$1.5 million for Technical Assistance. In addition, a \$500,000 P.L. 480 grant will be continued to help community development, school lunch programs and maternal and child health centers. Consideration also is being given to a P.L. 480 credit sales agreement.

Guyana also receives assistance from the United Kingdom and Canada, and technical assistance from the IBRD. The United States has provided an average of \$10-\$11 million annually, compared to about \$7 million from the United Kingdom and a current Canadian contribution of \$3 million.

Major loan funding is planned for development of rice production. In FY 1968 A.I.D. plans to authorize an \$11 million loan to finance construction of a rice research station and receiving, drying, storage and processing facilities in five key locations. In FY 1969 a \$5 million loan is planned for the second phase and will provide for facilities at four additional sites.

A \$275,000 technical assistance grant will finance special advisors to the rice industry and to assist Guyana's development of fruits and vegetable crop. Rice is Guyana's third most important export (after bauxite/alumina and sugar), accounting for 14% of export earnings, and providing a livelihood for 25% of the population, directly and indirectly. Rice yield is low and the quality is poor.

A.I.D. also will continue its activity in infrastructure development. A \$2 million loan in FY 1969 will finance the first stage of a potable water supply system for several rural coastal villages. Technical assistance funds will provide advisory services in road maintenance and repair to the government's Roads Division.

Country: GUYANA

To aid with the labor problem, A.I.D. is continuing two contracts with the American Institute for Free Labor Development for the training of union leaders and the development of social projects and a vocational industrial training center. An additional contract with a U.S. consulting firm is planned to help the Guyana Development Corporation identify and promote investment activities.

An A.I.D. Public Safety advisory team will continue to provide training and guidance in the utilization of police manpower and equipment resources, including advice on personnel selection, training and career development at both the operational and management levels.

TABLE IV
Part I

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: GUYANA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Development & Diversification of Agriculture	504-11-120-039	1967	1970	355	7	348	195	373	170	TA	275	250	1,075
Industrial Development Advisory Services	504-11-290-043	1966	1971	163	13	150	-	125	25	TA	225	300	688
Road Systems Maintenance & Improvement	504-11-310-021	1965	1969	3,751	3,093	658	75	124	609	TA	65	-	3,891
AIFLD (American Institute for Free Labor Development) Industrial Training Center	504-11-490-040	1966	1970	255	36	219	189	300	108	TA	225	291	960
Labor Education	504-11-490-024	1965	1970	354	263	91	151	129	113	TA	230	400	1,135
General Training	504-11-690-030	1965	1972	291	203	88	52	100	40	TA	80	825	1,248
Public Safety	504-11-710-037	1966	1970	647	361	286	89	300	75	TA	120	64	920
Special Development Activities	504-15-990-031	1965	Cont.	50	22	28	-	28	-	TA	50	Continuing	
Technical Support	504-11-990-000	1955	Cont.	1,138	1,085	53	252	249	56	TA	230	Continuing	
Sea Defenses Maintenance & Improvement	504-12-120-022	1965	1965	1,000	977	23	-	23	-	-	-	-	1,000
Mineral Resources Survey	504-11-210-027	1965	1968	100	37	63	28	91	-	-	-	-	128
Atkinson Airport Improvement	504-12-370-023	1965	1968	1,500	882	618	19	337	300	-	-	-	1,519
Health Operations and Advisory Services	504-11-530-003	1960	1967	379	319	60	-	60	-	-	-	-	379
Polio Rehabilitation	504-11-530-049	1964	1964	143	86	57	-	57	-	-	-	-	143
Health Facilities	504-12-550-025	1965	1965	100	20	80	-	80	-	-	-	-	100
School Construction	504-12-690-026	1965	1965	100	-	100	-	-	100	-	-	-	100
Office Facilities Ministry of Works and Hydraulics	504-12-790-032	1965	1965	100	96	4	-	4	-	-	-	-	100
Rebuild Workshop Ministry of Works and Hydraulics	504-12-790-034	1965	1965	65	50	15	-	15	-	-	-	-	65
Total											1,500		
TA											1,500		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	8	9	9
Participating agency	1	-	-
Contractor technicians	12	12	12
Total	21	21	21

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	50	49	58
Contract	-	-	-
Total	50	49	58

STATUS OF DEVELOPMENT LOANS SUMMARY

As of 12/31/67

COUNTRY: GUYANA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation					
504-L-001	Atkinson Field-Mackenzie Road	6-30-65	10-29-65	10	40	1	2½	7,500	2,919	U.S.\$	-	10
504-L-002	Private Investment Fund	1-5-66	5-21-66	10	40	1	2½	2,000	141	U.S.\$	-	-
504-L-003	Feasibility Studies	10-19-66	11-3-66	10	40	1	2½	600	318	U.S.\$	-	-
504-L-004	Corentyne & West Demerara Roads	6-23-67	10-7-67	10	40	1	2½	7,500	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	17,600	3,378	XXXX	-	10

Haiti



BASIC DATA

Population (<i>millions – mid-1967</i>).....	4.9
Annual Growth Rate (<i>percent</i>).....	2.3
Area (<i>1000 square miles</i>).....	11
Population Density Per Square Mile.....	456
Agricultural Land as % of Total Area	31
Percent of Labor Force in Agriculture.....	83

Per Capita GNP (<i>dollars</i>).....	70
Life Expectancy (<i>years</i>).....	40
People Per Doctor	14,980
Literacy Rate (<i>percent</i>)	10
Pupils as Percent of Population.....	6
<i>(Primary and Secondary)</i>	

Country: HAITI

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Supporting Assistance	1.4	2.0	2.5
Contingency Fund	0.4	-	-
Total A.I.D. Assistance	<u>1.8</u>	<u>2.0</u>	<u>2.5</u>

The humanitarian objective of the small A.I.D. program in Haiti is to bring to a successful conclusion a country-wide malaria eradication program administered jointly by the Pan American Health Organization (PAHO), UN Children's Fund (UNICEF), and the Haitian Government. Elimination of malaria in Haiti also would serve to safeguard the Dominican Republic (on the same island) from reinfection.

A.I.D. has not maintained a mission in Haiti since 1963; its assistance since then has been channelled through and administered by private agencies and international organizations. The Haitian Government lacks both the commitment to economic development and the management capability necessary to utilize effectively foreign assistance in amounts significantly greater than those now programmed for FY 1969.

FY 1969 Program

The A.I.D. program proposed for FY 1969 consists entirely of \$2.5 million in Supporting Assistance.

The United Nations finances limited technical assistance projects in agriculture, especially animal husbandry. The Israeli, the German and the Chinese Nationalist Governments also have modest agriculture-related programs in Haiti.

\$1.6 million in A.I.D. assistance will continue the malaria eradication program at a level which should eradicate the disease by FY 1972. Annual contributions of PAHO and UNICEF to the malaria program have averaged \$300,000 a year since FY 1964 for drugs, DDT, scientific equipment and vehicles. The total PAHO/UNICEF contribution to the malaria program projected for FY 1969 is slightly less than \$400,000.

Since FY 1966, A.I.D. has provided grants to CARE Incorporated totalling \$266,000 to support CARE's community development/family planning programs in rural areas of Haiti's northwest. An A.I.D. grant to CARE of \$296,000 is proposed for FY 1969 to continue this help with increased emphasis on family planning services.

An increase in Supporting Assistance funds for FY 1969 is required in order to support an OAS program of technical assistance begun in FY 1968. In FY 1969, the amount proposed for this program is \$577,000 to finance OAS technical experts.

COUNTRY: HAITI

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Malaria Eradication	521-11-510-033	1961	1972	9,114	8,316	798	1,400	1,694	504	SA	1,577	3,636	15,727
Community Development (Health, Family Planning)	521-15-810-007	1966	1969	166	43	123	100	195	28	SA	296	-	562
Special Fund Activities	521-15-990-050	1968	1972	-	-	-	25	23	2	SA	50	-	Cont.
U.S. Contribution to OAS Special Development Activities Fund	521-11-974-001	1968	1969	-	-	-	475	-	475	SA	577	-	1,052
Total											2,500		
TA											-		
SA											2,500		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	-	-	-
Participating agency.....	3	5	5
Contractor technicians.....	-	-	-
Total	3	5	5

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract			-
Contract			
Total			

Mexico

Mexico



BASIC DATA

Population (<i>millions – mid-1967</i>).....	45.7
Annual Growth Rate (<i>percent</i>).....	3.5
Area (<i>1000 square miles</i>).....	761
Population Density Per Square Mile.....	60
Agricultural Land as % of Total Area	52
Percent of Labor Force in Agriculture.....	53

Per Capita GNP (<i>dollars</i>).....	510*
Life Expectancy (<i>years</i>).....	60
People Per Doctor	2,020
Literacy Rate (<i>percent</i>)	71
Pupils as Percent of Population.....	17 ^E
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: MEXICO

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Technical Assistance	0.3	0.2	0.2

The limited U.S. technical assistance effort in FY 1969 is intended to encourage Mexico's role as a donor, both of technical and commodity assistance to her Alliance neighbors and to assist in a U.S.-financed third country training program.

The Mexican GNP is growing at an average rate of 7.0%-7.5% per year--and per capita GNP is growing at an average rate of 3.5%-4.0% per year. This encouraging rate of growth has been accompanied by only modest price increases--about 3% a year. The Government is concentrating its investment program in key areas--irrigation activities, small and medium size industry, agricultural credit facilities, and low cost housing. Mexico is an active member of the Latin American Free Trade Association and supports the establishment of a Latin American Common Market.

Despite this favorable development picture, Mexico still faces several serious obstacles to economic development. Jobs are needed for some 500,000 new workers each year. Great inequalities exist in income; the lower income population is concentrated in the rural sector, with an average per capita GNP of less than \$150, compared with the \$500 national average, and a large unemployment problem is

emerging, mainly in the rural areas. The Government of Mexico is becoming increasingly aware of the gravity of this rural unemployment problem and has taken initial steps to cope with it. Its task is made more difficult because the supply of land for distribution to landless campesinos is becoming exhausted, so the traditional remedy is no longer available. We cannot disregard the possibility of a role for U.S. capital assistance as the Government of Mexico's programs evolve to meet this growing need.

Mexico provides technical assistance to other Latin American countries within the framework of the Alliance for Progress. Almost 5,000 technicians and students from other Latin American countries are trained in Mexico each year--about 450 of whom receive financial assistance from A.I.D. Mexico also furnishes technical advisors to Latin American countries, especially those in Central America.

In FY 1969, the proposed A.I.D. technical assistance program of \$180,000 will (1) pay for the upkeep of a small staff which oversees on-going agricultural credit, low cost housing, and higher education projects, reflecting past A.I.D. loans totalling almost \$70 million; (2) provide for coordination of about 450 Latin American students to receive training under A.I.D. auspices in Mexico during FY 1969; and (3) finance a Special Development Fund project (\$50,000) in the field of community development and in pilot projects to alleviate rural unemployment and to increase agricultural productivity.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 1

COUNTRY: MEXICO

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
										TA	SA		
Technical Support	523-11-990-000	1952	Cont.	1,717	1,372	345	182	270	257	TA	180	Continuing	
Narcotics Control	523-12-710-154	1961	1967	627	587	40	-	40	-	-	-	-	627
Total											180		
TA											180		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	3	3	3
Participating agency	-	-	-
Contractor technicians	1	-	-
Total	4	3	3

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	-	-	-
Contract	200	-	-
Total	200	-	-

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: MEXICO

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
523-L-020A	Supervised Agricultural Credit	5/28/65	8/20/65	5	25	3 1/2	3 1/2	21,500	20,000	U.S.\$	-	-
523-L-022	Housing Program Loan	7/26/63	2/28/64	2	30	2	2	20,000	13,037	U.S.\$	150	317
523-L-023	Chapingo Agricultural Center	5/4/64	9/22/64	2	20	3 1/2	3 1/2	2,000	1,393	U.S.\$	-	45
523-L-024	Autonomous University of Guadalajara	6/29/65	7/26/66	5	20	3 1/2	3 1/2	3,000	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	46,500	34,430	XXXX	150	362

Panama

Panama



BASIC DATA

Population (<i>millions – mid-1967</i>)	1.3
Annual Growth Rate (<i>percent</i>)	3.3
Area (<i>1000 square miles</i>)	29
Population Density Per Square Mile	45
Agricultural Land as % of Total Area	18
Percent of Labor Force in Agriculture	46

Per Capita GNP (<i>dollars</i>)	579*
Life Expectancy (<i>years</i>)	62
People Per Doctor	1,920
Literacy Rate (<i>percent</i>)	78
Pupils as Percent of Population	19
(<i>Primary and Secondary</i>)	

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* - 1967 in 1966 prices.

Country: PANAMA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	22.9	15.1 ^{a/}	10.0
Technical Assistance	2.1	3.0	3.2
Contingency Fund	10.2	-	-
Total A.I.D. Assistance	35.2	18.1	13.2

a/ Includes \$100 thousand in grants for population program under Title X of the Foreign Assistance Act.

U.S. Aid Objectives

The A.I.D. program in Panama is designed to (a) assist the Panamanian Government alleviate economic and social conditions in depressed urban areas; (b) help achieve increased productivity and diversification in agriculture; and (c) promote long-term improvements in the country's educational and administrative structures. Progress toward these objectives is consistent with the desire of the United States to conclude and maintain mutually satisfactory treaty relationships with Panama in regard to the existing lock canal, military bases in the area, and the possible construction of a sea level canal.

Country Performance and Self-Help

Except for a temporary slowdown following the riots of 1964, Panama has experienced sustained economic growth since 1960. In 1967, the GNP increased 9.5% compared to the average annual rate of 8.5% for the previous five years. Agriculture remains the most important contributor to the GNP but the most dynamic growth has occurred in other sectors, particularly manufacturing. A surge in private investment (stimulated by the A.I.D. program that was enlarged in FY 1967), accounts for much of the recent growth. In 1967, gross investment rose to 23% of the GNP, up from 18% in 1965. In its balance of payments, Panama has historically had a sizable trade deficit which has for the most part been compensated by growing net receipts (\$99.8 million in 1966) from the Canal Zone.

The Government's fiscal performance during the past few years has improved considerably, due not only to a high level of economic activity but also as a result of successful tax reforms in 1964 and continually improving tax administration. Ordinary revenue increased by about 15% in 1966 and by about the same amount in 1967. However, there was a small deficit in the operating budget in 1967 and a sizable increase in the floating debt to suppliers.

A number of hard-core problems persist. Among the most serious of these are chronic unemployment in urban areas, and underemployment with low productivity in the rural sector.

Much of the recent growth in agriculture is attributable to increased banana production. While the agriculture sector includes over half the working population, it produces only one-fifth of the value of domestic production.

In Panama's cities, urban blight and a shortage of housing have created a critical situation. Over half the population of Panama City lives in substandard housing. Some 40,000 people inhabit heavily congested squatter areas, many of them in the immediate vicinity of the Canal Zone. The Government has been devoting well over one-third of its annual operating budget to education and health activities (about 44% in 1967) but these sectors are lagging seriously behind rapidly growing needs.

Underlying many of Panama's problems is the need to upgrade the public administration system and middle-level staff. The number of employees under the career civil service is limited and rapid turnover is not unusual. Improvements in organization, management and overall coordination are needed.

FY 1969 Program

The proposed A.I.D. program for FY 1969 amounts to \$13.2 million, of which \$10 million will be in Development Loans and \$3.2 million in Technical Assistance. The World Bank may extend a loan of about \$30 million for hydro-power construction and the Inter-American Development Bank (IDB) expects to provide \$5.5 million in loans for vocational education and agricultural credit.

Urban Rehabilitation and Development. Depressed living conditions in Panama's urban areas represent a continuing threat to the political stability of the country. In August 1966, a high-level U.S. review team visited Panama and recommended a broad-gauged attack on urban poverty and decay. In accordance with the team's

COUNTRY: PANAMA

recommendations, A.I.D. in FY 1967 committed \$22 million in loans and \$2.6 million in grants for urgently needed streets and roads, water and sewerage systems, housing, community facilities, manpower training, voluntary services and community action programs, primarily in Panama City.

During FY 1968 these urban programs are going into high gear. A.I.D. plans to continue supporting these programs with \$515,000 in technical assistance and may provide up to \$5 million in loans to expand them into other areas of Panama City. A.I.D. also expects to finance part of an urgently needed \$21 million water supply system for Panama City, and will finance preparation of urban master plans for the development of four key urban centers--Panama City, Colon, David and Santiago--under an earlier feasibility studies loan.

In FY 1969 the urban improvement pattern will be applied on a concentrated scale to Panama's second city, Colon, on the Atlantic side of the Panama Canal. Under this program, A.I.D. will provide up to \$5 million in loan funds for urbanization, utilities, community facilities, schools, job training, small family industries and home improvement and construction. Several thousand families now living in tenements or squatter areas will benefit.

Agricultural Production and Reform. The great majority of the farms in the country remain outside the cash economy, but the Government's program of concentrating resources on six priority areas is beginning to have an impact. A.I.D. has supported the program with a \$2.4 million Development Loan extended in FY 1965 and technical assistance. A.I.D. has also provided \$2.4 million in loan funds for a Rural Cadastral and Natural Resources Survey, which has generated data needed to implement Panama's land reform program and improve tax collections.

During FY 1968 A.I.D. expects to make a \$4 million sector loan for agriculture, which will require the Government to make specific self-help commitments on a sector-wide basis. The loan includes supervised credit, extension support, small-scale irrigation projects, agricultural education and marketing facilities.

The proposed FY 1969 program in agriculture will be limited to the continuation of technical assistance and to a \$1 million loan for the establishment of Panama's first rural electrification cooperative. The latter project is important for the promotion of democratic institutions, and for its long-range modernizing effects. Other loan possibilities include a Cooperative Bank and a cadastral survey of the Darien region.

Education. Panama's educational facilities are inadequate for the needs of a rapidly increasing population, over half of which is under the age of nineteen. A.I.D. has provided both grant and self-help loan support for the construction of school facilities. In FY 1967 A.I.D. policy shifted to providing resources and guidance primarily for urgently needed improvements in planning and curriculum development. As a follow-up to these activities, A.I.D. will provide \$1.5 million in loan funds during FY 1968 to support a \$4.4 million campus development program of a newly established private university. A.I.D. is also extending grant assistance of \$238,000 for advisory services in education, youth leadership development and the production of textbooks.

It is anticipated that with completion of the A.I.D.-funded National Education Plan in early FY 1969, there will be an urgent need as well as an opportunity to correct basic deficiencies in Panama's educational system. A \$6 million education sector loan was contemplated for this purpose, but limited funds will allow only a \$1 million project loan and continued technical assistance.

Development Administration. Panama has achieved notable successes in developing its Central Planning Office and in providing reasonably efficient tax administration. In the past, A.I.D. has provided concentrated technical assistance for selected government offices including the Planning Office, the Bureau of Internal Revenue, the Customs Bureau and the Central Procurement Office. In FY 1968 A.I.D. is providing \$373,000 in Technical Assistance for this purpose. A \$3 million loan by A.I.D. is proposed in FY 1969 to help promote a broad administrative reform program.

TABLE IV
Part 1

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: PANAMA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Development	525-11-190-070	1962	1973	1,458	1,356	102	266	255	113	TA	281	901	2,906
Labor Development	525-15-410-123	1967	1973	43	9	34	71	82	23	TA	76	226	416
Manpower Training and Utilization	525-15-460-118	1967	1971	506	44	452	60	162	360	TA	82	144	792
Health and Population	525-15-540-124	1967	1973	107	22	85	161	120	126	TA	108	375	751
Private Higher Education	525-13-660-109	1967	1970	135	-	135	-	-	135	TA	129	114	378
Education Development and Implementation	525-11-690-127	1967	1973	134	63	71	242	170	143	TA	161	491	1,028
Public Safety	525-11-710-044	1959	1971	1,176	1,124	52	176	150	78	TA	173	275	1,800
Government Administration and Fiscal Reform	525-11-720-048	1955	1973	1,743	1,388	355	411	487	279	TA	289	814	3,257
Demonstration Community Development	525-15-810-121	1967	1972	1,394	80	1,314	205	646	873	TA	222	489	2,310
Urban Development	525-15-870-119	1964	1973	722	619	103	243	200	146	TA	294	840	2,099
Private Enterprise Development	525-15-950-069	1956	1971	1,081	1,004	77	142	151	68	TA	187	287	1,697
Special Development Activities	525-15-990-101	1964	Cont.	257	213	44	100	120	24	TA	100		Continuing
Technical Support	525-15-990-000	1957	Cont.	3,417	3,169	248	1,060	1,085	223	TA	1,098		Continuing
Aerial Photo and Mapping	525-12-120-051	1962	1965	991	989	2	-	-	2	-	-	-	991
Development of Integrated Health Facilities	525-12-550-057	1962	1967	976	868	108	-	-	108	-	-	-	976
University of Panama	525-11-660-041	1959	1965	671	668	3	-	-	3	-	-	-	671
Education Planning	525-11-680-110	1967	1967	300	3	297	-	117	180	-	-	-	300
National School Construction	525-12-690-056	1962	1967	5,177	5,176	1	-	-	1	-	-	-	5,177
Community Development Foundation	525-15-810-117	1967	1967	250	-	250	-	20	230	-	-	-	250
National Volunteer Service	525-15-810-122	1967	1967	150	-	150	-	75	75	-	-	-	150
Miscellaneous Manpower Training	525-15-990-061	1962	1967	301	268	33	-	-	33	-	-	-	301
Total											3,200		
TA											3,200		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	34	43	45
Participating agency	6	8	7
Contractor technicians	13	21	10
Total	53	72	62

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	72	46	85
Contract	35	30	30
Total	107	76	115

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: PANAMA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
525-A-002	Feeder Road Construction	8-16-60	11-10-60	1	15	3 1/2	3 1/2	5,300	4,836	U.S.\$	572	710
525-L-005	Water and Sewerage System	12-31-62	2-6-63	3	30	3 1/2	3 1/2	6,000	5,863	U.S.\$	-	61
	Two-Step			10	40	3/4	3/4					
525-L-006	Private Development Bank (DISA)	11-18-63	12-23-63	5	20	2	2	5,100	5,032	U.S.\$	-	119
525-L-007	Cadastral Survey and Natural Resources Evaluation	6-26-64	8-6-64	10	40	3/4	2	2,400	2,161	U.S.\$	-	18
525-L-008	Feasibility Studies	9-14-64	11-2-64	10	40	3/4	2	1,000	935	U.S.\$	-	4
525-L-008A	Feasibility Studies-Amendment	6-9-67	Unsigned	10	40	1	2 1/2	1,000	-	U.S.\$	-	-
525-L-010	Agricultural Development	9-29-64	11-2-64	10	40	3/4	2	2,400	2,383	U.S.\$	-	19
525-L-011	Colon Sewerage	6-7-65	7-16-65	3	30	3 1/2	3 1/2	400	-	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
525-L-013	Self-Help School Construction	9-23-65	10-27-65	10	40	1	2 1/2	1,700	736	U.S.\$	-	2
525-L-014	Private Development Bank	6-17-66	10-19-66	5	20	3	3	4,000	483	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
525-L-015	Savings and Loan	6-27-66	9-12-66	5	25	2	2 1/2	2,100	55	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
525-L-017	Panama City Bridges & Culverts	11-4-66	1-4-67	10	40	1	2 1/2	1,100	206	U.S.\$	-	-
525-L-018	Trans-Isthmian Highway	11-4-66	1-4-67	10	40	1	2 1/2	3,000	35	U.S.\$	-	-
525-L-019	Panama City Water & Sewerage	11-4-66	1-4-67	5	30	3 1/2	3 1/2	3,056	7	U.S.\$	-	-
	Two-Step			10	40	1	2 1/2					
525-L-023	Malaria Eradication	5-29-67	2-29-68	10	40	2 1/2	2 1/2	1,500	-	U.S.\$	-	-
525-L-024	CAM Highway Project	6-14-67	7-7-67	10	40	1	2 1/2	1,100	-	U.S.\$	-	-
525-L-025	Panama City Street, Spec. Prog. Part II	6-14-67	7-7-67	10	40	1	2 1/2	2,000	-	U.S.\$	-	-
525-L-026	Panama City Water & Sewerage, Part II	6-14-67	7-7-67	10	40	1	2 1/2	6,600	-	U.S.\$	-	-
525-L-027	Cooperative Housing System	6-8-67	9-21-67	10	40	1	2 1/2	3,500	-	U.S.\$	-	-
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	53,256	22,732	XXXX	572	933

Paraguay



BASIC DATA

Population (<i>millions – mid-1967</i>).....	2.1
Annual Growth Rate (<i>percent</i>).....	2.6
Area (<i>1000 square miles</i>).....	157
Population Density Per Square Mile.....	13
Agricultural Land as % of Total Area	26
Percent of Labor Force in Agriculture.....	52

Per Capita GNP (<i>dollars</i>).....	225*
Life Expectancy (<i>years</i>).....	55
People Per Doctor	1,660
Literacy Rate (<i>percent</i>).....	68
Pupils as Percent of Population.....	19
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

COUNTRY: PARAGUAY

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	1.9	-	5.0
Technical Assistance	2.2	1.7	2.3
Total A.I.D. Assistance	4.1	1.7	7.3

U.S. Aid Objectives

The main objectives of the A.I.D. program are: to assist the Government to reverse the decline in per capita agricultural production; to stimulate the growth of agro-industrial enterprises; to modernize its systems of accounting and administrative management controls; to upgrade the quality of university education, especially agricultural education; and to encourage an increase in government tax revenues to support vitally needed programs in agriculture and education.

In office since 1954, the Government of President Stroessner has kept budget deficits to tolerable levels and employed strict credit controls. In this way, inflation has been slight. Prices between 1954 and 1960 increased 14% per year; since 1961, prices have increased less than 3% per year.

The Stroessner Government has been less successful in removing other roadblocks to economic development identified in the 1966 and 1967 Inter-American Committee for the Alliance for Progress (CIAP) Reports. Revenue collections, although up 11% in 1967, are still inadequate. Per capita agricultural production has continued to decline--down 4% from the 1957-59 base period.

A.I.D. has assisted in preparing the new accounting reform legislation enacted in 1967, and the proposed new budget control law to be submitted to the legislature in early 1968.

The highly centralized Stroessner administration has held national elections in 1963, 1965, 1967, and 1968, and permitted a progressive increase in political liberty. Three major opposition parties were given legal recognition in 1962, 1964, and 1967

respectively, and all are included on the 1968 Presidential election ballot. Campaigns are open, the press carries opposition views and public debates in Congress are increasing. Other evidences of progress are that opposition judges are included in the newly decentralized judicial system, and police powers over political opposition are under restriction.

Paraguay's National Development Plan includes emphasis on agricultural and livestock production. The National Development Bank has a technical as well as a credit assistance program for farmers, and has outlined a plan for a ten-fold increase in wheat production. A \$2.4 million P.L. 480 loan was signed in December incorporating important self-help measures in support of the Government's "Grow More Wheat" program. A.I.D. also is continuing technical assistance to various aspects of the agricultural sector including efforts to improve administrative practices, marketing and processing, research, education and extension plus formation of cooperatives.

FY 1969 Program

The proposed FY 1969 program totals \$7.3 million, of which \$2.3 million is for Technical Assistance and \$5 million is for Development Loans.

Paraguay has received capital assistance from the Inter-American Development Bank (IDB), the Organization of American States (OAS), and United Nations. An IDB loan of \$14.5 million in FY 1968 is for the second phase of the multinational power installation, the Acaray Hydroelectric project. A new International Monetary Fund (IMF) standby agreement for \$8 million was signed in December 1967. Potential loan programs of the IDB and IBRD could reach \$55 million in FY 1969.

More than half of the A.I.D. Technical Assistance and \$2 million of the Development Loan program is planned to help the Government carry out the expansion and diversification of agricultural production. Emphasis will be placed on increasing production of beef, lumber products and certain field crops. This is to be assisted by a \$2 million loan for agricultural credit programmed for FY 1969. Technical assistance amounting to \$818,000 is proposed to continue those on-going programs mentioned above.

Private sector assistance will be concentrated on the development of agro-business enterprises. A \$3 million loan is being planned for FY 1969 in support of a private development financing corporation; and most of the \$388,000 planned for the FY 1969

COUNTRY: PARAGUAY

Technical Assistance program in this sector will be given through the new Private Development and Productivity Center.

Technical assistance of \$151,000 is planned to finance U.S. Internal Revenue Service technicians working with the Ministry of

Finance. Special emphasis will be placed on increasing collections of real estate taxes, presently accounting for only 6% of the total tax revenue.

A.I.D. is assisting the National University through contracts with U.S. universities (\$610,000 in FY 1969) and the IDB is also providing a \$1.5 million loan in support of the university.

COUNTRY: PARAGUAY

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Productivity and Institutional Development	526-11-110-050	1942	1972	4,749	4,210	539	459	556	442	TA	698	2,130	8,036
Nutrition and Population	526-11-590-085	1965	1973	40	40	-	-	-	-	TA	348	800	1,188
National University	526-11-660-053	1958	1971	2,333	1,725	608	255	486	377	TA	253	600	3,441
Education Development (Non-University)	526-11-680-084	1968	1973	-	-	-	87	62	25	TA	131	1,342	1,560
Government Management and Organization	526-11-790-018	1953	1973	1,965	1,897	68	151	160	59	TA	164	450	2,730
Private Enterprise Development	526-11-950-051	1967	1972	261	58	203	152	180	175	TA	295	370	1,078
Special Development Activities	526-11-990-058	1964	Cont.	57	29	28	19	27	20	TA	25	Continuing	
Technical Support	526-11-990-000	1956	Cont.	3,265	3,167	98	445	420	123	TA	386	Continuing	
Road Construction and Maintenance Training	526-11-110-026	1955	1968	3,066	2,953	113	82	130	65	-	-	-	3,148
Rural Electric Coops	526-11-220-073	1966	1967	30	22	8	-	8	-	-	-	-	30
Rural Education Development	526-11-690-045	1962	1967	2,814	2,541	273	-	273	-	-	-	-	2,814
Total											2,300		
TA											2,300		
SA											-		
DL (grants)											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	17	17	17
Participating agency	7	9	9
Contractor technicians	5	10	11
Total	29	36	37

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	77	52	72
Contract	-	-	5
Total	77	52	77

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: PARAGUAY

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation					
526-L-012	Agricultural Credit	5/28/64	9/25/64	10	40	3/4	2	3,000	1,260	U.S.\$	-	4
526-L-015	Road Rehabilitation	6/30/66	1/6/67	10	40	1	2 1/2	4,680	-	U.S.\$	-	-
526-L-016	Airport Rehabilitation	6/30/66	4/10/67	10	40	1	2 1/2	4,700	253	U.S.\$	-	-
526-L-018	Malaria Eradication	5/1/67	1/29/68	10	40	1	2 1/2	1,900	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	14,280	1,513	XXXX	-	4

Uruguay

Uruguay



BASIC DATA

Population (<i>millions – mid-1967</i>).....	2.8
Annual Growth Rate (<i>percent</i>).....	1.4
Area (<i>1000 square miles</i>).....	72
Population Density Per Square Mile.....	39
Agricultural Land as % of Total Area	86
Percent of Labor Force in Agriculture.....	18

Per Capita GNP (<i>dollars</i>).....	547*
Life Expectancy (<i>years</i>).....	69
People Per Doctor	880
Literacy Rate (<i>percent</i>)	91
Pupils as Percent of Population.....	15
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: URUGUAY

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967	FY 1968	FY 1969
	Actual	Estimated	Proposed
Development Loans	0.8	15.0	5.0
Technical Assistance	1.5	1.4	2.1
Contingency Fund	0.4	-	-
Total A.I.D. Assistance	<u>2.7</u>	<u>16.4</u>	<u>7.1</u>

A.I.D. objectives in Uruguay are to support policies and programs which will help Uruguay to resume its economic development. This will involve, at a minimum: (a) formulation and implementation with the cooperation of the International Monetary Fund (IMF) of a fiscal and monetary program to reduce inflation; (b) implementation of policies and new programs to stimulate the production and export of agricultural goods.

For the past 15 years, Uruguay has experienced protracted inflation and retarded economic growth. Within the economic cycle, there is a stagnant agricultural sector, a non-competitive and costly private sector, and inequitable tax structure, a serious balance of payments problem, and federal government deficit, all of which contributed to inflation. In addition, there is a lack of reliable data on public finance, banking, employment and income distribution necessary for informed policy decisions. These impediments have slowed economic activity, which is reflected in Uruguay's declining GNP.

The elections held in November 1966, returned the government to a single executive from the previous ineffective council-type government. The new government has pledged improved economic policies including a realistic exchange rate and cooperation with international financial institutions. To assist Uruguay to undertake the difficult economic measures its government proposed, the United States began negotiations in June 1967, for an agricultural sector loan. Negotiations stopped when President Gestido changed to an economic team that adopted dirigist policies which caused rapid deterioration of the economic situation during the following five months. Inflation in FY 1967 reached 130%. In November, the President of Uruguay brought into power a new group which favored rational economic policies. In February 1968 the IMF approved a standby agreement. As part of the stabilization program, the Government of Uruguay devalued the peso by 50%.

During the period of high inflation and government vacillations in economic policy, severe climatic conditions caused the loss of one-half of Uruguay's grain crop and 20% of its livestock. The United States negotiated and signed a P.L. 480 sales agreement for 200,000 tons of wheat and 100,000 tons of feed grains to relieve human and animal nutrition needs. The United States also furnished 5,000 tons of corn under the emergency provisions of Title II, P.L. 480.

The United States has resumed negotiations for the agricultural sector loan. This loan will be made contingent on the government undertaking the following self-help measures: (1) a coherent and operative fiscal stabilization program; (2) legislation establishing a tax on income from land to permit the gradual reduction and eventual abolition of the existing tax system; (3) provision in the 1968 budget (now completed) for increased public activities and investment in the agricultural and livestock sector.

FY 1969 Program

The proposed A.I.D. program for FY 1969 is \$7.1 million, of which \$2.1 million is for Technical Assistance and \$5 million is for a loan to construct grain storage facilities and install a system of bulk handling and warehouse receipts. A.I.D. will finance the training of Uruguayan agricultural and livestock specialists who will work with farmers to modernize practices, increase production and improve marketing opportunities.

In education, A.I.D. advisors in rural primary and secondary schools will help improve science teaching. Educational TV programs in Montevideo will be operating with equipment furnished by A.I.D. and technical assistance by the Peace Corps.

A.I.D. technicians will provide advisory services to the Ministry of Industries and Commerce and the Ministry of Finance to improve taxation, port management and social security. Assistance will also be given to the planning organization of the government to help develop more accurate economic and employment statistics.

A.I.D. will continue to help strengthen Uruguay's democratic labor unions and reduce Communist influence within the labor movement and in the university. A.I.D. advisors to the Uruguayan police forces will provide technical assistance to develop police patrol, investigation and intelligence capabilities and selected police staff will be trained in the United States.

Country: URUGUAY

The World Bank is assisting Uruguayan agriculture with a \$19.7 million loan for pasture improvement. The IDB has made a loan of \$1.5 million in FY 1967 for pre-investment studies, and two loans in FY 1968 for \$7 million and \$4.4 million, respectively, for the

development of a cement and alcohol plant and for water and sewerage systems. In addition, the United Nations and its specialized agencies are providing 33 technicians, mostly for advisory assistance in agriculture.

TABLE IV
Part 1

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: URUGUAY

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Institutional Development	528-11-120-041	1965	1974	568	253	315	340	202	453	TA	630	2,500	4,038
Industrial Management and Marketing	528-15-270-011	1963	1973	368	241	127	91	110	108	TA	160	400	1,019
Tourism and Transportation *	528-15-390-090	1969	1972	-	-	-	-	-	-	TA	35	75	110
Labor Leadership Training	528-13-410-010	1963	1974	541	497	44	258	170	132	TA	275	825	1,899
Tuberculosis and Brucellosis Control	528-11-510-068	1967	1970	65	-	65	-	1	64	TA	20	25	110
Human Resources Development	528-15-690-078	1967	1971	216	3	213	25	83	155	TA	63	60	364
Development Planning and Administration	528-11-720-001	1962	1974	446	430	16	110	103	23	TA	317	900	1,773
Public Safety	528-11-710-013	1962	1973	605	500	105	165	223	47	TA	200	550	1,520
Special Development Activity	528-15-990-046	1965	Cont.	125	62	63	40	35	68	TA	50	Continuing	
Technical Support	528-15-990-000	1962	Cont.	751	738	13	321	297	37	TA	350	Continuing	
Professional Training of Ag. Specialists	528-11-110-002	1961	1965	534	457	77	-	50	27	-	-	-	534
Foot-and-Mouth Disease Control	528-11-110-005	1963	1964	38	25	13	-	13	-	-	-	-	38
Industrial Education	528-11-610-009	1963	1966	306	283	23	-	23	-	-	-	-	306
Trade Union Development	528-11-990-011	1967	1967	390	-	390	-	200	190	-	-	-	390
Total										TA	2,100		
TA											2,100		
SA											-		
DL (grants)											-		

*New Project--see TABLE IVa

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	8	10	10
Participating agency	2	2	2
Contractor technicians	10	4	12
Total	20	16	24

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	25	38	84
Contract	5	3	3
Total	30	41	87

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: URUGUAY

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repay-ments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation					
528-A-002	Telephone System	3/20/59	9/3/59	1	20	3½	3½	8,800	8,623	U.S.\$	1,171	1,525
528-L-018	Industrial Relending 2 step	5/28/64	11/27/64	5	25	3½	3½	3,000	-	U.S.\$	-	-
528-L-019	Fertilizer and Agricultural Imports	5/26/66	10/31/66	10	40	3/4	2	5,000	-	U.S.\$	-	-
528-L-020	Garrasco Int'l. Airport	2/16/67	2/2/68	10	40	1	2½	775	-	U.S.\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	17,575	8,623	XXXX	1,171	1,525

DESCRIPTION OF NEW FY 1969 PROJECTS

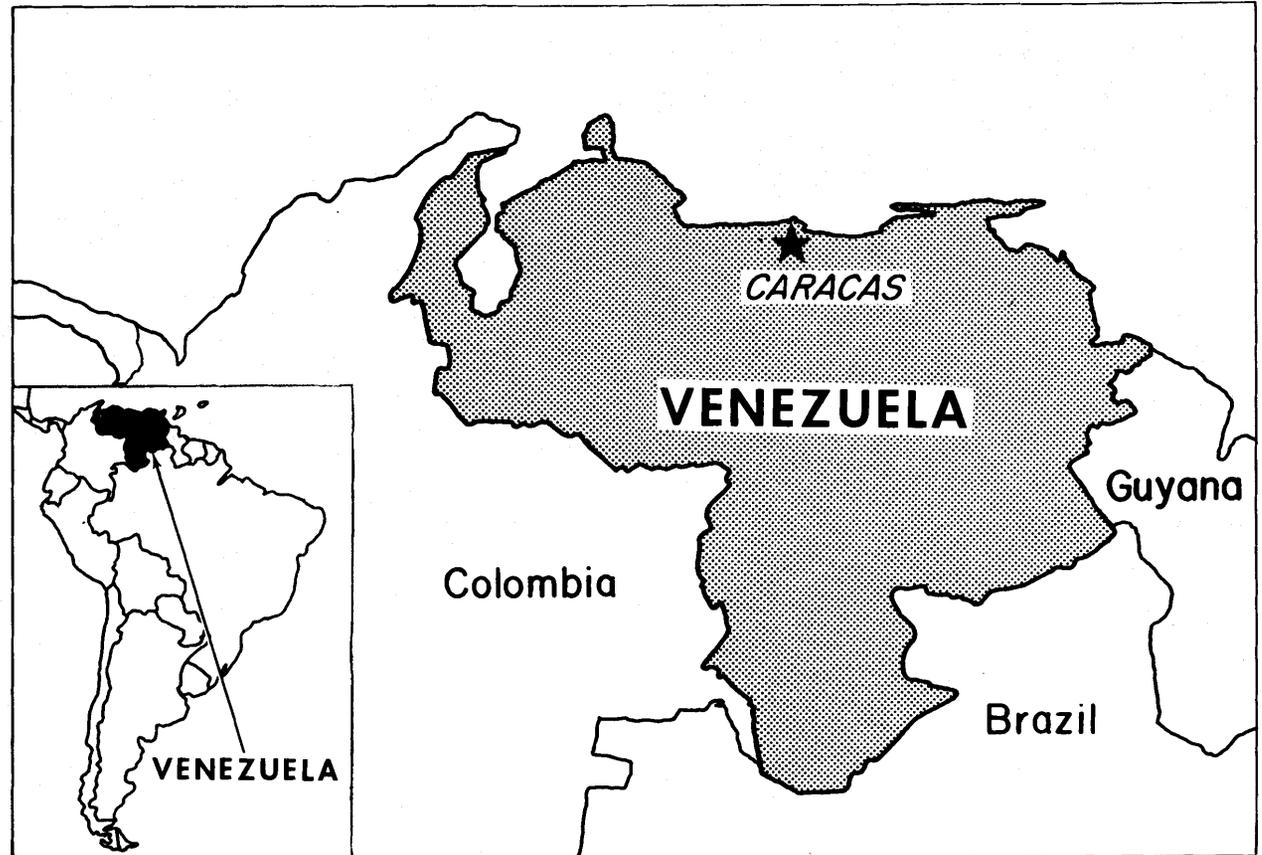
COUNTRY: URUGUAY

(In Thousands of Dollars)

TABLE IVa

Project Title	Project Number	Proposed Program FY 1969		Description
		Funds	Amount	
Tourism and Transportation	528-15-390-090	TA	35	The Government of Uruguay Ministry of Transportation, Communications and Tourism has developed a new high-priority program for the promotion of tourism and the tourist industry. This industry is second in earning critically needed foreign exchange for Uruguay, and is being looked to increasingly as a major economic resource for the country, capable of expansion and improvement. The project proposes short-term technical advice for a hotel personnel training program, and for the Ministry's transport needs evaluation unit. Two Ministry Tourist Division personnel will receive training in the U.S.

Venezuela



BASIC DATA

Population (<i>millions – mid-1967</i>).....	9.4
Annual Growth Rate (<i>percent</i>).....	3.4
Area (<i>1000 square miles</i>).....	352
Population Density Per Square Mile.....	26
Agricultural Land as % of Total Area	21
Percent of Labor Force in Agriculture.....	32

Per Capita GNP (<i>dollars</i>).....	900*
Life Expectancy (<i>years</i>).....	66
People Per Doctor	1,280
Literacy Rate (<i>percent</i>)	80
Pupils as Percent of Population.....	19
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: VENEZUELA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	0.1 ^{a/}	-
Technical Assistance	1.4	1.1	1.1
Total A.I.D. Assistance	1.4	1.2	1.1

a/ Represents \$140 thousand in grants for population program under Title X of the Foreign Assistance Act.

A.I.D.'s limited Technical Assistance program is aimed at relieving continuing bottlenecks to economic growth. It is focused on: (1) strengthening Venezuelan police capacity to combat rural and urban terrorism; (2) providing assistance in the modernization of the curriculum for secondary education; (3) expanding intermediate credit institutions to mobilize savings in order to meet the growing housing deficit; and (4) formulating public employment services and vocational training policies geared to Venezuela's manpower shortages. The Venezuelan Government will be encouraged to expand its technical assistance efforts to its Alliance neighbors. Due to Venezuela's ability to secure external financing from other sources, no A.I.D. concessional loans have been made since FY 1963.

Venezuela's growth rate for 1967 doubled over that of 1966 to approximately 6%, and its foreign exchange reserves rose to a new high of \$870 million. The dramatic increase in GNP during 1967 was a result of increased oil production to meet the world shortage created by the Mid-East crisis. Venezuela's petroleum income has been largely responsible for the 5.3% average GNP growth since 1961, as well as the increasing public investment for other sectors. (Petroleum accounts for more than one-fourth of the GNP, two-thirds of central government revenues and 90% of foreign exchange earnings.) Thus, over-dependence on petroleum has made the Venezuelan economy susceptible to fluctuations in the world petroleum market and has contributed to uneven distribution of income and growth.

Since 1961, Venezuela has been subjected to a terrorist campaign organized by the Castro-Communist Armed Forces of National Liberation. These guerrilla activities are currently supported from Havana. While this threat has not been eliminated, it is being controlled through the improved capabilities of the Venezuelan internal security forces. Since 1962, an A.I.D. Public

Safety Program has helped the Venezuelan Government establish a unified command among police agencies, improve logistical operations, purchase modern scientific equipment, and train some 12,000 Venezuelans in efficient and humane methods of maintaining law and order.

Major achievements by the Venezuelan Government, assisted by A.I.D. specialists, have been: (1) reorganization of the administration and investigatory procedures of the police and the establishment of a modern national police records system; (2) initiation of a national secondary and teacher education development plan; and (3) a major government public and private housing program (also supported by A.I.D. construction loans and housing guarantees). The latter resulted in more than 45,000 new dwelling units, establishment of a system of savings and loan institutions with a combined saving of \$31.2 million, and improved investment opportunities for the private sector.

FY 1969 Program

The proposed FY 1969 program consists of \$1.1 million in Technical Assistance. In addition, about \$1 million in P.L. 480 donations will be provided through voluntary agencies.

National manpower training and development funds (FY 1968--\$416,000, FY 1969--\$336,000) will provide consultant services and training to improve secondary and higher education curricula and methods, labor leader education, and manpower development and placement programs.

Housing and urban development funds (\$72,000 for FY 1968 and \$50,000 for FY 1969) will provide consultants to assist in the establishment of local housing and urban development institutions.

Population and demography funds (FY 1968--\$140,000; FY 1969--\$145,000) will finance one advisor plus contract services and participant training to develop demographic studies and family planning programs in conjunction with local private and governmental institutions.

Public safety funds (\$413,000 each for FY 1968 and FY 1969) will provide specialists to work with law enforcement agencies in records management, investigative procedures, patrol, and training methods, plus, finance U.S. training for Venezuelan police officers.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 1

COUNTRY: VENEZUELA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
AITFLD Activities (American Institute for Free Labor Development)	529-15-410-033	1966	1969	300	273	27	116	60	83	TA	55	-	471
National Manpower Training & Development	529-11-690-013	1962	1970	2,922	2,638	284	225	300	209	TA	250	225	3,622
Government Management Assistance	529-11-790-018	1962	1969	1,057	951	106	75	100	81	TA	31	-	1,163
Public Safety	529-11-710-022	1963	1972	1,737	1,615	122	413	289	246	TA	413	1,200	3,763
Housing & Urban Renewal	529-15-830-017	1962	1970	419	405	14	72	50	36	TA	50	50	591
Population & Demography	529-15-990-034	1967	1972	50	39	11	140	30	121	TA	145	350	685
Technical Support	529-15-990-000	1961	Cont.	1,567	1,554	13	153	121	45	TA	156	Continuing	
Total											1,100		
TA											1,100		
SA											-		
DL (grants).....											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	19	18	15
Participating agency.....	2	1	-
Contractor technicians.....	3	5	4
Total	24	24	19

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	131	94	86
Contract	6	1	-
Total	137	95	86

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

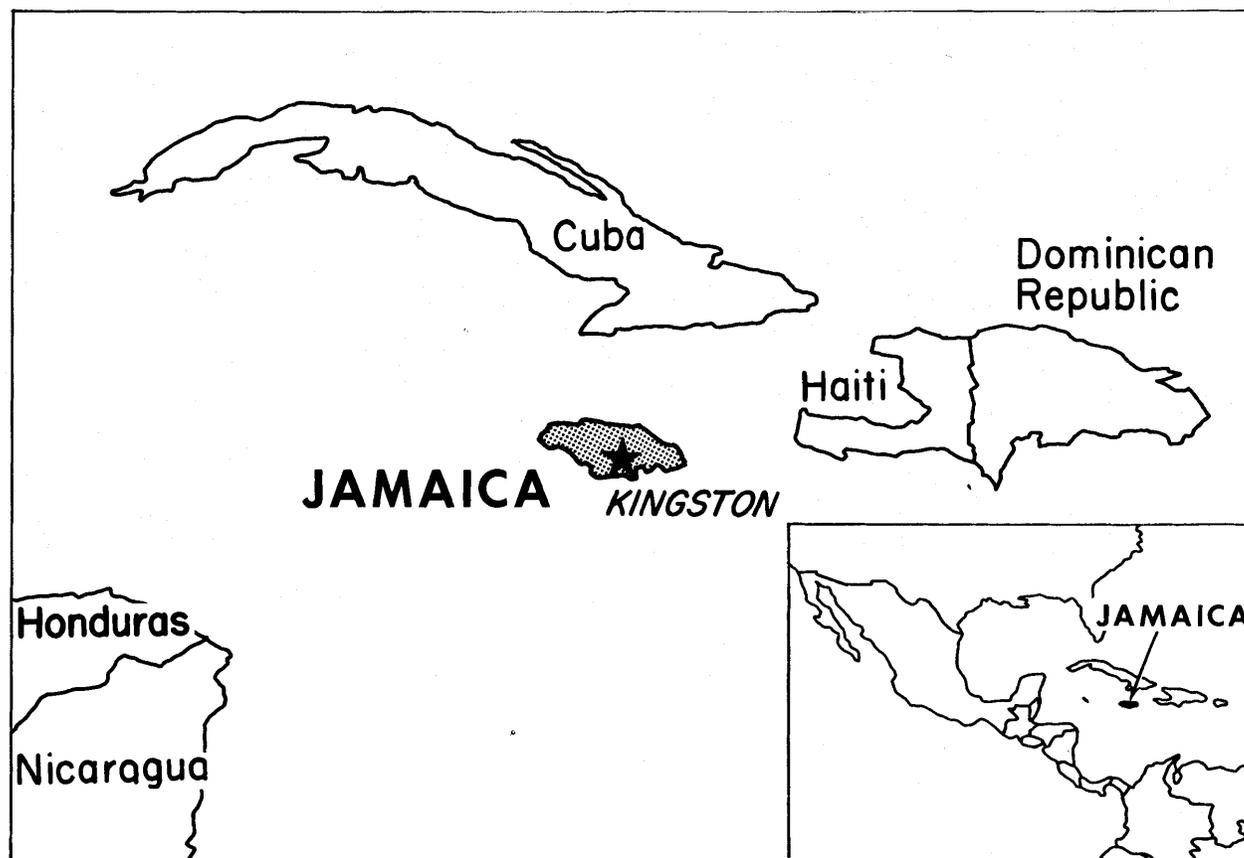
COUNTRY: VENEZUELA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth- orized	Loan Agree- ment			Grace Period	Amarti- zation					
529-L-004	Municipal Development	4-10-62	11-30-62	10	40	3/4	3/4	30,000	21,703	U.S.\$	-	345
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	30,000	21,703	XXXX	-	345

Jamaica



BASIC DATA

Population (<i>millions – mid-1967</i>).....	1.9
Annual Growth Rate (<i>percent</i>).....	2.6
Area (<i>1000 square miles</i>).....	4.2
Population Density Per Square Mile.....	440
Agricultural Land as % of Total Area	45
Percent of Labor Force in Agriculture.....	36

Per Capita GNP (<i>dollars</i>).....	528*
Life Expectancy (<i>years</i>).....	70
People Per Doctor	2,040
Literacy Rate (<i>percent</i>)	85
Pupils as Percent of Population.....	20 ^E
<i>(Primary and Secondary)</i>	

* - 1967 in 1966 prices.

Country: JAMAICA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	0.1 ^{a/}	-
Technical Assistance	0.7	0.7	1.0
Total A.I.D. Assistance	0.7	0.8	1.0

^{a/} Represents \$120 thousand in grants for population program under Title X of the Foreign Assistance Act.

U.S. Aid Objectives

The A.I.D. program is designed to help Jamaica improve educational opportunities, preserve law and order, reduce population growth, and to provide limited advisory assistance in agriculture, and institutional reform. The limited A.I.D. program is significant when coupled with (1) increasing Jamaican determination to deal with development problems, and (2) other assistance from abroad.

Jamaican economic growth in recent years averaged over 6% per year, but slowed to about 5% in 1967. A new Five Year Plan is being developed with technical assistance from the United Nations.

FY 1969 Program

The proposed A.I.D. program for FY 1969 is \$1.0 million in technical assistance. About \$2.0 million in P.L. 480 food will be provided for maternal and child welfare and school lunch programs.

Assistance from other sources may exceed \$60-\$80 million in 1968, largely in loans from the United Kingdom, Canada, United Nations, IBRD, the Export-Import Bank and private foundations.

Education. San Diego State College Foundation, funded by an A.I.D. contract, will continue to assist the Jamaicans to increase teacher training, and to modernize the curriculum for 50 new junior secondary schools being financed by the World Bank.

An A.I.D. loan for several new vocational trade training centers, resulting from an A.I.D. loan-financed feasibility study, may be considered in FY 1969, if other sources of financing do not become available for this project.

Population. A.I.D. will provide advisory services (\$190,000) to train health educators, and equipment for new clinics, to support the Jamaican family planning program aimed at reducing the birth-rate from 39 to 25 per thousand by 1976. Forty clinics now offer family planning services; 85 more will be added during 1968.

Police Assistance. A.I.D. will continue assistance to the reorganization of the Jamaican police force. The Government has demonstrated its priority in this area by enlarging the police budget \$0.5 million in 1968 and will provide \$0.6 million more in FY 1969.

Agriculture. Agricultural production in 1967 grew at a rate far above the growth rate for the economy as a whole. But agricultural production for domestic needs (both local consumption and tourism) must continue to increase to supply growing needs and reduce costly food imports.

In FY 1969, A.I.D. will continue to provide consultant services (under a contract with the University of Florida) for dairy development efforts.

COUNTRY: JAMAICA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part I

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Agricultural Production & Marketing	532-11-140-023	1964	1970	619	452	167	91	158	100	TA	95	75	880
Family Planning	532-11-540-030	1966	1973	219	59	160	120	147	133	TA	190	1,000	1,529
Community Water Supply	532-11-550-019	1961	1969	517	481	36	32	53	15	TA	24	-	573
Human Resources Development	532-11-650-028	1965	1971	1,143	567	576	248	470	354	TA	438	87	1,916
Public Safety	532-11-710-031	1967	1969	166	100	66	166	160	72	TA	80	-	412
Special Development Activities	532-11-990-029	1966	Cont.	54	28	26	50	45	31	TA	50	Continuing	
Technical Support	532-11-990-000	1956	Cont.	820	803	17	143	140	20	TA	123	Continuing	
Trade Union Education Institute	532-11-440-021	1963	1967	187	150	37	-	25	12	-	-	-	187
Independent Scholarships	532-11-690-020	1963	1967	56	55	1	-	1	-	-	-	-	56
Low Cost Housing and Redevelopment	532-11-830-017	1962	1967	333	330	3	-	3	-	-	-	-	333
Total											1,000		
TA											1,000		
SA											-		
DL (grants).....											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	12	11	8
Participating agency.....	1	1	1
Contractor technicians.....	14	17	14
Total	27	29	23

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract	18	30	36
Contract	6	4	6
Total	24	34	42

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/67

COUNTRY: JAMAICA

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amarti-zation					
532-L-001	Water Supply	6/29/62	8/31/62	1	40	3/4	3/4	3,700	2,290	U.S.\$	92	27
532-M-002	Jamaica Housing	3/30/63	5/1/63	1	30	2	2	2,800	2,178	U.S.\$	140	43
532-H-004	Feasibility Studies	6/30/64	11/18/64	5	25	3 1/2	3 1/2	1,300	498	U.S.\$	-	7
532-L-005	Dairy Development	6/29/65	9/20/65	3	25	1	3 1/2	3,800	580	U.S.\$	-	3
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	11,600	5,546	XXXX	232	80

EAST CARIBBEAN

PROGRAM SUMMARY

(In millions of dollars)

	FY 1967 Actual	FY 1968 Estimated	FY 1969 Proposed
Development Loans	-	-	6.0
Technical Assistance	-	0.05	0.1
Total A.I.D. Assistance	-	0.05	6.1

The objectives of U.S. A.I.D. policy in the Eastern Caribbean are to encourage regional cooperation for economic development and to encourage the United Kingdom and Canada to continue, and if possible increase, their assistance programs in the area.

The Eastern Caribbean area encompasses Barbados, which became independent in 1966, and the English-speaking Leeward and Windward Islands (Antigua, St. Kitts-Nevis-Anguilla, Dominica, Grenada and St. Lucia) which became quasi-independent states in association with Great Britain early in 1967. The United States has no bilateral assistance programs in any of these territories but plans to support a Regional Development Agency for the area. This area plus the rest of the English-speaking Caribbean (including Jamaica, Trinidad and Tobago and Guyana) will participate in the proposed Caribbean Development Bank mentioned below.

Barbados has the highest per capita GNP, about US \$300. All of the islands in the Eastern Caribbean have basically agricultural

economies at present although development of tourism appears to hold out the best prospect for future economic growth. Unemployment is high--26%--throughout the area and much of the employment is seasonal.

Based on a UN Development Program (UNDP) recommendation and with UNDP assistance, the English-speaking areas of the Caribbean are forming a Caribbean Development Bank. The Bank will be capitalized at \$50 million with the countries of the area providing 60% of the capital and the United Kingdom and Canada together providing 40%. The United States will not have an equity participation in the Bank but proposes to extend a development loan to the bank in an amount not to exceed the British and Canadian contribution.

Barbados, the Windwards and the Leewards have just formed a Regional Development Agency to plan and prepare regional projects, and regional development-advisory services. The Agency will be supported by the United Kingdom, Canada, and the United States through the provision of advisors and technical specialists. It is likely that the Agency will also receive support from the UNDP and other public and private donors.

The proposed A.I.D. program for FY 1969 amounts to \$6.1 million of which \$100,000 is for technical assistance to the Regional Development Agency and \$6 million is for a development loan to the Caribbean Development Bank. It is likely that projects for infrastructure to service the tourist industry will have high priority for bank funding, since a U.S.-U.K.-Canadian-sponsored study has identified tourism as the leading growth factor in the economy of Barbados, the Windwards and the Leewards.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1967			Estimated FY 1968			Proposed Program FY 1969		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/67	Obligations	Expenditures	Unliquidated Obligations 6/30/68	Funds	Amounts		
Regional Economic Development of the East Caribbean	-	1968	Cont.	-	-	-	50	-	50	TA	100	Continuing	
Total											100		
TA											100		
SA											-		
DL (grants).....											-		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
A.I.D. employed	-	-	-
Participating agency.....	-	1	2
Contractor technicians.....	-	1	2
Total	-	2	4

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1967	Estimate FY 1968	Proposed FY 1969
Non-contract			
Contract			
Total			