

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM AND PROJECT DATA

PRESENTATION TO THE CONGRESS — FY 1968

BEST AVAILABLE

UNCLASSIFIED

EAST ASIA
VIETNAM

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

April 6, 1967

TO: RECIPIENTS OF FY 1968 EAST ASIA/VIETNAM PROGRAM & PROJECT DATA BOOK
FROM: L. E. Blaker, C/BUD/ECB *LEB*
SUBJECT: Revision Notice #1

Please substitute the attached pages for those similarly numbered in the volume entitled "Program and Project Data Presentation to the Congress- FY 1968 - East Asia/Vietnam." Corrected pages are identified by the revision date of April 6, 1967; all others are for backup purposes only and no changes have been made thereon.

Substitute attached for pages:

East Asia - 35-36
Vietnam - 189-190 and 257-258

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April 3, 1967

FOREWORD

The Regional volumes provide additional program and project data relating to the FY 1968 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 A.I.D. program in the country; Program Summary table by funding category for FY's 1966-1968
- Table II - Summary by Function -- project and program assistance for FY's 1966-1968, 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 (a) for which FY 1968 obligations are proposed, (b) with a pipeline of \$1 million or more on June 30, 1966, or (c) not previously presented to the Congress and for which FY 1967 obligations are planned. This table is prepared for selected countries.
- Table IV - 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, 1966; descriptive narrative focusing on implementation, with specific emphasis on measurements of progress related thereto. This table is prepared for selected countries.
- Table V - This table is new this year and is used for countries other than selected countries. It summarizes for each country the fiscal data on individual Technical Assistance (TA) and Supporting Assistance (SA) (grant or loan) projects.
- Table Va - This table is new this year and is used to provide a brief description of projects footnoted on Table V as new in FY 1968.
- Table VI - This table is new this year and used for countries other than selected countries. It summarizes for each country the fiscal data on individual Development Loans and Alliance for Progress Loans which had not been fully disbursed as of 12/31/66.

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 1967.

CLASSIFICATION OF VOLUMES

Security classified portions of the narrative and amounts are shaded. All other material is unclassified.

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EAST ASIAN REGIONAL SUMMARY

FY 1968 PROGRAM				
(Thousands of Dollars)				
COUNTRY	Type of Assistance			
	Total	Develop- ment Loans	Technical Assistance	Supporting Assistance
<u>EAST ASIA</u>				
<u>TOTAL</u>	<u>\$260,000</u>	<u>\$86,000</u>	<u>\$55,000</u>	<u>\$119,000</u>
Regional Programs . . .	13,600	--	12,600	1,000
Burma	200	--	200	--
Indonesia	23,000	20,000	3,000	--
Korea	96,600	50,000	6,600	40,000
Laos	56,300	--	12,100	44,200
Philippines	21,000	16,000	5,000	--
Thailand	49,300	--	15,500	33,800

The Political Setting

A series of policy decisions taken in the 1950's established the framework of present U.S. policy in East Asia. The United States decided then to engage its military, political and economic resources in efforts to deter or contain Communist expansion and to help the relatively weak nations around the periphery of Communist China achieve viable independence.

This general policy has been pursued and refined by successive U.S. Administrations. In much of the region it has succeeded beyond expectation -- in Japan's dynamic example of a free society in an Asian setting, working closely with the West and with its smaller neighbors in programs of regional economic cooperation; in the Republic of Korea's surge toward self-support and its major contributions to our mutual security; in Taiwan's striking achievements in rural and industrial development despite heavy defense burdens; in the initiatives taken by many nations of the region, after President Johnson's Johns Hopkins address in 1965, to create or strengthen regional security and progress.

This policy has also led us into a long and costly struggle in Vietnam, where final success still lies ahead.

Economic assistance has been a major tool of American policy in East Asia. Without it, there would today be economic and political chaos in South Vietnam and Laos, no hope of sustaining Indonesia's historic return from the brink of Communist take-over, forced reduction in Korea's military commitments and a stalling of its economic progress, and increasing popular disaffection in Thailand and the Philippines.

In the longer perspective, the world's prospects for winning the race of food production against population growth hang on the achievement of revolutionary advances in both food production and population limitation. The race probably cannot be won without a great expansion of agricultural output in Southeast Asia. Progress in the time available will require intensive efforts by the Southeast Asian countries, aided and stimulated by capital investments which must come from the United States and other wealthy countries. U.S. participation in this War on Hunger will be a key element of U.S. foreign policy in the years ahead.

The Categories of Economic Aid

U.S. economic aid programs in East Asia fall into four mutually reinforcing categories

1. Support for large-scale military and "revolutionary development" efforts, as in Vietnam;
2. Countering the threat of communist insurgency, as in Laos and Thailand;
3. Programs for economic stabilization and long-range development, as in Korea, the Philippines and Indonesia; and
4. Regional cooperation and development, as in the Mekong Valley program, Southeast Asia educational cooperation and the Asian Development Bank.

The Vietnam program -- which is now so large and complex that A.I.D. is establishing a new Bureau devoted exclusively to it -- is discussed below following the tab "Vietnam."

Preventing and Countering Insurgency

Some of the A.I.D. programs in East Asia are designed to prevent and help eradicate those social and economic conditions in which

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Communist subversion takes root. These programs are concentrated on the rural areas, where approximately 80% of the people live and where the greatest heritage of neglect is found. Our goals are to induce effective action to provide greater local security, economic opportunity, health and education services, social justice and popular participation in the processes of government.

In Laos, for example, A.I.D. rural activities are largely concentrated in selected "village clusters," through which we help to build strong points of security and models of mutually confident relations between the people and the government. Thirteen clusters have been established to date; one new cluster may be established in FY 1967 and two in FY 1968. In addition, two existing clusters will be converted into training centers in FY 1968. Forward area programs are operated in strategic locations where security is too marginal for a full cluster program. The number of forward areas is growing from five to nine in FY 1967, and to ten in FY 1968.

In Thailand, the accelerated rural development program includes both long-term activities such as agricultural research and extension, and short-term impact projects such as digging wells and constructing small feeder roads. As in the past, activities under this broad program will be focused primarily on northeast and northern Thailand, which are the areas most vulnerable to Communist subversion and insurgency. The largest single area of U.S. assistance in Thailand will continue to be police improvement, especially in rural areas. Additional equipment and U.S. advisors will be provided to support further increases in provincial and border patrol police. The principal focus of the provincial police expansion will be on establishing regular police presence at the township level to increase the ability of the Thai government to protect villagers against insurgents and bandits.

In the Philippines, both A.I.D. and the Philippine government are placing increasing emphasis on rural development in 11 selected provinces, mostly in central Luzon, where signs of social unrest reminiscent of the Huk rebellion in 1953 have inspired the new government to act.

Long-Range Development and Stabilization

The Republic of China on Taiwan is a striking example of the success of a long-range economic development effort decisively assisted by foreign aid. South Korea, also, has become a very promising example of sustained development, with an accelerating drive towards self-support. The new leaders in Indonesia have

sharply reversed the slide of this country of 100 million people toward Communist domination and economic chaos. Although they are now concentrating on achieving political and economic stability and rehabilitation, they regard these as preliminary to their real goal of development. The Philippines, also sparked by new leadership, shows hopeful signs of resuming its efforts to achieve sustained progress with internal stability.

In FY 1966, A.I.D. approved \$80 million in Development Loans for East Asia, all of which went to Korea. In FY 1967, \$85.2 million is programmed for Development Loans in East Asia and in FY 1968 \$86 million, with Korea receiving a declining proportion. This increase in Development Loans outside Korea reflects the growing ability of the Asian countries to develop acceptable loan proposals, to raise local capital for development projects, and to sustain the financial and fiscal discipline essential for efficient use of limited resources.

East Asia Regional Development

In his historic Johns Hopkins address, President Johnson encouraged Asian leaders to launch expanded cooperative efforts to accelerate economic and social development in Southeast Asia. He suggested greater regional cooperation and a deepening commitment of many advanced countries to the development of Southeast Asia, as an alternative to exclusive dependence on arms for the preservation of peace after settlement of the war in Vietnam.

There has been a very significant and hopeful growth in East Asian regional cooperation during the past year. The most notable steps include establishment of the Asian Development Bank (ADB) and the Southeast Asia Ministers of Education Secretariat (SEAMES); expansion of the Mekong Program; the Southeast Asia Development Conference hosted by Japan; the Southeast Asian Agricultural Conference, also hosted by Japan; the intensive efforts to strengthen regional centers of academic excellence in Southeast Asia; the Manila Conference of Asian Ministers of Labor; the reactivation of the Association of Southeast Asia (ASA); and the creation of the Asia and Pacific Council (ASPAC). These Asian initiatives represent a quickening movement toward peaceful regional cooperation hardly imaginable two years ago.

Out of these many meetings are emerging concrete plans for regional programs and projects which the United States should support not only for the projects themselves, but because they give substance to the hopeful trend toward cooperation in an area long weakened by local hostilities.

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In FY 1968 A.I.D. proposes to (a) support the initiatives of the Southeast Asian Ministers of Education to establish regional centers of excellence in such fields as agricultural research, engineering, mathematics and science, tropical medicine research and English language teaching; (b) continue to encourage the four member countries (Laos, Thailand, Cambodia and Vietnam) of the Mekong Committee to prepare specific plans for the development of the water resources of the Lower Mekong River Basin; (c) support Asian initiatives towards regional cooperation in the fields of agricultural development; and (d) promote the development of coordinated national plans which will lead to economically integrated transport and communications systems in the region.

Proposals have been made looking towards establishment of Special Funds under the ADB for multilateral financing of the Mekong Development Program and regional agricultural, transportation and communications programs in Southeast Asia. Pursuant to the President's intention, stated in the State of the Union Address and the Foreign Aid Message, and depending on the progress of discussions with the ADB and potential donor countries, the Congress will be asked to approve legislation permitting U.S. contributions to Special Funds of the ADB.

The FY 1968 Budget Request

Fund requirements for FY 1968 programs in East Asia are now estimated at \$260 million, a decrease of \$6.3 million from FY 1966 commitments and a decrease of \$3.1 million from estimated FY 1967 commitments. The FY 1968 request permits U.S. participation in an international group to assist Indonesia and opportunities to use financial assistance more actively in the Philippines, and takes into account the offsetting phase-down of economic aid to Korea. U.S. assistance to Indonesia is being provided on an interim basis during FY 1967 in consultation with the International Monetary Fund (IMF). The Dutch government held a first meeting of countries interested in helping Indonesia in February, and we expect that future aid to Indonesia will be in a multilateral framework with the active participation of the IMF and the International Bank for Reconstruction and Development (IBRD). The December 1966 consensus of all its Western creditors to give Indonesia generous debt relief provided a good start on this road.

Supporting Assistance proposed for East Asia for FY 1968 is \$119 million as compared with a FY 1966 outlay of \$124 million and FY 1967 requirements of \$132.4 million (including Contingency Fund). Technical Assistance of \$55 million is required for East Asia in

FY 1968. In FY 1966 Technical Assistance obligations totalled \$35.6 million and in FY 1967 are expected to be \$45.7 million (including Contingency Fund). The increase in FY 1968 is necessary to carry out the Southeast Asian regional development program now moving into the commitment stage; to sustain new initiatives in education, health and rural development; and to respond to the more favorable climate for long-needed programs in the Philippines and Indonesia. Proposed Development Loans for FY 1968 amount to \$86 million as compared with \$80 million in FY 1966 and an estimated \$85.2 million in FY 1967.

Self-Help

A.I.D. and P.L. 480 programs are increasingly used to secure and encourage self-help by the recipient countries. The aid recipients in the region have increased their own domestic efforts in the past year. The Thai contribution to the fight on insurgency has risen markedly. The Laotian government turned in a performance on its budgetary problems on which an IMF team commented very favorably. The Philippine government is mounting a renewed campaign to mobilize pesos for development, to reduce smuggling and to implement investment programs long delayed by inaction. The new Indonesian government, taking seriously advice from the IMF, is mounting an austerity program to brake inflation and to begin to restore order to the economy after years of irresponsibility. The Koreans, under the annual stabilization program worked out with A.I.D., continue to expand savings and tax revenues at a rapid pace, fueling rising investment levels and per capita income. Improved self-help has marked the past year, and recipient governments increasingly recognize the validity of A.I.D., World Bank and IMF insistence that even greater local effort will be needed if development is to be accelerated.

War on Hunger

In much of Asia, food production lags behind the unprecedented growth of population. While Thailand and Taiwan have been able to maintain increases in food production which can fill the demands of a growing population, and grain production in Korea is increasing sufficiently rapidly to encourage belief that it will equal local requirements in a few years, Indonesia and the Philippines face serious food shortages. A.I.D. estimates, given the current rates of food production, that by 1970 East Asia will have a \$608 million food gap. The War on Hunger addresses this gap through expanded programs to increase the production of recipient countries and regional programs in research and agricultural education and through the anticipated Special Fund of the ADB.

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Rural Development

The development of rural areas is not a new concern to A.I.D. Relatively new is the goal of a broadened but coordinated range of rural development techniques concentrated in the more critical areas. Thus, in Thailand, Laos, the Philippines and Korea, rural development means not just expanding agricultural productivity directly, but comprehensive action to improve and expand village and provincial leader training, educational systems, health services, farm-to-market roads, irrigation and drainage, potable water supplies, small agri-business industries, cooperatives and marketing and credit.

This integrated approach to the needs of the rural population requires the use of personnel who are sensitive to the problems of village life and who have imagination and the administrative ability to cope with these problems. Americans working in this field now receive intensive instruction in the local language and in communication techniques, in local and area social attitudes and institutions, in geographic and political factors, and in the techniques of operating under conditions of actual or potential insurgency. This training will improve our capacity to deal with the problems of the rural areas in fuller terms, to establish priorities in the light of the needs of the entire community, and to view the rural areas as an integral part of the country and of the region as a whole.

P.L. 480 rural development programs, as well as A.I.D. programs, place great emphasis on self-help projects. As an example, in 1966 we provided Korea with 178,000 tons of grain under P.L. 480 to pay local labor for a land rehabilitation program that includes irrigation, terracing and erosion control. The Koreans provided 20,000 tons of barley, distribution facilities, tools, management and administration, in a truly joint effort. In 1967 and 1968 our contribution will decrease while that of the Koreans expands.

Self-help "small irrigation schemes" have had great success in Laos. A.I.D. advisors give technical help and guidance, and local farmers furnish the labor. Water provided by small dams serves a triple purpose: irrigation, livestock watering and human use.

We are working with the Philippine government to expand the A.I.D.-developed two-province pilot program in comprehensive rural development to the eleven leading provinces in rice and corn production. P.L. 480 commodities support a self-help program of irrigation and water control which has substantially increased the per-acre yield of rice. Through such programs the Philippine government hopes to make the country self-sufficient in rice and corn within the next three years.

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Population and Family Planning

In the longer run, the War on Hunger cannot be won solely by increasing agricultural production and productivity. Population growth must also be brought under control. If present trends of population growth continued, the population of the non-Communist East Asian countries would double every 25 years. They would require an eight-fold expansion in food production over the next 75 years.

In his State of the Union Message on January 4, 1965, the President said: "I will seek new ways to use our knowledge to help deal with the explosion in world population and the growing scarcity of world resources." Major family planning programs are already under way in Korea, Taiwan, Singapore and Hong Kong. The government of Indonesia has recently expressed interest in receiving advice and help on the problem. Most U.S. assistance to these programs has come from the Population Council and the International Planned Parenthood Federation, and to a lesser degree from American missionary groups. The United Nations Economic Commission for Asia and the Far East (ECAFE) has called for support for population programs through technical aid by the UN and other organizations to interested countries in the region.

Population problems have been a major theme of recent regional and international meetings, including those of ECAFE, the Colombo Plan, and the Pacific Science Association. Asians attending these conferences have expressed great concern about the problems of overpopulation and inadequate family planning. A.I.D. is considering a request to assist in the development of a proposed regional population institute at Bangkok to be operated under the aegis of ECAFE. Programs of this institute would improve the curricula of the medical schools in Thailand and other East Asian countries in reproductive physiology, provide midwifery training for personnel of the region, sponsor a pilot project in the general field of population research, and provide demographic training. A.I.D. is negotiating an understanding with the Population Council under which the Council would sponsor research studies, pilot projects, data collection and analysis, regional conferences, and seminars and workshops.

Improving Government and Maintaining Security

As a consequence of historical, political and military factors, many of the present-day nations of Southeast Asia have boundaries which cut across natural geographic divisions and ethnic groupings. The inhabitants of these countries are mainly oriented to the village and often have little understanding of the concept of the "nation-state." The central governments in these countries tend

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to concentrate their efforts on large-scale economic development projects. With A.I.D. assistance, they have made some headway in developing administrative skills at the national level. Often, these skills are possessed only by people located in capital cities and other urban areas. Because of inadequate communication and transportation systems, many central government officials are unresponsive to the needs of the remote areas. The United States, therefore, is increasingly directing aid to bolster the efforts of central governments to develop and coordinate provincial and village administration and to promote local government leadership. Frequently all that is needed is the means of transportation for otherwise eager, but office-bound, civil servants.

With strong A.I.D. advice, the Koreans have made enormous and rapid strides in tax collection and budgeting; we are extending this advisory assistance to the provincial level. In the Philippines, where local government is more developed than in many countries of East Asia, A.I.D. is spurring better coordination of municipal activities. The Accelerated Rural Development program in the threatened areas of northeast Thailand is improving administration at provincial, district and local levels. The Village Cluster and Forward Areas Programs in Laos also develop local leadership and strengthen local government.

Law and order form the indispensable base in developing both national and local government. The governments of Thailand, Korea, Laos and the Philippines, supported by A.I.D. public safety programs, are equipping and training local police forces to combat banditry and subversion. These forces are in the front line of the struggle against armed insurgency and subversive elements.

Yet establishing technically competent security forces does not itself insure just and equal treatment for the people. In less-developed societies, insurgencies feed largely on discontent and the lack of social justice. More than a traditional technical aid program is required to meet the need for more responsive and impartial government. In its public safety training programs, A.I.D. strongly emphasizes the improvement of relationships between police and populace, and the need for the police to serve the community as a whole and to earn its respect. Beyond this, A.I.D. and other U.S. agencies are becoming increasingly concerned with improving the administration of justice, through the bar and the courts.

Education

Development of education is another main prerequisite for substantial economic, social and political advancement. Fortunately, money spent on education has a two-fold benefit: it responds to

current popular needs and wants, and at the same time it is a vital form of investment for future production. Development economists have shown that a dollar invested in education will often bring a greater increase in production than a dollar invested in railways, dams or other tangible capital goods. Not only are skills needed to operate machines and railways effectively, but the more elementary problem of literacy can be a decisive factor. As John K. Galbraith has said, "Nowhere in the world is there an illiterate peasantry that is progressive, and nowhere is there a literate peasantry that is not."

In our current programs, major attention is devoted to educational planning. For example, a contract team from Michigan State University has produced a comprehensive report on Secondary Education (1966) in Thailand, which was the basis for a series of new measures by the Thai government to expand and improve secondary education. A.I.D. is emphasizing the need for more elementary and secondary education in rural areas. The immediate aim of these programs in Laos and Thailand is to improve education as a basic community service in order to elicit the active support of the rural populace in the process of nation-building. Teacher training, classroom construction and textbook production have shown marked progress in East Asia, but the importance and size of the task call for all the support we and others can give. Taiwan, Australia and West Germany also recognize the crucial nature of the problem and have made substantial contributions to the textbook program.

Stress is also placed on improved national programs of vocational education to help supply the trained manpower essential to industrial and agricultural development. As a follow-up to the President's Regional Program for Southeast Asia, the Southeast Asia Ministers of Education Secretariat (SEAMES) is preparing top-quality educational programs in such key fields as agriculture, engineering and tropical medicine, which will be strategically placed throughout the countries of the region.

Health

In spite of stepped up programs for public health and population control by the governments of East Asian nations, the region continues to suffer from the age-old problems of disease and malnutrition and the increasingly ominous imbalance between population and food supply. Each of the East Asian countries in which there are A.I.D. missions budgets a substantial part of its total assets to provide health care for its citizens. In view of the self-help efforts in these countries and the recognized relationship between good health and economic productivity, A.I.D.

EAST ASIAN REGIONAL SUMMARY

has supported their national health programs. Working with the U.S. Public Health Service, A.I.D. is helping to eradicate malaria in Thailand and the Philippines and to provide safe drinking water in rural Thailand and Laos. These programs have direct value to health and much indirect value in countering insurgency.

In addition to giving technical advice to preventive public health programs, A.I.D. provides direct health care to hundreds of thousands of Asians. In coordination with the World Health Organization (WHO) and the UN Children's Emergency Fund (UNICEF), A.I.D. helps in the larger-scale effort to eradicate malaria in Asia. In Laos, we have had to build up and support a medical structure in most of the country, for without our support there would be no medical care for the vast majority of the people in Laos.

Long-range goals in the area of medical education are not being neglected. For example, through an A.I.D. contract with the University of Illinois, full academic support is provided for the Medical School at Chiangmai, Thailand.

Private Enterprise and Individual Initiative

In its East Asia programs, A.I.D. gives strong emphasis and high priority to the development of private enterprise and individual initiative. U.S. aid played an important part in helping Taiwan to achieve a relatively high level of free-enterprise economic development. Korea, through the dynamic and capable direction of its government, assisted by A.I.D., has the potential of becoming another bright spot in industrial growth in Asia. The FY 1968 Development Loan request includes amounts for new loans to two Korean development banks for relending to private firms.

Thailand has an unusually good climate for private investors and offers good prospects for continued growth. The main thrust of an A.I.D.-sponsored industrial development program in Thailand is directed towards systemizing and simplifying procedures, encouraging private investors and providing help in determining priorities for Thai industrial development. A.I.D. is urging Thai private entrepreneurs to diversify small and medium industries, particularly those which are agriculturally based.

A.I.D. is providing guidance through technical assistance to Philippine investors directly and through the Economic Development Foundation, a private, non-profit, Philippine service organization which specializes in identifying, evaluating and promoting industrial projects for private investors.

The present government of Indonesia has shown encouraging signs of renewed interest in stimulating private industrial development. The government's official statements reveal an interest both in assisting small entrepreneurs and in ending previous hostility toward larger business interests. While it is still too early to determine what direction industrial development planning will take in Indonesia, the government appears ready to negotiate the return of earlier holdings to their foreign owners. A new investment law has been passed to improve the investment climate and flow of foreign capital investments. Indonesia has just signed an A.I.D. Investment Guaranty Agreement with the United States as another stimulus for investment.

Aid from Others

We expect continued assistance to the developing countries of East Asia by other free-world nations in FY 1968. We can also expect imaginative and substantial assistance by multilateral institutions such as the World Bank, the IMF and the ADB.

Substantial grants and credits for Indonesia during 1966 were made or announced by West Germany, Japan, the Netherlands, France, India, Pakistan, Australia and Taiwan. Also, the UN announced that UNICEF and several other specialized agencies would resume their technical assistance programs. Representatives of most of the above donor countries, as well as of New Zealand, Canada, Belgium and the Asian Development Bank, will convene in 1967 along with the IMF and IBRD to confer on Indonesian requirements for new assistance. The IMF will probably serve as initial coordinator for such new aid. The IBRD or ADB is expected to assume the coordinating role at some future date.

The IBRD has brought together representatives of donor countries to form a multilateral consultative group on Korean assistance and development. This group will coordinate the efforts of Western countries providing loan and grant aid to Korea. These include substantial credits from the Japanese and West German governments. Private Japanese investors are actively considering large-scale investments in cement, fertilizers, chemicals and steel.

Laos receives continuing aid from France, the U.K., Australia and Japan and periodic help from West Germany. The UN and its specialized agencies have helped the government of Laos by providing training in public administration, health, agriculture and education.

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Many aid donors and lenders are assisting the Philippines. These include such specialized agencies of the United Nations as the Special Fund, UNICEF, WHO, UNTA, ILO and UNESCO. Technical assistance scholarships have been provided by Spain, the Netherlands and Japan and by private groups in West Germany. Approximately 3,000 Filipinos study in Australia under SEATO, Colombo Plan scholarships and non-government scholarships. Assistance has also been provided through the Rockefeller Foundation, the Ford Foundation, the Asia Foundation and the Peace Corps. The IBRD has lent substantial amounts to the Philippines National Bank for relending through the Private Development Corporation of the

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Philippines (PDCP) to private companies and to the National Power Corporation for a thermal plant. The IBRD's affiliate, the International Finance Corporation, is an investor in the PDCP.

The excellent credit status of Thailand has prompted a considerable flow of loan assistance. A major contributor has been the IERD which has provided over \$111 million in loans. These funds have gone for highway projects, dam and irrigation facilities, and capitalization of the Thai Industrial Finance Corporation to finance small loans to local industry. Specialized agencies of the UN, private foundations and the Colombo Plan have also helped.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

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Country: EAST ASIA REGIONAL SUMMARY

TABLE II

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund*	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	80,020	XXX	XXX	XXX	85,200	XXX	XXX	XXX	86,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	18,689	13,476	3,201	2,012	27,480	19,661	7,644	175	31,927	23,754	8,173
Participants	2,739	2,525	214	-	5,001	3,133	1,143	725	6,616	6,147	469
Commodities	52,971	12,085	29,578	11,308	52,429	16,947	25,097	10,385	61,858	17,881	43,977
Other Costs	34,372	7,487	13,939	12,946	14,190	4,459	9,716	15	17,099	7,218	9,881
Total Project Assistance	108,771	35,573	46,932	26,266	99,100	44,200	43,600	11,300	117,500	55,000	62,500
Method of Financing											
Project Assistance											
Direct A.I.D.	67,857	23,316	33,437	11,104	71,968	29,798	30,870	11,300	82,822	32,976	49,846
Other Agency	4,890	3,206	239	1,445	5,973	5,149	824	-	6,402	5,778	624
Contract	36,024	9,051	13,256	13,717	21,159	9,253	11,906	-	28,276	16,246	12,030
Program Assistance	77,524	-	77,524	-	78,800	-	61,800	17,000	56,500	-	56,500
Total Other than Devel. Loan .	186,295	35,573	124,456	26,266	177,900	44,200	105,400	28,300	174,000	55,000	119,000
Total Assistance	266,315	XXX	XXX	XXX	263,100	XXX	XXX	XXX	260,000	XXX	XXX

* Contingency Fund, SEA = \$16,806

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	558	684	734
Participating agency	106	391	308
Contractor technicians	284	403	499
Total	948	1,478	1,541

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	971	1,444	2,073
Contract	-	-	147
Total	971	1,444	2,220

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

REGION: EAST ASIA

COUNTRY	Cumulative Through FY 1966				FY 1967 Through December 31, 1966			
	Authorized	Obligated	Disbursed	Repaid	Authorized	Obligated	Disbursed	Repaid
China (Taiwan)	157,693	157,693	117,328	16,736	(1,139)	(1,139)	8,721	1,233
Indonesia	11,164	11,164	10,329	2,899	-	-	457	391
Korea	230,847	222,347	66,580	4,194	26,833	35,333	25,188	318
Malaya	20,000	20,000	20,000	5,838	-	-	-	721
Philippines	27,514	27,514	24,462	8,529	-	-	953	179
Thailand	54,144	54,144	28,252	2,156	-	-	330	52
(Negative figures denote deauthorizations and deobligations.)								
Total	501,362	492,862	266,951	40,352	25,694	34,194	35,649	2,894

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EAST ASIAN REGIONAL DEVELOPMENT

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EAST ASIAN REGIONAL PROGRAMS

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Technical Assistance	1.6	7.3	12.6
Supporting Assistance	-	-	1.0
Contingency Fund, Southeast Asia Program	13.4	-	-
Total A.I.D. Assistance	15.0	7.3	13.6

Objectives of U.S. Assistance

The objective of U.S. support of regional efforts in Southeast Asia is to contribute to peace and stability by supporting Asian proposals for cooperative economic and social development and by encouraging maximum participation by other developed nations and international organizations in such programs. U.S. support for regional development activities was accelerated following the President's Johns Hopkins address at Baltimore on April 7, 1965, in which he emphasized that peace and stability could not be won through arms alone, and called for a greatly expanded cooperative development effort in which all peaceful countries would participate.

Key Obstacles to Achievement of Objectives

There is little traditional basis for political and economic cooperation among most of the countries of Southeast Asia, since their pre-independence ties were almost exclusively with the colonial capitals.

Communist aggression continues to cast its shadow over Southeast Asia, limiting opportunities for economic development in Vietnam and Laos and threatening Thailand.

Although Japan has committed itself to expanded assistance to Southeast Asia, the general problem remains of obtaining increased support from other advanced nations for major development programs in Southeast Asia, in addition to their subscription to the Asian Development Bank (ADB).

Recent Regional Performance

In spite of these obstacles, the organization of channels for regional cooperation in East and Southeast Asia moved ahead at a

remarkable pace in 1966. Most significant was the establishment of the ADB. The \$100 million annual subscription of regular capital of the Bank over the next five years -- of which Japan is contributing 20%, the United States 20%, other Asian countries 45% and European countries 15% -- will help build the basic economic and social infrastructure in Asia. A historic change in Asian thinking was apparent in these and other developments during the year such as the consultations of the Southeast Asia Bankers and the Association of Southeast Asia (ASA) Ministers, the Tokyo Conferences on SEA Economic Development and Asian Agricultural Development, the expanding Mekong Basin Development Program, the Seoul Conference of Asian and Pacific countries, and the formation of the Southeast Asian Ministers of Education Council.

These initiatives were of Asian origin, reflecting a search for peaceful and mutually beneficial forms of joint action to cope with the problems of the individually weak less-developed countries of the region.

There is support for these multi-national efforts from international organizations, e.g., the World Bank, the Economic Commission for Asia and the Far East (ECAFE), and now the ADB. The growing positive commitment of Japan to the region is also a major stimulus.

The Asian Bank should make important contributions to meeting the enormous problems of threatening famine in great areas of Southern Asia and the great opportunities of regional development in such fields as transportation, communications and electric power. To do so, however, it will need additional capital for lending on appropriate terms. The Bank's founding governors have proposed supplementing its regular capital with special funds for these purposes.

The regional activities described are practical steps to integrate today's competitive, but potentially complementary, economies of Southeast Asia into a more cohesive whole, capable of providing each country of the area with the advantages of area specialization, wider markets, shared experience and the safety of numbers. They are merely first steps. But they are beginnings of great importance to the future of this troubled and always explosive area.

U.S. Strategy

The East Asian Regional Program will:

1. Support Asian initiatives to establish and continue multi-lateral programs and institutions designed to achieve

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EAST ASIAN REGIONAL PROGRAMS

mutual economic benefits and attack common problems, particularly through the Regional Education program of the newly formed Southeast Asia Ministers of Education Councils, the Mekong Program, and regional agricultural, transportation and communications programs now under discussion; and

2. Encourage greater involvement on the part of the advanced nations of the Free World in the development of the countries of East Asia through multilateral institutions such as the ADB, the World Bank, and the ECAFE family of regional organizations.

FY 1968 Program

Based on developments to date, A.I.D. has identified requirements totalling \$13.6 million in FY 1968 for the regional development program. Of this amount, \$12.6 million is Technical Assistance and \$1 million is Supporting Assistance. This compares with an estimated total requirement of \$7.3 million in Technical Assistance for FY 1967. In addition, discussions are now under way looking toward the establishment of Special Funds within the ADB.

Agriculture. Until recently, very little has been done on a regional basis to support agricultural development in Southeast Asia. One promising new regional approach was the Agriculture Conference held at Japan's initiative in Tokyo last December, where the Japanese proposed the establishment of an Asian Agricultural Fund to be administered by the ADB.

Establishment of a Regional Vegetable Production and Marketing Research Center for the Far East (in Taiwan) is in an advanced stage of planning. The Republic of China and Japan are expected to be contributors. A.I.D. anticipates providing approximately \$500,000 for the Center in FY 1968. A second proposal calls for the establishment, under the auspices of the SEA Ministers of Education Secretariat (SEAMES), of a Regional Center of Graduate Study and Research affiliated with the College of Agriculture at Los Banos in the Philippines.

Mekong Program (Natural Resource Development). The lower Mekong River is one of the great natural resources of Southeast Asia. The task of the Mekong program is to exploit the river for hydroelectric power and irrigation and develop the river basin for the benefit of the countries in the region. Major activities now planned are: (a) to support the establishment of an ADB-administered Mekong Development Fund and (b) to assist with the Mekong Committee's survey activities and finance selected priority projects.

In the past A.I.D. has provided support to selected investigatory and capital projects sponsored by the Mekong Committee. In FY 1967 A.I.D. provided \$4.5 million for Mekong projects. A.I.D. will continue to support the Pa Mong feasibility study (\$3.4 million) and Mekong hydraulic data gathering (\$200,000) and will also provide for other Mekong engineering surveys during FY 1968. In addition, based on studies financed by A.I.D., the Mekong Committee has defined a \$1 million requirement for improvement of boat building and cargo handling facilities on the Mekong River. FY 1968 Supporting Assistance funds are recommended for this purpose.

U.S. support of the Mekong program is part of a broad multilateral effort which includes assistance from 25 countries as well as 12 UN agencies.

Industry. Along with Japan, the Ford Foundation and others, A.I.D. has supported the activities of the Asian Productivity Organization (APO), which was founded in 1961. In 1966, in response to a request from the APO, A.I.D. agreed to provide approximately \$630,000 over a two-year period in foreign exchange costs for new projects proposed by the APO -- a small industries management consultants program for which the Japanese are also providing assistance; an information and audio-visual aids program; and a production-level personnel training program. During FY 1968, A.I.D. will provide \$425,000 for these three projects plus the services of a productivity expert to APO and ad hoc technicians to APO seminars.

Transportation. During the coming year A.I.D.'s major goal in regional transport development will continue to be to stimulate formulation of coordinated national plans and thereby promote development of more rational and economically integrated transport systems in the region. Malaysia has proposed a meeting of transport ministers of Southeast Asia in May. It is expected to explore plans for a study of the priority investment requirements in all forms of transportation and propose feasibility studies on specific priority projects that conform to a regional concept. We propose to assist this sensible approach by financing a Southeast Asia regional transportation survey and feasibility studies on priority transportation projects. (See "Other Programs" below)

Labor. In FY 1968, A.I.D. will continue support of the Asian Labor Education Center in Manila at about the same level (\$73,000). Approximately 345 labor leaders from 17 Asian countries have been trained to date in an effort to bring about a more responsible leadership in the trade unions in Asia conducive to healthy labor-management relations.

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EAST ASIAN REGIONAL PROGRAMS

Health and Sanitation. In FY 1968, A.I.D. will continue support for the SEATO Cholera Research Laboratory at about the same annual level (\$650,000). The Cholera Research Laboratory will continue its efforts to identify important factors in the spread of epidemic cholera infection and move forward with its program to develop a vaccine which will reduce cases of cholera in heavily exposed areas. In addition, during the coming year, A.I.D. will be working with Southeast Asia Ministers of Education Secretariat (SEAMES) to examine the feasibility of regional programs in tropical medicine and research.

Education. During the coming year A.I.D. will support the promising regional education program initiated and advanced by Southeast Asian countries. At their second Conference, held in Manila in November 1966, the Ministers of Education of Thailand, Malaysia, Singapore, the Philippines, Vietnam and Indonesia approved firm proposals for regional education projects which had been prepared over the past year by regional representatives and other specialists. Presidential adviser Eugene R. Black met with the Education Ministers during the Manila Conference and promised to try to obtain Congressional endorsement of a proposal that the United States contribute half the costs of feasible projects over a five to seven year period.

The proposals which were considered and approved by the Education Ministers include the Asian Institute of Technology; regional centers for graduate study and research in agriculture, tropical medicine, teaching of science and mathematics, and English language training; educational radio and TV; book development; and special workshops and seminars.

Technical Assistance, totalling \$5.3 million, is proposed for the FY 1968 increment of U.S. support to the long-term development of the Southeast Asian Regional Education Program under the newly established Southeast Asian Ministers of Education Council and its permanent Secretariat. This support will assist in moving forward with the initial capital development phase of those projects for

which planning is more advanced. It will also provide for further engineering and design of approved activities as well as for task force studies of new proposals.

Telecommunications. During the fall of 1966, at the Asian Parliamentarians Union Meeting in Seoul, various plans were proposed for expanding and improving communications services in Southeast Asia. One promising proposal calls for building a microwave repeater network from Luang Prabang in Laos through Vientiane to Pakse in Laos, and from there to Thailand. The proposed Southeast Asian Ministerial Conference, to be held in Kuala Lumpur in May 1967, is expected to consider regional telecommunications projects as well as transportation. The transportation and communications projects are likely to qualify for loan assistance from ADB special or regular funds for design and construction, but feasibility studies normally will be dependent upon Technical Assistance grants.

Other Programs. Preparation of regional projects in the fields of transportation, communications, agriculture, water resources development (Mekong), etc., for bank loan consideration will require an estimated \$1 million in Technical Assistance in FY 1968.

During FY 1968, A.I.D. will continue to finance: (a) two regional training advisors to assist with the third country training program in East Asia (\$57,000); (b) through the Regional Technical Advisory Services project, a regional program unit in Bangkok, technical consultants for regional organizations, and miscellaneous studies on regional economic and social development problems (\$745,000); and (c) a Regional Logistics Center in Japan, which provides technical advisory support on logistical problems related to A.I.D. programs in East Asia (\$200,000).

SUMMARY OF PROGRAM BY FUNCTION

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: **EAST ASIAN REGIONAL DEVELOPMENT** (Dollar Amounts in Thousands)

TABLE II

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	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	1,331	856	-	475	3,871	3,871	-	-	6,350	6,050	300
Participants	37	37	-	-	127	127	-	-	252	252	-
Commodities	690	148	-	542	1,408	1,408	-	-	3,147	2,647	500
Other Costs	12,938	545	-	12,393	1,894	1,894	-	-	3,851	3,651	200
Total Project Assistance	14,996	1,586	-	13,410	7,300	7,300	-	-	13,600	12,600	1,000
Method of Financing											
Project Assistance											
Direct A.I.D.	567	502	-	65	1,313	1,313	-	-	1,016	1,016	-
Other Agency	1,971	691	-	1,280	1,625	1,625	-	-	1,886	1,886	-
Contract	12,458	393	-	12,065	4,362	4,362	-	-	10,698	9,698	1,000
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan .	14,996	1,586	-	13,410	7,300	7,300	-	-	13,600	12,600	1,000
Total Assistance	14,996	XXX	XXX	XXX	7,300	XXX	XXX	XXX	13,600	XXX	XXX

* Contingency Fund, SEA

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	7	15	19
Participating agency	14	62	57
Contractor technicians	10	74	215
Total	31	151	291

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	21	11	15
Contract	-	-	140
Total	21	11	155

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Asian Productivity Organization	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	498-11-290-012	PRIOR REFERENCE	P. 144, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1960	FY: 1968

Project Target and Course of Action: This project is designed to stimulate increased industrial productivity among the countries of the Far East and to encourage practical economic cooperation among them by supporting the programs of the Asian Productivity Organization (APO). The APO is a central organization through which 12 member countries can pool and disseminate industrial productivity information and managerial and technical skills.

Progress to Date: In 1961, at the initiative of the Asians themselves, and with support and assistance from the U.S., eight Asian countries joined together to form the APO. In addition, Iran and the Republic of South Vietnam joined the APO during FY 1965; and Ceylon and Malaysia are expected to become members sometime during 1967.

The member governments of the APO - Republic of China, India, Japan, Nepal, Pakistan, the Philippines, Thailand, and Hong Kong - have contributed approximately \$1.4 million in support of APO activities. In addition, the Ford Foundation made a \$320,000 grant to the APO for a two year program of training managers to develop and operate small industries.

In the spring of 1964, A.I.D. undertook an assessment of the APO including a review of the content of its program and its prospects for increased Asian support. The report stated that direct A.I.D. support for the APO operating budget was no longer required; but that A.I.D. should (a) provide an industrial productivity advisor to assist in the formulation of APO programs, and (b) provide

support for specific APO projects undertaken as expansions to the regular program.

At their Governing Body Meeting which was held in December 1965, the APO proposed both expanded and new activities: (a) the establishment of a Small Industries Management Consultants Program; and (b) the expansion of an APO Information and Audio-Visual Aids Program. A training program for Production Level Personnel was added to the request at the Governing Body Meeting of April 1966. In FY 1967, the U.S. has assisted the APO with the first phase of these projects. The total cost is now estimated at \$1,190,000 of which A.I.D. has been asked to provide approximately \$800,000.

FY 1968 Program: \$25,000 is programmed for the APO Advisor; \$400,000 is earmarked for the APO Small Industries Management Consultant Program and the Production Level Personnel Program. Of this \$400,000, \$180,000 is required for seven technicians and for short-term specialists to be engaged on an ad hoc basis. \$70,000 is required for commodities including printing equipment, audio-visual equipment and supplies; and \$150,000 will cover other costs such as printing, international travel and per diem.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Asian Productivity Organization
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	1,203	1,202	1							
Estimated FY 67	425	300								
Estimated through 6/30/67	1,628	1,502	126							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	425	-	2,053	25	400	425	25	400	425	

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Mekong Cargo Handling and Shipbuilding Project	ACTIVITY	Transportation	FUNDS	Supporting Assistance
PROJECT NUMBER	None	PRIOR REFERENCE	P. 142, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1968	FY: 1968

Project Target and Course of Action: The goal of this project is to improve river port facilities on the Mekong River, thereby improving river traffic at the five principal transportation links between Thailand and Laos. The project includes improvement of the sites, the construction of ferries and tugboats, improvement of cargo handling facilities at Nong Khai, construction of modest cargo handling facilities at Savannakhet, and the construction of ship repair facilities at Nong Khai and Savannakhet. Improvements at the other three sites will be undertaken as justified by further investigations. It is contemplated that future financing of this project will be provided through the proposed Mekong Special Fund which is to be administered by the Asian Development Bank.

Progress to Date: In response to a request from the Mekong Committee's 30th Session, the U.S. agreed to do a pre-reconnaissance survey of the Mekong Committee-sponsored Mekong Cargo Handling and Boat Building project. Subsequently, during the Spring of 1966, A.I.D. financed a contract with McCreary-Koretsky Engineers of San Francisco to do an engineering-economic survey of the proposed Mekong project.

In their report the McCreary-Koretsky team recommended that: (a) cross-river ferry ramps be established and/or improved at five principal transportation centers along the Mekong River in Thailand and Laos; (b) shipyards and dry docks be established at Savannakhet in Laos and Nong Khai in Thailand; and (c) river commerce passenger freight and cargo handling facilities be constructed at the Nong

Khai - Thadua and Mukdahan-Savannakhet ports.

The project could benefit both the Thai and Laotian economies by providing large savings on present cargo handling operations, some savings on existing freight charges, and by affording income from the operation of the shipyards and ports created or improved by the project.

A detailed feasibility study of the project is now being done. If this study is favorable, we will undertake during FY 1968 the detailed architectural and engineering design work and initiate construction of the cross-river ferry ramp at Nong Khai, the first priority crossing.

The British have been working closely with the Mekong Committee on this project since 1965 and have agreed to assist with the installation of the shipyard training center at Nong Khai. The Dutch have indicated an interest in providing cargo handling and boat building facilities along the Mekong River in Cambodia.

FY 1968 Program: \$300,000 is earmarked for the services of 9 technicians under contract to perform the architectural and engineering design work and supervise the construction of the initial cross-river ferry ramp. \$500,000 will be required for U.S. commodities, including cargo handling cranes, warehouses, and other equipment required to build and maintain the ferry ramp. \$200,000 will be required for other costs such as contractor's overhead, contractual fees, etc.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							Not yet determined.
Estimated FY 67	-	-								
Estimated through 6/30/67	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	1,000		1,000							
				Total Obligations						

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Asian Labor Education Center	ACTIVITY	Labor	FUNDS	Technical Assistance
PROJECT NUMBER	498-11-420-020	PRIOR REFERENCE	P. 145, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1958	FY: 1969

Project Target and Course of Action: This project is designed to strengthen free trade union movements in East Asia by assisting the University of the Philippines in expanding its Labor Education Center into an Asian Labor Education Center (ALEC) which would: (a) provide a forum for Asian trade union leaders to discuss the problems that confront the Asian trade union movement; (b) train responsible leaders for the Asian labor movement; (c) be a reference center on trade unionism in Asia; and (d) provide for an exchange of updated information on the trade union movement between Asian countries.

Progress to Date: ALEC began in 1958 and by the end of FY 1965 had brought together 345 trade union leaders representing 268 unions from 17 Asian countries for specialized instruction in the problems and techniques of labor organization in a free society. Seminars, each of ten weeks duration, have been held twice yearly since 1960. ALEC plans to again hold two of the seminars annually in FY 1967 and FY 1968.

In addition to the regular ALEC program, a three-year research program was begun during FY 1966 in order to strengthen the Center's role for collecting, analyzing and disseminating information on the labor movements in Asia. This research program was recommended by an A.I.D.-financed U.S. Department of Labor evaluation survey of ALEC conducted in May/June 1962.

The University of the Philippines provides funds through its regular budget to defray part of the cost of running ALEC. Annually, this amounts to about \$310,000

(\$79,500). In addition, scholarships to ALEC are provided by the Asia Foundation, the International Labor Organization, the Colombo Plan, UNESCO and the University of the Philippines. A.I.D. dollar grants are being utilized for operational costs, faculty salaries, scholarships and related travel expenses. It is expected that by the end of FY 1969 our assistance will no longer be required. **FY 1968 Program:** \$30,000 will be required to support ALEC's regular training program which includes: (a) prorated salary payments for the ALEC faculty for the regional program; (b) salary and travel for guest lecturers from other countries; (c) scholarships and travel expenses for participants from Asian countries not supported by other USAIDs; and (d) expendable supplies and operational expenses of the Center. The balance (\$43,000) will be required for researchers and research assistants, their staff, and travel expenses in support of ALEC's three-year research program.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	628	621	7		-	7	7	-	7	7	Not yet determined.
Estimated FY 67	70	60			-	-	-	-	-		
Estimated through 6/30/67	698	681	17	U.S. Technicians	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Participants ...	-	-	-	-	-	-	
				Commodities ...	-	-	-	-	-	-	
Proposed FY 68	73	73	844	Other Costs ...	63	-	63	66	-	66	
				Total Obligations	63	7	70	66	7	73	

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	SEATO Cholera Research Laboratory	ACTIVITY	Health and Sanitation	FUNDS	Technical Assistance
PROJECT NUMBER	498-11-510-138	PRIOR REFERENCE	P. 147, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1959	FY: 1970

Project Target and Course of Action: This project develops and demonstrates improved techniques for the prevention, control and eventual eradication of cholera. Research is done by the SEATO Cholera Research Laboratory (CRL), located in Pakistan, the U.S., the United Kingdom and other SEATO member countries. Operations are under the immediate scientific direction of the National Institutes of Health (NIH) and the general direction of the International Directing Council of the CRL.

Progress to Date: The study of cholera patients began in December 1962, when the basic laboratory and 20-bed hospital were completed. This study resulted in development of new and simplified methods of cholera treatment, rapid diagnosis; and the efficacy of cholera vaccines is now being tested.

During FY 1967 and 1968 the CRL will continue to:

- (a) extend studies on practical methods for treatment of cholera in developing countries;
- (b) train Filipinos, Thais, and Pakistanis in modern diagnosis and treatment of cholera;
- (c) complete evaluation of efficacy and duration of effect of whole bacterial cell vaccines, and of chemotherapeutic and chernoprophylactic drugs;
- (d) develop special studies related to the effects of alternate toxin-toxoid combinations;
- (e) promote and coordinate work on toxins and toxoids; and
- (f) extend studies of roles of food and water in transmission of cholera.

The Government of Pakistan (GOP) has made available facilities for both the research plant and a 20-bed hospital unit, facilities for a field treatment center at

Matlab Bazar, and provides repair, maintenance and utilities. The GOP and NIH (through PL-480) contribute to the General Operating Fund while NIH provides support for the NIH Research Agreement Rupee Fund. Additional local currency and logistic support are provided by USAID Pakistan and the GOP. The United Kingdom has provided 44,000 pounds sterling and Australia has contributed technical staff and equipment.

In order to capitalize on the rapid progress made to date and carry forward research and related activities underway to the point of practical application, approval has been given by AID for NIH to program support through 1970, subject to annual review and availability of funds. **FY 1968 Program:** \$45,000 will finance the services of 3 technicians under contract with NIH, nine participants will be trained largely at the CRL in Cholera research applications (\$22,000), \$130,000 will fund special medical requirements, some of which will be used in the production of vaccines, and \$453,000 will cover other costs such as field application and trials of the toxoid and vaccines.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/66	949	607	342	-	-	-	-	-	-	-	National Institutes of Health, Bethesda, Md.
Estimated FY 67	456	400		-	40	40	-	45	45		
Estimated through 6/30/67	1,405	1,007	398	-	20	20	-	22	22		
		Future Year Obligations	Estimated Total Cost	-	118	118	-	130	130		
				-	278	278	-	453	453		
Proposed FY 68	650	1,704	3,759	-	456	456	-	650	650		
				Total Obligations	-	456	456	-	650	650	

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Regional Education Development	ACTIVITY Education	FUNDS Technical Assistance	
PROJECT NUMBER 498-11-690-198	PRIOR REFERENCE P. 151, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To assist countries of Southeast Asia in the development of regional programs and activities in education.

Progress to Date: Ministers of Education and other educational representatives from Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam met in Bangkok on November 30, 1965, with Mr. Eugene R. Black, Advisor to the President, to consider education programs which might be established or further developed on a regional basis to serve pressing needs of Southeast Asia. During the following year an ad hoc Secretariat (SEAMES) was engaged in intensive activity in the preparation and refinement of draft proposals. In July 1966 a Technical Workshop was held in Kuala Lumpur and in October a Select Committee meeting of high level ministerial staff was held in Bangkok to prepare the proposals for Ministerial action. With U.S. assistance a number of outstanding professional advisors have been made available to the Secretariat.

A second regional conference of Southeast Asian Ministers of Education (including Indonesia) took place in Manila, November 25-28, 1966. It approved the establishment of a permanent Council (SEAMEC) and Secretariat. The Ministers also gave general approval to the following proposals: (a) Asian Institute of Technology at Bangkok (AIT); (b) Regional Institute for Graduate Study and Research in Agriculture at Los Banos in the Philippines; (c) Southeast Asian Regional Center for Tropical Medicine; (d) Regional Center for Education in Science and Mathematics at Penang in Malaysia; (e) Regional English

Language Center at Singapore; (f) Southeast Asian Book Development (Task Force study); (g) Regional Institute of Educational Radio and Television (design and development study); (h) Southeast Asian Institute of Higher Education (UNESCO/IAU activity); (i) Instructional Materials Workshop in Saigon; and (j) Second Southeast Asian Regional Manpower Assessment and Educational Planning Seminar in Bangkok. Mr. Black assured the Ministers in Manila that the U.S. would do its part in providing financial support for these proposals and future plans to be developed in regional education.

FY 1968 Program: (See separate sheet for AIT.) A total of \$3.5 million is programmed as follows: \$1.0 million for financing 50 contract technicians; \$1.5 million for construction equipment and materials, laboratory and other operational equipment and supplies; and \$1.0 million for other costs, such as contract overhead, travel and per diem and printing of reports.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
				Estimated FY 1967		Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-						
Estimated FY 67	235	200							
Estimated through 6/30/67	235	200	35						
		Future Year Obligations	Estimated Total Cost						
Proposed FY 68	3,500	6,265	10,000	235	-	235	-	3,500	3,500

Cost Components

- U.S. Technicians
- Participants . . .
- Commodities . . .
- Other Costs . . .
- Total Obligations

Not yet determined.

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Regional Technical Advisory Services	ACTIVITY Education	FUNDS Technical Assistance
PROJECT NUMBER 498-11-610-165	PRIOR REFERENCE P. 149, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1963
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project provides technical services and support to activities in East Asia, particularly in Southeast Asia. These activities can be more appropriately and economically provided on a regional basis rather than through bilateral programs. Staff services are also provided for coordination of A.I.D.'s Technical Assistance activities with the various regional organizations such as ECAFE, the Mekong Committee, etc. based in East and Southeast Asia.

Progress to Date: To date these activities have included; (a) a foundry specialist who has assisted East Asian host country officials to develop foundry educational programs; (b) administrative support specialists in Manila who provide a wide range of backstopping services and coordination for regional programs that are located in the Philippines; (c) program and technical specialists in Bangkok, e.g., Mekong Liaison Officer, ECAFE Liaison Officer, Regional Agricultural Adviser and the Regional Education Advisor, who administer the East Asian regional program and provide technical advice to the regional programs and organizations operating in East Asia; (d) specialists in the field of population and family planning on an as-needed basis in support of population seminars and conferences; and (e) other pilot programs and studies of regional importance. During FY 1967, this project is also providing an inland waterways statistician to the Asian Transport Technical Bureau and a highway engineer to assist ECAFE. Prior to the establishment of the Regional Education project, this project also financed

the cost of US technicians that assisted the Southeast Asia Ministers of Education Secretariat (SEAMES) in preparing their program, and the administrative costs incurred in conducting Southeast Asia Regional education conferences. **FY 1968 Program:** \$250,000 is being requested to cover the cost of 12 direct hire technicians located in Manila and Bangkok. In addition, it is estimated that a total of \$175,000 in further technician costs will be required to finance contracts (\$150,000, 5 technicians) and PASA's (\$25,000, 1 technician). This \$175,000 will be used to provide ad hoc specialists to regional organizations such as the inland waterways statistician and the marine geologist being provided to ECAFE, the transport experts being provided the Asian Transport Technical Bureau, and a river-basin planning-economist for the Mekong Committee. Related commodity needs will amount to \$70,000. Funds for other costs to cover printing services, local staff, rent, etc., are estimated at \$250,000.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Not yet determined.
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	
Through 6/30/66	1,014	617	397							
Estimated FY 67	818	841								
Estimated through 6/30/67	1,832	1,458	374							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	745	Undetermined								
Cost Components										
U.S. Technicians				276	134	410	250	175	425	
Participants				4	-	4	-	-	-	
Commodities				52	-	52	70	-	70	
Other Costs				316	36	352	250	-	250	
Total Obligations				648	170	818	570	175	745	

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Asian Institute of Technology (formerly SEATO Graduate School of Engineering)	ACTIVITY	FUNDS	
	Education	Technical Assistance	
PROJECT NUMBER 498-11-660-114	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	P. 150, FY 1967 FE PDB	FY: 1958	FY: 1974

Project Target and Course of Action: This project is designed to develop a specialized regional institution for graduate study and research in engineering responsive to the needs of Southeast Asia, including the special requirements of the development of the Lower Mekong River Basin.

Progress to Date: The SEATO-sponsored Graduate School of Engineering, located at Chulalongkorn University, Bangkok, has developed into a recognized institution offering graduate programs in hydraulics, transportation, structures, soils and public health engineering. The school also offers research facilities for students and faculty as well as for research sponsored by industry and government, and a non-degree postgraduate program for practicing engineers. A total of 150 M.A. degrees have been awarded to date and the school now has approximately 110 students enrolled from participating countries.

In June 1966 the SEATO Council approved a plan of transition for the SEATO Graduate School of Engineering to become the Asian Institute of Technology (AIT), chartered as an independent international institution, and relocated on a new site with adequate space for long range growth. It is anticipated that the AIT will be legally established in June 1967. Action has been initiated toward interim expansion of the school on its present site with preliminary planning underway for a proposed move to a new site. A meeting of AIT Trustee-designates was held in November 1966 to draft by-laws and begin basic planning for the AIT.

The Southeast Asian Ministers of Education meeting in Manila in November 1966 gave positive approval to the proposed AIT as the regional center for graduate engineering study and research. It is anticipated that non-SEATO countries of Southeast Asia will nominate Trustees to the AIT Board.

Mr. Black assured the Ministers of Education that the U.S. would do its part in providing its share of financial support for regional education programs. FY 1968 Program: \$1.8 million has been programmed as follows: \$425,000 for financing 16 technicians under contract with CSU; \$200,000 for training 140 participants in engineering at AIT; \$475,000 for commodities including construction equipment necessary for site development, laboratory equipment and books; and \$700,000 for other costs such as architectural and engineering planning services, contract overhead and site development.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	3,248	2,811	437								Colorado State University Research Foundation Other(s) to be determined
Estimated FY 67	525	650		U.S. Technicians	-	282	282	-	425	425	
Estimated through 6/30/67	3,773	3,461	312	Participants . . .	-	95	95	-	200	200	
				Commodities . . .	-	48	48	-	475	475	
		Future Year Obligations	Estimated Total Cost	Other Costs . . .	-	100	100	-	700	700	
Proposed FY 68	1,800	16,200	21,773	Total Obligations	-	525	525	-	1,800	1,800	

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Regional Surveys (Mekong)	ACTIVITY General and Miscellaneous	FUNDS Technical Assistance
PROJECT NUMBER None	PRIOR REFERENCE P. 157, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
	INITIAL OBLIGATION FY: 1968	

Project Target and Course Action: The objective of this project is to assist the Mekong Committee and the Southeast Asia Transportation and Communications Ministers in carrying out certain Southeast Asian sectoral and project analyses through the use of technical surveys and feasibility studies. The areas for study and determination of priorities will emanate from the deliberations of the Mekong Committee and the anticipated Ministers of Transportation and Communications Conference to be held in Kuala Lumpur in 1967 and others.

Progress to Date: The Government of Malaysia has initiated plans for a Southeast Asia Ministers of Transport and Communications Conference to be held in Kuala Lumpur during 1967 provided preliminary meetings of experts identify promising regional projects. Such meetings are expected to include the developing regional nations of Southeast Asia and observers from interested developed nations. The meeting will examine means for coordinating national development plans in the transportation and communications fields within overall regional plans. The Malaysian Government is now engaged in plans for this meeting. One survey expected to stem from this Conference will be a Regional Transportation Survey. An essential part of this survey, which would be performed in close association with ECAFE's Technical Transport Bureau and Zone One of the Asian Highway Coordinating Committee, will be a determination of project priorities which take into account transportation needs to meet the demands of both national and regional development.

Other surveys, particularly in the communications sector, are expected to be developed at this same Conference.

Surveys and feasibility studies will also be required in the Mekong development program for selected, priority projects. It is also expected that there will be a need to provide assistance for surveys and studies stemming from the recent Conference on Agricultural Development in Southeast Asia which was held in Tokyo in December 1966. This Asian initiative represents a cooperative regional effort to improve agricultural production and distribution. The December conference was attended by representatives from Indonesia, Malaysia, the Philippines, Singapore, Thailand, South Vietnam, Laos, Cambodia and Japan.

FY 1968 Program: Of the \$1,000,000 being requested for this project, \$700,000 will be used to provide U.S. technicians under contract (approximately 30) to assist the Asians with the technical surveys. The remaining \$300,000 will be used for international travel, computer time, printing, overhead and contractual fees and other miscellaneous items.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			Not Yet Determined	
					Estimated FY 1967		Proposed FY 1968		
					Direct AID	Contract/Other Agency	Total		Direct AID
Through 6/30/66									
Estimated FY 67									
Estimated through 6/30/67									
		Future Year Obligations	Estimated Total Cost						
Proposed FY 68	1,000	Undetermined		Total Obligations			-	1,000	1,000

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Regional Logistics Center	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	498-11-990-004	PRIOR REFERENCE	P. 152, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1965
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: The objective of this project is to furnish the East Asia A.I.D. Missions with technical advice and assistance on requirements, procurement, storage, distribution, maintenance, and utilization of equipment, spare parts, and supplies in connection with A.I.D. projects in the East Asia Region. **Progress to Date:** Early in FY 1965, A.I.D. sent a logistics expert to East Asia to review A.I.D. logistics in the area and to recommend courses of action in order to facilitate the flow and utilization of equipment required by the programs in East Asia. As a result of this survey, on January 22, 1965, A.I.D. signed an agreement with the Department of Defense whereby A.I.D. Missions in East Asia are permitted to call upon the logistics experts at the U.S. Army Logistical Center (USALC) for assistance in solving their logistical problems. During FY 1966, Technical Assistance Teams from the USALC conducted in-depth studies in Vietnam, Thailand, Laos, and the Philippines in an effort to improve supply and maintenance systems and to develop better practices and procedures for increased efficiency in the management and utilization of country resources. Their recommendations have been accepted and implemented in each instance.

Another major function of this Center is to determine and coordinate the flow of spare parts from the USALC to the Missions in East Asia. This includes many items not available from other sources which are of particular value in support of the A.I.D. excess Property Utilization Program.

FY 1968 Program: \$60,000 is required for 3 Regional Logistics Officers who administer the Regional Logistics program; \$8,000 for a U.S. secretary; \$102,000 is required to finance an agreement with the Department of Defense for the provision of up to 8 man years of technical assistance in the field of logistics; and \$30,000 is required to finance travel and other costs involved with the administration of this operation.

This project will continue annually, subject to review, as long as much special logistical support is required by our A.I.D. Missions in the East Asia Region.

The Regional Logistics Center is located at USAD CJ Sagami, Japan.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	Department of Defense
Through 6/30/66	185	132	53								
Estimated FY 67	205	190		U.S. Technicians	70	100	170	68	102	170	
Estimated through 6/30/67	390	322	68	Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	35	-	35	30	-	30	
Proposed FY 68	200	Undetermined		Total Obligations	105	100	205	98	102	200	

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Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Pa Mong Feasibility Survey		ACTIVITY	General and Miscellaneous		FUNDS	Technical Assistance	
PROJECT NUMBER	498-11-990-036		PRIOR REFERENCE	P. 154, FY 1967 FE PDB		INITIAL OBLIGATION	FY: 1962	
						SCHEDULED FINAL OBLIGATION	FY: 1972	

Project Target and Course of Action: This project provides data on the economic and technical feasibility of the Pa Mong Project, a large multi-purpose water resource project serving Northeast Thailand and adjacent areas in Laos. This is done by assisting the Mekong Committee in gathering and analyzing the basic social, economic and physical information on the Pa Mong area needed to determine the feasibility of the Pa Mong Project.

Progress to Date: In March 1961, the U.S. announced to the Mekong Committee its willingness, subject to the availability of funds, to perform a comprehensive feasibility study of the proposed Pa Mong Project. The U.S. Bureau of Reclamation (USBR) is conducting the survey, which has been divided into three distinct phases. Evidence of feasibility must be developed in each phase in order to proceed to the next.

Phase I included a sub-reconnaissance grade land classification survey and other agro-economic studies and began in May 1963. It was completed in June 1965, and the USBR issued the "Mekong Pa Mong Survey (Phase I) Interim Report" which recommended that Phase II be undertaken. Accordingly, in December 1965, an agreement was concluded with the Mekong Committee whereby the U.S. agreed to undertake Phase II of the feasibility survey.

The objectives of Phase II are to produce generalized estimates of cost and benefits of all aspects, including irrigation, agriculture production, flood control, improvement of navigation and reduction of salt water intrusion. Phase II is scheduled to be completed

during 1969. It should be of sufficient scope and detail to support plans for capital financing. Final decision as to capital investment will depend both on Phase II and on parallel studies of supporting infra-structure, industrial and other power demands, availability of trained manpower, etc.

Subject to satisfactory evidence of feasibility in Phase II, the survey would proceed in 1970 to Phase III and would provide: (a) more detailed economic and engineering data for irrigation and power development; and (b) a further appraisal of flood control and navigation improvements. The data will be employed in making refined cost estimates and for the preparation of detailed designs for bid documents. Phase III should be completed by about 1972.

Thailand, Laos and the Mekong Committee are providing local costs in support of the survey.

FY 1968 Program: The FY 1968 funding request includes: (1) a PASA with USBR for \$1,024,000; (2) a contract with Aero Services for aerial mapping services totaling \$2,341,000; and (3) a PASA for \$85,000 with Army Map Services who will provide technical backstopping required to administer the contract with Aero Services (3 technicians).

With reference to the \$1,024,000 request for the USBR, technicians (42) are estimated to cost \$963,000, participants (6) \$30,000, and commodities \$31,000. The contract request totaling \$2,341,000 includes: \$1,750,000 for 86 technicians; \$20,000 for commodities; and other costs \$571,000, (local hire, travel, printing, etc.).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES U.S. Bureau of Reclamation U.S. Army Map Service Aero Services
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	1,914	583	1,331							
Estimated FY 67	4,210	3,433								
Estimated through 6/30/67	6,124	4,016	2,108							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	3,450	426	10,000 *							
				Total Obligations						
					4,210	4,210		3,450	3,450	

* Includes only through Phase II

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: EAST ASIAN REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Mekong Hydrologic Data Collection	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	498-11-990-148	PRIOR REFERENCE	P. 189, FY 1965 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1963	FY: 1972

Project Target and Course Action: The aim of this project is to assist the Mekong Committee in gathering hydrologic data needed in planning the development of the Lower Mekong Basin. This will be accomplished by financing the foreign exchange costs of spare parts and replacements required to continue the operation of a hydrologic network in the four riparian countries (Cambodia, Laos, Thailand and South Vietnam) of the Lower Mekong River Basin.

Progress to Date: The U. S. financed a contract with Harza Engineering Company (November 1958 to July 1962) whereby Harza installed a hydrologic data collection network in the Lower Mekong Basin. At the completion of the Harza contract, the equipment procured to establish and operate the hydrologic network was transferred to the Committee for use by the four riparian governments. Most of the equipment used to operate the system requires foreign exchange for procurement of spare parts and replacements outside the four riparian countries.

In May 1962, at the 18th Session of the Mekong Committee, the U.S. agreed to provide spare parts for the Mekong hydrologic data collection program which includes hydrological stations, metrological stations and laboratories. A Project Agreement for implementing this activity was signed the following year by the U.S. and the Mekong Committee; and the Office of the Executive Agent established a system for obtaining the needed spare parts and replacements under AID commodity procurement procedures.

At the 30th Session of the Mekong Committee in March 1966, the Committee announced that further assistance would be needed to provide additional spare parts; and the U.S. was asked to give consideration to providing the necessary financing. To ensure that the Mekong hydrologic data collection system was being properly operated and maintained, the Mekong Committee conducted a survey of the hydrologic activities during 1966 in the Lower Mekong River Basin. The survey was implemented by a team of hydrologists including two experts from the U.S. Geological Services. In their report the review panel made detailed recommendations relating to improved methods of data collection, record keeping and maintenance. These recommendations will provide the justification for the additional spare parts. FY 1968 Program: \$200,000 for spare parts to replace or repair Mekong hydrologic equipment that is currently worn out or damaged.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	
Through 6/30/66	220	97	123	
Estimated FY 67	-	123		
Estimated through 6/30/67	220	220	-	
		Future Year Obligations	Estimated Total Cost	
Proposed FY 68	200	150	570	

OBLIGATIONS					
Estimated FY 1967			Proposed FY 1968		
Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
			-	-	-
			-	-	-
			200	-	200
			-	-	-
			200	-	200

Korea



BASIC DATA

Population (<i>millions – mid-1966</i>).....	29
Annual Growth Rate (<i>percent</i>).....	2.8
Area (<i>1000 square miles</i>).....	38
Population Density Per Square Mile.....	770
Agricultural Land as % of Total Area	22
Percent of Labor Force in Agriculture.....	54

Per Capita GNP (<i>dollars</i>).....	102*
Life Expectancy (<i>years</i>).....	52
People Per Doctor	2,600
Literacy Rate (<i>percent</i>)	71
Pupils as Percent of Population.....	22
<i>(Primary and Secondary)</i>	

* 1965 in 1965 prices.

KOREA

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Country: KOREA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Development Loans	80.0	72.2	50.0
Technical Assistance	5.5	8.5	6.6
Supporting Assistance	60.0	45.0	40.0
Contingency Fund	1.3	xxx	xxx
Total A.I.D. Assistance	146.8	125.7	96.6

Objectives of U.S. Assistance

The main U.S. objectives in Korea are (a) promoting political stability, balanced and self-sustaining growth, and national security, with a minimum amount of outside help; (b) encouraging the growth of democratic political and economic institutions; (c) preserving the close relationship which the United States and Korea now enjoy; and (d) encouraging Korea to continue to participate in the defense of the independence of Asian countries against Communist aggression.

Korea is strategically important to the United States. It plays a major role in the free world's forward defense line in Northeast Asia. Its people proved during the 1950-1953 war years that they are determined to defend their homeland against Communist aggression. They have continued to maintain a large armed force, which discourages the Communists from attacking them again. And they have shown their willingness to stop Communist aggression elsewhere in Asia. Forty-six thousand Korean troops are now participating in the effort to defend South Vietnam.

The United States provides economic assistance to Korea because we want the Korean economy to develop in a politically stable environment. Without support from the United States and other aid donors Korea could not fulfill the needs and aspirations of its people and maintain the military establishment it needs to remain outside Communist influence. Economic growth is a must if Korea is to keep her political stability and maintain an adequate defense posture. Success in Korea can also demonstrate that good country performance with adequate foreign assistance and advice can develop a country rapidly despite the paucity of its own resources.

Key Obstacles to Achievement of Objectives

The most important obstacles to Korean economic progress are:

1. Korea's limited natural resources and her large growing population. Korea is one of the most crowded countries in the world. And the Korean population continues to grow 2.8% larger each year. Korea is a mountainous country. Farmers can till only 22% of the land. There are few mineral deposits which can be exploited. These facts place Korea in an unfavorable foreign trade position.
2. Korea's small and inexperienced managerial class. Many Koreans are educated, and the literacy rate is high. But the Koreans were not permitted to manage their own governmental and business affairs until the Japanese withdrew in 1945. Although modern education is expanding for Koreans, their traditional education does not prepare them for the technical and operational problems which their country now faces.
3. Korea's need to maintain a large military force. Korea has one of the largest standing armies in the world. More than 2% of her population is now serving in the Armed Forces. Korea is getting major military assistance from the United States.

Recent Country Performance

Korea's economy is now growing rapidly as Korean self-help grows; the amount of U.S. aid it receives is gradually decreasing. The GNP increased yearly by about 5% during most of the previous decade. In 1963 the increase was 9.3%; in 1964, 8.9%; in 1965, 8.1%; and the 1966 increase is estimated to be 10%. The real per capita income of the Korean people rose from \$92 in 1963 to \$110 in 1966. This is a 20% increase. Industrial production increased 43% during the same period. 1966 was also an excellent crop year. Korean exports reached \$270 million during 1966, up 54% from 1965, when they totaled \$175 million, and 400% higher than the 1962 level of \$55 million.

Domestic revenue has increased spectacularly. Korea's domestic revenue was \$185 million in 1964. This was 7.4% of the GNP. In 1965 it increased to \$256 million, or 8.8% of the GNP. By 1966 it climbed to \$416 million, which is 12.1% of the GNP. A.I.D. recommended administrative improvements which helped Korea increase tax collections.

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Country: KOREA

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Korea has responded to A.I.D.'s recommendations by taking actions to control inflation and accelerate economic development in recent years. In 1963 the Koreans adopted a fiscal and monetary stabilization program which had been developed in consultation with A.I.D. The program continues to be worked out with A.I.D. on an annual basis. They established a floating foreign exchange rate in 1965. And they made major adjustments in the interest rate ceilings. These and other actions greatly increased domestic savings and held price increases to modest levels in 1965 and 1966 after years of inflation.

A.I.D. watches the Korean stabilization programs closely. We require that strict and definite conditions are met before signing assistance agreements. And we review Korea's performance carefully before releasing each program loan tranche. For example, one \$10 million program loan was tied to Korean performance in five financial areas. They were improved budgeting, better management of foreign exchange, restraining inflationary credits, increasing collection of domestic revenue and more domestic savings. The United States and Korea agreed to set specific goals in each of these areas. The loan was to be disbursed in four installments that year, if Korea's performance met these standards. The Koreans met all the conditions, and A.I.D. released the entire \$10 million. The amounts of Supporting Assistance, the release of U.S.-owned and U.S.-controlled local currency, and the approval of the \$15 million program loan in FY 1967 have also been contingent on Korea's promises and performance in support of the stabilization program.

Korea's improving economic climate has given the Korean people increased confidence in their political and economic activities. This confidence has made it possible, despite considerable domestic opposition, for the Korean government to send 46,000 combat troops to Vietnam and to normalize Korea's relations with Japan. The agreements of December 1965 with Japan ended a long division between the two nations and settled a number of outstanding problems. And they assured Korea that Japan would provide \$300 million of grant aid and \$200 million in soft loans over the next decade.

According to Ravi Gulhati, head of the International Bank for Reconstruction and Development (IBRD) team at the Paris meeting of the consultative group for Korea in December 1966, Korea's "past achievements are not accidental. They have been secured in spite of poor natural resources. These achievements are the result largely of diligent labor force, imaginative entrepreneurship, relatively favorable sociological conditions, a large supply of foreign aid and most importantly a distinctive improvement in the environment of economic policies."

U.S. Strategy

Korea has made substantial progress in the management of domestic resources, and export earnings are increasing. Supporting Assistance will continue to decline from \$45 million in FY 1967 to \$40 million in FY 1968; it was \$92.4 million as recently as FY 1962. Development Loans are expected to decline from the FY 1966 level of \$80 million and the FY 1967 figure of \$72.2 million to \$50 million in FY 1968. A.I.D. will also reduce its Technical Assistance program from \$8.5 million in FY 1967 to \$6.6 million in FY 1968.

P.L. 480 programs will also be reduced as Korea becomes more able to meet her external grain requirements by commercial buying. P.L. 480 programs will add up to \$77 million in FY 1967 and \$69 million in FY 1968. The items we supply are also changing. Wheat sales are being reduced. Cotton and tallow sales will increase as U.S. surpluses are used to meet Korea's growing industrial demands for these products.

The United States is giving assistance to Korea within the framework of the Second Five Year Plan. A.I.D. advisors helped draft this plan. One of the plan's goals is a 7.5% annual increase in the GNP. The Korean government plans to act to double savings during the five-year period, while inflation is kept in check. The government will also increase exports, encourage investment, continue to restrain inflation, increase agricultural production and strengthen Korea's management capabilities. The circle of people involved in Korea's development will also be widened. A.I.D. will continue to encourage these efforts.

The United States has been cooperating with the World Bank's efforts to improve the coordination of the foreign assistance which Korea receives. A consultative group for Korea was formed in Paris in December under IBRD auspices, with Australia, Belgium, Canada, Nationalist China, France, West Germany, Italy, Japan, the United States, the International Monetary Fund and the UN Development Program as members. They endorsed the IBRD's opinion that the recent performance of the Korean economy has been impressive and agreed that the Five Year Plan provides a good framework for development. They have set up the procedures necessary to the continued coordination of their aid programs.

A.I.D. will continue to insist that certain conditions are met before Development Loans are made to the Koreans. The \$12 million Korean Reconstruction Bank loan is a good example. This loan, which was made in FY 1967, provides the bank with the foreign exchange it needs to make loans to medium industries. A.I.D.

Country: KOREA

insists that the bank lend only to those who meet certain sound criteria. We have required the bank to improve its management and specifically its ratio of overdue payments to its local currency portfolio. The bank is a critical element in Korea's efforts to help private, medium-sized industry. A.I.D. support and insistence on improvements give it a greater chance of success.

Korea is paying for ever increasing amounts of her own national defense. Supporting Assistance and P.L. 480 proceeds provided 64% of the local currency required for the Korean military budget in 1966. It is expected that this amount will be reduced to about 51% in 1967 and 38% in 1968.

A.I.D. expects to be able to persuade the Korean government to continue to monitor key economic indicators carefully and to continue policies which will provide for economic improvement. Self-help conditions will be used to encourage fiscal and monetary stabilization, export promotion, private investment and market liberalization. Self-help conditions will again determine the amounts of Supporting Assistance and the release of U.S.-owned and U.S.-controlled local currency. They must also be met before any program loan is approved in FY 1968, and again before releases of funds under it are made. A.I.D. will continue to review the Korean budget before it is submitted to the National Assembly. This is done to be sure that the budget meets the requirements of the stabilization program and to enable us to comment on its make-up, particularly with respect to developmental investment.

FY 1968 Program

The most important parts of the FY 1968 A.I.D. program are \$50 million of Development Loans and Supporting Assistance totalling \$40 million. \$6.6 million will be spent on Technical Assistance. Other members of the consultative group will be furnishing aid too. Japan is expected to provide grants and loans totalling \$50 million. West Germany is expected to loan Korea \$25 million. The IBRD and International Development Association (IDA) are prepared to consider loans also. Several international agencies are planning technical assistance programs.

The A.I.D. program has five major goals. They are (a) improving the use and distribution of resources; (b) speeding up the growth and efficiency of industries; (c) developing the rural economy; (d) improving social planning, and education, health, manpower, and housing and urban development policies; and (e) improving the organization and administration of the government.

Resource Mobilization and Allocation. The Korean people have done much to improve the use and distribution of their country's resources in recent years. The stabilization program and the improved system of tax administration are two of their more important self-help efforts. These policies and others have reduced the rise in the wholesale price index from a recent high of 34% in 1964 to only 8% in 1966. The percentage of the GNP which is being saved increased almost 10% in 1966, and fixed investment rose by over 16%.

The United States plans to encourage continued improvements in FY 1967 and FY 1968. (1) A.I.D. will negotiate annual stabilization agreements. Quarterly Supporting Assistance funds and program loans will be released as Korean performance reaches the standards set by these agreements. (2) The United States will help support the Korean budget, although at a reduced rate, by releasing local currency which is collected by the Supporting Assistance and P.L. 480 programs. These currencies will be released only after A.I.D. reviews the Korean budget proposal in detail and the United States and Korea reach an agreement concerning the level of domestic revenue and the Korean government's grain pricing and procurement policies. A.I.D. will continue to insist on sound use of resources in its loan-financed projects and in their self-help conditions, including substantial self-financing of projects.

Industrial Development. Korean industries increased their production by 8% in 1964 and 17% in 1965. The 1966 increase is expected to be 13%. In FY 1967 the A.I.D. Development Loan program is providing \$34.2 million to improve the power supply; \$3 million to develop water resources; a \$15 million program loan for raw materials; and \$20 million through several banking sources for the development of small and modern private industries. Korea will also get \$32.5 million of Supporting Assistance for industrial raw materials. In FY 1968 we expect petrochemical and other industries will borrow \$20 million of Development Loans. Intermediate credit institutions will obtain about \$15 million. A.I.D. will also provide a \$15 million program loan and \$30 million of Supporting Assistance for raw materials during FY 1968.

A.I.D. is providing Technical Assistance during both these years for industrial quality control, marketing, water resources development and the development of natural resources. A.I.D. is also making efforts to promote research in technical fields and in the applied sciences by assisting the Korean Institute of Science and Technology. A.I.D. assistance to this institute in FY 1968 is proposed at \$1.6 million; FY 1967 assistance is estimated at \$3.2 million. The Korean government is giving this institute more than \$7 million for construction and endowment.

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Country: KOREA

Agriculture and Rural Development. Korea has made remarkable agricultural progress in the last five years. For example, grain production has increased an average 6.3% per year since 1960. One of the goals of the Second Five Year Plan is to eliminate Korea's dependence on net grain imports and on P.L. 480 concessional food sales by 1971. A.I.D. is helping the Korean government produce high value crops such as fruits, vegetables, livestock and marine products. A.I.D. is also trying to achieve more efficient production and distribution of agricultural produce and to increase the amount of savings invested in agriculture. A.I.D. is planning to (a) provide the Ministry of Agriculture and Forestry and other rural development agencies with advice and training in agricultural policy, planning and administration; (b) give the National Agricultural Cooperatives Association training and technical assistance which will help improve credit, marketing and management policies; (c) bring in experts who will help the Office of Rural Development improve its ability to perform agricultural research and training; and (d) provide P.L. 480 food which will be used to support land development and reclamation programs. A.I.D.'s agricultural Technical Assistance Program will cost \$758,000 in FY 1967 and \$830,000 in FY 1968.

The Food for Work program in Korea is making substantial progress. Under this arrangement, Koreans on relief rolls are assigned to projects which will result in development of their local land and facilities. They receive wheat, which is granted to Korea under P.L. 480, as compensation for their work on community development projects. The responsibility for the planning and implementation of these projects is assigned to provincial ministries so that local initiative and skills can improve while hunger is reduced.

The United States will contribute 178,000 metric tons of wheat under Food for Work programs in FY 1968, to implement 308 provincial comprehensive development programs. The Korean government reports that as of June 1966 23% of the objectives of the existing programs in areas such as reforestation, flood control and road building had been achieved.

Social Development. As the economy develops, Korea will have more resources available for social development. Even now the Korean government is placing a high priority on several social development

programs. The educational system is being improved, so that Korea can train the skilled manpower needed to satisfy the goals of the Second Five Year Plan. Health, housing and urban development activities are being expanded. Korea is trying to reduce the current annual 2.8% population increase to 2% by 1971. The family planning program will help the Koreans reach that goal.

The United States is responding to Korea's self-help efforts in several social development areas. Examples of what A.I.D. is doing in FY 1967 and plans for FY 1968 are: (a) a senior group of educational advisors is helping the Koreans set up a National Education Commission to analyze educational facilities and develop long-range plans; (b) U.S. advisors and consultants are helping the Koreans improve science, vocational and business education; (c) a public health advisor is helping the Korean government plan the health and family planning program; and (d) urban planning and housing advisors are working with the Koreans. The FY 1967 program is costing \$340,000. The FY 1968 program will cost \$511,000. The most important increase in the FY 1968 program is additional aid to education.

Administrative Improvement. The Korean government is improving its tax system. Domestic revenue collections more than doubled between 1964 and 1966, mainly through better tax collection procedures. Domestic revenues, around 8.8% of GNP in 1965, are expected to approach 13-14% in 1967. The government is also strengthening the ability of its intelligence agencies to prevent infiltration. General administrative practices are also being upgraded, and government officials are getting better training.

A.I.D. helps the Korean tax improvement efforts by providing the Ministry of Finance with advisors. The United States is responding to Korea's efforts to frustrate North Korean attempts to plant more agents in South Korea. A.I.D. is contributing technical guidance and communications equipment to this program. A modest training program and A.I.D. advisors are helping to improve the Ministry of Government Administration's procedures. All these programs will cost \$399,000 in FY 1967 and \$366,000 in FY 1968. The anti-infiltration program accounts for the largest part of these amounts.

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SUMMARY OF PROGRAM BY FUNCTION (Dollar Amounts in Thousands)

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: KOREA

TABLE II

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.	Conting. Fund	Total	Tech. Assist.	Supp. Assist.
Development Loan Program	80,020	XXX	XXX	XXX	72,200	XXX	XXX	XXX	50,000	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	5,320	4,060	-	1,260	4,046	4,046	-	-	3,787	3,787	-
Participants	548	548	-	-	584	584	-	-	870	870	-
Commodities	744	744	-	-	3,714	3,714	-	-	1,786	1,786	-
Other Costs	145	145	-	-	156	156	-	-	157	157	-
Total Project Assistance	6,757	5,497	-	1,260	8,500	8,500	-	-	6,600	6,600	-
Method of Financing											
Project Assistance											
Direct A.I.D.	3,207	3,207	-	-	6,747	6,747	-	-	5,017	5,017	-
Other Agency	430	430	-	-	595	595	-	-	565	565	-
Contract	3,120	1,860	-	1,260	1,158	1,158	-	-	1,018	1,018	-
Program Assistance	60,000	-	60,000	-	45,000	-	45,000	-	40,000	-	40,000
Total Other than Devel. Loan .	66,757	5,497	60,000	1,260	53,500	8,500	45,000	-	46,600	6,600	40,000
Total Assistance	146,777	XXX	XXX	XXX	125,700	XXX	XXX	XXX	96,600	XXX	XXX

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	98	113	105
Participating agency	10	23	18
Contractor technicians	50	45	35
Total	158	181	158

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	177	186	242
Contract	-	-	-
Total	177	186	242

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Revised 4/6/67

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Development of Domestic and Export Minerals	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	489-15-210-629	PRIOR REFERENCE	P. 16, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1970

Project Target and Course of Action: This project's goal is to develop Korea's mineral resources to earn foreign exchange and meet local needs. Guidance and assistance is being provided to existing coal mines and for the development of new ones in order to meet an estimated demand of 17 million tons of coal by 1971 (10.3 million tons were produced in 1965). Guidance and assistance is also provided to the ROKG Geologic Survey in locating potential areas of mineral production for tungsten and molybdenum, and in completing a basic survey of copper, zinc, lead, and iron deposits.

A comprehensive coal survey will be completed during FY 1967. Technical advisory services to coal mines are not expected to be useful after mid-1968 because the ROKG will not adopt policies judged necessary to support coal mining. Therefore it is planned to end technical services to coal mining by mid-1968. An energy survey is to be made in FY 1967 which will help determine the most economic and efficient sources of energy to meet future demand, and help the ROKG determine what policy it should adopt towards coal mining. Technical advisory services will continue to be provided to DL 489-H-018 through FY 1968, because procurement difficulties delayed the project one year.

General exploratory activity in ferrous and non-ferrous minerals is expected to be finished in FY 1968. Thereafter assistance in this area will be directed at specific problems, such as determining the feasibility

of exploiting a given mineral deposit, and at upgrading exploiting techniques through mine examinations conducted jointly with Korean experts. Training in technical areas will continue to be provided.

Progress to Date: Coal production has been increased from 5.9 million tons in 1961 to 10.3 million tons in 1965. Innumerable small coal mines have been consolidated into eight large mines to permit large scale development and economic exploitation. These mines have reserves to support an eight million ton annual production for 20 years. Mineral exports earned \$24 million in foreign exchange in 1965, up from \$11.8 million in 1962 and \$21.9 million in 1964. The project completion date has been moved from FY 1969 to FY 1970 in anticipating that a small (under \$100,000) amount of short-term technical services will still be needed.

FY 1968 Program: FY 1968 funds will provide 1 direct hire technician (\$18,000), 1 PASA technician through the Bureau of Mines (\$21,000), 11 contract technicians (\$75,000) under one year extensions of the Pierce Management contract and the International Minerals Engineers (formerly Mineral Industry Engineers) contract, and training for 8 participants (\$42,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated							
				Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	523	42	481							Pierce Management Corporation, Scranton, Pa. International Minerals Engineers, Golden, Colo. U.S. Bureau of Mines
Estimated FY 67	458	193								
Estimated through 6/30/67	981	235	746	28	406	434	18	96	114	
		Future Year Obligations	Estimated Total Cost	24	-	24	42	-	42	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Proposed FY 68	156	99	1,236	52	406	458	60	96	156	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Industrial Development	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	489-13-230-606	PRIOR REFERENCE	P. 17, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1961
				SCHEDULED FINAL OBLIGATION	FY: 1971

Project Target and Course of Action: The objective of this project is to accelerate the growth of domestic and export industries by providing advice and assistance in making investment decisions, in developing efficient management and production techniques, and in improving the quality of production. To achieve this target, assistance is being given in three areas. In Industrial Extension, advisors are furnished in such fields as cost accounting, industrial engineering, and the metals industry to the Korean Productivity Center (KPC) which is providing practical operating assistance to industry on a fee basis. At the same time, counterparts are being trained both on the job in Korea and here in the U.S. The goal for the KPC is to achieve self-sufficiency both in income from services performed and in Korean personnel. In the area of industrial testing, we are helping the Koreans establish quality controls and standards that will permit manufactured goods to compete on the world market and keep a good reputation for Korean goods. Technical advise and assistance is being provided to the National Industrial Research Institute (which is principally concerned with export standards and quality control) and the Bureaus of Weights and Measures and the Bureau of Standards. An advisor is also being provided in quality control who is helping promote the Korean Society for Quality Control and helping in industry-wide quality control programs. Training and testing equipment are also being furnished. Advisors and training in industrial planning are also being provided so that Korea will be able to make intelligent use of the

limited resources available to her. This assistance is in the specific area of identifying and analyzing new industrial opportunities and in developing investment analysis capability within government planning and financing institutions. Some specific areas in which assistance will be provided are chemicals, construction, and such promising export areas as handicrafts.

Progress to Date: Advisors in many of the metals industry have been thoroughly accepted, with individual companies asking for their services. This indicates a realization that such techniques have something to offer. Industries are being consolidated into cooperatives designated to perform government approved export product inspection and six cooperatives were created in 1966. A claims arbitration law was passed by the National Assembly and an arbitration board was set up. The Ministry of Commerce and Industry has arranged for 30 export product inspectors to be trained in Taiwan. An industrial laboratory was opened in Taegu in October 1966.

FY 1968 Program: \$423,000 will be used in industrial extension to finance 2 direct hire technicians (\$46,000), 9 contract technicians (\$280,000) and 44 participants (\$97,000). \$131,000 will be used for industrial testing and standards to finance 1 direct hire technician (\$22,000), 1 contract technician (\$20,000) and 15 participants (\$69,000).* \$179,000 will be used for industrial planning to finance 5 direct hire technicians (\$118,000), 2 contract technicians (\$50,000) and 3 participants (\$11,000).
 • Also commodities (\$20,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/ AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	
Through 6/30/66	3,847	2,919	928							
Estimated FY 67	543	808								
Estimated through 6/30/67	4,390	3,727	663							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	733	2,805	7,928							
				Total Obligations						
					378	165	543	383	350	733

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Korean Institute of Science and Technology	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-230-634	PRIOR REFERENCE	P. 18, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1971

Project Target and Course of Action: To create an independent institution capable of providing Korea's developing industry with applied scientific and technological skill to enable Korean industry to compete on world markets. In order to achieve this, Korean industry must be able to improve its existing methods, adapt foreign ones to Korean use, and develop new ones based on special Korean circumstances. To be capable of providing this kind of service, an institution has to be able to attract high calibre scientific and technical employees, and to attract research contracts from private business. It was determined that only an institution fully independent from political influence and from any one industry or industrial group would do this. The ROKG has agreed, therefore, to endow the institute with sufficient capital to assure an adequate operating income. Separate funds will be appropriated for construction of necessary buildings and research facilities. The U.S. is assisting by financing a contract with the Battelle Memorial Institute to provide advisory services to the Institute in establishing its policies, in choosing areas of research concentrations, in recruiting and training personnel, and in research projects to be begun before the Institute's facilities are completed.

Progress to Date: The Institute grew out of a joint proposal by President Johnson and President Park, during the latter's May 1965 State Visit, to consider establishing an institute with U.S. support. The Institute was

established by President Park in February 1966. Eighteen professional personnel have been hired, a site has been selected and set aside (by President Park), the necessary legislation has been passed to permit the ROKG to establish the endowment and to provide a site, and technical-economic research projects have been begun. The endowment will be one billion won. The interest on this deposit will be used to off-set the operating expenses for the first five years. One of the purposes of creating the Institute was to attract expatriate scientists back to Korea so their badly needed skills could be used for that country's benefit. When the President of the Institute made a recruitment trip to the U.S. he found that 65 of 69 Koreans interviewed were ready to return to work for the Institute.

FY 1968 Program: FY 1968 funds include \$375,000 for a one-year extension of the Battelle Memorial Institute contract for 13 contract employees (3 full-time), plus \$53,000 for training of the ten participants, and \$1,200,000 for laboratory equipment, electrical equipment, and mechanical equipment.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated								
				Estimated FY 1967			Proposed FY 1968				
Through 6/30/66	770	45	725	Cost Components	Direct AID	Contract/	Total	Direct AID	Contract/	Total	Battelle Memorial Institute, Columbus, Ohio
Estimated FY 67	3,253	1,320		U.S. Technicians	-	60	60	-	375	375	
Estimated through 6/30/67	4,023	1,365	2,658	Participants . . .	-	-	-	53	-	53	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	3,193	-	3,193	1,200	-	1,200	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	1,628	1,544	7,195	Total Obligations	3,193	60	3,253	1,253	375	1,628	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Water Resources Development	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-250-609	PRIOR REFERENCE	P. 19, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1965	FY: 1971

Project Target and Course of Action: The objective of this project is to prepare a comprehensive development plan for utilization of resources in the Han River Basin. This basin contains 25% of Korea's population and area, and 40% of its industry. In order to meet increasing agricultural and industrial needs, rational development of the resources of the Han River demands that requirements for irrigation, navigation, power, municipal and industrial water supply, ground water, pollution control, flood control, watershed development, and recreation be coordinated. This will require a survey of resources and future needs, to be followed by a development plan. The U.S. is furnishing a 10-man team to assist the ROKG to conduct this survey and prepare the plan. The ROKG is furnishing a staff of approximately 76. In addition to assisting the ROKG in the survey itself, it is planned to leave the ROKG with the capability to continue this kind of work, both in the Han River basin and in other basins.

The United Nations Development Program is planning to conduct a similar survey in the Naktong River Basin. Program to Date: The 10-man U.S. team has arrived in Korea, and the 76-man Korean team has been assembled. The ROKG has established an interagency committee to carry out the development of the Han River, and preliminary appraisals have been made of two potential dam sites.

FY 1968 Program: We will continue the services of the 10-man team through PASAs with the Bureau of Reclamation (9-man) and the U.S. Geologic Survey (1-man) plus some short term engineers, for a total of \$235,000. Training will be provided to seven participants in waterworks management and maintenance, in river basin study, in hydrology, and in ground water geology, for a total of \$33,000.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	U.S. Geologic Survey Bureau of Reclamation, Department of Interior
Through 6/30/66	173	21	152								
Estimated FY 67	271	337		U.S. Technicians	-	255	255	-	235	235	
Estimated through 6/30/67	444	358	86	Participants . . .	16	-	16	33	-	33	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
Proposed FY 68	268	794	1,506	Other Costs . . .	-	-	-	-	-	-	
				Total Obligations	16	255	271	33	235	268	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Marketing	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	489-15-260-647	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: 1968

Project Target and Course of Action: The goal of this project is to help Korea develop and apply the improved domestic and export marketing practices necessary to achieve \$550 million in exports by 1971 and an annual growth rate of 7% over the next five years. Although both goals are within the physical capacity of the Korean economy, assistance is needed in the development of a national domestic and export marketing system. In FY 1967, there are plans for financing a four-man team of U.S. marketing experts under contract, and an export Marketing Research Specialist for two years, who will help the Korean Trade Promotion Association (KOTRA) set up an International Marketing Research Center, develop an International Trade Information Center, and train personnel in export promotion and international marketing techniques. An Agricultural Market Research Specialist will help research distribution problems in primary agricultural products for two years. An Industrial Market Research Specialist will research distribution problems in the food processing and manufacturing industries for two years. An Export Promotion Specialist will work for one year with the 10 overseas trade promotion centers, support organizations, and the export section of the Ministry of Commerce and Industry. Short term advisory services may be provided under the main contract in such areas as international and domestic commercial arbitration, export insurance, and export procedures.

Progress to Date: A contract has been signed for the one year Export Promotion Specialist, who has just begun

working with the overseas trade promotion centers. The USAID Mission is in the final stages of discussions with the ROKG agencies concerned to assure that they are all fully committed to the domestic side of the project. In Korea domestic marketing procedures need more strengthening than the export market side.
FY 1968 Program: \$42,000 will finance the training of:
 (1) 10 participants in Marketing Management and Research in the U.S. and (2) a 6-man Market Study Team in Asia.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								International Marketing Institute, Cambridge, Massachusetts.
Estimated FY 67	466	79		U.S. Technicians	10	420	430	-	-	-	
Estimated through 6/30/67	466	79	387	Participants ...	36	-	36	42	-	42	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 68	42	-	508	Total Obligations	46	420	466	42	-	42	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Improvement of Transportation Capabilities	ACTIVITY	Transportation	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-330-600	PRIOR REFERENCE	P. 20, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1963	FY: 1969

Project Target and Course of Action: The goal of this project is to assist the ROKG to change the organizational structure of the two ministries (National Construction and Transport) concerned with transportation so as to permit development of an integrated land transport system, and to assist the ROKG Civil Aviation Bureau meet and maintain international air transport standards.

The principal component of assistance to the land transportation system has been training in all phases of transport railroads, highways, and marine transportation. One engineer has served as senior advisor to the ROKG on transportation policy.

In Civil Aviation, we are providing advisors in flight operations and electronics to advise the ROKG on the adoption and application of air safety regulations, inspection procedures, operations manuals, and pilot certification and examination programs. The advisory group is also providing engineering services under the \$4,200,000 AID Loan No. 489-H-039, Air Navigation Development. Training is also being provided in flight operations, air traffic control, navigation aids, and to a flight standards pilot, a flight inspection pilot, and to a flight check panel operator.

Progress to Date: The International Bank for Reconstruction and Development has completed a comprehensive transportation survey of Korea. It and the International Development Association are expected to provide capital assistance to highway development. Highway and bridge construction continued in 1966, utilizing the services of

an A.I.D. highway advisor. Initial plans have been developed for the extension of Kimpo Airport runway. All Korean airline and commercial pilots have been required to pass certification examinations and flight checks equal to FAA standards. Two link trainers were supplied from excess property to provide instrument flight training for Korean pilots. Korea has purchased, with an Export-Import Bank loan, a DL 9 aircraft for short-haul international routes in East Asia.

With the signing of the \$4.2 million Air Navigation Loan on June 22, 1966 came the need for additional technical assistance to support the loan. This has necessitated a revision of the previous estimate that the project would end with FY 1967 at a cost of \$708,000. It is now estimated that the project will end in FY 1969 at a total cost of \$775,000 or \$67,000 more to support the \$4.2 million investment.

FY 1968 Program: A.I.D. will continue to provide three FAA specialists under PASA to work on aviation problems and the Air Navigation Aids Loan (\$98,000). We will also provide training to 3 aviation participants (\$13,000). No obligations are planned for the ground transportation sector.

U.S. DOLLAR COSTS (in Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/66	430	284	146							Federal Aviation Agency	
Estimated FY 67	154	235		28	92	120	-	98	98		
Estimated through 6/30/67	584	519	65	34	-	34	13	-	13		
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-		
Proposed FY 68	111	80	775	-	-	-	-	-	-		
				Total Obligations	62	92	154	13	98		111

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Health and Family Planning	ACTIVITY	Health and Sanitation	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-590-649	PRIOR REFERENCE	P. 24, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: Undetermined

Project Target and Course of Action: This project will assist the Ministry of Health and Social Affairs maximize the effectiveness of the presently limited resources devoted to public health by directing them into the areas of greatest national return, both socially and economically. AID has financed limited advisory assistance and training programs related to the health sector in recent years, particularly in the fields of medical education and health planning, as part of the "Technical Assistance to ROKG Activities" project. In view of the vigorous efforts the Korean Government (ROKG) has made in implementing a national family planning program and the recent problems it has encountered, this project proposes to expand U.S. assistance in this area. The program expansion is primarily related to providing increased transport facilities for family planning field workers.

Progress to Date: Following the advice of various private organizations in Korea, such as the Population Council and the International Federation of Planned Parenthood, the ROKG initiated a National Family Planning Program in 1962 with a goal to reduce the population growth rate, then estimated at 2.9%, to 2.0% by 1971. By the end of 1963 the program was well underway with over 1 million couples already receiving family planning services. In 1964 the Population Council entered the program on a full-time basis with technical advice and some financial support.

While the family planning program has progressed

beyond that of most other nations, two serious problems have emerged: the rate of progress of the program is slowing down, and a high rate of attrition amongst IUD users is cutting deeper into the progress already achieved. These problems are threatening the chances for Korea to meet its program goals. While certain aspects of the program's administration need improving, the critical problem involves insufficient transportation facilities to get the field workers to the rural population. Also, the high costs of alternative contraceptive devices have created serious obstacles to those who cannot use IUD's.

This project will assist Korea overcome its transport problems by providing vehicles for 20 additional mobile clinics. AID is presently exploring other technical or financial support requirements related to the high attrition rate of IUD's.

FY 1968 Program: FY 1968 funds will finance (a) a Public Health advisor and a PASA arrangement with the U.S. Public Health service (\$31,000); (b) the training of six participants, five of which will be in family planning (\$26,000) and (c) 20 mobile clinics for the family planning field workers (\$200,000). Additional FY 1968 and future year funding requirements, as yet unidentified, may emanate from present studies on the feasibility of the extensive use of oral contraceptives in Korea.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/ AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/66	155	118	37							U.S. Public Health Service	
Estimated FY 67	62	61									
Estimated through 6/30/67	217	179	38	U.S. Technicians	-	33	33	-	31		31
				Participants . . .	4	-	4	26	-		26
				Commodities . . .	25	-	25	200	-		200
				Other Costs . . .	-	-	-	-	-		-
Proposed FY 68	257	Undetermined		Total Obligations	29	33	62	226	31		257

FY 1968

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Public Safety	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-710-644	PRIOR REFERENCE	P. 22, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1970

Project Target and Course of Action: The objective of this project is to develop within the Korean National Police Force (KNP) the capability, in cooperation with other ROKG security services, to effectively cope with infiltration efforts by North Korean agents. This activity is based on a comprehensive review of the internal security situation undertaken by an inter-agency team in the spring of 1966.

The priority areas needing improvement deal with effective coordination among ROKG intelligence gathering agencies and greater police mobility to respond to counter-intelligence strategy decisions. The U.S. is assisting in these areas by providing communications equipment, some weapons, and technical advisory services.

Progress to Date: Following review of the internal security team's report the U.S. and the ROKG jointly agreed to take immediate steps to improve the situation. The ROKG agreed to establish a Combined Command structure in each province which would provide more effective coordination of intelligence information and actions among all ROKG security agencies. In addition, the Korean Government agreed to develop mobile sweep teams (nine-man squads) under the auspices of the Korean National Police to track down and apprehend enemy agents. It is estimated that 15-20 such teams will be needed in each of the nine provinces, the exact number varying with the topography. Finally, the ROKG agreed to spend \$125,000 in foreign exchange to meet part of the cost of equipping the KNP sweep teams.

On its side, the U.S. obligated \$250,000 in late FY 1966 to cover the costs of tactical communications and some weapons for the sweep teams and a command communications net in the four most critical provinces. Additionally, the U.S. is providing three full time Public Safety advisors in FY 1967 and short-term advisory services of communication specialists. Finally, the participant training program was increased to send appropriate KNP officials to Thailand to observe mobile police operations in that country.

FY 1968 Program: FY 1968 funds include \$58,000 for three Public Safety advisors; \$40,000 for training ten participants, plus \$59,000 for communications equipment and related commodities for two additional provinces.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	250	-	250							
Estimated FY 67	226	247								
Estimated through 6/30/67	476	247	229							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	157	259	892	226	-	226	157	-	157	
				U.S. Technicians			Participants ...			
				Commodities ...			Other Costs ...			
				Total Obligations			Total Obligations			

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Economic Planning	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-720-587	PRIOR REFERENCE	P. 23, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1963	FY: 1971

Project Target and Course of Action: The purpose of this project is to encourage the adoption of monetary and fiscal measures designed to provide an economic environment which will induce greater savings, higher export earnings and productive investments, particularly from the private sector. Achievement of these goals, which are the basic elements to maximizing economic growth, involve (a) a better understanding of Korea's economy; (b) the provision of advice to the Korean Government on the formulation and implementation of desirable economic policies; and (c) assistance in the formulation of annual and long-range investment plans, sector analyses, and project feasibility studies.

Progress to Date: In 1966 the Korean economy grew at a rate of 12%, with the average annual GNP growth rate for the First Five Year Plan reaching 8.5%. Prospects for continued growth at 8% or higher for at least the next few years remain good. Impressive gains were also made in exports which rose from \$81.5 million in 1963 to over \$250 million in 1966, and savings which rose from a 1965 level of 6% of GNP to 11% of GNP in 1966. These goals have been accomplished while price increases have been held to only 10% in 1965 and 8% in 1966 compared to 20-30% increases in previous years.

In July, 1966 the ROKG, with the advice and assistance from AID and the International Bank for Reconstruction and Development (IBRD), published its Second Five Year Plan covering 1967-1971. The new Plan envisages an annual growth rate of 7%, the doubling of manufacturing

output, exports reaching \$550 million and other equally ambitious, but achievable goals. In December, 1966 a consultative group chaired by the IBRD with representatives from nine countries reviewed Korea's Second Five Year Plan and expressed the view that the performance and the management of the Korean economy had been impressive in recent years and that the Plan provided a suitable policy framework for future development.

While the improvements in economic policies and performance have been remarkable, much remains to be done if Korea is to achieve the targets of the Second Five Year Plan. The problem of maintaining adequate price stability still exists. There is a need to increase the recent trend of rising domestic savings. Greater emphasis must be placed on project feasibility analysis and careful sector studies. Related to this is the shortage of trained Korean economists to undertake such studies. Also, proper scheduling of investments is required to assure that the various investments come in the right order to permit their fullest use as soon as they are completed. These are some of the areas in which assistance from AID and other donors is required.

FY 1968 Program: FY 1968 funds finance: (a) four AID economists (\$68,000); (b) seven short-term consultants in such areas as development planning, monetary policy, and tax policy (\$21,000) and (c) 18 participants, 14 of whom are being trained in the U.S. for doctorate degrees in economics (\$100,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated				
				Estimated FY 1967		Proposed FY 1968	
Through 6/30/66	979	511	468	Direct AID	Contract/Other Agency	Total	Federal Reserve Board Contract Consultants
Estimated FY 67	181	503					
Estimated through 6/30/67	1,160	1,014	146	68	45	113	
		Future Year Obligations	Estimated Total Cost	58	-	68	
				-	-	-	
				-	-	-	
Proposed FY 68	189	523	1,872	136	45	181	
				168	21	189	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Technical Assistance to ROKG Activities	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	489-11-740-589	PRIOR REFERENCE	P. 24, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1962
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project is designed to assist Korea produce the skilled manpower and budgetary resources necessary to meet the goals of the Second Five Year Plan, and improving human resource capabilities in general. To meet the project targets the emphasis of U.S. financed advisory services and training is directed to policy-level guidance to appropriate ROKG ministries in the fields of revenue administration, education and manpower planning and personnel administration.

Two activities previously included under this project - public safety and health and family planning - are now included as separate projects elsewhere in this presentation.

Progress to Date: With the assistance of two tax advisors from the U.S. Internal Revenue Service and short-term consultant services in customs administration, the ROKG has made tremendous strides in increasing its national tax revenues. This is especially true for the past two years, when revenues from national taxes increased by 35% in 1965 over 1964 and 63% in 1966 over 1965. These remarkable accomplishments took place at a time when price increases were held down to 10% in 1965 and 8% in 1966 compared to historic annual price increases of 20-30%. This year the Korean Government plans to submit a major tax reform bill to the National Assembly which will further increase potential tax revenues.

In the field of manpower development the President of Korea has directed that a National Education Commission be established this year which will be responsible for the

development of a long-range educational plan, with emphasis being placed on the country's urgent need for more qualified graduates in the fields of science and technology, business management and varied vocational skills. In addition to this long-range planning effort, the Korean Government, with the assistance of AID and the U.S. Department of Labor, has been working on the development of a national manpower program to assess more accurately the manpower requirements of the country as it relates to planned developmental efforts. As they become known, these manpower requirements are being fed into the educational system and made known to the general public.

A U.S. technician has been advising the Korean Government to develop a government personnel system through the establishment of a position classification system and improved methods of wage administration and recruitment. The grading structure for the new position classification system was completed in 1966 and is awaiting official approval while government officials received a 30% pay raise in 1966 and the 1967 budget calls for comparable increases.

FY 1968 Program: FY 1968 funds will finance five AID technicians (\$123,000); three PASA advisors (\$136,000); eight short term and two long-term contract personnel to work with the National Education Commission (\$161,000); the training of 49 Korean participants, 40 of whom will be under short-term or observational programs (\$168,000); and books and other educational aids (\$22,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	1,068	856	212								U.S. Internal Revenue Service
Estimated FY 67	451	410									U.S. Bureau of Customs
Estimated through 6/30/67	1,519	1,266	253	U.S. Technicians	127	216	343	123	297	420	U.S. Department of Labor
				Participants . . .	59	-	59	168	-	168	National Science Foundation
		Future Year Obligations	Estimated Total Cost	Commodities . . .	49	-	49	22	-	22	Contract Consultants
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	610	Undetermined		Total Obligations	235	216	451	313	297	610	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Improved Administration of Banking and Credit	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	489-15-750-588	PRIOR REFERENCE	P. 25, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: 1969

Project Target and Course of Action: This project is to improve the policies and operations of important Korean financial institutions. The Korean Reconstruction Bank (KRB) and the Medium Industry Bank (MIB) are the principal recipients of U.S. assistance. Special emphasis is placed on these two institutions as the KRB is the major source of developmental capital for both the public and private sectors, while the MIB is rapidly becoming the most important source of credit to small and medium industries. A collateral activity of this project is to encourage increased participation of U.S. investors in the development of Korea's commercial and industrial enterprises.

Under this project, A.I.D. provides two banking advisors. One is concentrating on overall banking policies, the other assists the KRB in formulating its operational policies and procedures, particularly those relating to the implementation of the \$12 million A.I.D. loan authorized in August 1966. To improve the banking staff's competence, the participant training program will be an important part of this project. The third advisor and short-term contract personnel are assisting the ROKG establish an investment promotion center.

Progress to Date: Under AID-financed contracts, the management consultant firm of A. T. Kearney and Co. and certified public accountants of Arthur Young and Co. completed a comprehensive review and audit of KRB operations. Also, Kearney finished a briefer review of MIB operations.

The Kearney report on KRB contains 62 recommendations pertaining to (a) evaluation of external factors affecting KRB's operations, (b) organization and management, (c) loan operations and decision making and (d) personnel administration. As of July 1, 1966, fifty (50) of these recommendations were adopted.

The technical advisory services of A.T. Kearney and Co. are continuing through FY 1967 to assist the KRB in implementing Kearney's and Young's recommendations. Recent A.I.D. loans to the KRB*(\$12 million) and to the MIB#(\$5 million) were based on the generally favorable findings by the two U.S. contract teams and to the acceptance and agreement by KRB and MIB of the teams' recommendations.

Encouraging progress also has been made in the field of investment promotion. During the past year the ROKG has established an investment promotion center and the National Assembly passed a "Foreign Investment Inducement Law" providing a legal framework for the promotion of foreign investment which is competitive with similar legislation in other developing countries.

FY 1968 Program: FY 1968 funds will provide: 2 banking advisors and 1 investment development advisor (\$107,000); short-term contract services to the Investment Promotion Center (\$36,000); training for 12 Koreans in development banking operations and 2 in investment promotion activities (\$44,000) and reference materials for the Investment Promotion Center (\$2,000).

*489-H-042; #489-H-040

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	657	514	143							Contract Consultants
Estimated FY 67	143	109								
Estimated through 6/30/67	800	623	177							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	153	125	1,078							
				Total Obligations	125	18	143	117	36	

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Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Technical Support	ACTIVITY	Technical Support	FUNDS	Technical Assistance
PROJECT NUMBER	489-15-990-000	PRIOR REFERENCE	P. 26, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1956
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project provides support for program activities not chargeable to individual projects.

Specifically the funds pay for: (a) salary and allowances of program personnel whose services relate to more than one project; (b) local currency costs paid from the Trust Fund chargeable to program activities, including salaries of Korean employees; and (c) a proportionate share of office overhead costs charged to program operations. The increased technician costs reflect the need for additional monitoring, by the U.S. Corps of Engineers under a PASA arrangement, of the engineering services related to AID Development Loans for waterworks plants and sewerage systems.

This project also finances logistic support expenses including: (a) operation of a motor pool; (b) replacement and spare parts for vehicles; (c) office equipment and maintenance materials; (d) communications; and (e) basic equipment for living quarters.

FY 1968 Program: \$1,002,000 of FY 1968 funds is to pay for 38 direct-hire technicians and 10 secretaries; \$44,000 is for short-term PASA services with the Corps of Engineers; \$263,000 is needed for program commodities; and \$157,000 is required for Other Costs, including local travel, utilities and Mission communication expenses.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	U.S. Corps of Engineers
Through 6/30/66	23,537	23,260	277								
Estimated FY 67	1,455	1,463		U.S. Technicians	1,019	21	1,040	1,002	44	1,046	
Estimated through 6/30/67	24,992	24,723	269	Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	259	-	259	263	-	263	
				Other Costs . . .	156	-	156	157	-	157	
Proposed FY 68	1,466	Undetermined		Total Obligations	1,434	21	1,455	1,422	44	1,466	

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Soda Ash Plant, 489-A-004	
Date Authorized: June 24, 1959	Date Signed: December 11, 1959
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$5,600	Duration 15 yrs. Two-Step 40 yrs.
Disbursed 553	Grace Period 3 yrs. Two-Step 10 yrs.
Repayments -	Interest Rate 1% 5-3/4% Two-Step 2% 10 yrs.
Interest Collected 75	Two-Step 30 yrs. Currency of Repayment.. Won Two-Step US\$

Because of delays in implementation, A.I.D. extended the local currency maturity of the loan to permit a delay in commencement of repayments until the plant is operating in 1968. Disbursements during 1966 were for engineering services.

Host Country Role and Procurement Source: Equity funds put up by the stockholders of the Company have been increased four-fold to meet higher local currency requirements for construction and working capital. These requirements arose as a result of price inflation and increased possibilities for procurement of materials within Korea. Procurement of loan-financed equipment and services is limited to free world sources.

Comments on Implementation: During the period of A.I.D. suspension of loan disbursements, appraisal of the project's soundness was complicated by changing economic and financial circumstances (such as Korean costs and competitive international prices), on the one hand, and advances in the technology of producing soda ash on the other. The technical consultants, R.B. MacMullin Associates, Niagara Falls, N.Y., have updated the technical designs and drawn up plans for scheduling work, procurement and construction. The project is now on a sound technical basis and since the loan's resumption in 1965 it has proceeded satisfactorily.

The engineers for the project have agreed to revise the capacity guarantee to 65,000 MT/Year. Three major equipment contracts totaling \$4.4 million have been awarded. These contracts cover the power plant; the process plant and the electrical substation. The purchase contract for one major piece of equipment has not, as yet, been concluded.

Indications are that the entire plant can be completed within the loan amount and that the plant will start operations by the end of CY 1967.

Purpose of Loan: The purpose of this loan is to assist a private firm, Oriental Chemical Industry Company, Ltd., in the establishment of a plant at Incheon, Korea to produce 43,000 (later changed to 65,000) metric tons annually of soda ash, caustic soda, sodium bicarbonate and calcium chloride. The chemicals to be produced are essential to the glass, metal ore refining, food processing and many other industries. They now must be imported at substantial cost to the economy. Raw materials for the plant, such as salt and limestone, are available within Korea in abundant supply. Foreign exchange savings are expected to be between \$2 or \$3 million annually.

Physical Status: Construction work is about 60% completed. This is substantially ahead of schedule which called for 40% completion on December 31, 1966.

Financial Status: Interest Payments are on schedule. Disbursements under the loan began in January 1962 but were halted by A.I.D. in May the same year because of Company-proposed changes in the project and questions which these changes raised as to the financial capability of the backers. Until the spring of 1965, the revised plans for the project were under study to assure that the proposed new site engineering plans did not alter the project's basic feasibility setting. In June 1965, an amended Loan Agreement was signed and the Korean Government assumed responsibility for repayment of the loan in dollars.

STATUS OF DEVELOPMENT LOANS

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Development Bank, 489-A-007	
Date Authorized: June 17, 1959	Date Signed: April 12, 1960
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 10 yrs.
Authorized \$5,000	Two-Step 40 yrs.
Disbursed 3,090	Grace Period 1 yr.
Repayments 2	Two-Step 10 yrs.
Interest Collected 43	Interest Rate 5%
	Two-Step 3/4%
	Currency of Repayment Won
	Two-Step US\$

To strengthen the Bank's management practices, A.I.D. financed a contract with the management consulting firm of A.T. Kearney & Co., Chicago, for a policy and operations survey. In addition, A.I.D. financed a full scale audit of the Bank's financial position in 1965 by the accounting firm of Arthur Young & Co., New York.

Physical Status: \$3.40 million worth of machinery has arrived at the plant sites, of which \$2.01 million worth has been installed.

Financial Status: 44 sub-loans aggregating \$4.5 million have been made; 2 additional sub-loans have been approved, but the sub-loan agreements have not as yet been signed. The \$5 million loan is now fully committed. Two sub-loans with an outstanding balance of \$167,000 are overdue. The KRB itself has made repayments and interest payments as scheduled.

Host Country Role and Procurement Source: As specifically agreed, sub-loan borrowers must have substantial equity in their projects. Primarily the sponsors' funds are reflected in construction and working capital costs. A.I.D. funds for sub-loans applied for after reactivation of the loan require goods and services to originate exclusively in the United States.

Comments on Implementation: A.I.D.'s year and a half suspension of disbursements and the imposition of new and stricter lending criteria and procedures impeded the Bank's implementation of its "sub-lending". After gaining momentum in 1964, sub-lending slowed again in 1965 when the Bank undertook the processing of applications for a German loan of \$5 million. However, as stated above, the loan is now fully committed.

Purpose of Loan: The purpose of this loan is to promote Korean private enterprise in the industrial sector. Through the medium of the Korean Reconstruction Bank (KRB), the development bank of the Korean government, foreign exchange is made available to small-sized industries for the production of commodities in a variety of industries. The loan thus makes possible the importation of capital goods and services for private projects too small to be considered for individual Development Loans which will produce commodities essential for the expanding Korean economy. The sub-loans to private industry carry an 8% interest rate; repayment terms are: maximum of 10 years, including a maximum grace period of 2½ years.

Departures from what were considered sound lending practices in 1962 caused A.I.D. to stop disbursements until agreement could be reached on new loan procedures and criteria. These differences were settled late in 1963 and an A.I.D. fulltime banking advisor was assigned to monitor the loan. Sub-lending was resumed shortly thereafter with the A.I.D. banking advisor participating in the processing, analysis and approval of all sub-loan applications considered eligible for financing.

When the loan was resumed in 1963, A.I.D. altered repayment terms to provide for return of the funds to the U.S. in dollars, but on a liberal two-step basis.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Changsong Coal Mine District, 489-H-018	
Date Authorized: May 29, 1963	Date Signed: December 7, 1963
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 22 yrs.
Authorized \$9,500	Two-Step 40 yrs.
	Grace Period 4 yrs.
Disbursed 4,806	Two-Step 10 yrs.
	Interest Rate 5-3/4%
Repayments -	Two-Step 3/4%
	Currency of Repayment.. Won
Interest Collected 18	Two-Step US\$

The A.I.D.-financed consulting engineers, Pierce Management Corporation of Scranton, Pennsylvania, continue to assist the Corporation in carrying out the project. During 1965, the management consulting firm of Booz, Allen and Hamilton completed a study, financed under the loan, for the installation of a new corporate management accounting and budgeting system. The new system, already in operation, has improved the Corporation's financial reporting and planning.

Financial Status: About 50% of the funds have been disbursed to date for purchase of U.S. equipment and for consulting and engineering services. Disbursements are expected to accelerate in 1967 inasmuch as \$6.4 million of the \$9.5 million project funds have already been committed for equipment purchases. Interest payments are on schedule.

To conserve scarce Korean foreign exchange, the loan was extended on a two-step basis, with A.I.D.'s most liberal foreign exchange terms extended to the Government and appropriate industrial borrowing terms in local currency applied to the Corporation.

Host Country Role and Procurement Source: The Corporation is utilizing its own funds to provide the \$2.7 million in local currency required for construction and installation. Coal prices were increased 15% during 1965 to enable the Corporation to meet its obligations under the loan agreement. All procurement of equipment and services for the project is of U.S. source and origin, except some shaft hoist parts.

Comments on Implementation: Delays in procurement of certain long-lead items, notably the permanent shaft hoist, have caused the project to run behind schedule. It is expected that the project will be completed in 1968, rather than 1967 as originally planned.

Purpose of Loan: The purpose of this loan is to permit the fuller exploitation of coal reserves in the rich Changsong mining area of northeastern Korea. This loan finances the foreign exchange costs of a variety of mining equipment for the government-owned Dai Han Coal Corp. In recent years the Changsong area mines have been producing some 25% of Korea's coal. In order to exploit some 19 million tons of mineable coal at Changsong, which would not be accessible using conventional slope-mining methods, this project involves the sinking of vertical shafts below the haulage and drainage level and the construction of related facilities for depth mining operations. It is a logical step in the program to assure a continuing supply of domestically-mined coal for Korean power and industrial development.

Physical Status: The project was 16.7 per cent completed at the end of November 1966 as compared with the planned 17.2 per cent completion of project schedule. At present, physical work inside the mine includes shaft sinking and hoist room excavation. Outside construction work involves the installation of rock crusher conveyor belts and erection of a coal preparation plant. The major portion of the equipment procurement has been bid and contracts awarded. Major equipment awards have been made to McNally-Pittsburg, Pittsburg, Kansas (coal preparation plant) and to Ingersoll-Rand, New York City (permanent shaft hoist).

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Kunsan Thermal Power Plant, 489-H-019	
Date Authorized: June 27, 1963 Date Signed: March 9, 1964	
Loan Status as of 12/31/66	
(In Thousands of Dollars and Equivalent)	
Authorized	\$12,800
Disbursed	233
Repayments	-
Interest Collected	-
Loan Terms	
Duration	20 yrs.
Two-Step	40 yrs.
Grace Period	2 yrs.
Two-Step	10 yrs.
Interest Rate	5-3/4%
Two-Step	3/4%
Currency of Repayment ..	Won
Two-Step	US\$

and engineering work commenced shortly thereafter. The consulting engineer is the firm of Burns & Roe, Inc., New York, New York. During 1965, final design of the plant was completed and specifications prepared for major items of equipment. Contracts for all major long-lead items are in final negotiation and the construction contract has been signed. The project is on schedule as revised in 1965, and commercial operation is scheduled for May 1968.

Purpose of Loan: The purpose of this loan is to finance the foreign exchange costs of the equipment, materials and services for the construction of a 66 MW thermal power plant in Kunsan, Korea. The plant will be owned and operated by Korea Electric Company (KECO). The power to be produced by this plant, part of an overall power development plan, will be furnished to existing and new industry in Southwestern Korea. The power plant is necessary to meet power demands which are expected to grow at a rate of 17% per year for the next ten years.

Physical Status: Site preparation work by KECO is well underway and a contract was executed in September, 1966 with MWK International Limited, Inc. of Seattle for the overall construction of the plant.

Financial Status: Disbursements to date have been for engineering services only.

Host Country Roles and Procurement Source: The local currency equivalent of \$2,173,000 is to be loaned to KECO for this project by the Korean Reconstruction Bank. An additional local currency equivalent of \$507,000 will be provided by KECO for the project. Equipment, materials and services to be financed under this loan will be from the United States.

Comments on Implementation: Delays were involved in the negotiation of self-help provisions of the agreement before signing and in the subsequent implementation of these measures. A.I.D.'s conditions were met by October, 1964

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Taegu Waterworks, 489-H-021	
Date Authorized: May 5, 1964	Date Signed: November 27, 1964
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$ 2,400	Duration 15 yrs. Two-Step 40 yrs.
Disbursed 132	Grace Period 3 yrs. Two-Step 10 yrs.
Repayments -	Interest Rate 5-3/4% Two-Step Grace 3/4% Thereafter 2%
Interest Collected -	Currency of Repayment Won Two-Step US\$

Co., of Chicago, Illinois.

AID's most liberal lending terms were extended to the Korean Government which has the responsibility for repayment of the loan in dollars to the U.S. Terms in local currency to the City of Taegu were based on the earning capability of the waterworks system.

Host Country Role and Procurement Source: Local currency cost, equivalent to \$2.8 million, for construction and installation of equipment will be met by funds of the City, the National Government and the Korean Reconstruction Bank.

Under terms of the AID loan agreement, Taegu's waterworks management is being revamped, a modern waterworks accounting system will be adopted and adequate water rates will be maintained to meet operating expenses, project costs and a portion of the cost of future additions to the waterworks system. All procurement under the loan will be limited to U.S. source.

Comments on Implementation: Delays in getting the project underway are traceable to the time required for the City to meet AID's self-help conditions and some unforeseen engineering problems which required revision of plans. Efforts are being made to make up for the lost time.

Purpose of Loan: The purpose of this loan is to finance the foreign exchange costs of U.S. equipment and services required for the establishment of a new water treatment plant and related intake and transmission facilities at Taegu, Korea's third largest city and a major industrial center. The maximum amount of water available at existing treatment plants is extremely limited. The new plant will be constructed on the Nak Tong River and will double the amount of water pumped into the municipal system. At the time the project is completed, in the summer of 1968, some 70% of Taegu's 800,000 population will be served with treated water. Without the project, safe water would be available to only 54% of the population.

Physical Status: The American engineering consultants Henningson, Durham and Richardson of Omaha, Nebraska, performed the project design report laying out the detailed plans for the project and have been retained as supervising engineers for procurement and construction activities, including local currency contracts financed by Taegu City. The U.S. Army Corps of Engineers is assisting AID in monitoring implementation of the project.

Financial Status: An initial disbursement of \$7,000 has been made to a consulting engineer and an additional \$204,000 has been earmarked for Henningson, Durham and Richardson for engineering fees during the construction of the project. An additional \$32,032 was provided for the accounting advisory services of Pear, Marwick, Mitchell &

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Diesel Locomotives, 489-H-022	
Date Authorized: March 5, 1964	Date Signed: March 12, 1965
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized \$11,000	Two-Step 40 yrs.
Disbursed 8,112	Grace Period 2 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected 11	Interest Rate 5-3/4%
	Two-Step: Grace 3/4%
	Thereafter 2%
	Currency of Repayment Won
	Two-Step US\$

enabling it to manage its affairs in an efficient and business-like manner. Project implementation moved swiftly after prescribed conditions were met and the loan agreement was signed. A U.S. consultant, Coverdale and Colpitts of New York, was selected, and a contract signed in the spring of 1965. The Office of Supply, Republic of Korea, prepared specifications, and issued invitations to bid during the summer of 1965. The final awards were made in May, 1966 and deliveries began in August, 1966. The final disbursements under the loan are expected to be made by the latter part of April, 1967.

Purpose of Loan: The purpose of this loan is to finance the procurement of 65 diesel-electric locomotives, supporting spare parts and related consulting services. These locomotives will bring the number of diesel electric locomotives owned by the Korean National Railroad to 190. It was estimated in a feasibility study carried out by an American firm in late 1962 that the addition of these 65 locomotives would result in annual savings over steam locomotives now in service of \$4,700,000 in fuel and lubricating oils alone.

Physical Status: Sixteen large and medium sized locomotives were purchased from General Motors Corporation and forty-nine small machines from ALCO. All except 17 locomotives have arrived in Korea. The remainder have been shipped and are expected to arrive in Korea in February, 1967.

Financial Status: Funds disbursed so far have been for the 16 GM locomotives and 32 ALCO locomotives.

Host Country Role and Procurement Source: Procurement under the loan was limited to U.S. source. The railroad will absorb costs of port handling and placing the locomotives in service.

Comments on Implementation: Negotiation of the loan agreement retarded implementation of the project. The principal issue during the negotiations was A.I.D.'s stipulation that the railroad be established as a "separate entity" of the Government, with organization, legal status, and powers

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Power Transmission and Distribution, 489-E-023	
Date Authorized: June 9, 1964 Date Signed: December 14, 1964	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized \$ 7,750	Two-Step 40 yrs.
	Grace Period 2 yrs.
Disbursed 99	Two-Step 10 yrs.
	Interest Rate, Grace 5-3/4%
Repayments -	Two-Step Thereafter 2%
	Currency of Repayment Won
Interest Collected -	Two-Step US\$

\$1,900,000. KECO is responsible for design and engineering and for supervision of construction of the various facilities. Procurement of equipment and services under the loan is limited to U.S. source.

Comments on Implementation: Implementation of the project has been slower than originally anticipated. One reason has been the concentration of KECO engineering services on the problems of providing power to the sites of the fertilizer plants being constructed under Loan Numbers 489-E-026 and-027. With that problem solved and administrative procedures established for review and issuance of bid invitations, the project is proceeding satisfactorily.

Purpose of Loan: The purpose of this loan is to improve the quality and availability of electric power service in Korea by providing equipment and services necessary to expand and improve the transmission and distribution facilities of the Korea Electric Company (KECO). While equipment will be installed in four main areas of the KECO system, the principal area of construction will be the heavily populated and industrialized Seoul-Inchon area. Rapidly increasing demand for power and the construction in recent years of additional generating plants, with A.I.D. and other financing, has made an improvement of the electric utility's delivery capability an urgent requirement.

Physical Status: Initial conditions for use of the loan funds were met by the Korean Government and KECO early in 1965. A U.S. consultant, Burns and Roe of New York, was selected and a contract executed under which the consultant is to review KECO's engineering plans and equipment specifications and to assist in evaluation of bids. Procurement of commodities is underway and contracts valued at over three million dollars have been made with U.S. firms. The contracting phase should be completed by late spring. Heavy commodity arrivals are scheduled through August.

Financial Status: Disbursements so far have been made only for consulting services.

Host Country Role and Procurement Source: The costs of installing the A.I.D.-financed equipment will be borne by KECO which will expend the won equivalent of approximately

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Telecommunications Project (No. 2), 489-H-024	
Date Authorized: June 29, 1964	Date Signed: December 8, 1964
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$ 8,400	Duration 20 yrs.
	Two-Step 40 yrs.
	Grace Period 2 yrs.
Disbursed -	Two-Step 10 yrs.
	Interest Rate .. 3/4% .. 5-3/4%
Repayments -	Two-Step 10 yrs.
	2% .. 30 yrs.
	Currency of Repayment.. Won
Interest Collected -	Two-Step US\$

Disbursements are expected to start during the spring months. Host Country Role and Procurement Source: The Korean Ministry of Communications will absorb installation costs estimated to amount to the equivalent of \$3,260,000. Procurement of imported equipment will be entirely from the U.S.

Comments on Implementation: The microwave procurement is being carried out jointly with the Department of Defense. It is the first time that such an arrangement has ever been attempted. Joint military and civilian government procedure were involved as well as a combined AID/DL and MAP/Grant. Reconciling the different approaches was time-consuming, but the efforts were compensated by the evident savings in cost.

Purpose of Loan: The purpose of this loan is to expand and improve Korea's toll network telephone system by providing microwave equipment and interconnecting facilities; by establishing radio relay facilities; and by expanding overseas radio-telephone facilities. The project will establish a nationwide microwave "backbone" for the telephone and telegraph system, supplementing and eventually replacing the completely inadequate and much deteriorated underground cable now used as the main toll artery of the telephone system.

Physical Status: A contract was signed in January 1966 with Collins Radio Company, Dallas, Texas to procure the microwave equipment for the ROK Ministry of Communication (MOC). The procurement was carried out jointly with the U.S. Department of Defense which is providing similar microwave equipment for the Korean Army under the Military Assistance Program. The combined procurement package was contracted for \$9,045,000 or more than \$2,000,000 less than anticipated as the overall cost to the U.S. Government. The MOC portion came to \$6,389,200. The Ministry began procurement of the non-microwave items under the loan in the spring of 1966.

Financial Status: Letters of Commitment and PIO/C documentation has been issued for \$8,318,500. Actual disbursements have not been made as final agreement has not been reached on all details of the procurement actions. \$315,000 of the equipment is under firm contract.

STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Chinhae Fertilizer, 489-H-026	
Date Authorized: June 11, 1965	Date Signed: July 12, 1965
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 18 yrs.
Authorized \$ 24,600	Two-Step 40 yrs.
Disbursed 15,147	Grace Period 3 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected 35	Interest Rate 5-3/4%
	Two-Step 1% - 10 yrs.
	Two-Step 2-3/4% - 30 yrs.
	Currency of Repayment US\$

Financial Status: Conditions precedent to AID's financing were met in November 1965, and disbursement of A.I.D. funds began the next month. A.I.D. disbursements will be about \$21,500,000 by January 31, 1967. Gulf has paid in its \$10,500,000 equity and a substantial amount of these funds have already been used on the project.

A.I.D.'s concessional dollar repayment terms were set for the loan to ease the burden on Korea's balance of payments. Terms to the Company in local currency are in accordance with standard A.I.D. lending terms for private industry in Korea.

Host Country Role and Procure Source: The Korean Government is investing \$10,500,000 in local currency, matching equity participation of Gulf Oil. Under the terms of the A.I.D. loan agreement, the Government has agreed to consider the sale of its stock to the private sector. It is also responsible for providing harbor dredging, docks, water and electric utilities, and links to the road and rail networks. The output of the plant will be sold under a long-term sales contract to the Korean National Agricultural Cooperatives Federation for distribution to Korean farmers. Procurement of equipment and services under loan is limited to the U.S. Comments on Implementation: Progress is generally satisfactory and on schedule as of December 31, 1966.

Purpose of Loan: To assist the Chinhae Chemical Co., Ltd. a Korean corporation jointly owned in equal shares by the Gulf Oil Corporation and a Korean Government corporation, in the establishment of a plant to produce urea and mixed fertilizers at Chinhae, Korea is the purpose of this loan. This plant, with its duplicate being simultaneously constructed at Ulsan, Korea, in which Swift and Company and Skelly Oil Company jointly hold 50% of the shares, will greatly reduce Korean imports of fertilizer. Together, they will annually save an estimated \$22,000,000 in Korean foreign exchange. The plants will produce fertilizers specifically manufactured and blended to formulas recommended by an A.I.D.-financed T.V.A. study for optimum production of Korean rice, barley and other agricultural products. A.I.D. played a major role in planning for these projects in order to realize the objectives of producing balanced fertilizer for Korean farmers at reasonable prices, making possible substantial foreign exchange savings, and attracting U.S. investment and management to Korea. In addition to extending the loan for the plant, A.I.D. has provided investment guaranties to cover Gulf's \$10,500,000 equity input.

Physical Status: Site preparation and construction of housing for the field staff began in September 1965 under the supervision of Fluor Corporation, Los Angeles, which is engineer-constructor for the project. Plant startup is expected in April 1967, very close to the original schedule.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Yong-Nam Fertilizer, 489-H-027	
Date Authorized: June 11, 1965	Date Signed: July 12, 1965
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 18 yrs.
Authorized \$24,200	Two-Step 40 yrs.
Disbursed 13,876	Grace Period 3 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected 42	Interest Rate 5-3/4%
	Two-Step 10 yrs.
	Two-Step 30 yrs.
	Currency of Repayment US\$

constructor for the project. Plant startup is expected in April, 1967, very close to the original schedule. **Financial Status:** Conditions precedent to AID financing were met in December, 1965. AID disbursements will be about \$20,000,000 by January 31, 1967. U.S. investors have paid in their full \$10,000,000 equity of which a substantial amount has already been used in the project. AID's concessional dollar repayment terms were incorporated in the loan to ease the foreign exchange burden on Korea's balance of payments. Terms to the Company in local currency are in accordance with standard AID lending terms for private industry in Korea. **Host Country Role and Procurement Source:** The Korean Government has invested \$10,000,000 in local currency, matching the equity participation of Swift and Skelly. Under the terms of the AID loan agreement, the Government has agreed to consider the sale of its stock to private sector. It is also responsible for providing harbor dredging, docks, water and electric utilities, and links to the road and rail networks. The output of the plant will be sold under a long-term sales contract to the Korean National Agricultural Cooperatives Federation for distribution to Korean farmers. Procurement of equipment and services under the loan is limited to the U.S. **Comments on Implementation:** Progress is satisfactory as of January 31, 1967.

Purpose of Loan: The purpose of this loan is to assist the Yong-Nam Chemical Co., Ltd., a Korean corporation, jointly owned in equal shares by private American investors (Swift and Company and Skelly Oil Company) and a Korean Government Corporation, in the establishment of a plant to produce urea and mixed fertilizers at Ulsan, Korea. This plant, with its duplicate being simultaneously constructed at Chinhae, Korea, in which Gulf Oil Corporation is a 50% stockholder, will greatly reduce Korean imports of fertilizer. Together they will annually save an estimated \$22,000,000 in Korean foreign exchange. The plants will produce fertilizers manufactured and blended to formulas recommended by an AID-financed T.V.A. study for optimum production of Korean rice, barley and other agricultural products. AID played a major role in planning for these projects in order to realize the objectives of producing balanced fertilizer for Korean farmers at reasonable prices, making possible substantial foreign exchange savings and attracting U.S. investment and management to Korea. The two American companies are investing a total of \$10,000,000 and will supply some of the raw materials for plant operations under long-term contracts, with naphtha being supplied by Korea Oil Company's Ulsan refinery. AID has also provided investment guaranties to Swift and Skelly.

Physical Status: Site preparation and construction of housing for the field staff began in September 1965 under the supervision of Fluor Corporation, Los Angeles, which is engineer-

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Feasibility Studies, 489-H-030	
Date Authorized: September 8, 1965 Date Signed: September 9, 1965	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$ 2,000	Grace Period 10 yrs.
Disbursed 128	Interest Rate Grace 1%
Repayments -	Thereafter 2½%
Interest Collected -	Currency of Repayment . . US\$

Financial Status: Funds for 5 studies aggregating \$211,000 have been obligated. Disbursements amount to \$128,000.
Host Country Role and Procurement Sources: Local costs of the studies will come from Korean sources, both governmental and private. Only studies to be performed by United States engineering and consulting firms will be eligible for financing under the loan.

Comments on Implementation: The Economic Planning Board (EPB) is entrusted with screening the projects to be studied and with preparing the scope of work. Upon approval by A.I.D., a contract for the feasibility study is signed by EPB and the American firm selected. To date, the EPB has proposed 11 studies; the suitability of 8 studies has been approved by A.I.D.; contracts for 5 studies have been signed; 4 studies have been completed and reports submitted. Of the 11 studies proposed, 5 deal with manufacturing projects, 3 deal with power projects, 2 with other infrastructure projects (harbor and tideland). One study pertains to the feasibility of an international hotel in Seoul.

It is expected that, as the second 5 year program achieves momentum, more and more feasibility studies will be financed under this loan.

Purpose of Loan: The purpose of this loan is to enable the Korean Government and private businessmen to employ American engineering and consulting firms to conduct feasibility studies of projects intended for submission to international lending institutions. The A.I.D. loan provides financing for the foreign exchange costs of such studies.

On Korean drawing boards are a large number of development projects in such fields as industry, energy resources, communications, transportation, including ports and harbors, water and land resources, waterworks and sewage facilities, fishing, agriculture and urban development. Many of the projects will require substantial amounts of foreign exchange provided from external sources on "soft" developmental terms. A standard requirement of A.I.D. and other lenders is that a project proposal be supported by an impartial and professional analysis of its economic, financial and technical soundness. This A.I.D. loan for feasibility studies will thus help Korea to qualify for the international financing which it must have.

This is a one-step loan to the Korean Government. Depending on the ultimate beneficiaries of the individual studies and whether or not the studies lead to bankable projects, appropriate second-step terms calling for repayment in local currency will be imposed by the Korean Government with A.I.D.'s concurrence.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Program Loan, 489-H-031	
Date Authorized: December 6, 1965 Date Signed: December 14, 1965	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized 10,000	Grace Period 10 yrs.
Disbursed 6,179	Interest Rate . Grace . . . 1%
Repayments -	Thereafter . . . 2½%
Interest Collected 1	Currency of Repayment . . US\$

facilities and the installation of new facilities under this \$2.5 million allocation. Down payment was reduced to 10% from 25% in view of small firms' limited financial resources. Loans under this allocation which are limited to \$50,000 per firm are to be repaid in 2-7 years at moderate interest rates depending upon the item financed.

Physical and Financial Status: The loan was signed in mid-December and the necessary Letters of Commitment and/or PA/PRs for the first tranche were issued in January, 1966 and for the second tranche in April 1966.

Host Country Role and Procurement Source: The loan is divided into two tranches of \$5 million each. These tranches will be released in accordance with Korean performance in meeting pre-selected performance criteria in the following strategic economic areas: (a) Government revenues; (b) long-term private savings; (c) private credit; (d) Government credit; and (e) foreign exchange reserves. The targets for the first tranche were set as of September 30, 1965, and the second set of targets relates to December 31, 1965 performance. All items will be purchased in the U.S.

Comments on Implementation: The Koreans met the performance criteria for September 30, 1965 and for December 31, 1965.

Purpose of Loan: This loan provides foreign exchange for a selective import program of industrial raw materials, spare parts, and machinery to help meet the Korean balance of payments deficit. The twin purposes of the loan were: (a) to provide, on soft loan terms, some of the additional external resources needed to support the higher level of investment and the more rapid rate of economic growth made possible by good economic performance; and (b) to encourage the Koreans to meet selected performance standards based upon the Stabilization Agreements between the U.S. and Korean governments. The offer of these resources helped the Korean Government make decisions to raise the level of savings and investment, thus contributing to accelerated industrial development, and to the anti-inflation effort. Price stability both encourages further savings and helps promote exports.

The principal imports under the loan include pigments, paints, varnishes and industrial chemicals (titanium dioxide, soda ash, and carbon black), pig tin, zinc ingots, natural rubber, spare parts and replacement machinery and equipment. The Koreans chose to allocate \$2.5 million of the loan for spare parts or replacement machinery and equipment to help meet the needs of Korea's small industrial enterprises on reasonable credit terms. The loan was amended in January 1967 to permit the financing of machinery and equipment for the expansion of existing

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Hyun Dai Cement Plant Expansion, 489-H-032	
Date Authorized: December 29, 1965 Date Signed: April 13, 1966	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$3,000	Duration 12 yrs. Two-Step 40 yrs.
Disbursed 21	Grace Period 2 yrs. Two-Step 10 yrs.
Repayments -	Interest Rate 6-3/4% Two-Step 2-1/2%
Interest Collected -	Currency of Repayment.. Won Two-Step US\$

Company of Texas, were originally constructed with provision for the expansion which kept the local currency requirements at a minimum. The A.I.D. loan funds are being expended for procurement in the United States. Comments on Implementation: The loan agreement was signed on April 13, 1966 and the first Letter of Commitment was issued in June 1966 for engineering and design services.

Purpose of Loan: This project loan is the second A.I.D. dollar loan to the Hyun Dai Construction Co., Ltd., a private firm. It is financing the foreign exchange costs of equipment, materials and services to expand the Company's existing cement plant, increasing production from 150,000 to 300,000 metric tons per year. In conjunction with an earlier A.I.D. loan (489-H-015), the project will help Korea keep abreast of its expanding requirements for cement. Until 1964, Korea was forced to expend substantial amounts of foreign exchange to import this essential building material.

Physical Status: The Loan Agreement was signed on April 13, 1966 and the Kuljian Corporation of Philadelphia was engaged to perform the engineering design and procurement services. The bidding process for all equipment has been completed and the bids are in the process of evaluation and awards are being made. It is anticipated that the project will be completed in early 1968. Site preparation is underway in anticipation of the arrival of the first shipments of major equipment in June and July 1967.

Host Country Role and Procurement Source: The borrower is providing all of the local currency costs of the project which will amount to the equivalent of US\$296,691. The existing facilities, designed by the George A. Fuller

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Seoul Waterworks, 489-H-034	
Date Authorized: December 29, 1965 Date Signed: June 2, 1966	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized	\$3,760
Disbursed	-
Repayments	-
Interest Collected	-
Duration	20 yrs.
Two-Step	40 yrs.
Grace Period	4 yrs.
Two-Step	10 yrs.
Interest Rate	5-3/4%
Two-Step	10 yrs.
Two-Step	2-1/2%
Currency of Repayment ..	30 yrs.
Two-Step	Won
Two-Step	US\$

Purpose of Loan: The purpose of this project is to establish a new water treatment plant and related facilities along the Han River in the capital city of Seoul, Korea's largest industrial and population center. The project will increase by more than one-half the amount of treated water distributed in Seoul so that, at the project's 1970 completion date, over two-thirds of the city's inhabitants will have treated water, twenty-four hours a day. Otherwise, about half of Seoul's population would then have intermittent service, with the percentage dropping as the city grows. The project also will reduce the incidence of endemic intestinal disorders and raise general health standards of the inhabitants, thereby increasing industrial productivity in the nearly 3,000 industrial plants in the Seoul area.

Physical Status: The intake tower and related pumping stations have been completed and the treatment plant site has been readied for construction.

Financial Status: Disbursements have not been made under this loan which was authorized on December 29, 1965.

Host Country Role and Procurement Source: Local currency costs equivalent to approximately \$4 million for construction and installation of equipment are to be made available through long term loans from the Korean Reconstruction Bank and the Commercial Bank of Korea. A recent 30% increase in water rates will provide revenue sufficient to service

debts, to provide funds for maintenance and operating expenses, and to permit normal additions and replacements to the water system, such as distribution pipe and booster pumps. All non-local equipment and services are to be of U.S. origin.

Comments and Implementation: Procurement of U.S. equipment and services will begin following the selection of a U.S. engineering firm for design, procurement, construction supervision and training of municipal employees in water treatment and sewage facility management and operation. The engineering firm is expected to be selected in February 1967. A.I.D. recently helped finance expansion of a steel plant capable of fabricating steel plate into pipe of the diameters required to meet the specifications of municipal waterworks projects. A major portion of the A.I.D. dollar funds to be furnished under the waterworks project will cover the cost of steel plate to be purchased in the United States and fabricated into pipe in Korea at a substantial foreign exchange saving.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Polyester Fiber Plant, 489-H-035	
Date Authorized: April 22, 1966	Date Signed: May 14, 1966
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 14 yrs.
Authorized \$1,650	Two-Step 40 yrs.
Disbursed -	Grace Period 2 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 6-3/4%
	Two-Step 10 yrs.
	Two-Step 30 yrs.
	Currency of Repayment Won
	Two-Step US\$

Purpose of Loan: The purpose of the loan is to assist in financing the US\$ costs of imported equipment required for establishment of a polyester staple fiber plant. This plant, to be located at Pusan, will produce 1,800 MT of this fiber per year. The production will be based on the polymer resin "Vitel" manufactured and supplied by the Goodyear Tire and Rubber Company.

The total cost of the project is estimated to be the equivalent of \$3.3 million, of which foreign exchange cost account for \$2.1 million. This loan will provide \$1.65 million in foreign exchange; and U.S. firms will provide \$450,000 as equity investments. With an investment of \$400,000 Chemtex (see below) will be the largest stockholder. The loan agreement provides that U.S. stockholders cannot transfer their ownership for 7 years without prior A.I.D. approval.

The plant will employ about 150 persons and will stimulate employment throughout the Korean textile industry.

This will be the first polyester fiber plant in Korea. Imports of polyester fiber are now coming primarily from Japan. It is estimated that this project will generate foreign exchange savings of more than \$1 million annually. It will also contribute to foreign exchange earnings, because some of the production in the form of materials blended with cotton or woolen will be exported. Exports to the U.S. will be restricted to 20% of the products

manufactured with the equipment financed with this loan. **Physical Status:** Work at the plant site is still in the preliminary stages.

Financial Status: All conditions precedent have been met; a Letter of Commitment will be issued shortly.

Host Country Role and Procurement Source: Local currency costs in the equivalent of \$1.2 million are being contributed as equity by Korean businessmen engaged in the textile industry. All goods and services financed by the development loan and by the U.S. investors will be procured in the United States.

Comments on Implementation: On December 1, 1966, Daehan and Chemtex signed a lump-sum modified turnkey contract for \$2.1 million covering the full amount of the foreign exchange costs. Chemtex will provide the necessary engineering services for design of the plant. This company will supervise the procurement of commodities and the construction. It will also supervise the initial operations of the plant.

Chemtex is a technical design firm specializing in the man-made fiber and film industry. It has an exclusive license from DuPont for certain fiber manufacturing processes. Chemtex has completed many artificial fiber projects in the U.S. and abroad, including the successful original plant of Korea Nylon. Chemtex has been entrusted with executing another A.I.D. financed project which will expand the just mentioned nylon plant (489-H-036).

Chemtex has started with design and procurement work. It is expected that the project will be completed in 18 months.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Nylon Plant Expansion, 489-H-036	
Date Authorized: May 11, 1966	Date Signed: June 15, 1966
Loan Status as of 12/31/66	
(In Thousands of Dollars and Equivalent)	
Authorized	\$5,810
Disbursed	-
Repayments	-
Interest Collected	-
Loan Terms	
Duration	10 yrs.
Two-Step	40 yrs.
Grace Period	2½ yrs.
Two-Step	10 yrs.
Interest Rate	6¾%
Two-Step: Grace	Thereafter 2½%
Currency of Repayment	WON
Two-Step	US\$

and a Letter of Commitment has been issued. No disbursements have, as yet, been made. The repayments on the first loan are on schedule.

Host Country Role and Procurement Source: The Korea Nylon Company is a very profitable enterprise and is in a position in terms of liquidity and capital funds, to finance the expansion through retained earnings. Chemtex, Inc. of New York (see below) holds 50% of the Korea Nylon stock outstanding. All goods and services financed with the loan will be procured in the United States.

Comments on Implementation: On November 30, 1966 Korea Nylon and Chemtex signed a lump-sum modified turnkey contract covering the full amount of the loan. Chemtex will provide the necessary engineering services for design of the expanded plant. This company will supervise procurement of commodities and construction. It will also supervise initial operations of the expanded plant.

Chemtex is a technical design firm specializing in the man made fiber and film industry. It has an exclusive license from DuPont for certain fiber manufacturing processes. Chemtex has completed many artificial fiber projects in the U.S. and abroad, including the successful original plant of Korea Nylon. Chemtex has been entrusted with execution of another AID financed project which will produce polyester fiber (for details: loan 489-H-035).

Chemtex has started with design and procurement work. It is expected that the project will be completed in 18 months.

Purpose of Loan: The purpose of this loan is to finance the U.S. dollar costs of imported equipment and engineering services required for the expansion of the Korea Nylon Company, Ltd., as described below. The total cost of the project is estimated to be the equivalent of \$8,552,000 of which foreign exchange costs account for \$5,810,000 and local currency costs, \$2,742,000.

The project will expand the capacity for Korea Nylon's existing plant in Taegu, Korea. Output of the plant will be increased from 2,000,000 pounds of "Nylon 6" filament yarn annually to 8,000,000 pounds. Filament in deniers from 30 to 840 will be manufactured for the nylon weaving, knitting and hosiery, fish net, tire and other industries. The additional facilities to be financed are to be located on land adjacent to the existing filament and stretch yarn plants of the Company. Equipment and services to be procured will be essentially of the same kind as were financed under A.I.D. Loan 489-A-012 for the 2,000,000 pound plant.

The new plant will directly create 450 new jobs and indirectly increase employment in Korea by providing lower cost nylon filament for Korea textile and industrial plants and thereby stimulating their production. The project will save approximately \$6 million per year in foreign exchange, substituting Korean made filament for the imported material.

Physical Status: Work at the plant site is still in the preparatory stage.

Financial Status: All conditions precedent have been met

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Diesel Locomotives, 489-H-037	
Date Authorized: June 8, 1966	Date Signed: June 29, 1966
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs.
Authorized 18,600	Two-Step 40 yrs.
Disbursed -	Grace Period 1 yr.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 5 3/4%
	Two-Step 1% - 10 yrs.
	2% - 30 yrs.
	Currency of Repayment? Won
	US\$

Comments on Implementation: Specifications for all equipment items were prepared by the Korean National Railroad and its engineering consultant, Transportation Consultants, Inc. Bids for locomotives and cranes were received by the Office of Supply of the Republic of Korea on December 16, 1966. Awards will be made early in 1967. Invitations for bids on shop machinery will be issued after the railroad arranges for an audit by an American firm.

Purpose of Loan: This loan will finance the procurement of 62 diesel-electric locomotives, 5 diesel wrecking cranes, shop machinery, supporting spare parts and related services. The locomotives will bring the Korean National Railroads fleet of diesel-electric units to 252 and will replace virtually all remaining steam units. Annual cost savings to the railroad resulting from the 62 new locomotives are expected to be \$3,200,000 just on fuel and lubricants. The 5 wrecking cranes will replace obsolete cranes now in use. They are necessary, as is the new shop machinery, to assure full utilization of the railroads growing diesel-electric locomotive fleet.

Physical Status: Equipment has not yet been procured. Procurement should be completed early in 1967 with locomotives and most of the shop machinery delivered before the year's end. The wrecking cranes and shop machinery are expected to be delivered early in 1968.

Financial Status: No A.I.D. funds have been disbursed so far. The Korean National Railroad has funded the engineering services of an American consultant firm and are eligible for reimbursement under the loan.

Host Country Role and Procurement Source: The railroad will absorb the costs of port handling and placing the locomotives and cranes in service. It will also be responsible for installation of the shop machinery. The railroad is undertaking an inventory and revaluation of assets which will be audited by an American firm to be financed under the loan.

STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Commodity Financing Program, 489-H-041	
Date Authorized: July 1, 1966 Date Signed: July 30, 1966	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 15,000	Duration 40 yrs.
Disbursed -	Grace Period 10 yrs.
Repayments -	Interest Rate . Grace .. 1%
Interest Collected -	Thereafter 2½%
	Currency of Repayment.. US\$

as of June 30, 1966. These targets were met. Release of the second tranche depends on December 31, 1966, performance in meeting targets like those for the first tranche, plus a minimum Central Government budget carryover.

Comments on Implementation: The Koreans met performance criteria for the December 31, 1966, targets on which release of the second tranche will depend.

Purpose of Loan: The purpose of this loan is basically the same as for Program Loan 489-H-031, i.e., to encourage the ROKG to meet selected performance standards based on Stabilization Agreements between the U.S. and Korean Governments, by providing, on soft loan terms, some of the additional external resources needed to support the higher level of investment and more rapid economic growth made possible by good economic performance. The industrial raw materials, spare parts and machinery contribute to accelerated industrial development and to anti-inflationary efforts.

Principal imports will include industrial chemicals, tire cord, aluminum ingots, pig tin, zinc ingots, asbestos, natural rubber, machinery, and spare parts. An optional provision permits the ROKG to allocate \$2.5 million for spare parts and machinery in individual loans of not more than \$50,000 to Korea's small industrial enterprises.

Physical and Financial Status: The loan was signed on July 30, 1966, and the necessary PA/PRs and Letters of Commitment were issued by October, 1966.

Host Country Role and Procurement Source: The loan is divided in two tranches of \$7.5 million each. Release of the first tranche was dependent on June 30, 1966, performance in meeting stabilization targets relating to the status of domestic revenue collection and domestic credits

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Sewerage Treatment Plant, 489-H-038	
Date Authorized: June 9, 1966	Date Signed: July 13, 1966
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized \$ 3,500	Two-Step 40 yrs.
Disbursed -	Grace Period 5 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 5-3/4%
	Two-Step 2 1/2% = 10 yrs.
	Currency of Repayment Won = 30 yrs.
	Two-Step US\$

Host Country Role and Procurement Source: Construction of a dike surrounding the Sewerage Treatment Plant has been completed under local currency funded contracts. The remainder of the construction activities, procurement and building of the intercepting sewers will be started after the selected U.S. engineering firm's employees arrive in Korea. The design plans for the interceptive sewers have been prepared, but the plans require the approval of the U.S. engineer prior to issuing invitations to secure the necessary material and services to construct the intercept sewers.

All equipment, material and services financed by this loan will be from the United States.

Comments on Implementation: Implementation of this project is currently one month behind schedule and an additional two months delay is considered likely before a contract is signed with a U.S. engineering firm.

Purpose of Loan: This project calls for the construction of a sewage treatment plant to serve the Chang Gye Chun and the secondary Chung Nang Chun drainage basins within the Special City of Seoul. This drainage area of 13,914 acres contains the most developed area in the Capital and is the largest of the four principal drainage areas. The proposed plant units and equipment will provide primary sedimentation and chlorination for sewage from the drainage area at acceptable loadings under the peak dry-weather flow conditions anticipated through 1985. Activated-sludge type secondary treatment and sludge-handling facilities also will be adequate through 1985. All facilities will be designed to permit future construction of, or installation of, additional units of all types for increasing capacity to that needed beyond the year 2000.

Physical Status: The feasibility study for this project was financed by the Government of Korea and conducted by Blact and Veatch International. The Special City of Seoul chose to advertise for the follow-on engineering services for procurement, supervision of construction and training. The City has not selected a firm to perform these services nor has the City met the conditions precedent for issuance of letters of commitment. It is expected that a U.S. engineering firm will be selected in February 1967.

Financial Status: There have been no disbursements made under this loan.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Air Navigational Development, 489-H-039	
Date Authorized: June 9, 1966	Date Signed: June 22, 1966
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$4,200	Grace Period 10 yrs.
Disbursed 1	Interest Rate Grace 1%
Repayments -	Thereafter 2 1/2%
Interest Collected -	Currency of Repayment US\$

Comments on Implementation: The Loan Agreement was signed on June 22, 1966 and all prescribed conditions precedent were met in July, 1966. The agreement with the U.S. Federal Aviation Agency signed on October 14, 1966 and work on specifications and preparation of invitations for bids began immediately. Awards for the supply of major components of the equipment should begin to be made in early 1967.

Purpose of Loan: The purpose of this loan is to finance the engineering services and the procurement and installation of modern, civil air navigational aid facilities at Kimpo International Airport, Seoul, Korea, and improve the air navigational facilities at other Korean airports and air routes in the Republic of Korea. The new facilities will include radar installations, radio-directional equipment, communications equipment, instrument landing systems and airport rescue and fire-fighting equipment. These facilities will bring the International Airport and airways of Korea up to the International Civil Aviation Organization's minimum standards.

Physical Status: The Korean Civil Aviation Bureau has signed a Participating Agency Service Agreement with the U.S. Federal Aviation Agency to provide procurement services for all electronic and technical equipment. The remainder of the equipment, such as fire-fighting and maintenance equipment will be purchased through the Office of Supply, Republic of Korea. Although the specifications for most of the equipment have been approved, no awards have yet been made.

Financial Status: The funds disbursed so far have been for engineering and consulting services.

Host Country Role and Procurement Source: Procurement under the loan is limited to U.S. source. The Korean Civil Aviation Bureau will absorb the local currency costs of port handling and installation.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Medium Industry Bank, 489-H-040	
Date Authorized: June 13, 1966	Date Signed: August 11, 1966
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs.
Authorized \$ 5,000	Two-Step 40 yrs.
Disbursed -	Grace Period 3 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 5 %
	Two-Step 1 1/2% - 10 yrs.
	Two-Step 2 1/2% - 30 yrs.
	Currency of Repayment Won
	Two-Step US\$

Comments on Implementation: The financial expert, who will approve all sub-loans, started to work with the MIB staff in October 1966. He assisted in preparing a comprehensive plan for the effective utilization of the loan. He also is assisting in screening sub-loan applications. In January 1967 the industrial engineer started to work with the MIB staff.

In November 1966 the bank announced that it would receive sub-loan applications. 117 applications aggregating \$12,500,000 were submitted.

With two technicians aboard, it is expected that the MIB will soon meet all conditions precedent to disbursements. Since the screening of the sub-loan applications is well underway, it is expected that a large number of sub-loans will be approved shortly.

Purpose of Loan: The purpose of this loan is to provide \$5 million to the Medium Industry Bank (MIB), a bank authorized to extend long term loans to small and medium industries; and to finance the services of 2 U.S. technicians, a financial expert and an industrial engineer. No more than \$150,000 will be used for financing the technicians who will assist and instruct the MIB staff in the administration of this loan. The remainder of the loan will be made available for sub-loans, normally not exceeding \$100,000 to small and medium, privately owned, industrial firms. The projects sponsored by these firms must be financially, technically, and economically sound and contribute to the economic development of Korea.

The sub-loans carry an interest rate of 8% per annum. The maximum repayment period is 15 years, including a maximum grace period of three years.

Financial Status: Since not all conditions precedent to the loan have been met, no disbursements for sub-loans have been made.

Host Country Role and Procurement Source: The local currency cost, consisting of land, plant buildings and working capital will be financed mainly by equity contribution of the sub-borrowers who sponsor the project. It has been estimated that the local currency cost will amount to \$3 to \$5 million. Procurement of all loan financed goods and services is restricted to the U.S.

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korean Reconstruction Bank, 489-H-042	
Date Authorized: August 19, 1966 Date Signed: November 9, 1966	
Loan Status as of 12/31/66	
Loan Terms	
(In Thousands of Dollars and Equivalent)	Duration 15 yrs.
Authorized \$12,000	Two-Step 40 yrs.
Disbursed -	Grace Period 3 yrs.
Repayments -	Two-Step 10 yrs.
Interest Collected -	Interest Rate 1% - 5%
	Two-Step 2 1/2% - 30 yrs.
	Currency of Repayment Won
	Two-Step US\$

Financial Status: No disbursements have, as yet, been made.
Host Country Role and Procurement Source: The local currency cost consisting of land, plant buildings and working capital will be financed, in the main, by equity contribution of the project sponsors. It has been estimated that the local currency cost will amount to the equivalent of \$12 million.

Procurement of all loan financed goods and services is restricted to the U.S.

Comments on Implementation: Some of the conditions precedent have been met; evidence for fulfilling the other conditions is in preparation.

The KRB has solicited sub-loan applications through advertisements in newspapers and on television. Results are not, as yet, known.

An A.I.D. banking advisor is working closely with the KRB.

Purpose of Loan: The purpose of the loan is to stimulate greater industrial production by the private sector by enabling the Korean Reconstruction Bank (KRB) to continue to make long-term capital loans to industrial firms for the procurement of goods and services from the United States. Inasmuch as A.I.D. recently made a \$5 million small industry loan to another Bank (see loan 489-H-040), the proposed loan to KRB is designed generally to finance medium sized industry.

This loan will be available for sub-loans ranging from \$100,000 to \$1,000,000, to be made to private sector industrial firms, for dollar costs of projects which are financially, technically and economically sound and which will contribute to the economic growth of Korea.

The interest rate on sub-loans is 8% per annum. The maximum repayment period is 15 years, including a 3 year grace period.

Established in 1954 as a national development bank, the KRB has concentrated on financing the long term credit needs of Korean industry. From the practical viewpoint the KRB has been Korea's only source of long term won funds and has financed numerous industrial projects. The KRB is the recipient of two other foreign loans, namely a \$5 million A.I.D. loan (489-A-007) and a DM20 million (\$5 million) German loan, both of which have been fully committed.

Laos



BASIC DATA

Population (<i>millions – mid-1966</i>).....	2.7
Annual Growth Rate (<i>percent</i>).....	2.4
Area (<i>1000 square miles</i>).....	91
Population Density Per Square Mile.....	30
Agricultural Land as % of Total Area	8
Percent of Labor Force in Agriculture.....	n.a.

Per Capita GNP (<i>dollars</i>).....	66*
Life Expectancy (<i>years</i>).....	30
People Per Doctor	49,000
Literacy Rate (<i>percent</i>)	15
Pupils as Percent of Population.....	6
(<i>Primary and Secondary</i>)	

* 1965 in 1965 prices.

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LAOS

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Country: LAOS

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PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Technical Assistance	11.1	11.2	12.1
Supporting Assistance	44.1	45.1	44.2
Contingency Fund, South-east Asia Program	2.0	-	-
Total A.I.D. Assistance	57.2	56.3	56.3

Objectives of U.S. Assistance

The most important objective of the United States in Laos is the protection of that country's independence and neutrality within the framework of the 1962 Geneva Agreements. The security of the Mekong Valley and the greatest possible restriction of Communist use of Laos for infiltration into South Vietnam and Thailand are basic to this objective. It is equally important, from the political viewpoint, that the Royal Lao Government headed by Prince Souvanna Phouma be strengthened. This Government must compete with the Communists for the support of the Lao people. To promote these goals the A.I.D. program helps the Lao Government by (a) supporting its security forces; (b) maintaining economic stability; and (c) encouraging economic and social development in those areas of the country under government control.

The Lao Government supports free-world security objectives in Southeast Asia by engaging in defensive military operations against the Pathet Lao and North Vietnamese, thus maintaining a buffer against Communist military occupation of the Mekong Valley threatening Thailand.

Key Obstacles to Achievement of Objectives

The North Vietnamese continue to supply the Pathet Lao. They also station sizeable military forces in Laos, and they use Laos both as a supply route to South Vietnam and an infiltration route for Thailand. The Pathet Lao refuse to participate in the coalition government and continue to attack government forces. In spite of factional strife in the country, the government's stability has been improving.

Ethnic divisions, isolation of many areas, and continuing family and regional factionalism among the elite make it difficult for

most Laotians to feel that they are a part of their national government. Government services are weak everywhere and almost non-existent in some areas. Inadequate communications and transportation facilities aggravate these problems. Laos is trailing her neighbors in skilled manpower, transportation facilities, educational facilities, commerce and industry, agricultural productivity--in fact in almost every respect. Laos has suffered from inflation, exhaustion of foreign exchange reserves, and balance-of-payment deficits. She must depend heavily on foreign assistance to survive.

These problems are increased by the burden of military spending and the lack of security in the countryside, which disrupts the normal economic patterns.

Recent Country Performance

Largely through the efforts of the neutralist leader, Prime Minister Souvanna Phouma, Laos continues to adhere to the tripartite form of government established in 1962, even though the Pathet Lao ministers left Vientiane some time ago. By maintaining this government, Souvanna has been able to hold the support of the Soviet Union and to put the Communist Pathet Lao on the defensive politically. The elections of January 1967 were held with a minimum of disruption, and they produced a strong majority committed to support Souvanna, even though they were boycotted by the Pathet Lao.

The Lao Government is pursuing a stabilization program which was recommended by the International Monetary Fund (IMF) and is supported by five donor governments, including the United States. Price increases have been moderate since 1964, except during the recent flood. The budget deficit in FY 1965 was held to the level agreed upon by the Lao Government and the donor nations. In FY 1966 the Government raised taxes and kept expenditures at a reasonable level. This reduced the deficit more than 10% below the level originally estimated for that year. The Government also tightened its control over official use of foreign exchange. This is one of the few areas in which controls can be effective in Laos. The Government has shown increasing responsibility in fiscal matters by increasing revenues and tightening the budget, at a time when military requirements inhibit the Government's freedom to initiate more extensive reforms.

Economic and social progress has been achieved with U.S. assistance. This is particularly true of primary education, teacher training, road building and rural development programs. Rice production appeared to be responding to price incentives and joint programs until the recent flood.

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Country: LAOS

Despite greater North Vietnamese reinforcement of the Pathet Lao, Government military operations have regained some ground in both the north and south during the past two years. Hill tribes, notably the Meo refugees in the north, have joined elements of the armed forces to engage in successful operations within Communist-held territory. These operations have had U.S. support and regular Lao forces have been involved in them.

U.S. Strategy

A.I.D. supports the Lao economy to prevent runaway inflation, to make possible the large military effort of the Lao Government, and to support the leadership of Prince Souvanna Phouma. This non-project aid is kept at the lowest possible level. It is managed in such a way that it will encourage the Lao people to improve their fiscal policies and manage their resources better. The United States is providing a progressively larger amount of its stabilization assistance at the free market rate of 500 kip per dollar, and a lesser amount is being made available at the official rate of 240 kip per dollar. We are also financing a progressively smaller amount of invisibles.

Security project operations such as tribal outpost support and military ration supply will be continued at the lowest possible levels. It will be reduced as increasing Lao capacity and military circumstances permit. A.I.D. expects that the costs of imported foodstuffs, which are now A.I.D.-financed, should be shifted to the Lao budget during the next few years. Support of refugees, including a substantial number of paramilitary forces and their dependents, and efforts to resettle as many refugees as possible in secure areas are being continued.

Within the limitation of the Lao absorptive capacity, we are continuing to develop local government and social and economic services in rural areas. A.I.D. resources are used mostly in critical areas, and for activities which are likely to yield rapid results. Agricultural activities (such as rice production), road building, and public health programs are examples.

A.I.D. assistance programs are being developed in increasingly closer cooperation with Lao government ministries. This lays the groundwork for ultimate transfer of aid expenditures, particularly those in kip, to the national budget. It also identifies U.S. aid more closely with the Lao Government in the minds of the people. We are seeking greater involvement of other countries in aid to Laos.

FY 1968 Program

The proposed FY 1968 A.I.D. program totals \$56.3 million of which \$44.2 million is Supporting Assistance and \$12.1 million is Technical Assistance.

Stabilization. The stabilization program, totaling \$16.5 million, enables the Lao economy to withstand the inflationary pressures created by wartime military expenditures and expanding public services.

The U.S. Import Program, which consists of \$3 million of Supporting Assistance for FY 1968, brings essential commodities into the country. Obligations for this program have fluctuated between FY 1966 and FY 1968, but expenditures are consistently declining, shifting to FEOF the financing of the bulk of the small import transactions that characterize the foreign commerce of Laos.

The Foreign Exchange Operations Fund (FEOF), to which the United States, the United Kingdom, France, Australia and Japan make contributions, contains inflationary pressures by selling foreign exchange on a free market. The program level for FY 1968 is \$12 million in Supporting Assistance. This is a \$1.8 million reduction from FY 1967. Other donors are contributing \$5-\$6 million in FY 1967.

Through the Invisibles Program A.I.D. reimburses the Lao Government for essential foreign exchange expenditures abroad such as higher education, medical treatment and official government expenses in free world countries outside the franc zone. Supporting Assistance of \$1.5 million will be used in FY 1968. This is \$500,000 less than in FY 1967.

Security. Security-related projects will cost \$18.4 million in FY 1968. In FY 1967 they cost \$18.6 million. This program pays for food for the military forces, air service contracts, the staff of 28 American civilians who administer the U.S. military assistance program, and a relief project for hill tribesmen. Many of the tribesmen are members of paramilitary forces. A.I.D. also provides medical assistance through approximately 190 facilities which offer some care to about 400,000 people. Many of these people live in pockets of resistance behind Communist lines. The Civil Police project, which equips and trains an effective Lao Civil Police force in the rural and urban areas, gets A.I.D. medical assistance also.

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Country: LAOS

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Development Projects. Development projects are expected to cost \$20.9 million in FY 1967 and \$21.4 million in FY 1968. Priority attention will be given to the rural areas. Activities are concentrated in manageable areas of operation or in village "clusters" which contribute to the security of the countryside, establish a mutually confident relationship between the people and the government, and improve living standards. Thirteen clusters have been established so far. One new cluster will be set up in FY 1967 and two in FY 1968. Two of the existing clusters will then be converted to training centers for Lao Government rural administrators. Programs are also operated in forward areas --i.e., strategic locations where security is too marginal for a full cluster program. The number of forward areas will increase from five to nine in FY 1967 and to ten areas in FY 1968. The Technical Assistance programs discussed below are coordinated in rural areas through village cluster and forward area activities.

Agriculture. Agriculture is the most important development activity in Laos. Developing improved seed, using self-help irrigation projects to increase the amount of cultivated land, and training farmers in improved techniques will make Laos self-sufficient in rice production within the next three to five years. The CY 1966 rice plantings were an estimated 20% higher than those of CY 1965, but a disastrous flood wiped out this anticipated crop increase.

The over-all agricultural program is tied closely to the intensive rural development cluster activities. This maximizes contact with farmers and relates other development efforts to increased agricultural production. The agricultural program will cost \$2.2 million in FY 1967 and \$2.8 million in FY 1968.

Education. A.I.D. is constructing a secondary school in Vientiane, which will open in October 1967, with the help of advisers provided under a contract with the University of Hawaii. The United States will continue to provide assistance which will increase teacher training enrollment from 1,625 teacher-trainees in 1965-66 to 3,200

before the end of 1968 and 3,500 in 1971. Construction of elementary school classrooms will continue at a pace determined by the availability of trained teachers and the willingness of villagers to contribute labor and materials for school construction.

Health. A.I.D. will continue in FY 1968 to help the government operate approximately 190 public health facilities. These include 27 hospitals or infirmaries, 20 clinics, and small medical dispensaries, which provide service to victims of military action.

The Philippine-manned project Operation Brotherhood will staff eight municipal medical facilities and 22 village dispensaries under contract with A.I.D. in FY 1967 and 1968.

Roads. Eighty miles of new road were constructed, 85 miles of road were improved, 38 bridges were constructed, 12 bridges were repaired, and about 1,200 miles of road were maintained in FY 1966. A.I.D. is continuing the Lao National Road program with \$4.3 million in Supporting Assistance and \$1.2 million in Technical Assistance for FY 1967, and \$1.4 million in Technical Assistance and \$3.6 million in Supporting Assistance for FY 1968. Opening new areas with farm-to-market and security roads is an important part of both the development and security programs.

Public Administration and Customs. A.I.D. is helping the Government improve its effectiveness in these areas. Particular attention is being given to the budgetary process and revenue collection.

Small Industries. A.I.D. will help establish new industries, primarily those which process or use local materials. The development of these new industries will reduce Lao foreign exchange needs.

SUMMARY OF PROGRAM BY FUNCTION
(Dollor Amounts in Thousands)

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Country: LAOS

TABLE II

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	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	6,774	4,607	2,167	-	7,590	4,450	3,140	-	8,365	4,495	3,870
Participants	344	246	98	-	565	410	155	-	595	405	190
Commodities	18,699	4,048	12,775	1,876	20,495	4,045	16,450	-	18,990	3,915	15,075
Other Costs	13,839	2,234	11,506	99	10,850	2,295	8,555	-	11,850	3,285	8,565
Total Project Assistance	39,656	11,135	26,546	1,975	39,500	11,200	28,300	-	39,800	12,100	27,700
Method of Financing											
Project Assistance											
Direct A.I.D.	25,346	7,979	15,491	1,876	28,060	8,940	19,120	-	27,945	9,040	18,905
Other Agency	1,195	1,195	-	-	1,525	1,150	375	-	1,225	1,125	100
Contract	13,115	1,961	11,055	99	9,915	1,110	8,805	-	10,630	1,935	8,695
Program Assistance	17,524	-	17,524	-	16,800	-	16,800	-	16,500	-	16,500
Total Other than Devel. Loan	57,180	11,135	44,070	1,975	56,300	11,200	45,100	-	56,300	12,100	44,200
Total Assistance	57,180	XXX	XXX	XXX	56,300	XXX	XXX	XXX	56,300	XXX	XXX

* Contingency Fund, SEA

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	234	265	271
Participating agency	44	60	58
Contractor technicians	123	100	85
Total	401	425	414

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	324	421	461
Contract	-	-	-
Total	324	421	461

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Agriculture Development	ACTIVITY Agriculture and Natural Resources	FUNDS Technical Assistance
PROJECT NUMBER 439-11-190-065	PRIOR REFERENCE P. 48, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
	INITIAL OBLIGATION FY: 1956	

Project Target and Course of Action: This project aims to promote Lao agricultural development to raise rural living standards and eventually eliminate the food deficit. The primary target is to increase rice production and thereby progressively reduce the need for imported rice by (a) increasing the amount of land under cultivation through irrigation; (b) increasing yield per acre through multiplication and distribution of improved rice seed, and (c) improving agricultural practices through a strengthened Lao Government extension service. Other goals include eliminating the vegetable deficit, increasing fruit production, and improving the production and management of livestock (with emphasis on draft animals needed for rice production). The joint Lao-American Agricultural Development Organization (ADO) offers farmers crop purchase contracts to encourage development of a market economy and sells on credit -- seed, improved tools, fertilizers, and other farm implements. The overall agricultural program is tied closely to the intensive rural development cluster activities in order to maximize contact with the farmers and relate other development efforts to increased agricultural production.

Progress to Date: From 6.6 tons of improved rice seed distributed to farmers during 1964, progressive multiplication and collection made available 539 tons in 1966 and 1,000 tons of improved seed is planned for distribution in 1967. Since additional amounts spread through private channels, considerable strides have been made in improving the varieties of seed planted by Lao farmers. Some 40,000

acres have been brought under irrigation since 1956. Many irrigation projects have utilized volunteer local labor and materials. Preliminary surveys showed substantial increases in rice plantings in 1966; unfortunately the promise of a bumper harvest was eliminated by September 1966 floods. As a further stimulus to rice production, a program was devised in FY 1967 to allow Lao farmers to import U.S. tractors under credit extended through private channels. To protect and increase existent livestock, vaccination programs were expanded from 85,000 doses in FY 1964 to 230,000 in FY 1966. Three fish hatcheries, one each in Vientiane, Luang Prabang and Pakse, are being rehabilitated to provide an annual production of 1,200,000 fingerlings to stock family fish ponds.

FY 1968 Program: Increased rice production will be further emphasized in FY 1968. \$1.53 million worth of seed, fertilizers, construction equipment and materials, agricultural tools and equipment, and other commodities will be required. \$750,000 will cover costs of 30 direct-hire technicians and \$25,000 will pay for 3 short term contract technicians. A total of 82 participants are scheduled for training, mostly in Thailand, at a cost of \$130,000. Other costs, largely for TCN's, total \$355,000.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES U.S. Consultants, Inc. Individual Experts
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	4,591	3,910	681							
Estimated FY 67	2,205	2,100								
Estimated through 6/30/67	6,796	6,010	786	660	-	660	750	25	775	
				115	-	115	130	-	130	
		Future Year Obligations	Estimated Total Cost	1,190	-	1,190	1,530	-	1,530	
				150	90	240	265	90	355	
Proposed FY 68	2,790	Undetermined		2,115	90	2,205	2,675	115	2,790	
				Total Obligations						

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Small Industry Development	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	439-11-290-074	PRIOR REFERENCE	P. 49, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY Reviewed Annually

Project Target and Course of Action: This project's goal is to contribute to the economic development of Laos by assisting private investment to build up light industry with a view to reducing dependence on imports and foreign aid. Virtually no industry now exists in Laos and little has been done to encourage it. This project will (a) make available to entrepreneurs medium-term loan capital in local currency for existing or new enterprises; (b) provide short-term industrial technology advising services and (c) assist in the evaluation of projects for which loan applications are made.

Progress to Date: During FY 1966 a team of experts completed a small enterprise survey identifying a number of specific industries which offer investment opportunities in Laos. Among these opportunities are enterprises in salt production, production of kenaf and kenaf bags, tire recapping, brick manufacture, sugar milling, timber production and processing of coffee, tea, pineapple and pineapple juice. The survey also revealed that while there are some capable entrepreneurs in Laos, a shortage of investment capital has prevented their setting up small enterprises. A small industry advisor was assigned to the Mission in FY 1967 and negotiations for the establishment of a 120 million kip loan fund should be completed during the second half of FY 1967. Special effort is being directed toward development of a timber industry. Laos has about 25,000 square miles of commercially exploitable forest land; with the increased demand for lumber in

Southeast Asia, it is believed that timber or lumber exports may be feasible at this time. A forest inventory, an inventory of existing sawmill operations, and a plan of action for timber exploitation are scheduled for completion in March, 1967.

FY 1968 Program: The U.S. will provide technical assistance to promising enterprises through 4 direct hire U.S. experts (estimated cost: \$100,000). Also, USAID will review and evaluate all loan applications submitted to the special loan fund for approval. Thirteen small industry proposals already have been evaluated as technically and economically feasible and it is expected that a number of these will be implemented in FY 1968. U.S. machinery will be made available to loan recipients through the United States Import Program. \$25,000 in commodities will provide office furnishings and equipment for the newly formed loan fund and \$105,000 in Other Costs will fund contract charges for short-term consultants plus necessary accounting services.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
Through 6/30/66	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								Individual Personal Services Contracts
Estimated FY 67	55	45		50	-	50	100	-	100		
Estimated through 6/30/67	55	45	10	-	-	-	-	-	-		
		Future Year Obligations	Estimated Total Cost	-	-	-	25	-	25		
				5	-	5	5	100	105		
Proposed FY 68	230	Undetermined		55	-	55	130	100	230		
				Total Obligations							

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Development of Lao National Road System	ACTIVITY Transportation	FUNDS Technical Assistance Supporting Assistance	
	PRIOR REFERENCE P. 50, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
PROJECT NUMBER 439-11-310-010			

Project Target and Course of Action: This project's goal is to develop a national road system through (a) helping to build a system of highways and feeder roads to meet basic requirements, (b) building access and feeder roads to and within cluster areas to link villages and enable farmers to move their produce to market, and (c) strengthening the government's capability to assume responsibility for these tasks. An extensive on-the-job training program is part of the project. As part of the training program, a 275 km. section of the Vientiane-Luang Prabang Road is being rehabilitated and made into an all-weather road.

Progress to Date: During FY 1966 134 kms. of new road were constructed, 135 kms. of road improved, 37 bridges built and 2,000 kms. of road maintained. Emphasis since FY 1964 has been on building access and feeder roads to and within cluster areas. Since that time approximately 2,000 kms. of road have been constructed and 150 bridges built. The principal bridge completed during FY 1966 was the Nam Khane bridge, a 520 foot span connecting the royal capital, Luang Prabang, with its airfield. Road construction was begun in FY 1966 on the Vientiane-Luang Prabang road; by the end of the dry season, 81% of the clearing, 50% of the grading and 42% of the surfacing on this road had been completed between Nam Lik and Vang Vieng (a distance of 42 kms.) Work on this road and on cluster roads is continuing in FY 1967; repair work to Vientiane Province roads and bridges damaged in the flood of September, 1966 is also underway. During FY 1966, 23 heavy equipment operators were trained in a formal in-country program which to date has graduated

91 trainees. In addition, on-the-job training teaches approximately 200 men the various specialties of highway construction and maintenance. Sixteen men from the Lao Government Travaux Publiques have been assigned to the Vientiane-Luang Prabang road project for engineering and technical training.

FY 1968 Program: Emphasis will continue to be placed on building access and feeder roads to and within cluster areas, and performing maintenance and improvement work on existing roads and bridges. Contract costs include \$25,000 for three U.S. technicians and \$585,000 for Third Country Nationals. Fifty additional U.S. technicians are funded under a PASA with USEPR (\$1,000,000). Participant training costs of \$25,000 will fund 30 automotive mechanic trainees to be sent to Bangkok, 12 trainees to be sent to Bangkok for a 16 week course in electro-motive and diesel injection systems and 2 trainees to be sent to the U.S. for specific training in highway construction and administration. The commodity element (\$3,300,000) is being financed with Supporting Assistance funds because its use is not limited to technical assistance goals. In addition, the entire cost of the Vientiane-Luang Prabang Road is being financed with Supporting Assistance funds because of the political importance of connecting the royal and administrative capitals of the Kingdom. In total, \$1,350,000 in TA and \$3,635,000 in SA funds will be required.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Cost Components						
				Estimated FY 1967	Proposed FY 1968					
Through 6/30/66	18,731	16,316	2,415	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Bureau of Public Roads Eastern Construction Co.
Estimated FY 67	5,430	5,400		-	1,020	1,020	-	1,025	1,025	
Estimated through 6/30/67	24,161	21,716	2,445	20	-	20	25	-	25	
		Future Year Obligations	Estimated Total Cost	3,900	-	3,900	3,300	-	3,300	
				60	430	490	50	585	635	
Proposed FY 68	4,985	Undetermined		3,980	1,450	5,430	3,375	1,610	4,985	
				Total Obligations						

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Public Health Development	ACTIVITY	Health and Sanitation	TECHNICAL ASSISTANCE	Supporting Assistance
PROJECT NUMBER	439-11-590-066	PRIOR REFERENCE	P. 54, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1957
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project provides minimum public health services to villages, and thus achieves immediately recognizable results. It satisfies strongly felt needs of the local population, many of whom would otherwise receive no medical service at all. The village health activity provides technical assistance and commodity support for approximately 160 village dispensaries and rural health centers, many of which were constructed under the Rural Development Project. Under contract with A.I.D., a Filipino non-profit organization called Operation Brotherhood (OB), complements the village health program with medical teams and facilities in heavily populated areas of the Mekong Valley and in scattered village cluster areas.

Progress to Date: During FY 1966 more than 40 new dispensaries were opened, some of which were replacements for dispensaries previously lost or destroyed. Of the 160 facilities, now in operation, 20 are hospitals or infirmaries of varying degrees of sophistication. The Village Health hospitals and dispensaries are manned by approximately 330 local medics and nurses, most of whom were trained through this project. Supervision is by AID in consultation with the RLG Ministry of Health. With these facilities and personnel approximately 120,000 to 150,000 patients are treated each month, of whom 500 are hospital admissions. OB maintained and staffed in FY 1966, 7 hospitals with a total capacity of approximately 310 beds, including a new 30-bed hospital in Sayaboury. Approximately 100,000 patients, including

2,228 surgical cases, were treated through these facilities in FY 1966. During the same period OB-trained workers staffed 22 village clinics, which treated 73,631 cases. OB has graduated 75 nurses from a two-year program over the past three years and has 50 more nurses in training. In addition, OB trained 172 Lao in paramedical fields. OB agriculture and community development programs in FY 1967 were eliminated, saving approximately \$50,000 annually. The RLG and USAID are also taking steps toward the gradual integration of OB and RLG health and medical activities.

FY 1968 Program: The project will involve essentially the same activities as in FY 1967. Drugs, medicines, and laboratory supplies are major items of a \$1.5 million commodity element. The \$715,000 contract obligation covers OB services. During FY 1968, 25 participants will be sent to Thailand for mid-wifery and nursing training, and two hospital administrators sent to the U.S. at a total cost of \$35,000. Direct U.S. technician costs in FY 1968 will total \$325,000 to cover 13 employees. Supporting Assistance funds totaling \$1,835,000 are used for the Village Health program and for OB commodities since goals broader than technical assistance are involved; technical assistance funds will amount to \$740,000 and covers the OB contract and one technician (\$25,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1967			Proposed FY 1968				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/66	10,114	7,760	2,354									Operation Brotherhood International, Inc.
Estimated FY 67	1,910	2,945		U.S. Technicians	220	-	220	325	-	325		
Estimated through 6/30/67	12,024	10,705	1,319	Participants . . .	35	-	35	35	-	35		
		Future Year Obligations	Estimated Total Cost	Commodities . . .	1,520	-	1,520	1,450	-	1,450		
				Other Costs . . .	20	115	135	50	715	765		
Proposed FY 68	2,575	Undetermined		Total Obligations	1,795	115	1,910	1,860	715	2,575		

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Education Development	ACTIVITY Education		FUNDS Technical Assistance	
	PRIOR REFERENCE P. 55, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually	
PROJECT NUMBER 439-11-690-064				

Project Target and Course of Action: This project supports the general development of the Laos educational system, providing technical assistance in the training of teachers and assisting financially in the building and equipping of additional facilities. Supplementary activities include the development and provision of educational materials and the establishment of the first Lao language secondary school in Laos.

Progress to Date: FY 1967 activities include (a) expansion of the National Education Center and three regional normal schools, (b) construction of another regional normal school, and a one-year teacher training center, and (c) formation of a new comprehensive secondary school, the first to use the Lao language for instruction and expected to be a model for the future development of Laos secondary education. Since FY 1965, 19 groupes scolaire (six-year primary schools) have been constructed each year by villagers with only limited U.S. assistance. Over 2,000,000 primary school textbooks in Lao have been produced and distributed; teachers' manuals to accompany them are being produced during FY 1967. The cost of this project in FY 1967, is less than originally planned because of the Mission's success in moving certain anticipated expenses to the Royal Laotian Government (RLG) budget (e.g. teacher housing) and because the secondary school plan was scaled down to make it a more feasible model for future RLG maintained schools. Laos devotes nearly 20% of its civil budget to education. Despite this effort and aid from other countries, less than one-half of the school age

population is enrolled, the vast majority in early primary grades. Certain basic limitations (e.g. shortage of suitable teacher-trainees) inhibit rapid development in the educational sector. France has concentrated its major effort in secondary and technical education. Germany supports a technical school in Vientiane and several countries and agencies such as Canada, the U.K., Australia, UNESCO, and the Asia Foundation provide both supplies and scholarships.

FY 1968 Program: Two new normal schools will make it possible to raise teacher training enrollment to 2,500. Five new complete primary schools will be built in provincial towns, while villagers will receive limited technical and material support under other projects to build 300 primary classrooms. \$340,000 will fund the International Voluntary Services for 38 volunteer American teachers and a contract with an American university for 7 advisors to the new Lao language secondary school. In FY 1968 five new groupes scolaire will be constructed in provincial towns, and approximately 300 primary classrooms will be constructed by villagers with limited U.S. assistance. Seventy-six teachers, 34 teacher trainees and 16 materials production technicians will be sent to Thailand, the U.S., and other countries for training; and long term training will be continued for 25 participants during FY 1968 (\$200,000). Twelve U.S. direct-hire technicians will be funded (\$320,000). Commodities consist of office and school supplies and construction materials (\$515,000). Other costs (\$375,000) cover third-country firms for construction.

U.S. DOLLAR COSTS (in Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Cost Components						
				Estimated FY 1967	Proposed FY 1968					
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	5,974	5,023	951							International Voluntary Services Naval Facilities Engineering Command (OICC/Thailand) University of Hawaii (under negotiation)
Estimated FY 67	1,940	1,800		275	485	760	320	340	660	
Estimated Through 6/30/67	7,914	6,823	1,091	165	-	165	200	-	200	
		Future Year Obligations	Estimated Total Cost	620	-	620	515	-	515	
				35	360	395	75	300	375	
Proposed FY 68	1,750	Undetermined		1,095	845	1,940	1,110	640	1,750	

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Civil Police Administration	ACTIVITY	Public Safety and Public Administration	FUNDS	Supporting Assistance
PROJECT NUMBER	439-11-710-072	PRIOR REFERENCE	P. 57, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1965*	FY: Reviewed Annually

Project Target and Course of Action: This project is designed to improve the RIG's capability to maintain internal security, provide for public safety and counteract subversive activity.

Progress to Date: A previous project to assist the Lao police was interrupted following the 1960 Kong Le coup and subsequent counter coup of General Phoumi Nasavan. At this time the Laos National Police (LNP) was disbanded and replaced by a para-military organization.* Following the attempted coup of February 3, 1965 and the ensuing flight of General Phoumi, the LNP was re-established under the Ministry of Interior, and the RIG requested U.S. assistance to strengthen its organization. As a result of the fighting in Vientiane and seizure of police material throughout Laos, few facilities and little equipment remained from earlier LNP operations.

Upon reconstitution of the LNP as a civil police force in 1965, the USAID provided immediate commodity assistance in the form of seven surplus landrover vehicles, a few filing cabinets and office supplies, maps, and small amounts of telecommunications equipment. Since then, a portion of the required vehicles, ordnance and communications equipment has arrived and new radio communications have been installed in Vientiane, Luang Prabang, Savannakhet, Pakse, Champassak and Attapeu. An identification card system has been developed as part of the internal security program, and 30 officers have been trained in Bangkok in the FBI-Henry Fingerprint Classification and Filing System. In addition, 15 LNP officers have been

trained at the International Police Academy in the United States and five others given training in photo laboratory techniques in Thailand.

FY 1968 Program: Approximately 1,500 LNP non-commissioned officers will undergo a three-months' refresher course in basic police subjects during FY 1967 and FY 1968. Also, 75 cadet officers will continue a three-year training course. Work will continue on the development of an effective identification and records system, radio links will be extended to include selected field posts, and a special police unit will be organized to control crowds and quell civil disturbances in the Vientiane area. In FY 1968, most of the funds requested, (\$425,000) are needed commodities. There will also be seven AID technicians (\$175,000) plus 80 participants costing \$95,000 who will be sent for training, mostly to Thailand. Other costs, mostly for the services of third country technicians under contract, are expected to be \$100,000. Other costs consist of construction costs at Police Academy (\$50,000), services of third country nationals, and miscellaneous operating costs (\$50,000).

*\$1,883,000 was obligated and fully expended for the prior Civil Police Administration project from FY 1955 until its suspension in FY 1961.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES																																								
	Obligations	Expenditures	Unliquidated	OBLIGATIONS																																								
				Estimated FY 1967			Proposed FY 1968																																					
				Direct AID	Contract	Total	Direct AID	Contract	Total																																			
Through 6/30/66	1,451	682	769	<table border="1"> <tr> <td>U.S. Technicians</td> <td>100</td> <td>-</td> <td>100</td> <td>175</td> <td>-</td> <td>175</td> </tr> <tr> <td>Participants . . .</td> <td>95</td> <td>-</td> <td>95</td> <td>95</td> <td>-</td> <td>95</td> </tr> <tr> <td>Commodities . . .</td> <td>380</td> <td>-</td> <td>380</td> <td>425</td> <td>-</td> <td>425</td> </tr> <tr> <td>Other Costs . . .</td> <td>40</td> <td>50</td> <td>90</td> <td>50</td> <td>50</td> <td>100</td> </tr> <tr> <td>Total Obligations</td> <td>615</td> <td>50</td> <td>665</td> <td>745</td> <td>50</td> <td>795</td> </tr> </table>						U.S. Technicians	100	-	100	175	-	175	Participants . . .	95	-	95	95	-	95	Commodities . . .	380	-	380	425	-	425	Other Costs . . .	40	50	90	50	50	100	Total Obligations	615	50	665	745	50	795
U.S. Technicians	100	-	100							175	-	175																																
Participants . . .	95	-	95							95	-	95																																
Commodities . . .	380	-	380							425	-	425																																
Other Costs . . .	40	50	90							50	50	100																																
Total Obligations	615	50	665	745	50	795																																						
Estimated FY 67	665	1,123																																										
Estimated through 6/30/67	2,116	1,805	311																																									
		Future Year Obligations	Estimated Total Cost																																									
Proposed FY 68	795	Undetermined																																										

Country: LAOS

PROJECT DATA

PROJECT TITLE	Development of Rural Economy	ACTIVITY	Community Development, Social Welfare and Housing	FUNDS	Supporting Assistance
PROJECT NUMBER	439-11-810-062	PRIOR REFERENCE	P. 58, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1956
				SCHEDULED FINAL OBLIGATION	fy Reviewed Annually

Project Objective and Description: The project goals are to strengthen popular support of the Royal Lao Government (RLG) and to increase the determination of the rural population to resist communist penetration. To this end, concentrated and coordinated development efforts are carried out in clusters of villages selected for economic, social and political-strategic reasons, to provide concrete demonstrations of the benefits of association with the national government. The project includes: (a) rural self-help activities in which the majority of the cost is met by villagers through their own labor and the provision of materials; (b) construction of facilities as rural public works where the villagers are unable to meet the majority of costs; (c) well drilling by machine where hand dug wells are not feasible; and (d) provision of advisory services and training to Lao officials. Activities in agriculture, education, health, public works, and transportation are coordinated in rural areas under this project to achieve maximum impact.

Progress to Date: Progress in the existing thirteen clusters reflects the continuing interest of both villagers and the RLG. Lao-speaking IVS volunteers and AID advisors have developed excellent rapport with local leaders and villagers, providing the basis for effective evaluation of the impact of the various programs as a guide to future planning. Development plans have been prepared for each cluster. Demonstration centers, emphasizing proper vegetable garden and fruit tree care, are maintained at several clusters. Two of the clusters have been converted to

training centers. Cluster accomplishments grew rapidly in FY 1966: approximately 150 miles of roads were constructed; 37 bridges were built; 132 schools were built and 28 repaired; 16 dams were constructed; 19 dispensaries were placed in operation; and over 200 wells were drilled or dug by hand. In addition, less intensive programs in isolated forward areas were continued by mobile teams.

FY 1968 Program: One new cluster area is to be established during FY 1968 and work begun in three new forward areas. There is to be a general shift in emphasis in the old clusters from construction to training and increased rice production. 72 IVS volunteers are to be continued through FY 1968 at a cost of \$670,000. \$100,000 will cover costs of 5 public works technicians under PASA with the Naval Facilities Engineering Command (OICC/Thailand). \$1,495,000 is required for 61 U.S. direct hire technicians, two-thirds of whom are community development advisors living and working in rural areas of Laos. The commodity component for both FY 1967 and FY 1968 consists largely of well drilling rigs and equipment, and spare parts for heavy construction equipment; also required are utility vehicles and POL. \$2,625,000 for these commodities is required in FY 1968. Other Costs (\$730,000) will cover salaries of third country nationals, transportation, and other miscellaneous operating expenses. Participant training will be provided for 25 trainees at the Technical Institute in Bangkok, and for 10 in Public Administration also in Bangkok at a total cost of \$45,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES												
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS														
					Estimated FY 1967			Proposed FY 1968											
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total									
Through 6/30/66	16,014	12,399	3,615																
Estimated FY 67	5,480	6,290																	
Estimated through 6/30/67	21,494	18,689	2,805		1,015	885	1,900	1,495	770	2,265									
		Future Year Obligations	Estimated Total Cost																
Proposed FY 68	5,665	Undetermined			4,115	1,365	5,480	4,390	1,275	5,665									

International Voluntary Service
Community Development Counseling Service
Eastern Construction Co. in Laos
Naval Facilities Engineering Command (OICC/Thailand)

██████ areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Refugee Relief and Resettlement	ACTIVITY	Community Development, Social Welfare and Housing	FUNDS	Supporting Assistance
PROJECT NUMBER	439-11-820-063	PRIOR REFERENCE	P. 59, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: Reviewed Annually

Project Target and Course of Action: This project will continue to provide the basic necessities of life to approximately 250,000 refugees and others who are unable to sustain themselves because of pro-communist Pathet Lao aggression. Where feasible, relocation and resettlement programs are also carried on under this project. Groups receiving U.S. relief assistance continue to provide effective resistance to Pathet Lao domination.

Progress to Date: The refugee relief program in Laos is a continuing, large scale emergency effort necessitated by recurring and persistent military and political instability in the country. The number of refugees has swelled in recent years to the current estimated total of 250,000 and remains at a high level as communist incursions continue. The refugees are largely tribal people, predominantly Meo, but with sizeable groups of Lao. The majority are located in the northern provinces, but lesser numbers are found also in central and southern Laos. The programs, jointly devised by USAID and the RLG, fall into three broad categories: (a) emergency relief; (b) relocation to areas where the refugees can hopefully become temporarily self sufficient while awaiting the opportunity to return to their own homes after the end of hostilities; and (c) permanent resettlement in secure areas. Out of necessity, emphasis was placed on emergency relief during FY 1966. 24,000 tons of rice, PL 480 commodities, tools and household items were distributed, mostly by air, but a rising proportion, 25%, by barge and truck. About

100,000 refugees who received rice assistance (the main dietary staple) at certain times from 1962-64 are now completely off the rice rolls. Continued relief will be required for those tribesmen defending their homes from communist attack. Approximately 140,000 refugees are currently receiving rice, the major cost element in the relief program. The remaining 110,000 are receiving only limited forms of assistance such as vegetable seeds and oils, fish fingerlings, and iron bars for the fabrication of tools.

FY 1968 Program: It is impossible to estimate how many new refugees will be generated by Pathet Lao/North Vietnamese attacks or the extent to which current refugee progress towards self-sufficiency may be interrupted. Estimates are that emergency relief for approximately 160,000 refugees in the north will be required, 50,000 refugees will be temporarily relocated during FY 1968 and FY 1969 and 40,000 permanently resettled during the same period. Sixteen direct-hire and one contract technician will administer the project, and there will be eleven participants. The principal cost element, however, is commodities: \$3,775,000 will be needed, primarily for food which is supplemented in use by PL 480 commodities. Other Costs of \$115,000 cover the services of third country nationals.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENTS
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	13,238	11,664	1,574							
Estimated FY 67	4,420	2,804								
Estimated through 6/30/67	17,658	14,468	3,190							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	4,285	Undetermined		4,335	85	4,420	4,195	90	4,285	
				U.S. Technicians			Participants . . .			
				Commodities . . .			Other Costs . . .			
				Total Obligations						

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Military Technical Support- Requirements Office	ACTIVITY General and Miscellaneous	FUNDS Supporting Assistance	
PROJECT NUMBER 439-11-990-068	PRIOR REFERENCE P. 60, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: Under the Geneva Accords of 1962 which established the neutrality of Laos, military material may be provided to the Lao Government upon request, but donor countries cannot station military personnel within the country. Thus, non-military personnel must be utilized to order and arrange delivery of material provided by the U.S. These personnel also arrange military training outside the country for Laotians. A special classified section of the A.I.D. Mission, staffed by civilians, conducts these programming, supply and training functions.

FY 1968 Program: The 29 direct-hire U.S. technicians funded under this project in FY 1968 at an estimated cost of \$725,000 include the Chief Requirements Officer and Assistant Requirements Officers who have backgrounds in military procurement, budgeting, accounting, and controller functions. In addition, there will be 55 third-country nationals to perform logistics, supply, maintenance, and medical functions. These will be funded under Other Costs (\$250,000).

U.S. DOLLAR COSTS (in Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	1,557	1,462	95							Personal Services Contracts
Estimated FY 67	710	725		590	-	590	725	-	725	
Estimated through 6/30/67	2,267	2,187	80	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	90	30	120	180	70	250	
Proposed FY 68	975	Undetermined		680	30	710	905	70	975	

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Air Technical Support	ACTIVITY	General and Miscellaneous	FUNDS	Supporting Assistance
PROJECT NUMBER	439-11-990-069	PRIOR REFERENCE	P. 61, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY Reviewed Annually

Project Target and Course of Action: This project provides the necessary air transportation for all U.S. supported activities in Laos. Due to insecure conditions, the limitations of surface transportation and the emergency nature of many requirements, a large airlift capacity is required to carry relief and project supplies to and within Laos. The relief activities create the heaviest demand and involve extensive daily flights. Contract aircraft currently average approximately 3,000 flying hours per month, and carry a monthly average of 9 million pounds of cargo in addition to passengers.

Progress to Date: Although rural programs have expanded and costs per flight hour have increased, the Laos Mission has been able to reduce air costs over the past year by: (a) increasing the amount of cargo transported by surface as roads and security have improved; (b) devising new combinations of barge, road and air transport to keep to a minimum the costly air component of transport expenses; (c) cutting back the number of regular scheduled flights within the country and requiring technicians to travel by surface whenever possible. Transport of commodities by truck is used wherever feasible and effect on air costs is a major factor considered in the programming of road construction. Through these efforts air costs have been reduced from \$10.8 million in FY 1966 to an estimated obligation of \$7.2 million in FY 1967 (with expenditures projected at \$8.5 million). Further reduction to \$7.0 million is anticipated in FY 1968.

FY 1968 Program: Air costs are based on flying hours and thus vary from month to month depending on the need to cope with new influxes of refugees and other emergencies. The FY 1968 figure (\$7 million) for necessary aircraft contract costs is thus only an approximation. Seven U.S. and four third country national direct-hire personnel, required to staff the Air Support Branch of the Mission and maintain surveillance of the air contracts, are included under the General Technical Support project.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	36,410	33,605	2,805							Air America, Inc. Continental Air Services, Inc.
Estimated FY 67	7,200	8,500								
Estimated through 6/30/67	43,610	42,105	1,505							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	7,000	UNDETERMINED								
				Cost Components						
				U.S. Technicians	-	-	-	-	-	
				Participants . . .	-	-	-	-	-	
				Commodities . . .	-	-	-	-	-	
				Other Costs . . .	-	7,200	7,200	-	7,000	7,000
				Total Obligations	-	7,200	7,200	-	7,000	7,000

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Country: LAOS

~~CONFIDENTIAL~~ PROJECT DATA

TABLE III

PROJECT TITLE	Military Technical Support-Consumables	ACTIVITY	General and Miscellaneous	FUNDS	Supporting Assistance
PROJECT NUMBER	439-11-990-070	PRIOR REFERENCE	P. 62, FY 1967 FE PDB	INITIAL OBLIGATION	FY: Reviewed Annually
					SCHEDULED FINAL OBLIGATION
					FY: 1963

Project Target and Course of Action: The object of this project is to provide U.S. financing for necessary supplies of imported foodstuffs, principally glutinous rice, for the non-communist military forces in Laos. Imports are necessitated by the critical shortage of domestically produced food resulting from the continuing unsettled conditions in the country. Some 50% of the subsistence consumables needed by the armed forces are supplied under this project. The need for supplying these consumables is expected to continue as long as there are requirements for food for the Lao military that cannot be met from domestic production.

FY 1968 Program: Commodity requirements are based on an assessment of the current political and military situation and are under constant review. In addition to salted fish, chili peppers, fish sauce, and the ropes, bagging and pallets necessary for air drops of the supplies to the armed forces in the field. Because of liquidation of over \$1 million in prior year obligations during FY 1966, obligations in FY 1967 and FY 1968 show an increase over FY 1966 obligations.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1967			Proposed FY 1968
				Direct AID	Contract/Other Agency		Total
Through 6/30/66	8,022	7,999	23				
Estimated FY 67	3,805	3,000					
Estimated through 6/30/67	11,827	10,999	828				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 68	3,510	Undetermined					
				Cost Components			
				U.S. Technicians			
				Participants . . .			
				Commodities . . .			
				Other Costs . . .			
				Total Obligations			

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Public Administration Development	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	439-11-990-073	PRIOR REFERENCE	P. 56, P. 63, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: Reviewed Annually

Project Target and Course of Action: This project assists in strengthening the capability of the Royal Lao Government (RLG) in the areas of personnel administration and manpower planning and management. It was initiated in FY 1966 under the Title "General Participant Training" and also includes the participant segment of the Customs Development project eliminated in FY 1967 plus some advisory services previously funded from the Technical Support project. It aims to improve the functioning of the RLG by furnishing advisory services to the Ministry of Finance, sending middle-ranking RLG employees to the U.S. and third countries for in-service training in fields where no specific USAID project has been established, and providing professional follow-up for over 1,200 participants who have returned under various projects. Efforts will be concentrated on the Ministry of Finance, Ministry of Plan and Cooperation, the Civil Service Commission and on local government administration falling under the Ministry of Interior.

Progress to Date: During FY 1966 and FY 1967 a two man team provided highly useful advisory services to the RLG Ministry of Finance. A special commodity grant of office equipment and supplies was made to the Finance Ministry. This project trained 6 participants in Controllorship in the U.S. 13 participants were trained in Thailand: 6 in Financial Planning; 4 in Telephone System Operation; and 3 in Civil Aviation. A catalogue of returned participants has been developed and follow up activities such as seminars, conferences and work shops have been instituted.

FY 1968 Program: During FY 1968 technical advisory services to the RLG Ministry of Finance will be continued. Particular emphasis will be placed on supporting, through advisory efforts, the planning and implementation of administrative reforms now under consideration by the Ministry. 31 participants will be trained in government required skills, 7 of them in the U.S. at an estimated cost of \$50,000. Refresher training will be provided to provincial governors, short term technical assistance will be provided to the RLG in the manpower planning and statistical fields, and support will be provided to the Royal Institute of Law and Administration by giving post graduate training in economics, business and public administration to a few qualified graduates, and by making available USAID advisors for a few hours per week to teach such practical subjects as accounting, budgeting and business administration. The USAID Assistant Director for Manpower and four other direct hire technicians are financed under this project at \$125,000. Miscellaneous costs for FY 1968 including the financing of services of third country nationals are estimated at \$35,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967		Proposed FY 1968				
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/66	60	37	23							
Estimated FY 67	275	265								
Estimated through 6/30/67	335	302	33							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	210	Undetermined								
				Total Obligations	275	-	275	210	-	210

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Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	General Technical Support	ACTIVITY	Technical Support	FUNDS	Technical Assistance
PROJECT NUMBER	439-11-990-000	PRIOR REFERENCE	P. 64, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1955	FY Reviewed Annually

Project Target and Course of Action: This project is designed to provide for the support for activities not chargeable to a particular project or for support of activities relating to more than one project. Specifically this would involve: (a) salaries and allowances of non-project technicians; (b) logistic support for all U.S. program personnel (housing, utilities, transportation, etc.); and (c) local currency costs, including salaries of local staff in support of the program. Included in this project are 7 U.S. technicians who oversee the air contracts and 2 U.S. Customs Advisors who work with the Lao Customs Service to improve the effectiveness of that organization and insure that AID-financed commodity imports conform to prescribed values and amounts. In addition, this project in FY 1968 will support a program for intensive training of Lao employees in technical skills required in the operation of the Mission. Training will be given by 6 U.S. technicians in the fields of automobile maintenance, carpentry, electricity, refrigeration, and warehousing. In addition to producing a corps of skilled workers in Laos, this training will enable the Mission to reduce its staff of third country nationals. As a supplement to this training, AID gives a summer work program for Lao secondary school students which is designed to give these students on-the-job experience in technical and administrative skills.

FY 1968 Program: The three elements of the FY 1968 request for funds for this project are: Cost of approximately 100 U.S. technicians, \$1,810,000; commodities, \$1,845,000; and Other Costs \$1,375,000. Major commodity components include general supplies and materials, office and residential furnishings and equipment, vehicles and other equipment such as generators, radio and telephone equipment, and water pumps. Other costs cover expenses relating to services of third country nationals, construction, and other miscellaneous costs.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated								
				Estimated FY 1967			Proposed FY 1968				
Through 6/30/66	29,676	27,483	2,193	Cost Components	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	General Services Administration
Estimated FY 67	5,405	5,628			1,705	150	1,855	1,680	130	1,810	
Estimated through 6/30/67	35,081	33,111	1,970		-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost		2,175	-	2,175	1,845	-	1,845	
					1,315	60	1,375	1,315	60	1,375	
Proposed FY 68	5,030	Undetermined			Total Obligations	5,195	210	5,405	4,840	190	

Thailand



BASIC DATA

Population (<i>millions – mid-1966</i>).....	32
Annual Growth Rate (<i>percent</i>).....	3.1
Area (<i>1000 square miles</i>).....	198
Population Density Per Square Mile.....	160
Agricultural Land as % of Total Area	21
Percent of Labor Force in Agriculture.....	82

Per Capita GNP (<i>dollars</i>).....	123*
Life Expectancy (<i>years</i>).....	50
People Per Doctor	7,300
Literacy Rate (<i>percent</i>)	68
Pupils as Percent of Population.....	16
<i>(Primary and Secondary)</i>	

* 1965 in 1965 prices.

THAILAND

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Country: THAILAND

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Development Loans	-	6.5	-
Technical Assistance	13.4	13.2	15.5
Supporting Assistance	20.4	15.3	33.8
Contingency Fund	8.2	10.0	xxx
Contingency Fund, Southeast Asia Program	1.4	-	-
Total A.I.D. Assistance	43.4	45.0	49.3

Objectives of U.S. Assistance

The basic U.S. objective is to maintain Thailand as an independent, economically viable nation, firmly allied with the United States. A substantial increase in Thailand's capacity to defeat existing and potential Communist infiltration, subversion and insurgency is necessary for Thailand to contribute actively and effectively to U.S. political, military and economic objectives in Southeast Asia.

The A.I.D. program helps the Thais to improve internal security without diverting necessary resources from continued general economic growth. A slowdown in economic growth would seriously affect U.S.-Thai security objectives. A.I.D. works with the Thai government to improve its effectiveness in rural areas and to accelerate the extension of general economic development, particularly in the Northeast.

Key Obstacles to Achievement of Objectives

Communist insurgency continues in Northeast Thailand, and has increased since late 1964. In addition, some 40,000 North Vietnamese refugees from the earlier French fighting in Vietnam, many of whom appear to be controlled by the Communists, live in the Northeast. The areas of insurgency in the Northeast are among the poorest and most remote in the country. Since the central government neglected this area for many years, villagers there view government activity with suspicion. Although still relatively small in number, the Communist-supported insurgents are described by Peking and Hanoi as the forerunners of a "national liberation movement," in terms reminiscent of the early Viet Cong activity in South Vietnam.

While the Thai government and its bureaucracy contain many strong elements, the system's weaknesses hamper effective efforts against the Communists. The high degree of centralization of the government administrative structure and its focus on Bangkok tend to limit government responsiveness to the requirements of outlying rural areas. The orientation of most civil servants toward Bangkok and their traditional disdain of the villager has severely limited meaningful communications between the government and the rural populace. The national police have a limited capacity to maintain law and order in rural areas, much less to quell incipient insurgency fomented by Communist cadres who infiltrate through neighboring Laos.

The Thai government does not have sufficient fiscal resources to support the security and development activities necessary to meet the threat of insurgency. In spite of substantial gains in tax revenue, a large deficit will be incurred in the FY 1967 Thai budget.

Recent Country Performance

The Thai government is making a determined effort to effect essential political and social reforms and has welcomed U.S. assistance in this effort. The Thais have demonstrated their strong commitment by assuming all the local costs of joint projects and of A.I.D. mission operations. These costs met by the Thai government are expected to rise from the equivalent of \$54 million in FY 1966 to \$73 million in FY 1967.

Thailand's economy continues to grow at a very encouraging rate. Revised figures show that in 1964 the GNP rose by 9% and in 1965 it increased by 6.5%. The estimated increase for 1966 is 8%. Since the Thai government intends to maintain this pace of growth, it will need continued foreign assistance, particularly in the light of increasing demands for resources for defense and for development of the poorer and remote areas. Prices have risen moderately in the past year after a decade of virtual stability. Domestic revenues are rising considerably faster than GNP. Foreign exchange reserves increased to \$987 million at the end of 1966. However, the Thai government has kept its reserves largely in dollars and has not added to its gold holdings of approximately \$100 million for several years.

Since 1960, Thai agricultural production has grown at a steady 5% compared to population growth of about 3.1%. Feed grain exports

Revised

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Country: THAILAND

are growing; in spite of a poor harvest, Thai exports of rice from stocks helped to meet food needs in India, Pakistan, Indonesia and Vietnam over the past year. With increased irrigation and use of fertilizer, Thailand can become even more important as a food supplier to Asian nations.

The government is attempting to improve rural development, administration, police techniques and relations with villagers. While significant decentralization of the government is unlikely in the near future, modest increases in the authority and responsiveness of provincial officers now seem possible. Thai budget funds have steadily increased in the sensitive Northeast provinces, where the A.I.D. program is concentrated. The quality of personnel assigned to provincial positions is improving.

The government is actively supporting the development of local government institutions by identifying and training local leaders and by rejuvenating township councils. These efforts should facilitate a genuine increase in communication between the government and villager and eventually make public services more responsive to the local opinion and needs.

In the framework of the U.S.-Thai alliance, which is based on a broad coincidence of view and of security interests in Southeast Asia, Thailand has provided vital facilities and other substantial support for the U.S. military effort in Vietnam. Thailand also has taken a leading role in organizing regional cooperation among countries of East and Southeast Asia, in response to President Johnson's call for international action to promote economic development in this region.

U.S. Strategy

The A.I.D. program is aimed almost entirely at accelerating and expanding the Thai government's efforts to prevent the growth of Communist insurgency. Specifically, the program is designed to encourage and assist the Thai government in (a) improving the size and effectiveness of civil security forces in vulnerable rural areas; (b) increasing the efficiency and responsiveness of provincial and local government; and (c) carrying out economic and social development activities, particularly in rural areas.

A.I.D. has adopted a general policy of not providing Development Loans for Thailand, since Thailand has substantial foreign exchange resources, and foreign capital is available from the International Bank for Reconstruction and Development (IBRD), Export-Import Bank, other countries and other lending institutions

at acceptable terms for most projects. A.I.D. will assist the Thai government in making feasibility analyses for capital projects so the Thais may present well ordered loan applications to various lending institutions. However, projects which offer both economic development and urgent security benefits will be considered by A.I.D. for loan financing, when other free-world lenders are not prepared to finance them promptly.

FY 1968 Program

The proposed A.I.D. program for FY 1968 totals \$49.3 million, of which \$15.5 million will be in Technical Assistance and \$33.8 million will be in Supporting Assistance. The estimated FY 1967 program of \$45 million includes \$13.2 million of Technical Assistance, \$25.3 million for Supporting Assistance purposes and \$6.5 million in Development Loans.

Thailand has sought and received substantial aid from sources other than the United States. In the period FY 1963 to FY 1968 other countries and international agencies provided \$191 million (the IBRD \$147 million) as against A.I.D.'s contribution of \$134 million. A consultative group for Thailand organized under IBRD auspices in 1965 includes Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, New Zealand, Switzerland, the United Kingdom and the United States. The other donors in the IBRD group are expected to provide about two-thirds of the aid requirements of Thailand's Second Five-Year Plan.

Public Safety and Rural Security. Over 41% of the proposed FY 1968 program, about \$20 million, falls under this heading, mostly for civil police improvement in rural areas. Commodities, such as helicopters, trucks, radios and weapons for the Thai police, make up the largest component--\$16.7 million. Additional equipment and U.S. advisors will be provided to support further increases in the Provincial and Border Patrol Police, which grew by 4,550 men during 1966. Provincial Police expansion will permit establishing a regular police presence at the township level, where local stations are being constructed with Thai funds and equipped by A.I.D. These stations will increase the ability of the Thai government to provide villagers protection against both insurgents and bandits. A.I.D. will continue to support a recently organized police Air Support Division. This division, established at U.S. urging and with U.S. assistance, provides a unified police air wing devoted to increasing the mobility of all elements of the Thai National Police. Thai government support for these projects totals \$9.7 million for FY 1966 and \$13.3 million for 1967, with further increases planned.

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Country: THAILAND

Rural Development. Another 45%, or about \$22 million, of the FY 1968 program is planned for carefully targeted programs of rural development, including work in health, education and political development. About \$16.6 million of that amount is needed for commodities. The major items are construction equipment, vehicles, DDT, well-drilling rigs and farm implements. Thai government expenditures (excluding future recurring expenditures) on these projects are rising from \$25.5 million in FY 1966 to \$35.2 million in FY 1967. This expenditure represents the principal economic and social improvement effort of the Thai government in the areas most vulnerable to Communist subversion. The Accelerated Rural Development program, focused on the North and Northeast, includes both long-term activities such as agricultural research and extension, and short-term impact projects such as digging wells and constructing small ponds and rural feeder roads. Agricultural credit, the development of small agriculturally-based industries, soil conservation and technical advice on rural electrification programs will also continue.

Health. A.I.D. will support a broadening network of rural health centers and mobile medical teams, which provide curative services with a counter-insurgency impact. Other efforts will include preventive health activities such as malaria eradication and village health and sanitation programs.

Education. A.I.D. efforts in education represent a blend of short-term counter-insurgency activities and long-term educational development projects. The rural education project, a short-term

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effort begun in FY 1965, is directed toward increasing and improving the educational services provided by the Ministry of Education in the insurgent areas of the Northeast. The United States contributes technical advisors, books and teaching materials. Long-term educational development will, in FY 1968, remain concentrated on education planning and the improvement of vocational education.

Political Development. During FY 1968, A.I.D. will continue its current support of Thai government efforts to strengthen local leadership and nascent local government institutions. A.I.D.'s community development program supports the Village Leader Training effort, which identifies local leaders and works with them in establishing village committees to analyze and handle village problems. The "Developing Democracy" program supplements village efforts by organizing the leaders of a number of villages into Township Councils which have legal structure and authority. These programs contain the seeds of genuine local self-government and are fully supported by the Thai government.

Long-Range Economic Development. Some 10% (\$5 million) of the FY 1968 program provides for longer-term economic development. A.I.D. will continue to assist in civil service improvement, private investment, industrial development, statistics gathering, medical education and labor services. Even here, projects are designed and managed so that maximum emphasis is given to work in sensitive geographic areas, and to subjects bearing on U.S. security interests, such as radio frequency management.

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SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

TABLE II

Country: **THAILAND**

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	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	6,500	XXX	XXX	XXX	-	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	3,288	1,977	1,034	277	9,640	5,136	4,504	-	10,834	6,831	4,003
Participants	1,463	1,347	116	-	2,762	1,774	988	-	2,450	2,171	279
Commodities	31,357	5,664	16,803	8,890	24,937	6,290	8,647	10,000	34,900	6,498	28,402
Other Costs	7,299	4,412	2,433	454	1,161	-	1,161	-	1,116	-	1,116
Total Project Assistance	43,407	13,400	20,386	9,621	38,500	13,200	15,300	10,000	49,300	15,500	33,800
Method of Financing											
Project Assistance											
Direct A.I.D.	35,776	8,667	17,946	9,163	31,543	9,793	11,750	10,000	41,170	10,229	30,941
Other Agency	900	496	239	165	1,831	1,382	449	-	2,280	1,756	524
Contract	6,731	4,237	2,201	293	5,126	2,025	3,101	-	5,850	3,515	2,335
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	43,407	13,400	20,386	9,621	38,500	13,200	15,300	10,000	49,300	15,500	33,800
Total Assistance	43,407	XXX	XXX	XXX	45,000	XXX	XXX	XXX	49,300	XXX	XXX

* Includes \$1,421 Contingency Fund, SEA

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	164	222	246
Participating agency	21	231	160
Contractor technicians	92	168	154
Total	277	621	560

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	376	610	928
Contract	-	-	7
Total	376	610	935

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Agriculture Development	ACTIVITY	Agriculture and Natural Resources	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-190-180	PRIOR REFERENCE	P. 88, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1952	FY: Reviewed Annually

Project Target and Course of Action: This project gives to the farmers in the Northeast tangible evidence of the Thai Government's concern for their welfare by carrying out programs to increase farm incomes. A variety of agricultural activities are being undertaken; voluntary associations of Thai farmers are being organized and strengthened in the Northeast; and technical assistance and credit inputs to the associations are being provided to develop a foci of economic and social development. By the end of FY 1968 a farmers association will be established in each of 34 districts, pulling farmers clubs together into larger, more viable units to which U.S. assistance will be given, at a cost of about \$790,000. U.S. Department of Agriculture (USDA) experts will assist farm credit at a FY 1968 cost of about \$108,000, through advice to the National Bank for Agriculture and Cooperatives and also to private banks wishing to expand or initiate farm credit. Basic data and planning assistance will be provided, costing about \$103,000. Technology promotion consisting of U.S. extension advisors and University of Kentucky assistance in developing an Applied Agricultural Research Center in the Northeast, will help in the adoption of more productive crops and methods of agriculture at a FY 1968 cost of about \$1,675,000. Agribusiness activity in the Northeast identifies market opportunities and promotes appropriate businesses, industrial processing of crops, and new crops suited to the area and markets.

Progress to Date: Thailand's Five Year Plan (1966-71)

gives first priority to agriculture. It states as its primary policy the reduction of income inequality and emphasis on rural development to increase remote area farm incomes. It has raised the percentage of development funds for agriculture to 20% from 14%. Fourteen district level Farmer Associations have been organized and staff training is underway. Three commercial banks operating in the Northeast have agreed on principles and methods of implementing Farm Credit programs. The Bank for Agriculture and Cooperatives functions with five branches, and plans to establish ten more this year, with up to \$500,000 initial funding per branch. Government rice supports have kept rice prices high and farmers have received good incomes. The University of Kentucky completed a survey of the Applied Agricultural Research Center and a contract to provide technical assistance has been signed. Staffing will be completed by Fall.

FY 1968 Program: As a part of the Thai-U.S. counter-insurgency effort, this project will be reviewed annually for its relevance to the scope of insurgency. For FY 1968, funds are requested to cover the cost of (a) four direct-hire technicians (\$67,000) and 13 specialists from USDA (\$161,000) to carry out farmers association, technology promotion and farm credit sub-activities; (b) contract services (\$870,000) for 21 contract personnel to carry out research, gather data and plan agriculture activities; (c) 300 participants for training in the U.S. and third-countries (\$633,000); and (d) farm and lab equipment and chemicals (\$1,090,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES U.S. Department of Agriculture University of Kentucky Cecchi & Company
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	7,954	5,035	2,919							
Estimated FY 67	2,113	3,522								
Estimated through 6/30/67	10,067	8,557	1,510							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	2,821		Undetermined	1,688	425	2,113	1,740	1,081	2,821	
				U.S. Technicians						
				Participants ...						
				Commodities ...						
				Other Costs ...						
				Total Obligations						

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Private Enterprise - Industrial Development	ACTIVITY	Industry and Mining	FUNDS	Technical Assistance
PROJECT NUMBER	493-15-290-161	PRIOR REFERENCE	P. 91, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1957
				SCHEDULED FINAL OBLIGATION	FY: 1968

Project Target and Course of Action: This project provides technical assistance to selected areas of Thai industry and encourages participation of private domestic and foreign enterprise in Thailand's industrial development. A.L.D. support includes: (a) advisory services for potential local and foreign investors; (b) third country training oriented to developing specific trades and industries for government officials and private entrepreneurs; (c) assistance in the analysis, reorganization and disposition of state-owned enterprises; (d) development of data on pilot operations for use by potential agri-business investors in Northeast Thailand; (e) technical assistance to the Thai Government in the identification and promotion of opportunities in all potential areas of private investment, but with the accent on agri-business; (f) survey of present development financing institutions and encouragement of an investment policy favorable to development needs; (g) sponsoring pre-feasibility studies for specific industries to help the Industrial Promotion Department promote labor intensive industries using local raw materials; and (h) advisory assistance in the field of fertilizer production, marketing and distribution, to encourage increased fertilizer utilization.

Progress to Date: The brochure "Private Enterprise Investment Opportunities in Thailand" was prepared, published and distributed (5,000 copies). In the past year, an estimated 418 interviews with foreign and local entrepreneurs were held in Bangkok. Eleven investment guaranty applications were processed, bringing the total

in force or pending to 33 covering a total investment of about \$100 million. The three-man TVA team of fertilizer specialists has published "The Thailand Fertilizer Situation and Potential," the definitive analysis of fertilizer needs and trends. Two reports of mining potential have been prepared. A report on state-owned enterprises was submitted. Eighteen new small industries in Northeast Thailand were helped with planning and promotion.

FY 1968 Program: FY 1968 funds are requested to finance: (1) Six private enterprise and industry advisors (\$125,000); (2) Twenty-eight participants to be sent for short-term training in the U.S. and third countries, mostly Taiwan (\$85,000); (3) Five short-term fertilizer and mining experts to be provided from other United States government agencies (\$70,000); and (4) Five contract consultants to various Thai institutions (\$130,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	
Through 6/30/66	583	454	129							Federal Housing Administration Tennessee Valley Administration (fertilizer) Bureau of Mines Consulting Firms
Estimated FY 67	300	244								
Estimated through 6/30/67	883	698	185	85	150	235	125	200	325	
		Future Year Obligations	Estimated Total Cost	65	-	65	85	-	85	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Proposed FY 68	410	-	1,293	150	150	300	210	200	410	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Aeronautical Ground Services Improvement	ACTIVITY Transportation	FUNDS Technical Assistance	
PROJECT NUMBER 493-11-370-103	PRIOR REFERENCE P. 94, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1953	SCHEDULED FINAL OBLIGATION FY: 1970

Project Target and Course of Action: This project is designed to aid the Thai Government in improving aeronautical ground services to support current and future domestic and international air transportation operations in Thailand. The FY 1966-70 program includes an expanded domestic airport operation for supporting the rapid growth of civil aviation. Such an undertaking will supply a ready reserve emergency capacity and facilitate the peacetime movement of troops and cargo. Recent border incidents, as well as Thai commitments to the Free World, highlight the need for an expanded effort at this time. Civil/military aircraft movements in the Bangkok region totalled 340,000 in 1964, 500,000 in 1965, and are estimated to rise to 800,000 in 1967. The early phases of this project will involve establishment of a domestic, all-weather airways system to service key up-country airports on a 24-hour basis. The later phases will be directed primarily toward improvement of services to international traffic. The establishment of voice communications with adjacent flight information regions, the introduction of radar control, and the replacement of obsolete equipment are important components of this undertaking.

Progress to Date: The flight service stations (FSS) electronic equipment has been completed at eight North and Northeast airports; installation of all of the electronic equipment, navigation controls, and communications equipment funded through FY 1965 have been installed. A total of one hundred Thais have received U.S. and third

country training. Over \$1.4 million in flight inspection equipment, airport lighting, communications equipment, and flight control devices is under contract for delivery. The RTG has programmed over \$4.6 million of commodity procurement for FY 1968-70 to complete this project in conjunction with the U.S. Federal Aviation Agency (FAA) technical assistance and training. Some \$40,000 in U.S.-owned excess property will be provided for the project. **FY 1968 Program:** An eleven-man Civil Aviation Assistance Group will be provided by FAA (\$205,000) and five participants will receive training in the U.S. (\$20,000): one electronic technician (RCAG Station), three advanced radar technicians, and one airport architect/engineer. All necessary commodities, not already funded, will be financed by the RTG. The contributions from the RTG will involve over \$1 million of RTG-funded commodities, and about \$2 million of RTG budget funds for construction.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
				Estimated FY 1967			Proposed FY 1968		
				Direct AID	Other Agency	Total	Direct AID	Other Agency	Total
Through 6/30/66	5,281	3,768	1,513						
Estimated FY 67	272	1,718							
Estimated through 6/30/67	5,553	5,486	67						
		Future Year Obligations	Estimated Total Cost						
Proposed FY 68	225	285	6,063	40	232	272	-	225	225

Cost Components

- U.S. Technicians
- Participants . . .
- Commodities . . .
- Other Costs . . .
- Total Obligations

Federal Aviation Agency

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Labor Department Administration	ACTIVITY	Labor	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-460-195	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: 1971

Project Target and Course of Action: This is a new project in FY 1967 designed to assist the recently upgraded Department of Labor to play an important role in Thailand's overall manpower planning effort and in the development of national policy for vocational training. Through employment service facilities, the Department will help provide the manpower needed for military and civilian construction activities and plan the training of the national labor force to meet the changing requirements of the economy.

advisor will be employed, making a total of 3 full time technicians who will be provided at an estimated cost of \$65,000. An additional amount of \$40,000 is planned to finance the training of 8 participants in the U.S. and \$10,000 will be expended to finance commodity costs for books, visual training aids and demonstration equipment.

Under this project, assistance will be provided to the Department of Labor in internal organization, the definition of its services, and the delineation of its responsibilities. Advisory services will be furnished by the U.S. Department of Labor under a Participating Agency Service Agreement. These advisory services will also provide technical advice in the fields of industrial relations, labor standards, labor statistics and related research activities.

A labor affairs advisor is now in Thailand. It is expected that he will shortly be joined by an employment services advisor. However, future requirements for advisory services will be dependent upon recommendations to be submitted by the labor affairs advisor.

Progress to Date: This is a new project initiated in response to a request from the Thai Government for the provision of technical services. At present one technician is in the field.

FY 1968 Program: During FY 1968 an additional U.S.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES																																																												
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968																																																															
				Direct AID	Other Agency	Total	Direct AID	Other Agency	Total																																																													
Through 6/30/66	-	-	-	<table border="0"> <tr> <td>Cost Components</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>U.S. Technicians</td> <td>-</td> <td>51</td> <td>51</td> <td>-</td> <td>65</td> <td>65</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Participants . . .</td> <td>-</td> <td>-</td> <td>-</td> <td>40</td> <td>-</td> <td>40</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Commodities . . .</td> <td>-</td> <td>-</td> <td>-</td> <td>10</td> <td>-</td> <td>10</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Costs . . .</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Obligations</td> <td>-</td> <td>51</td> <td>51</td> <td>50</td> <td>65</td> <td>115</td> <td></td> <td></td> <td></td> </tr> </table>						Cost Components										U.S. Technicians	-	51	51	-	65	65				Participants . . .	-	-	-	40	-	40				Commodities . . .	-	-	-	10	-	10				Other Costs . . .	-	-	-	-	-	-				Total Obligations	-	51	51	50	65	115				U.S. Department of Labor
Cost Components																																																																						
U.S. Technicians	-	51	51							-	65	65																																																										
Participants . . .	-	-	-							40	-	40																																																										
Commodities . . .	-	-	-	10	-	10																																																																
Other Costs . . .	-	-	-	-	-	-																																																																
Total Obligations	-	51	51	50	65	115																																																																
Estimated FY 67	51	35																																																																				
Estimated through 6/30/67	51	35	16																																																																			
		Future Year Obligations	Estimated Total Cost																																																																			
Proposed FY 68	115	345	511																																																																			

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Malaria Eradication	ACTIVITY	Health and Sanitation	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-510-107	PRIOR REFERENCE	P. 95, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1951	FY: 1972

Project Target and Course of Action: The objective of this project is to eradicate malaria in Thailand by 1972 and prevent re-introduction of the disease. Malaria has been the greatest single cause of sickness, debility, and death in the country. The elimination of this disease will materially increase the human resources available for development and national defense.

The eradication program includes residual spraying to cover all the houses in malarious areas and a campaign of case-finding and treatment to insure that malaria transmission is halted and not resumed. The Malaria Eradication Service of the Thai Ministry of Health is conducting the program with the advisory assistance of 15 USOM and 8 WHO technicians. Within the advisory group will be a five-man Operational Research Team, who will determine the reasons for persistent transmission of the disease and recommend remedial measures. There are also 35 Peace Corps Volunteers working with the program as assistants to Malaria Zone Chiefs or as Regional Entomologists.

Progress to Date: In the course of the eleven-year control phase of the program, the annual incidence of malaria was reduced from an estimated two million cases per year to approximately two hundred thousand per year. Similarly, annual mortality attributed to malaria decreased from fifty thousand deaths to less than four thousand.

Annual targets for the project have been changed because the interruption of transmission in areas receiving total spray coverage has been less than predicted. During FY 1967 the population covered by spraying will remain at the peak level of 26.1 million. A rise in the price of DDT lead to greater commodity expenditures in FY 1967 than had been anticipated; new estimates of the total amount of spraying required have also contributed to a higher estimated total cost. This will amount to about \$400 thousand more than was estimated last year and will amount to an estimated \$1.7 million more over the life of the project.

FY 1968 Program: In FY 1968, U.S. assistance will provide the advisory service of fifteen malaria specialists (\$330,000); short-term training for 23 participants at the Malaria Eradication centers in the Philippines and field observations in India, Ceylon or Pakistan (\$10,000); and commodity support principally, in the form of DDT, and to a lesser extent in transport, laboratory and spraying equipment (\$2,100,000). The Thai Government is expected to provide \$4,541,500 equivalent from its FY 1968 budget towards the total cost of this program.

U.S. DOLLAR COSTS (In Thousands)						OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	Estimated FY 1967			Proposed FY 1968				
					Direct AID	Other Agency	Total	Direct AID		Other Agency	Total	
Through 6/30/66	10,340	9,761	579			-	135	135		-	330	330
Estimated FY 67	2,600	1,884			Participants ...	15	-	15	10	-	10	
Estimated through 6/30/67	12,940	11,645	1,295	Commodities ...	2,450	-	2,450	2,100	-	2,100		
		Future Year Obligations	Estimated Total Cost	Other Costs ...	-	-	-	-	-	-		
Proposed FY 68	2,440	3,080	18,460	Total Obligations	2,465	135	2,600	2,110	330	2,440		

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Chiangmai Medical School	ACTIVITY Health and Sanitation	FUNDS Technical Assistance
PROJECT NUMBER 493-11-540-174	PRIOR REFERENCE P. 96, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1951
		SCHEDULED FINAL OBLIGATION FY: 1968

Project Target & Course of Action: The goal of this project is to assist the Government of Thailand in developing the Faculty of Medicine of Chiangmai University into a first-class medical school capable of graduating approximately 50 doctors and 50 nurses annually. The school will provide a center for graduate and post-graduate medical education outside Bangkok and an additional center for the training of auxiliary personnel in rural health. This up-country medical facility fulfills a need for a rural health center where rural-based health personnel can receive practical training. American technical advice will continue to be provided to the Thai faculty through a contract with the College of Medicine of the University of Illinois and seven Thai members of the faculty will receive medical training in the United States.

Progress to Date: The Faculty of Medicine has graduated its third class of 50 doctors totalling 150 doctors to date. In competitive examinations held in the past three years with graduates of the other two long-established medical schools, located in Bangkok, Chiangmai Medical School has out-distanced these other schools by having six of its 1966 graduating class place in the top ten in the country and a Chiangmai Medical School graduate place first in the country. The development of the medical school's physical plant is making satisfactory progress toward its target completion date in 1967. The teaching hospital, basic science facilities, student and staff housing and other auxiliary buildings have been completed and are being expanded along with new construction. The

program has continued to stress the important area of public health and preventive medicine. The curriculum this past year has included a 5-day clerkship program for the third year students, where the student gains practical experience in preventive medicine.

To reduce the number of new medical graduates who go abroad for extended periods of study immediately after a year's internship, a board-certified residency program was established in April 1966, whereby the graduates may take their residency training in Thailand.

FY 1968 Program: For FY 1968 funds are requested to: (1) continue the services of a nursing advisor under a Public Health Service PASA (\$20,000); (2) finance further a contract with the University of Illinois Medical School to provide for a 14 full-time advisory staff (\$384,000); (3) purchase commodities consisting of scientific and technical equipment for the school and teaching hospital (\$216,000); and (4) provide participant training for seven Thai faculty members in the United States in pre-clinical, clinical and medical auxiliary specialization (\$84,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS							PRINCIPAL CONTRACTORS/AGENCIES U.S. Public Health Service University of Illinois	
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968					
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total			
Through 6/30/66	4,812	3,177	1,635									
Estimated FY 67	834	2,044										
Estimated through 6/30/67	5,646	5,221	425									
		Future Year Obligations	Estimated Total Cost									
Proposed FY 68	704	-	6,350	84	750	834	84	620	704			
				U.S. Technicians								
				Participants . . .			84	-	84	84		
				Commodities . . .			-	137	137	216		
				Other Costs . . .			-	-	-	-		
				Total Obligations			84	750	834	84	620	704

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Comprehensive Rural Health	ACTIVITY	Health and Sanitation	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-540-179	PRIOR REFERENCE	P. 97 FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1970

Project Target and Course of Action: Under this project assistance is being provided in establishing a network of curative and preventive medical services in security sensitive rural areas throughout Thailand. This will provide the peoples of these areas with permanently-based medical treatment and health education programs.

The program has been established under the direction of the Director General, Thai Department of Health, with the Community Health Development Division functioning as the coordinating agency to provide medical services to the villager.

The program involves two approaches: immediate impact activities and longer-term development of Thai government capacity to provide needed services. Impact operations include Mobile Medical teams with volunteer Thai doctors, accelerated training of paramedics capable of serving at village level, special preventive medicine and health education teams to work in strategic areas in implementing a program of environmental health improvement, community organization, and health education. These activities are supported by U.S. military personnel, Thai Border Patrol Police and other Thai agencies engaged in medical civic action programs. Efforts are concentrated in the security-sensitive border areas of the Northeast and North and in the South.

The long-range plan provides training programs for health officers and staff, and commodity support for new rural health centers as they are constructed and staffed.

The basic curative and health services revolve around

14 first-class Public Health Units which serve approximately 50,000 persons each. These units are staffed by physicians and paramedical personnel (sanitarians, health workers, nurses and midwives). Within each area covered by a first-class health center are 4 subsidiary health units, serving approximately 10,000 persons each. All U.S. technical and commodity assistance is funneled through the Thai Ministry of Health to these units.

Activities under this project are coordinated closely with the specialized assistance programs conducted in Thailand by UNICEF and WHO.

Progress to Date: There are now 25 Thai medical teams operating in the North and Northeast areas with over 500 multi-purpose health workers participating in field operations and in various phases of training. A Thai government health committee has been established to integrate Comprehensive Rural Health program activities conducted by various Ministry of Health divisions and to supervise and support medical teams. Training for junior health workers has resulted in training over 350 trainees per year for field assignments.

FY 1968 Program: Funding for FY 1968 provides for continuing the assistance of 9 direct-hire U.S. advisors (\$180,000), 5 PASA Public Health Advisors and 28 PASA U.S. Army Medical Technicians (\$270,000); U.S. and third country training for 53 Thai medical personnel assigned to the program (\$232,000); and medical equipment, supplies and transportation (\$600,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1967			Proposed FY 1968		
Through 6/30/66	897	48	849	U.S. Technicians	Direct AID	Other Agency	Total	Direct AID	Other Agency	Total
Estimated FY 67	971	1,530			Participants . . .	100	215	315	180	270
Estimated through 6/30/67	1,868	1,578	290	Commodities . . .	196	-	196	232	-	232
		Future Year Obligations	Estimated Total Cost	Other Costs . . .	460	-	460	600	-	600
Proposed FY 68	1,282	1,913	5,063	Total Obligations	-	-	-	-	-	-
					756	215	971	1,012	270	1,282

U.S. Public Health Service
U.S. Army Medical Corps.

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Potable Water	ACTIVITY	Health and Sanitation	FUNDS	Supporting Assistance
PROJECT NUMBER	493-11-590-186	PRIOR REFERENCE	P. 98, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1968

Project Target and Course of Action: The objective of this activity is to provide water for villages in water-scarce and security-sensitive areas in the North and Northeast of Thailand. In the process, the general health will be improved, and a local contracting capability for several types of public works will be developed. A training process will also be provided in developing, constructing, operating, and maintaining community water supply. The specific aim is to help the Department of Health, Sanitary Engineering Division (SED) of the Royal Thai Government (RTG) to construct potable water systems in up to 600 communities in 60 security-sensitive districts during the period FY 1967 through FY 1969. The most economic method of developing water supplies will be used. Specific sub-projects are approved in the light of population, per capita cost, accessibility by road, economic potential, political and sociological factors, community interest, and local willingness to contribute funds or help in kind. The Department of Mineral Resources will drill wells, the Royal Irrigation Department will develop and make available surface water supplies, and the Department of Health and the Department of Community Development will provide educational and promotional work through community self-help programs. A.I.D. will provide an engineering firm's technical staff and certain equipment and commodities. SED and the contract team will jointly plan and design, award and administer contracts, and supervise construction of community potable water sub-projects. About 150 SED personnel will receive

in-service training and 10 engineers will get U.S. training. Maximum use will be made of local material and equipment, and standard simplified designs will be developed for storage tanks, treatment plants, and distribution systems.

Progress to Date: A contract was signed with Tibbets, Abbot, McCarthy and Stratton (TAMS) in August 1966, for the required engineering services. Meanwhile, SED had preliminary plans completed for 100 communities, final plans completed for 20 communities, and plans ready for the KhonKaen project headquarters. FY 1966-funded commodities are now arriving. Seven engineers have received 5 weeks training in Taiwan and two others are in the U.S. for Sanitary Engineering training. Local contractors have not been willing to bid on single remote and isolated sub-projects, so several neighboring sub-projects will be combined into package contracts. Delays have also been encountered because of shortage of skilled Thai personnel, and lack of sufficient local currency.

FY 1968 Program: For FY 1968, funds are being required to finance: (a) one direct-hire project engineer and one PASA Sanitary Engineer (\$40,000); (b) an 8-man TAMS contract team (\$200,000); (c) 24 participants for U.S. and third-country training (\$42,000); and (d) commodities including pumps, valves, motors, chemicals, etc. (\$1,100,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1967			Proposed FY 1968				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/66	1,518	15	1,503									U.S. Public Health Service Tibbets, Abbot, McCarthy and Stratton
Estimated FY 67	1,367	2,184										
Estimated through 6/30/67	2,885	2,199	686	U.S. Technicians	15	220	235	20	220	240		
				Participants . . .	42	-	42	42	-	42		
				Commodities . . .	1,090	-	1,090	1,100	-	1,100		
				Other Costs . . .	-	-	-	-	-	-		
Proposed FY 68	1,382	-	4,267	Total Obligations	1,147	220	1,367	1,162	220	1,382		

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Development of Vocational Education	ACTIVITY	Education	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-610-194	PRIOR REFERENCE	P. 99, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1971

Project Target and Course of Action: This project supports a program wherein the Royal Thai Government (RTG) and the International Bank for Reconstruction and Development (IBRD) will expend \$22 million for the improvement and expansion of vocational education in Thailand. The RTG has borrowed \$6 million from IBRD for imported equipment and will provide \$8 million in baht equivalent from the Bank of Thailand plus another \$8 million from the Thai budget over a five-year period. Thai funds will be used primarily to finance land acquisition and construction. During the same period, A.I.D. will provide technical assistance largely through two contracts with U.S. institutions for teacher trainers in the industrial and agriculture fields plus extensive participant training in the U.S.

FY 1968 Program: For FY 1968, funding is proposed for four direct-hire technicians (\$80,000), for additional costs covering the extension of the two contracts for twelve technicians (\$500,000) and for training of eight participants in the U.S. (\$50,000).

Primary support in this project will go to twenty-five vocational schools throughout the country - 14 trade and industrial schools, 9 agriculture schools and 2 teacher training institutions.

This project is expected to expand enrollment in vocational schools sufficiently to produce well trained graduates to meet employment demands by 1970.

Progress to Date: Four A.I.D. Vocational Education Advisors are now in Thailand. Contract negotiations are expected to be concluded soon for teacher trainers in the trade and industrial field with Kent State University in Ohio; and for the trainees in the Agriculture field with California State Polytechnic College.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	500	-	500							
Estimated FY 67	85	560		50	-	50	80	500	580	
Estimated through 6/30/67	585	560	25	35	-	35	50	-	50	
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-	
Proposed FY 68	630	985	2,200	85	-	85	130	500	630	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Rural Education	ACTIVITY Education	FUNDS Technical Assistance
PROJECT NUMBER 493-11-640-162	PRIOR REFERENCE P. 100, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1964
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project is designed to contribute to counter-insurgency efforts in the sensitive areas of the Northeast by making available increased and improved educational opportunities in rural areas. The project is also designed to contribute to development through vocational training. Finally, the project is designed to provide evidence in remote villages that the government is concerned with the desires of the rural population for improved education. To accomplish these purposes the project is subdivided into three distinct but related activities: (a) Textbook and Teaching Materials Program - approximately 2.5 million textbooks along with teaching materials will be distributed to schools in 18 provinces in the North, Northeast and South; (b) Changwad Education Development Program - in security-sensitive provinces in the Northeast (Ubol, Nakorn Phanom, Sokol Nakorn) a resident American technician has been assigned to work directly with provincial education officers to develop procedures for strengthening education programs. This will include development of in-service training programs for teachers, provision of needed commodities and participant training; (c) Mobile Adult Vocational Training Program - mobile units are provided for the training of individuals whose circumstances do not permit them to develop vocational skills in institutionalized programs. Programs are designed to meet local needs and are moved from community to community as the needs are met. The units offer intensive short term courses of approximately 300 hours each in such fields as

carpentry, auto mechanics, electricity, metal work and other basic trades.

Progress to Date: Textbooks in grades 1-7 have been revised and rewritten and teaching aids to accompany them have been designed. Approximately 1.8 million books have been distributed. An Education Materials Center has been established in Bangkok with branches in Udon and Ubol in the Northeast. One mobile unit is in operation in the North and Northeast, and one in Yala in the South. These units serve approximately 2,000 people each year.

FY 1968 Program: FY 1968 funding is requested to provide: (a) 10 direct hire U.S. advisors (\$170,000); (b) academic training in the U.S. and third countries for 60 participants (\$210,000); and (c) commodities including paper for textbooks, training aids, science equipment and, vehicles and tools for five mobile units (\$700,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1967			Proposed FY 1968
				Direct AID	Contract/Other Agency		Total
Through 6/30/66	631	141	490				
Estimated FY 67	814	884					
Estimated through 6/30/67	1,445	1,025	420				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 68	1,080	Undetermined		814	-	814	
				1,080	-	1,080	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Manpower and Education Development Planning	ACTIVITY Education	FUNDS Technical Assistance	
PROJECT NUMBER 493-11-690-142	PRIOR REFERENCE P. 101, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1968

Project Target and Course of Action: This project is designed to assist the Thai Government to determine its manpower needs and to undertake education planning for the most effective training of its human resources for national development.

A full time advisor from the Stanford Research Institute is working with the Manpower Planning Office (MPO) of the National Economic Development Board (NEDB) to improve their internal organization and project planning. In addition, he is assisting in the selection of participants being sent to seminars in the United States and on observation tours in third countries.

A contract with Michigan State University provides technical assistance to the Education Planning Office (EPO) and the National Education Council (NEC). The Michigan State team assists in the design and conduct of educational planning research projects and is helping define the functions of both EPO and NEC. Academic training in the United States is being provided for participants who will assume key staff positions on their return.

In addition, library collection of technical books will be strengthened through the National Academy of Sciences/A.I.D. Science Book Program.

Progress to Date: Assistance to this project has been provided since 1963. A comprehensive Human Resources Study, which forms the basis of the ongoing project, was completed in 1964. Both the MPO and EPO have been established and are functioning in their intended roles. A study of secondary education has been completed and a

report published. Studies of elementary and higher education are now underway. The principal objectives of the Stanford Research Institute contract have been achieved, i.e., the MPO has been reorganized and a number of research studies have been completed. Following completion of the high level manpower requirements study, the Stanford Research Institute contract will be terminated 6/30/67. **FY 1968 Program:** The FY 1968 program provides for one direct hire U.S. technician (\$20,000) who will ensure coordination between U.S. interests and the objectives and proposals of the contract team. Approximately 24 participants will receive academic training in the U.S. at an estimated cost of \$103,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967				Proposed FY 1968		
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/66	1,281	435	846	Cost Components						
Estimated FY 67	277	1,029		20	22	42	20	-	20	
Estimated through 6/30/67	1,558	1,464	94	135	-	135	103	-	103	
		Future Year Obligations	Estimated Total Cost	100	-	100	-	-	-	
				-	-	-	-	-	-	
Proposed FY 68	123	-	1,681	Total Obligations						
				255	22	277	123	-	123	

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Country: **THAILAND**

PROJECT DATA

TABLE III

PROJECT TITLE Management Improvement	ACTIVITY Public Safety and Public Administration	FUNDS Technical Assistance
PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
PROJECT NUMBER 493-11-730-144	P. 104, FY 1967 FE PDB	FY: 1962
		FY: Reviewed Annually

Project Target and Course of Action: This activity has two goals. One is the improvement of the planning, management, and administrative capabilities of the central government. The other is to establish a focal point in the Budget Bureau from which the Royal Thai Government can prescribe administrative standards for all ministries and departments.

Through a contract with the Public Administration Service (PAS) of Chicago, advisors are assigned to the Thai Budget Bureau. They develop operation and management capabilities, provide on-the-job training in organization and procedure technique, and help the technical staff of the Budget Bureau undertake broad and specialized studies in the ministries and departments.

To date, the technical assistance provided has been directed towards (a) the Department of Highways; (b) the Ministry of Agriculture; (c) the Ministry of Education; (d) the Revenue Department; and (e) the Budget Bureau.

Progress to Date: A number of accomplishments have been recorded. They include the establishment of the Budget Bureau and the review of the Thai tax structure. More recently a survey of the administrative procedures and practices in the Department of Revenue was completed. Substantial improvements were developed and initiated in FY 1966. These improvements have helped increase business tax collections, which have grown 62% between 1964 and 1966. Data processing equipment has been installed in the Highway Department. It has been used to establish a system for equipment usage and maintenance reporting, and

to maintain an inventory of all road equipment. The Highway Department has established a Personnel Division and developed a manual for budget and maintenance accounting. Extensive reviews of the Ministry of Agriculture, Ministry of Education and the Budget Bureau have been completed and recommendations for reorganization and refinements have been made. In-service training has been given to the operation and management staff of the Budget Bureau, and participants have been scheduled for on-the-job training in the United States.

FY 1968 Program: FY 1968 funding provides for U.S. training of 28 participants at a cost of \$160,000. These participants will come from the Bureau of the Budget, the National Economic Development Board, and the Department of Technical and Economic Cooperation. The services of seven PAS contract employees were funded in FY 1967 and they will continue to function in FY 1968.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/ ██████	Total	Direct AID	Contract/ Other Agency	Total	
Through 6/30/66	1,570	1,028	542							Public Administration Service	
Estimated FY 67	309	748									
Estimated through 6/30/67	1,879	1,776	103	U.S. Technicians	-	245	245	-	-		-
		Future Year Obligations	Estimated Total Cost	Participants ...	64	-	64	160	-		160
				Commodities ...	-	-	-	-	-		-
				Other Costs ...	-	-	-	-	-		-
Proposed FY 68	160	Undetermined		Total Obligations	64	245	309	160	-	160	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Civil Service Improvement	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-730-176	PRIOR REFERENCE	P. 105, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1965
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project provides advisory assistance to improve personnel administration in the Government of Thailand. It is aimed at meeting some of the governmental personnel problems generated by expanding economic and social development, and the accelerated counter-insurgency programs. Essential requirements are: (1) the formulation and administration of adequate personnel classification procedures and pay schedules; and (2) standard methods of establishing personnel requirements and the recruitment of personnel.

An advisory team from the California State Personnel Board provides counseling and assistance to the Thai Civil Service Commission (CSC) regarding their general responsibilities. They also supervise a position classification survey covering some 18,000 Thai civil service positions from which position classification plans, specifications and titles are being developed. The team provides training and assistance in the development of control records, the conduct of field audits, personnel testing, and the utilization of the completed classification project.

The existing contract with the State of California Personnel Board provides for annual review of progress and for the provision of necessary personnel for programs to be carried out in the ensuing year.

Progress to Date: Technical assistance has been provided to the CSC since FY 1966 under contract by the State of California. A classification system has been developed and completed for the first three grade positions in the Minis-

tries of National Development, Agriculture, Communications, Economic Affairs, Industry, and Justice. This procedure included updating personnel records, simplifying existing procedures and preparing an Administrative Manual. Control records were also established within the CSC and are being used for personnel reviews and recruitment purposes within the ministries.

FY 1968 Program: As an integral part of the Thai-U.S. counter-insurgency effort, the project is now reviewed annually for its relevance to the scope of insurgency. The FY 1968 funding request would provide for four contract personnel from California State Personnel Board (\$131,000) and six participants who will be trained in the U.S. (\$34,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	247	35	212								California State Personnel Board
Estimated FY 67	173	292									
Estimated through 6/30/67	420	327	93	U.S. Technicians	-	131	131	-	131	131	
				Participants . . .	42	-	42	34	-	34	
				Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	165	Undetermined		Total Obligations	42	131	173	34	131	165	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Local Government Administration	ACTIVITY	Public Safety and Public Administration	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-740-145	PRIOR REFERENCE	P. 106, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1963
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: The goal of this project is to strengthen the ties between all levels of the Thai Government and the rural areas by assisting the Thai Government in improving government administration and responsiveness to local needs. Working with the Ministry of Interior, U.S. advisors are: (a) assisting to improve the administrative capacity of the central government units of the ministry responsible for provincial and local government; (b) helping develop capabilities of local councils so that they may undertake limited government functions; and (c) assisting in the development of a legal framework of relationship between the centrally administered government organizations and the local councils and committee organizations.

A training program for provincial government and district officers will be continued, and a project to develop testing for recruitment and promotion of key officers will be continued. Assistance will be given on the Thai Government's "Developing Democracy Program", which is intended to lead to limited self-government at the local level and is being extended to 210 townships. Vehicles will be provided to district officers in certain security-sensitive provinces to enable them to maintain regular contact with remote rural areas.

Progress to Date: Studies involving the functions of the Provincial Governor and district administration have been completed and recommendations for reorganization have been submitted to the Thai Government.

The training course initiated under the Developing Democracy Program has been conducted in 61 townships successfully. Courses at the district officers academy have been revised to stress counterinsurgency subject matter and a sizeable proportion of the graduates of the academy are being placed in the rural Northeast Area. FY 1968 Program: FY 1968 funding provides for 4 direct hire U.S. technicians (\$80,000) who will assist in the organization and training of Ministry of Interior personnel. Training will involve 20 participants in the U.S. and 60 to third countries (\$126,000). Commodity funding amounting to \$385,000 is provided for training materials and vehicles for district officers.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	609	360	249								
Estimated FY 67	387	484									
Estimated through 6/30/67	996	844	152								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	591	Undetermined		Total Obligations	387	-	387	591	-	591	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Board of Investment	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-910-184	PRIOR REFERENCE	P. 109, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1968

Project Target and Course of Action: The purpose of this activity is to strengthen the Thai Government's Board of Investment (BOI). A.I.D. is providing the BOI with technical assistance to help it establish an effective organization that will develop, promote, and evaluate specific investment possibilities and proposals. It will also be able to plan and expedite those decisions which affect new domestic and foreign investments. During FY 1966, A.I.D. responded to the RTG's request for technical assistance for the BOI by providing a contract team from Checchi & Company which will implement this activity for two years. During FY 1967 and 1968, A.I.D. is sending four Thai staff members of BOI abroad for on-the-job training in management consultant's offices, investment banks, and development corporations. Two will go to the U.S. and two to either Taiwan or the Philippines.

Progress to Date: A new law, which was recommended in an earlier A.I.D.-financed study, became effective in January 1966. It reorganized the BOI as a permanent agency. A proposed staffing pattern was submitted in February 1966 to the Thai Civil Service Commission and the Thai Bureau of the Budget for review and approval. Two members of the Checchi team were working full-time with BOI by May 1, 1966. By the end of June 1966, 82 of the 108 Thai staff positions were filled. All of the 14 key staff members were loaned to the BOI by other RTG agencies, pending Civil Service Commission approval of the reorganization plan. The plan was approved in July

1966.
FY 1968 Program: The Checchi contract, which was funded in FY 1966 for \$320,000, will continue to provide consulting services to the BOI. The Thai government will continue to fund the local costs and provide the office space for the Checchi team. For FY 1968, \$9,000 is being requested for participant training whereby: (1) 2 senior BOI staff members will receive on-the-job training for one year; (2) one staff member will study in the United States; and (3) one will study in Taiwan.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	320	-	320							Checchi & Company
Estimated FY 67	12	255								
Estimated through 6/30/67	332	255	77							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	9	-	341	12	-	12	9	-	9	

Country: **THAILAND**

PROJECT DATA

TABLE III

PROJECT TITLE	Economic Feasibility and Engineering Studies	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-990-132	PRIOR REFERENCE	P. 110, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1961	FY: 1968

Project Target and Course of Action: This project is designed to assist Thailand obtain increased capital from free world sources by financing economic feasibility and preliminary engineering studies to provide basic data for sound project development and loan applications. Such basic infrastructure capital projects as highways, water resources, electric power, telecommunications, and ports are studied. The studies are carried out by private U.S. consulting firms or appropriate U.S. Government agencies working in conjunction with Thai Government departments. Particular attention is given to projects in the critical North and Northeast provinces. The reports produced through this project provide the economic and technical data on which the Thais can base applications for financing capital projects to the International Bank for Reconstruction and Development (IBRD), Eximbank, and other free world sources, or to A.I.D. if other financing is not available on reasonable terms or in a timely fashion. The studies will supplement Thailand's own developing economic and technical planning capability and will not imply a commitment of U.S. financing of projects studied.

Progress to Date: Since 1961, surveys and reviews of Thai studies financed by this project have been instrumental in: (a) obtaining a \$22 million IBRD loan for the Greater Mekong (Kwai) River project and the Bank's commitment to additional increments of loan input to develop that river basin; (b) a \$11.1 million A.I.D. loan for three North and Northeastern irrigation projects; (c) an IBRD agreement to help fund the Nan River multi-purpose dam; and (d) an IBRD

agreement to assist in completing the Southern Peninsular Highway. In addition, other studies financed by the project have been useful in obtaining: (a) Japanese offers for port development in the South; (b) United Nations' assistance in improving inland waterways; and (c) IBRD and A.I.D. loans for highways and irrigation projects. Other completed studies include: Lomsak-Chumpae Highway, Lam Nam Oon Irrigation, Mun & Chi Basin Reconnaissance Survey, survey of Thai road construction contractor capabilities, Second Deep-Water Port Study, Sattahip Regional Development Plan, Electric Power Survey, and Radio Frequency Control & Management study.

FY 1968 Program: During FY 1967, the bulk of the activity on this project will be changed from grant to loan financing. This shift has resulted in a reduction of \$1.3 million in the total estimated cost of this project from \$3.2 million to \$1.9 million. For FY 1968, no new grant-funded studies are planned. New obligations will be for 11 direct-hire technicians (\$220,000) to support the previously funded studies plus the new loan financed surveys and 12 participants (\$59,000) for training. The following studies already underway will be completed: Langsuan-Phattaalung roads, national power survey, highway development studies, and Second Port Study. It is estimated that the Thai Government's budget contribution to this project will be \$368,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	1,096	434	662								U.S. Navy Officer-in-charge of construction. U.S. Bureau of Reclamation. Private Consulting Firms: a. Lyons Associates b. Louis Berger, Inc. c. Others as required
Estimated FY 67	567	750									
Estimated through 6/30/67	1,663	1,184	479	U.S. Technicians	110	410	520	220	-	220	
		Future Year Obligations	Estimated Total Cost	Participants . . .	47	-	47	59	-	59	
				Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	279	-	1,942	Total Obligations	157	410	567	279	-	279	

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: THAILAND

~~CONFIDENTIAL~~ PROJECT DATA

TABLE III

PROJECT TITLE	Accelerated Rural Development (ARD)	ACTIVITY	General and Miscellaneous	FUNDS	Supporting Assistance
PROJECT NUMBER	493-11-990-163	PRIOR REFERENCE	P. 111, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1964	FY: Reviewed Annually

Project Target and Course of Action: The object of this project is to increase the range and effectiveness of Thai Government services in security sensitive rural areas in Northeast Thailand and to build loyalty and support for the Thai Government amongst the people. More specifically it is aimed at increasing the capacity of provincial governors to respond to local rural needs. The program is a broad umbrella which shelters and coordinates many varied activities in health, education, agriculture, public administration, and public works in the Northeast. This specific project request is related only to the administrative and public works aspects of the program. Other program needs are the subject of separate activity requests.

Communist subversive activity among Northeast villagers has increased during the past year. Plans for FY 1967 and FY 1968 are to concentrate in the most sensitive districts of the 14 provinces incorporated in the ARD program. During FY 1968 about 240 miles of pioneer road will be built and about 1,500 sub-professionals in construction trades will be trained. Well drilling capacity will be expanded, since year round water supply is the first priority need identified by villagers. A variety of village project activities will be intensified. A.I.D. advisors will work with provincial governors to assist them in the planning and execution of local development projects, in improving local government administration and in securing increased villager participation.

Progress to Date: In FY 1966 Project Agreements were negotiated in the provinces. Thus, for the first time the governor was effectively brought into the planning process. This procedure will be continued. It will be further improved when planning officers now in training are added to the provincial government staffs. Three Northeast provinces along the Cambodian border have been included in the program coverage, bringing the total number of provinces involved to 14. In FY 1966, 83 miles of road were completed and 1,200 mechanics, equipment operators and other sub-professionals were trained. The Thai Government has accepted a U.S. recommendation that ARD construct pioneer roads rather than higher standard roads, thus increasing the number of miles of road that can be built and increasing the areas benefitted in a given period. A second Thai-U.S. joint evaluation of the project was completed in July 1966 and its findings are being used to improve project planning and execution.

FY 1968 Program: As an integral part of the Thai-U.S. counter-insurgency effort, the project is now reviewed annually for its relevance to the scope of insurgency. The FY 1968 program request includes funds for: (a) 45 direct-hire administrative and technical advisory personnel (\$900,000); (b) 41 contract personnel, including 12 specialists in equipment training instructors and 2 pilots providing air support to the program (\$672,000); (c) 25 participants to be trained in engineering (\$105,000); and construction/maintenance equipment (\$10,020,000).

U.S. DOLLAR COSTS (in Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/	Total	Direct AID	Contract/	Total	
Through 6/30/66	18,279	6,827	11,452							
Estimated FY 67	8,033	6,500								
Estimated through 6/30/67	26,312	13,327	12,985							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	11,697	Undetermined								
				Cost Components						
				U.S. Technicians	840	1,605	2,445	900	672	1,572
				Participants . . .	121	-	121	105	-	105
				Commodities . . .	5,467	-	5,467	10,020	-	10,020
				Other Costs . . .	-	-	-	-	-	-
				Total Obligations	6,428	1,605	8,033	11,025	672	11,697

Vinnel Corporation
Philco Corporation
Air America

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE MDU Planning, Engineering and Construction	ACTIVITY General and Miscellaneous		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 112, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY Reviewed Annually
PROJECT NUMBER 493-11-990-171			

Project Target and Course of Action: This project involves support to a program of the Thai Government designed to demonstrate the interest and capability of the government in improving the living conditions of people in hard-to-reach rural areas threatened by subversion. Under the supervision of the Thai National Security Command, Mobile Development Units, consisting of about 100 Thai soldiers and civilians, are assigned to specific target areas where they carry out psychological operations, civic action and development programs in fields of health, welfare and small public works' construction. Generally, a Mobile Development Unit in a province will cover three or four districts of approximately 100 villages apiece.

U.S. assistance has been given primarily to outfit and advise three 83-man MDU construction detachments which construct access routes and all-weather roads in the target areas. The United States will continue to provide technical advice on planning, engineering design, and construction equipment operation, maintenance and repair.

Progress to Date: Five new MDU's have been established in FY 1967, making a total of sixteen operating in the North, Northeast and South. Construction of roads has continued and heavy road construction equipment has been purchased by AID to augment the machinery already in the possession of the Thai Government. FY 1967 saw the beginning of a program of mobile vocational education, carried out in conjunction with the Ministry of Education, which taught

subjects such as mechanics, carpentry and sewing. A team of logistics experts who conducted a survey of equipment needs and procurement methods made recommendations which are now being adopted.

FY 1968 Program: As an integral part of the Thai-U.S. counter-insurgency effort, the project is now reviewed annually for its relevance to the scope of insurgency. Funds will be required in FY 1968 to provide for (a) salaries of one direct-hire equipment specialist and five technical advisors furnished by the U.S. Army Corps of Engineers (\$64,000); and (b) commodities consisting largely of petroleum products to support the operation of the program and spare parts, mostly automotive, for previously provided construction equipment and vehicles (\$265,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1967			Proposed FY 1968
					Direct AID	Other Agency		Total
Through 6/30/66	2,838	1,787	1,051					
Estimated FY 67	745	1,421						
Estimated through 6/30/67	3,583	3,208	375	U.S. Technicians	20	44	64	
				Participants ...	7	-	7	
				Commodities ...	674	-	674	
				Other Costs ...	-	-	-	
				Total Obligations	701	44	745	
Proposed FY 68	329	Undetermined			285	44	329	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Special Training for National Development	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-990-173	PRIOR REFERENCE	P. 113, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1965
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project is designed to provide academic study, on-the-job training, and observation tours to Thai participants from various government agencies and from the private sector who are not directly connected with current A.I.D. projects, but who could nevertheless make a significant contribution to the attainment of A.I.D. program objectives in Thailand by virtue of having received training that would otherwise not be available to them. In this context, observation tours for private businessmen may be considered if it is determined that these would help promote and channel the expansion of Thai private industry.

A committee within the U.S. Mission reviews non-project training proposals when they are received from the Thai Government and approves for training only those who cannot be trained under present projects and who will clearly contribute to achieving A.I.D. objectives.

Progress to Date: This project was initiated in FY 1965 at a nominal cost of \$9,000. In FY 1966 seven participants were sent to the U.S. at a total cost of \$36,635.

FY 1968 Program: As an integral part of the Thai-U.S. counter-insurgency effort, the project is now reviewed annually for its relevance to the scope of insurgency. The 1968 program anticipates the training of ten participants in the United States or third countries at an estimated cost of \$50,000.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	46	11	35							
Estimated FY 67	50	55								
Estimated through 6/30/67	96	66	30							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	50	Undetermined		50	-	50	50	-	50	
				Cost Components						
				U.S. Technicians						
				Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Radio Frequency Management and Control	ACTIVITY	FUNDS	
	General and Miscellaneous	Technical Assistance	
PROJECT NUMBER 493-11-960-178	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	P. 110, FY 1967 FE PDB	FY: 1966	FY: 1969

Project Target and Course of Action: The purpose of this project is to examine the use of the radio spectrum in Thailand and assist the Royal Thai Government (RTG) to improve frequency management and increase utilization and protection of radio frequencies. The current radio frequency use situation in Thailand is so chaotic that commercial, military, and civil government radio is not reliable as a means of communication. A joint meeting of the U.S. military mission, U.S. Information Service, and the South East Asia Treaty Organization (SEATO) telecommunication advisor requested that A.I.D. seek to assist Thai civil authorities to improve radio frequency allocation, control, and management. The first phase of the project was the utilization of a United States survey team to determine the character and magnitude of all factors contributing to the present chaotic state of frequency management in Thailand and to recommend a full program of action necessary to correct the present situation, including any program of technical, commodity, and training assistance to which A.I.D. should be prepared to give sympathetic consideration. Following submission of the survey report, A.I.D. and the Royal Thailand Government (RTG) are to work out a plan of implementation of the team recommendations, including support, if any, required from the United States.

Progress to Date: An advisor from the Federal Communications Commission, and a Staff Telecommunications Advisor from the Office of Emergency Planning, have completed phase 1. They have made a number of recommendations

including the following: (a) an RTG radio spectrum regulatory office be established in the Post Telegraph Department; (b) the Public Relations Department of RTG be given full responsibility over establishment and use of broadcasting stations, except for authorizing and cancelling frequency assignments; (c) training of the professional staff of the radio regulatory office begin immediately; (d) Thai radio laws be revised to centralize authority and responsibility for radio spectrum management; (e) site surveys be initiated and training be provided for establishing a radio monitoring system in Thailand; (f) the Telephone Organization of Thailand be placed under control to insure responsiveness to the needs of radio spectrum management; (g) regulations be established and applied to control amateur radio service; and (h) effective liaison be established among the Post and Telegraph Department, the Military Research Development Center, the Applied Scientific Research Corporation of Thailand, and related Thai entities, to exchange information on work of mutual interest.

FY 1968 Program: Subject to completion of review of phase 1 report by the RTG, \$140,000 is requested in FY 1968 to finance an eight-man technical assistance team of radio frequency monitors, operators, a legal advisor, and communications resource advisors to be provided through a RASA. Radio monitoring equipment and local currency-supported construction is also requested in the amount of \$500,000. The training of 20 technicians was funded under other projects in FY 1967.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	35	-	35							Federal Communications Commission. Office of Telecom Management, Office of Emergency Planning.
Estimated FY 67	-	35								
Estimated through 6/30/67	35	35	-					140	140	
		Future Year Obligations	Estimated Total Cost					500	500	
Proposed FY 68	640	160	835					640	640	
				Total Obligations						

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Water Development of Mun and Chi River Basins	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	493-12-990-187	PRIOR REFERENCE	P. 114, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1970

Project Target & Course of Action: This activity involves the preparation of feasibility studies for six water resource development projects for irrigation and flood control in the Mun & Chi River basin in Northeast Thailand. The first phase consists of the completion of studies of the three highest priority projects. These studies will be used by the Royal Thai Government (RTG) to support loan applications to interested Free World agencies. The Mun and Chi basin drains most of Northeast Thailand, which contains one-third of the country's area and population. The U.S. Bureau of Reclamation (USBR) on behalf of A.I.D. is coordinating the river basin studies and identifying the priority sub-projects. Maximum use will be made of private American engineering firms and consultants. The Thai Royal Irrigation Department (RID) will participate in the investigations and its personnel will receive training to increase their capacity to produce similar studies of a quality acceptable to Free World funding sources. During FY 1967 and FY 1968, field investigations will be initiated on the three first phase irrigations and/or flood control projects, the Nam Yang, Nam Mun, and Nam Chi. Important steps include geologic work, aerial and ground surveys, land classification, hydrology, and design of dams and irrigation systems. The reports are to be completed as follows: Nam Yang in FY 1969, Nam Mun in FY 1970, and Nam Chi by early FY 1971. This schedule reflects a delay in receipt of the first report which resulted from delays in working out details of contract operations and in obtaining topographic mapping from the

Thai Survey Department.
Progress to Date: The feasibility investigations have been formulated on the basis of a Reconnaissance Report prepared by USBR in 1965. The USBR coordinating team is being assembled in Thailand and the first contract, for geologic work, is under negotiation by USBR. Most of the required commodities are on order.
FY 1968 Program: The FY 1968 request will fund 12 USBR technicians for an additional year (\$275,000). Additional contracts for 10 engineers are also requested (\$350,000). A commodity increment of \$20,000 is requested for tools, spare parts, replacement vehicles, and engineering equipment. Thai budget support in the amount of \$552,000 is projected. The estimated total cost of this project (\$2.1 million) has escalated from last year's presentation (\$1.5 million) because A.I.D. now has firm estimates from USBR for both PASA and contract costs which are much higher than the preliminary figures. Therefore, the project has been extended for an additional year in order to finance the increase in two phases.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	678	-	678							U.S. Bureau of Reclamation Private Consulting firms
Estimated FY 67	335	700								
Estimated through 6/30/67	1,013	700	313	-	335	335	-	625	625	
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	645	472	2,130	-	-	-	-	20	20	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
				-	335	335	-	645	645	

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Portable Radio Transmitter	ACTIVITY	General and Miscellaneous	FUNDS	Supporting Assistance
PROJECT NUMBER	493-11-990-193	PRIOR REFERENCE	P. 89, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1963	FY: 1969

Project Target and Course Action: The objective of this project is to support the operation of a 50-kilowatt radio transmitter located in Northeast Thailand and to train Thai radio personnel to take over programming and management of the station. The facility, which will broadcast to an area which has been a center of insurgent activity, will serve a valuable counterinsurgency purpose by communicating to the rural population the dangers of Communist subversion and the concern of the Thai government for their welfare.

Progress to Date: The transmitter had originally been set up in Khon Kaen, Northeast Thailand, in 1963 on a temporary basis pending the installation of a permanent facility given the Thais by the Australian government. The Australian transmitter began broadcasting in late 1965. The United States equipment was moved to, and is being installed in, Sakol Nakorn--an area in the Northeast which receives programs beamed from Hanoi and Peking.

Provision has been made for the gradual phasing out of American participation. Agreement has been reached with the U.S.I.A. to provide four technicians to train a Thai staff in programming techniques, production, and management. In addition, an arrangement was made with the U.S. Army Signal Corps to provide seventeen men to train local personnel in maintenance and technical operations and to run the station until the Thais are prepared to take it over themselves. Training of all Thai personnel is expected to be completed in approximately one year.

Ownership of the transmitter is being transferred from the U.S. Army to A.I.D. At some point in the future, the facility will be made available to the government of Thailand on a long-term loan basis.

FY 1968 Program: In FY 1968, funds will be required to finance: (a) salaries of four U.S. Information Agency personnel who will train Thai radio technicians in programming and operation (\$30,000), (b) spare parts and other equipment needs (\$70,000), and (c) other costs for travel of U.S. Army personnel (\$30,000). The Thai government is expected to allocate the equivalent of approximately \$90,000 to support local costs of this project.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/66	641	641	-								U. S. Information Agency U. S. Army Signal Corps
Estimated FY 67	320	295									
Estimated through 6/30/67	961	936	25	U.S. Technicians	-	130	130	-	30	30	
				Participants ...	-	-	-	-	-	-	
				Commodities ...	190	-	190	70	-	70	
				Other Costs ...	-	-	-	-	30	30	
Proposed FY 68	130	20	1,111	Total Obligations	190	130	320	70	60	130	

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Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Military Construction Support	ACTIVITY	General and Miscellaneous	FUNDS	Technical Assistance
PROJECT NUMBER	493-12-990-197	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: 1968

Project Target and Course of Action: In order to protect the economic benefits derived by Thailand from the considerable expenditures in the U.S. military construction program, the U.S. Diplomatic Mission has allocated to A.I.D. the responsibility for dealing with aspects of the program that might affect the economy adversely. This includes a continuing analysis of inflationary pressures and recommended measures to combat these pressures and U.S. action to achieve a maximum effect of beneficial aspects of the construction program. The objective of this project is to provide for: (a) analysis of inflationary pressures and recommended action to reduce these effects, (b) assistance to the Ministry of Education in organizing training programs to mitigate the shortage of 1,000 skilled construction workers in the crafts of welding, plumbing, electrician, and carpentry, (c) examination of the requirements in economic and social infrastructure to support the major facilities.

Progress to Date: The Mission Coordinating Committee has encouraged the Thai Government Labor Department to provide up-country field offices to assist military construction contractors recruit workers. An inter-agency wage scale for U.S. Government contractors has been established. In addition, under the feasibility survey project a contract was funded to prepare the scope of work for a study of the long-range development of the Sattaheep region in which a naval and air base and a military port are under construction. Accelerated training programs to relieve the shortage of certain categories of skilled labor were initiated.

The Ministry of Education is providing classrooms, teaching cadre, and certain support items. The U.S. Military Assistance Mission is providing American instructors; and A.I.D., under this project, is providing visual aids, tools, and other teaching materials.

FY 1968 Program: In FY 1968 funds are requested to provide for a contract team of four U.S. instructors to train the Thai teachers for short-course training of skilled workers (\$100,000). Mission staff will continue to monitor developments of inflationary pressures and the reactions of the Thai economy to these pressures. If, as now seems unlikely, the economy does not continue to adjust rapidly to the added demand, additional technical assistance in the form of economic specialists may be requested. Thai Government budgeted funds are expected to total approximately \$100,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
	Estimated FY 67	37	37	Estimated FY 1967		Proposed FY 1968				
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-							
Estimated FY 67	37	37					Department of Defense/ Private firms			
Estimated through 6/30/67	37	37	-	-	-	100		100		
		Future Year Obligations	Estimated Total Cost							
				37	-	37		-	-	-
				-	-	-		-	-	-
Proposed FY 68	100	-	137	37	-	37		-	100	100

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Technical Support	ACTIVITY	Technical Support	FUNDS	Technical Assistance
PROJECT NUMBER	493-11-990-000	PRIOR REFERENCE	P. 115, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1955	FY: Reviewed Annually

Project Target and Course of Action: This project provides the funding for program support and overhead for each of the technical service divisions of the U.S. Mission in Thailand. It covers the overall requirements of program and technical staff, secretarial and commodity support for the program which cannot be specifically attributed to separate projects. Specific activities include: (1) financing and procurement of office supplies and equipment required for the operation of the Mission; (2) providing communications media support for the entire A.I.D. program in Thailand; (3) monitoring of loan-financed capital projects; and (4) operational research on program problems.

FY 1968 Program: FY 1968 funds in the amount of \$1,222,000 will provide for 74 direct-hire U.S. technicians and support personnel in the fields of management, program, secretarial, agriculture, public health, public administration, education, communications media, and capital projects.

Commodities worth \$677,000 will include such items as vehicles and automotive supplies, paper, office and building supplies, etc. Research activities will be performed under a contract which is estimated to cost \$180,000 for 12 technicians. A Participating Agency Service Agreement with the U.S. Naval Facilities Engineering Command will be financed at a cost of \$40,000 which will provide the services of three technicians to monitor activities in connection with the irrigation projects being carried out under A.I.D. Loan 493-H-010

and the construction of a hospital at Chiangmai University being carried out with local currency funds. The Royal Thai Government (RTG) provides the local currency support to meet all the local costs of this and other projects. During FY 1968 it is estimated that \$2.4 million in local currency will be provided by the RTG in Trust Fund and non-generated counterpart accounts.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	8,358	7,195	1,163							U.S. Naval Facilities Engineering Command
Estimated FY 67	1,974	2,172								
Estimated through 6/30/67	10,332	9,367	965	1,157	160	1,317	1,222	220	1,442	
				-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	657	-	657	677	-	677	
				-	-	-	-	-	-	
Proposed FY 68	2,119	Undetermined		1,814	160	1,974	1,899	220	2,119	

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: THAILAND

Borrower: METROPOLITAN ELECTRIC AUTHORITY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Electric Power Expansion, 493-A-005	
Date Authorized: October 6, 1958	Date Signed: March 6, 1959*
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized 19,944	Grace Period ½ yr.
Disbursed 19,812	Interest Rate 5½%
Repayments 982	Currency of Repayment.. Baht
Interest Collected 4,145	

*Amended July 14, 1965 and March 7, 1966.

Purpose of Loan: This loan is made to enable the Metropolitan Electricity Authority (MEA) to provide the facilities needed to accommodate and distribute 250,000 kw of power generated by the Yanhee Hydroelectric Project and two 75,000 kw steam generating plants. (The Yanhee project is financed by the IBRD and the steam plants by the Export-Import Bank.) The provision of adequate and reliable electric power to Bangkok is an essential element in accelerating Thailand's industrial base. The key features of the distribution system are: (1) a 69,000 volt sub-transmission system emanating from 3 preliminary step-down termination substations built by the Yanhee Electricity Authority; (2) a 12,000 volt distribution net, including wood poles, distribution transformers, and an overhead secondary network system for greater Bangkok; (3) construction of a completely new secondary system and rehabilitation of the existing system; (4) provision of construction equipment, maintenance vehicles, and maintenance equipment; and (5) nine step-down transformers. The loan also funded an engineering design contract with Rogers Engineering, Inc., a management consultant and training contract with Commonwealth Services, Inc., a contract for construction supervision and training of MEA technicians by J. G. White Engineering Corp., and an engineering advisory contract with Louis Butts.

Physical Status: Engineering was completed in June 1965. Construction work is virtually complete and all A.I.D. loan-financed commodities were delivered by June 30, 1966. The Rogers, White, Commonwealth, and Butts contracts are completed. Since the availability of Yanhee power in mid-1964, MEA has experienced a load growth well in excess of that predicted in the project feasibility studies. In late 1966 the rate of increase was 30% over 1965 and a peak of 230 MW was reached.

Financial Status: Disbursements were completed in June 1966. Principal and interest are expected to be paid on time, as has been the case to date.

Host Country Contribution and Procurement Sources: The Thai Government has provided 100 million baht (\$5 million) of local costs for the project. The loan agreement provides for Free-World procurement.

Comments on Implementation: Implementation has been effective, and the project was completed on the revised schedule with amplified and expanded distribution facilities funded with savings from technical services contracts justified by the level of efficiency reached by MEA in the early stages of implementation.

STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: THAILAND

Borrower: GOVERNMENT OF THAILAND

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Irrigation Projects, 493-H-010	
Date Authorized: June 19, 1962	Date Signed: August 31, 1962
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized 11,100	Duration 30 yrs.
Disbursed 5,953	Grace Period 5 yrs.
Repayments -	Interest Rate 3%
Interest Collected 267	Currency of Repayment US\$

complete; construction of Lam Pao, 35%; Lam Pra Plerng, 65%; and MeTang, 55%.

Financial Status: After a slow start in meeting the conditions precedent to disbursement, most of the required equipment was ordered in CY 1964 and delivered in CY 1965. All major construction equipment has arrived at project sites; small tools are under order; and the balance of laboratory equipment and outlet gateliners and gates are on their way. The temporary delay in delivery caused by port congestion in Saigon has now been relieved. Also, the revision of procedures for operation of the Special Letters of Credit has taken place and local currency reimbursement of RID is now on schedule for the portion of local costs included in the loan.

Purpose of Loan: The purpose of this loan is to provide the financing of all foreign exchange costs and half of the local currency costs, within a total of \$11.1 million, for the engineering and construction of three irrigation systems in North and Northeast Thailand. These systems are intended to play a significant role in the Thai development program for economically depressed rural areas, particularly the Northeast. They also have a political value as a reflection of Thai Government concern for the welfare of the villagers benefitting from them. The three separate projects involved are: (a) Lam Pao, north of Kalasin, in the Northeast; (b) Lam Pra Plerng, near Korat, in the Northeast; and (c) MeTang, near the Burma border, north of Chiangmai in North Thailand. The Lam Pao project consists of an earth-fill storage dam which will create a storage reservoir of 450 million cubic meters of water and an irrigation canal system which, when complete, will place 28,000 acres of presently cultivated land plus an additional 12,000 acres of uplands under continuous irrigation. The Lam Pra Plerng project is an earth-fill dam creating a storage reservoir of 115 million cubic meters and a canal system to irrigate 24,000 acres of land. The MeTang project features a diversion dam and a distribution system to irrigate 54,000 acres of cultivated land.

Host Country Contribution and Procurement Source: The Thai contribution is now estimated at \$9.2 million for local costs. This represents a \$4.9 million increase from the original \$4.3 million estimate. This escalation was caused by revisions in the designs. The RID has agreed to bear all of this additional cost. All offshore dollar procurement is limited to the United States and U.S.-owned excess property.

Comments on Implementation: The progress schedule has been revised to reflect increases in the project scope which will be fully funded by the Borrower. Construction has proceeded at a rate which while still not on the original schedule, gives every indication of resulting in a completed project and will still be in reasonable time for an undertaking of this magnitude.

Physical Status: With the guidance of Engineering Consultants, Inc. of Denver (funded by the loan), design and construction is being performed by the Thai Royal Irrigation Department (RID). Engineering design services are 90%

STATUS OF DEVELOPMENT LOANS

areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

TABLE IV

Country: THAILAND

Borrower: GOVERNMENT OF THAILAND

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Lomsak-Saraburi Highway, 493-E-011	
Date Authorized: May 24, 1965	Date Signed: June 20, 1965
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs.
Authorized \$ 20,600	Grace Period 5 yrs.
Disbursed 315	Interest Rate 3 1/2%
Repayments -	Currency of Repayment US\$
Interest Collected 9	

Purpose of Loan: The purpose of this loan is to provide up to \$20.6 million for goods and services to design and construct a two-lane, all weather, asphalt surfaced road in the PaSak River Valley of Northcentral Thailand. This road will stretch from Saraburi on the Friendship Highway to Lomsak on the East-West Highway, and will provide all-weather transport connecting the potentially productive upper PaSak Valley with Bangkok and the Central Plains. It will provide speedy access for security forces from the Central Plains to the region south of and adjacent to the Don Sai Gap, a strategic pass in Northcentral Thailand. Sixty-seven km of the route are on new location, and the remaining 216 km follows an existing mostly gravel-surfaced road. The planned construction will be of modern design and constructed with local materials. No major stream crossings are involved, but the numerous small bridges will be of reinforced concrete capable of carrying a 20-ton truck in combination with a 16-ton trailer.

Physical Status: DeLeuw, Cather and Co. of Chicago completed preparation of plans, specifications and bidding documents under an engineering design contract. As provided in the loan agreement, the Thai Highway Department (THD) designated the U.S. Navy Officer-in-Charge-of-Construction/Thailand (OICC/T) as the contracting agent to negotiate, sign, and administer the design and construction contracts. Bids were called for in February 1966 and opened in May. The three bids received were rejected as excessive. After

some revision of general provisions and specifications, new proposals were invited and opened in November, 1966. The low proposal by a joint-venture of eight American contractors from six states was within available loan and Thai budget funds, but some 3% above the OICC/T estimate. However, it was virtually identical with the feasibility study estimate. Both OICC/T and AID recommended award to the low bidder, but the THD had a new estimate prepared. This estimate indicated to the satisfaction of the Royal Thai Government (RTG) that if international bids were invited, some \$6.9 million could be saved as compared with the proposals received. The U.S. Mission in Bangkok made it clear that these loan dollars could be used only for procuring goods and services from the U.S. On January 7, the RTG announced rejection of the bids and their intention to seek other funds for early implementation of construction using international tenders. The RTG Minister of National Development has assured U.S. officials that the road will be built on an urgent basis to meet security needs and using the standards designed under the loan contract.

Financial Status: The disbursements were proceeding on schedule up to the point of bid openings. Discussions are now underway to complete payment of DeLeuw, Cather and Co. (an estimated \$600,000) and deobligate the balance of the loan.

Host Country Contribution, Procurement Source: Under the original understanding the RTG agreed to contribute the full local currency cost, estimated to be 45% of the \$37 million project cost. All goods and services to be funded from the dollar loan were to be of U.S. origin. Commodity procurement was to be by the American Contractors.

Comments on Implementation: OICC/T, as the borrower's agent for contracting, had done an excellent job of keeping ahead of a very tight schedule to meet security requirements. The 293 km of road was scheduled for completion by June 1969.

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/66

COUNTRY: CHINA (TAIWAN)

(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					
484-A-015	Development Bank	1/29/60	3/24/60	1	10	5 3/4	5 3/4	9,300	8,780	NT\$	100	1,218
484-A-022	Glass Plant Expansion	5/27/60	5/12/61	3	12	5 3/4	5 3/4	1,600	1,515	NT\$	130	262
484-A-044	Lower Tachien Hydroelectric Plant	6/ 9/64	6/29/64	1	30	3 1/2	3 1/2	9,200	1,737	NT\$	15	3
484-A-045	Linkou Thermal Plant Project	6/ 9/64	6/29/64	1	30	3 1/2	3 1/2	26,700	6,867	NT\$	35	18
484-H-026	Taiwan Telecommunications Adm. (No. 2) Two-Step Provisions	2/16/62	6/29/62	10 1	40 11	3/4 3 1/2	3/4 3 1/2	4,185 -	3,493 -	US\$ NT\$	- -	31 -
484-H-039	Shen-Ao Thermal Power Plant	6/14/63	10/12/63	4	20	3 1/2	3 1/2	19,100	17,331	US\$	-	893
484-H-040	Second Program Loan	6/28/63	12/10/63	5	20	3 1/2	3 1/2	10,974	10,837	US\$	-	652
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	81,059	50,560	XXXX	280	3,077

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**Other East
Asian Programs**

Burma

Burma



BASIC DATA

Population (<i>millions – mid-1966</i>).....	25	Per Capita GNP (<i>dollars</i>).....	71*
Annual Growth Rate (<i>percent</i>).....	2.1	Life Expectancy (<i>years</i>).....	42
Area (<i>1000 square miles</i>).....	262	People Per Doctor	9,300
Population Density Per Square Mile.....	100	Literacy Rate (<i>percent</i>)	60
Agricultural Land as % of Total Area	13	Pupils as Percent of Population.....	9
Percent of Labor Force in Agriculture.....	70	(<i>Primary and Secondary</i>)	

* 1965 in 1965 prices.

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: BURMA

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Technical Assistance	0.3	0.2	0.2

Burma is directly exposed to pressures and penetration by China across 1,200 miles of common border. It is in the U.S. interest that Burma maintain its independence and avoid alignment with the Communists. Burma's own major national aim is the same--to protect its independence from Chinese domination. The Burmese government seeks to achieve this aim by carefully preserving a strictly neutral foreign policy.

A strongly socialist, authoritarian military regime is carrying out an economic program of nationalization and "Burmanization." The government has minimized acceptance of new aid from all external sources to prevent "outside interference" but is keenly interested in the completion of four A.I.D.-assisted construction projects initiated under prior-year agreements.

Maintenance of a small staff in Rangoon to oversee completion of these projects is the only assistance contemplated in FY 1968. Technical Assistance funds of \$200,000 are proposed for engineering and other technical services to provide monitoring of completion during the next three years of these projects: (a) development of a new Liberal Arts College for Rangoon University; (b) improvement of the Rangoon water supply and sewerage supply; (c) provision of two special service buildings for Rangoon General Hospital; and (d) construction of a new modern teak sawmill.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

COUNTRY: BURMA

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through 6/30 '66		Estimated FY 1967			Proposed Program FY 1968		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Obligations	Expenditures	Unliquidated Obligations 6/30/67	Funds	Amount		
Expansion of Teak Production	482-12-230-128	1963	1970	5,049	1,448	-	121	3,480	TA	50	200	5,299
Technical Support	482-11-990-000	1957	-	1,361	1,266	200	250	45	TA	150	-	-
Subtotal									TA	200		
Total									SA	200		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	3	3	3
Participating agency	-	-	-
Contractor technicians	1	1	1
Total	4	4	4

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract			
Contract			
Total			

Indonesia



BASIC DATA

Population (<i>millions – mid-1966</i>).....	107	Per Capita GNP (<i>dollars</i>).....	100*
Annual Growth Rate (<i>percent</i>).....	2.3	Life Expectancy (<i>years</i>).....	32
Area (<i>1000 square miles</i>).....	576	People Per Doctor	41,000
Population Density Per Square Mile.....	190	Literacy Rate (<i>percent</i>)	43
Agricultural Land as % of Total Area	12	Pupils as Percent of Population.....	11
Percent of Labor Force in Agriculture.....	68	(<i>Primary and Secondary</i>)	

* 1965 in 1965 prices.

Country: INDONESIA

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

~~CONFIDENTIAL~~

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Development Loans	-	-	20.0
Technical Assistance	-	-	3.0
Contingency Fund	-	18.3	xxx
Total A.I.D. Assistance	-	18.3	23.0

Objectives of U.S. Assistance

The United States has joined with several countries to support Indonesian efforts to overcome the destructive consequences of long years of Sukarno misrule. In the past year the new government has halted the Malaysian confrontation, curtailed the power of domestic Communist forces, reversed Indonesia's earlier slide into Communist China's orbit and, with the help of the International Monetary Fund (IMF), started to mount a long-overdue stabilization program. The primary goal of U.S. aid is to help this country pursue a policy of peaceful non-alignment abroad and concentrate on rebuilding its shattered economy. We are seeking to limit direct U.S. involvement by participating in a multi-lateral aid effort.

Key Obstacles to Achievement of Objectives

Indonesia now faces many serious problems. It has an expanding population of more than 100 million people, the sixth largest in the world. An injurious hyper-inflation, which reached 2,000% in one year, has been inherited from the previous regime. Physical and human resources are grossly under-utilized, and basic economic facilities, such as transportation, are in a state of exhaustion. The new government lacks adequate managerial ability, and the bureaucracy is inept, swollen and underpaid. Widespread anti-Chinese sentiment threatens the nation's major entrepreneurs. Sukarno, though stripped of most of his power, remains on the scene, and continues to maneuver among political factions. To preserve momentum and appease student and other action groups, the military may feel compelled to seek more drastic political solutions. Some encouraging steps have been taken by the new leadership, but the road to economic rehabilitation remains hazardous.

Recent Country Performance

The new government is committed to a program of economic reconstruction and recovery. It has rejoined the United Nations, the IMF and the International Bank for Reconstruction and Development (IBRD), and now belongs to the Asian Development Bank (ADB). It is implementing key elements of a stabilization plan formulated with IMF assistance. Expenditures have been halted on a number of economically unsound prestige projects, and a policy of rigorous control of bank credit has been adopted. The new government has permitted a new scope for market forces, particularly in foreign trade, and has adopted a new, more realistic exchange rate system to stimulate the export of previously hoarded goods. It has taken steps to re-establish the authority of the Central Bank over Indonesia's foreign exchange. Tax collections have increased substantially.

The government has publicly voiced its desire to attract private investment and has approved both a new foreign investment law and an A.I.D. investment guaranty agreement. These are some of the required self-help actions whose successful implementation will measure Indonesia's determination to solve its economic problems. Beyond effective self-help, Indonesia's economic rehabilitation will require the financing of essential imports through foreign loans for an interim period.

U.S. Strategy

The United States approaches both the interim and longer range Indonesian economic issues in a multilateral context. The recently completed multilateral debt negotiations between Indonesia's major creditors (other than the U.S.S.R.) and the government of Indonesia provided for a generous rescheduling of Indonesia's debts, consonant with its estimated repayment ability. We are seeking now a workable framework to mesh our assistance to Indonesia with that of other interested free-world countries, e.g., Japan, the Netherlands, Germany, France, Italy and Australia, as well as with the IMF, IBRD and ADB. The Dutch are chairing an international meeting in late February to address this problem.

Indonesia's creditors and potential aid donors, including the United States, recognize the essentiality of a comprehensive Indonesian stabilization program. Such a program can gradually reduce inflation, encourage savings and exports and begin to bring order to the chaotic Indonesian economy. The debt relief agreed to in Paris responded to Indonesian undertakings to mount such a program. Future aid will be a further response to and support for this program.

Country: INDONESIA

The United States plans to limit its economic assistance, including P.L. 480, to about one-third of the free-world total in order to preserve the truly international character of the program. Within this framework, future U.S. aid will depend largely on (a) Indonesia's success in stabilizing its economy; (b) significant assistance by the IBRD, the IMF, the ADB and Indonesia's creditors; and (c) the success of aid donors and international agencies in establishing a multilateral mechanism to integrate assistance efforts and to guide the government in pursuing responsible economic policies.

FY 1968 Program

The proposed A.I.D. program for FY 1968 totals \$23 million, and includes \$20 million for Development Loans and \$3 million for Technical Assistance. The United States also plans to make about \$60 million worth of dollar credit sales to Indonesia under P.L. 480 in FY 1968. It is hoped that the remainder of the Indonesian requirement, estimated by the IMF to be \$200-220 million, will be met by other free-world sources.

Import Support. The Indonesian economy suffers from serious bottlenecks in transportation, agriculture, industry, power and communications. In the first three of these areas alone, a November 1966 IBRD survey estimated that almost \$300 million in imports would be needed to meet crucial CY 1967 requirements for spare parts and raw materials. Pending a clearer picture of Indonesia's economic plans and actual performance, and of the nature of other countries' contributions, the United States has not yet made any commitment to provide a substantial portion of these requirements. Interim bilateral aid in FY 1967 consists of \$10 million Supporting Assistance loan, financed from the Contingency Fund, for spare parts and industrial raw materials, as well as P.L. 480 cotton and rice worth \$26.4 million to meet severe food and cloth shortages.

An additional requirement of an estimated minimum of \$7 million for a Supporting Assistance loan, also financed from the Contingency Fund, may arise later in FY 1967 as part of the U.S. contribution to a multilateral package of support for Indonesia's stabilization program. Other P.L. 480 agreements will also likely be signed in this fiscal year.

The U.S. share of import support for FY 1968, the second year of the stabilization program, will be an estimated \$20 million in Development Loans. In addition, P.L. 480 dollar credit sales of \$40 million, chiefly for cotton, are planned.

Education, Training and Civic Action. Trained Indonesians are desperately needed for all areas of government administration and as teachers. The strengthening of the government's administrative capabilities is of the highest priority. In FY 1967, \$1.3 million in Technical Assistance from the Contingency Fund is being used for training and for educational materials. The training programs will give the United States an opportunity to improve Indonesian technical competence and simultaneously to encourage and assist Indonesia to continue the current hopeful economic and political trends. Technical Assistance requirements for FY 1968 are estimated at \$3 million, for an expanded participant training program and educational materials, including books, U.S. training, and advisory services in civic action programs. The civic action program will also be aided through military assistance and P.L. 480 Food-for-Work programs.

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: INDONESIA

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through 6/30/66		Estimated FY 1967			Proposed Program FY 1968		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Obligations	Expenditures	Unliquidated Obligations 6/30/67	Funds	Amount		
General Participant Training	* 497-15-990-183	1967	1971	-	-	600	150	450	TA	1,785	4,500	6,885
Educational Materials and Libraries	* 497-11-660-186	1967	1971	-	-	310	60	250	TA	390	1,000	1,700
Civic Action and Impact Projects	* 497-11-990-184	1967	1971	-	-	125	50	75	TA	240	1,000	1,365
Technical Support	* 497-11-990-000	1967	N.A.	-	-	265	153	112	TA	585	N.A.	N.A.
									Subtotal	TA SA	3,000	
									Total		3,000	

*New project—see TABLE Va

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	-	8	20
Participating agency	-	-	-
Contractor technicians	5	-	-
Total	5	8	20

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	-	80	300
Contract	-	-	-
Total	-	80	300

DESCRIPTION OF NEW FY 1968 PROJECTS

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

COUNTRY: INDONESIA

(In Thousands of Dollars)

TABLE Va

Project Title	Project Number	Proposed Program FY 1968		Description
		Funds	Amount	
Educational Materials and Libraries	497-11-660-186	TA	390	This project is designed to support Indonesian efforts to improve education and establish a sound foundation for national growth. U.S. books and educational materials will be provided for Indonesian universities and for professional and scientific centers. Technical advice and commodities will support Indonesian efforts to improve the capability of its indigenous book publishing industry. Fifteen participants will be trained in library science.
General Participant Training	497-15-990-183	TA	1,785	Because of severe shortage in managerial, professional and technical skills, the Government of Indonesia (GOI) regards the overseas training of Indonesians as a high priority component in its program of economic recovery. Approximately 245 participants will be trained with emphasis given to short-range impact programs aimed at the acquisition of skills that are urgently required if the stabilization efforts are to succeed.
Civic Action and Impact Projects	497-11-990-184	TA	240	The GOI has requested U.S. support for programs in Civic Action which will channel military manpower and material into productive and community development activities. AID will finance special middle management training programs in the U.S. for 40 key military personnel. It will further assist the Indonesian civilian ministries and military in food production and village improvement projects.
Technical Support	497-11-990-000	TA	585	The AID office in Djakarta will consist of a small staff to carry on the essential planning and operational aspects of the program augmented by the services of consultants and TDY experts to provide both the GOI and AID with technical advice necessary to plan and implement AID activities.

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/66

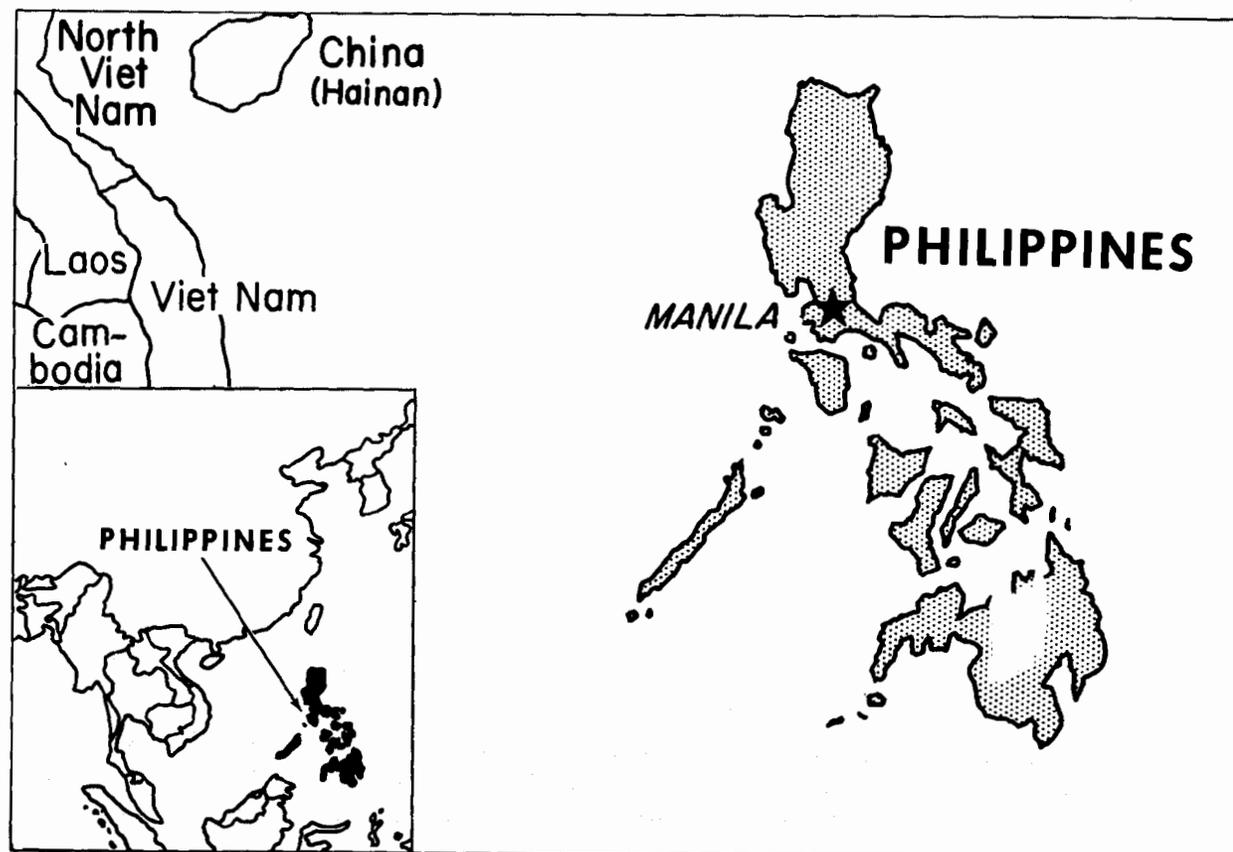
COUNTRY: INDONESIA

(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					
497-A-007	Harbor Development	1/30/59	6/26/59	1	20	3 1/2	3 1/2	6,000	5,622	Rupiahs	1,213	273
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	6,000	5,622	XXXX	1,213	273

Philippines



BASIC DATA

Population (<i>millions – mid-1966</i>).....	33	Per Capita GNP (<i>dollars</i>).....	161*
Annual Growth Rate (<i>percent</i>).....	3.4	Life Expectancy (<i>years</i>).....	55
Area (<i>1000 square miles</i>).....	116	People Per Doctor	1,700
Population Density Per Square Mile.....	290	Literacy Rate (<i>percent</i>)	72
Agricultural Land as % of Total Area	37	Pupils as Percent of Population.....	19
Percent of Labor Force in Agriculture.....	53	(<i>Primary and Secondary</i>)	

* 1965 in 1965 prices.

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Country: PHILIPPINES

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Development Loans	-	6.5	16.0
Technical Assistance	3.7	3.8	5.0
Total A.I.D. Assistance	3.7	10.3	21.0

Objectives of U.S. Assistance

The U.S. objectives in the Philippines are (a) to help the nation remain free and independent; (b) to strengthen its democratic, political, social and economic institutions; (c) to accelerate its social and economic development through self-help and a hoped-for multilateral aid effort, and (d) to maintain traditionally close U.S.-Philippine political and military ties.

The A.I.D. program supports these objectives by helping the Philippines to improve public administration and management, increase public services, and improve law enforcement to deal with internal security problems; to give priority attention to rural development and increased rice production; and to accelerate economic development by broadening the entrepreneurial base and strengthening the private sector.

Key Obstacles to Achievement of Objectives

Recent economic and social progress has not been sufficient to insure stability. Dissident activities in Central Luzon reflect the need to accelerate the development pace. These expressions of dissatisfaction can be expected to extend throughout the country, unless the economic and social causes are corrected. Without due attention, they could conceivably reach proportions which would threaten the U.S. objectives within the decade.

In the past, lack of leadership and of responsible administration and management throughout the Philippine government has frustrated development programs. Local revenues, though rising, are still inadequate to finance social and economic growth. There are serious deficiencies in tax and customs administration due, in part, to a major smuggling problem. Maintenance of law and order in both urban and rural areas continues to deteriorate. These obstacles are compounded by a population growth of 3.4% a year and inadequate food production in spite of abundant fertile land and good climate.

Recent Country Performance

The optimism occasioned by the advent of a new administration does not overshadow the fact that many problems still exist. The Philippines needs to diversify exports and expand world markets if the balance-of-payments position is to improve. The problem of having to import rice, corn and fish despite a great agricultural potential remains to be solved. The search continues for a remedy to the proliferation of institutions and the disturbing inability of the government to harness and channel its forces for effective development.

Yet President Marcos has given evidence of being a strong and purposeful leader. He has admonished his countrymen that change must emanate from within. He has reduced government spending, initiated attacks against smuggling and tax violations, appointed men of integrity to government posts, and designated a personal representative to monitor externally financed development projects and report on implementation deficiencies. He has obtained Congressional support for easing restrictions on foreign and domestic borrowing, for police reform and for increasing penalties for smuggling. His international initiatives, pertaining to aid to Vietnam, the Asian Development Bank, the Association of Southeast Asia (ASA), and the Manila Conference, are further evidence of his capacity for leadership.

President Marcos has focused attention on the Huk resurgence problem of Central Luzon -- taking direct and immediate counter-measures to curtail the spread of subversive movements. He has strengthened the Philippine constabulary, directed the Armed Forces to undertake civic action programs, and has taken steps to increase farmers' income and to bring the prospect of land ownership within the view of tenant farmers in the affected areas.

U.S. Strategy

U.S. assistance is directed toward the training of people and the building of institutions. The Johnson-Marcos Joint Communique issued upon conclusion of President Marcos' state visit in September 1966 reaffirmed the U.S. interest in the economic development of the Philippines and assured that country of continued assistance, particularly for rural development.

U.S. officials have persistently emphasized the need for internal improvement as a condition of external assistance. A.I.D. works closely with the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), and the Export-Import Bank in considering Philippine needs and priorities. The

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Country: PHILIPPINES

Philippine government has been urged to avail itself of the expertise of the IBRD and IMF (both of which have recently sent teams to that country) in drawing up a multi-year development plan that would provide for the raising and allocation of both domestic and foreign funds, most of which would come from private lenders, international institutions and the Export-Import Bank. In addition, we are trying to have an IBRD consultative group established for the Philippines.

While short-term A.I.D. assistance is being given on an interim basis, any consideration of more substantial A.I.D. support will be contingent upon evidence that foreign capital assistance will be used effectively.

FY 1968 Program

The FY 1968 A.I.D. program includes \$16 million in Development Loans and \$5 million in Technical Assistance. The Development Loan program is the minimum U.S. contribution needed to encourage multi-lateral assistance to the Philippines from other donors. P.L. 480 sales of \$15 million and donations of \$15 million are also planned for FY 1968.

Agriculture. The Philippines are not winning the War on Hunger. Despite their potential, they are finding necessary increased imports of basic foods. A.I.D. will, therefore, give priority to rural development and rice production under an Eleven Province Program concentrated in areas of social unrest. This is a comprehensive effort to improve management of the program and to provide heightened public services in the provinces and will emphasize better agricultural techniques, intermediate lending institutions for rural credit, and irrigation and multi-purpose use of water, with due attention to land reform and rural electrification. FY 1967 Development Loans of \$4 million and Technical Assistance of \$1.6 million will be increased in FY 1968 to \$10 million in Development Loans and \$2.1 million in Technical Assistance.

Health. Malaria eradication will continue to be the focus of A.I.D. assistance in health. At A.I.D. insistence, the Philippine government has taken measures to overhaul and restructure its malaria program. The opening up of Mindanao for new land use and the increasing urbanization are both expected to create needs for projects in sanitation and potable water systems. Technical Assistance will total \$900,000 for FY 1967 and \$1 million for FY 1968. Development Loans of \$3 million are also planned for FY 1968.

Industrial Development. Since 90% of economic activity takes place in the private sector, economic growth depends upon private efforts and investment. Technical Assistance is directed toward broadening the entrepreneurial base. A.I.D. will consider loans for three purposes: (a) to extend industrial enterprises through intermediate private lending institutions; (b) to help establish a savings and loan institution; and (c) to spark projects in agro-industry and other fields. Development Loans of \$2.5 million and Technical Assistance of \$400,000 are planned for industrial development in FY 1967. The FY 1968 program will consist of \$3 million in Development Loans and \$400,000 in Technical Assistance.

Public Administration. A.I.D. plans continued assistance in tax and customs administration, financial management and public personnel administration. Major assistance is proposed for improving law enforcement. The recently completed joint U.S.-Philippine comprehensive survey of law and order problems and the passage of a police reform bill by the last Congress provide a basis for initiating a major program. FY 1967 Technical Assistance of \$900,000 will be increased to \$1.5 million for FY 1968.

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COUNTRY: PHILIPPINES

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through 6/30/66		Estimated FY 1967			Proposed Program FY 1968		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Obligations	Expenditures	Unliquidated Obligations 6/30/67	Funds	Amount		
Agriculture Services	492-11-191-126	1967	1970	-	-	275	150	125	TA	190	400	865
Agricultural Productivity-Irrigation	492-11-120-109	1967	1969	-	-	50	50	-	TA	75	70	195
Land Resources Inventory	492-11-120-128	1967	1968	-	-	40	40	-	TA	15	-	55
Agricultural Credit, Cooperatives, and Marketing	492-11-140-213	1967	1968	-	-	165	85	80	TA	35	-	200
Grain Storage Handling and Marketing Study	492-11-150-127	1967	1967	-	-	90	80	10	-	-	-	90
Telecommunications Survey	492-11-220-107	1967	1967	-	-	150	100	50	-	-	-	150
Rural Electrification Cooperatives	492-11-220-189	1967	1967	-	-	160	60	100	-	-	-	160
Civil Aviation Assistance	492-11-370-160	1963	1968	335	321	208	178	44	TA	128	-	671
Malaria Eradication	492-11-510-013	1953	1973	5,224	4,969	575	625	205	TA	1,250	5,000	12,049
Public Safety	492-11-710-090	1957	1972	1,157	1,094	250	150	163	TA	1,000	1,700	3,107
Manila Police Improvement	492-11-710-177	1966	1969	116	2	130	200	44	TA	205	150	601
Public Personnel Administration	492-11-730-209	1966	1969	45	25	25	25	20	TA	49	30	149
Tax Administration Improvement	492-11-750-208	1966	1968	94	73	95	100	16	TA	110	-	299
Fiscal and Financial Coordination	492-11-750-210	1967	1968	-	-	25	15	10	TA	67	-	92
Customs Administration Improvement	492-11-790-211	1967	1969	-	-	20	15	5	TA	57	30	107
Water Resources Survey	492-11-990-159	1963	1969	1,733	1,630	65	73	95	TA	94	-	1,892
Equipment Pool Improvement	492-11-990-166	1967	1969	-	-	475	300	175	TA	880	725	2,080
Rural Development-Pilot Provinces	492-11-990-205	1966	1968	117	83	125	120	39	TA	113	-	355
Technical Support	492-11-990-000	1951	-	4,327	4,301	728	632	122	TA	732	-	-
Subtotal									TA	5,000		
Total									SA	-		
Total										5,000		

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	52	58	70
Participating agency	17	15	15
Contractor technicians	3	15	9
Total	72	88	94

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	73	136	127
Contract	-	-	-
Total	73	136	127

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/66

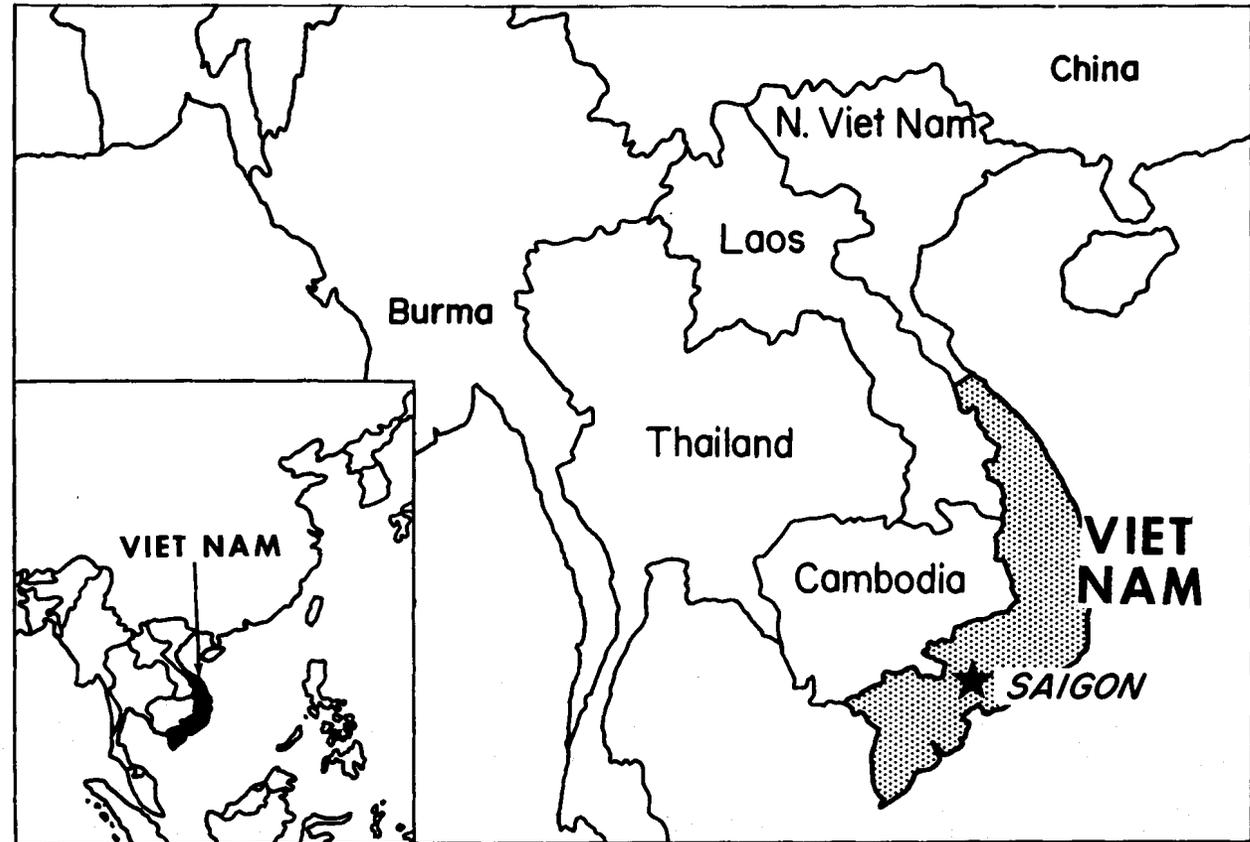
COUNTRY: PHILIPPINES

(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					
492-A-005	Roads and Bridges Rehabilitation	1/30/59	6/29/59	2	12	3 1/2	3 1/2	15,500	13,520	US\$	5,769	650
	Total	XXXX	XXXX	XXX	XXX	XXXX	XXXX	15,500	13,520	XXXX	5,769	650

Vietnam



BASIC DATA

Population (<i>millions – mid-1966</i>).....	17
Annual Growth Rate (<i>percent</i>).....	2.8
Area (<i>1000 square miles</i>).....	66
Population Density Per Square Mile.....	250
Agricultural Land as % of Total Area	35
Percent of Labor Force in Agriculture.....	85

Per Capita GNP (<i>dollars</i>).....	115*
Life Expectancy (<i>years</i>).....	35
People Per Doctor	16,600
Literacy Rate (<i>percent</i>)	40-50
Pupils as Percent of Population.....	13
(<i>Primary and Secondary</i>)	

* 1964 in 1964 prices.

VIETNAM

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Country: VIETNAM

PROGRAM SUMMARY

(In millions of dollars)

	FY 1966 Actual	FY 1967 Estimated	FY 1968 Proposed
Supporting Assistance	470.3	525.0	550.0
Technical Assistance	8.9	-	-
Contingency Fund	42.0	xxx	xxx
Contingency Fund, Southeast Asia Program	72.2	-	-
Total A.I.D. Assistance	593.5	525.0	550.0

Objectives of U.S. Assistance

The central U.S. objective in Vietnam is to prevent Communist conquest of Southeast Asia. South Vietnam is the historic test case of resistance to the Communist "wars of national liberation," the method of piecemeal takeover of vulnerable countries proclaimed by Asian Communist doctrine. Political subversion, ruthless terror and guerrilla warfare, the prescribed means of destroying resistance, are supplemented in South Vietnam by conventional military operations waged by a growing invasion force of the North Vietnamese Army.

A.I.D. plays a major role in what President Johnson terms "the other war" -- a major effort to keep the economy afloat, expand government services, help stabilize conditions in the countryside, and strengthen the economic and social structure of South Vietnam. This effort to help move a new nation forward in the midst of wartime chaos is unprecedented, but is indispensable to military and political success. Half of the national budget, and most of the "revolutionary development" or civil aspects of the struggle at the village-hamlet level, is financed by A.I.D. grants and by revenues originating from A.I.D. imports. Our aid stimulates and supports measures designed to bind the people and government of South Vietnam together in a common cause. At the same time, our aid helps South Vietnam begin the task of reconstruction and development.

A.I.D.'s wartime operations in Vietnam are unique in depth and breadth. A.I.D. has four principal tasks which describe the scope of its programs and projects:

1. Maintaining economic stability;
2. Assisting Vietnamese revolutionary development efforts

to establish, expand and consolidate government control and services in the villages, in order to uproot the Viet Cong and build a more unified and viable nation;

3. Relieving the economic and social consequences of military operations; and
4. Expanding the economy in secure areas and preparing for future social and economic development.

Other free-world countries (see Appendix A), United Nations Agencies and private voluntary agencies are also contributing economic and social assistance to South Vietnam.

Key Obstacles to Achievement of Objectives

In attempting to carry out these tasks in Vietnam, A.I.D. faces obstacles unlike those in any other area of U.S. foreign aid operations.

Security. Security remains tenuous at best in many parts of the country, and insecurity in the countryside is a particular impediment to success in revolutionary development efforts. Insecurity is the first and most serious restriction on expanding regular government services. It also limits domestic agricultural and industrial production and swells the less productive refugee population in the towns and cities, which increases the demand for goods and necessitates abnormally high import levels. Insecurity also restricts the movement within South Vietnam of the manpower and goods needed to support revolutionary development programs.

Manpower. The military draft, inadequate government wage scales and shortages of skilled Vietnamese manpower and managers have seriously hampered the achievement of virtually every A.I.D. objective. The demand for skilled workers far exceeds the supply, driving up wages, feeding inflation and slowing progress on many necessary projects. For example, the shortage of doctors (there are only about 1,000 Vietnamese doctors, of whom over 700 have been drafted into the armed forces), nurses and other health personnel requires A.I.D. to undertake on an unprecedented scale direct medical service with foreign personnel. There is strong competition among various U.S. and Vietnamese employers for even unskilled and semi-skilled labor.

Government Administration and Corruption. Leadership is in short supply in Vietnam on both the local and national government levels. Local leadership has been decimated and demoralized by years of Viet Cong assassination and kidnapping.

Country: VIETNAM

In the past three years, it is estimated that roughly 810 Vietnamese government officials were killed and 1,630 kidnapped by the Viet Cong. Administrative and technical skills essential to effective government are sorely lacking. Too often the Vietnamese government has been unable to analyze and develop operational procedures for better administration. In dealing with such problems as port management and land reform, where both the need and the general policy lines are clear, the lack of experienced, able administrators is a very crucial impediment to successful action.

Vietnamese standards of administration and efficiency often are deficient to American eyes. Corruption and favoritism are more often accepted in Vietnamese society, as in other Asian cultures. A.I.D. can advise and urge more effective procedures, but it cannot supplant Vietnamese responsibility.

Logistics. Getting supplies into Vietnam and distributing them securely to intended users throughout the country is difficult because of the inadequacy of public transportation and storage facilities, as well as because of insecurity. The heavy demands of both military and civilian activities have strained limited unloading, warehousing, transportation and management capabilities at the port. The port of Saigon was not designed for so large a volume of traffic. The physical facilities of the port have been and are continuing to be expanded. Although the Vietnamese government, the U.S. military command and the A.I.D. Mission have taken steps to enlarge and improve the management of ports and warehousing facilities, congestion continues. The internal transport system, at best inadequate, has been hobbled by Viet Cong sabotage and roadblocks. These difficulties compound A.I.D.'s problems in providing stabilization and project assistance.

Inflation. Extreme inflationary pressures developed in mid-1965 and persist today, though they have been held in check by a rigorous joint Vietnamese-U.S. stabilization program. They stem from several major changes in the economy: the build-up of military forces; increases in the manpower and money requirements of the Vietnamese security forces and police; the disruption of agricultural production and distribution; the sharp increase in demand for skilled labor, and the Vietnamese government's inability to absorb enough of the money supply in increased tax collections. These pressures will continue, despite the success of the joint stabilization measures since July 1966, and piaster expenditures must be carefully controlled. A multitude of necessary and highly desirable military and civil activities by both the Vietnamese and U.S. agencies in Vietnam call for heavy piaster expenditures. Activities which A.I.D. or the U.S. military command otherwise might seek to press vigorously must be paced to hold piaster expenditures within tolerable inflationary limits.

Recent Country Performance

Political. The Ky government came to power in June 1965. Its relative longevity can be attributed largely to the maintenance of over-all military unity, its measures to establish constitutional civil government, and popular disillusionment with religious and sectional political disruption. Its success in restoring its authority in central Vietnam last spring in the face of the militant Buddhist revolt greatly enhanced its stature. Another factor contributing to its relative stability has been the broadening of civilian participation in the governing process by enlargement of the ruling Directorate in June 1966 to include ten civilians, and thereafter establishment of a 79-man civilian-military advisory council to the government.

Elections were held in Vietnam on September 11, 1966, for 117 deputies to the Constituent Assembly, whose function is to write a constitution and lay the basis for election of a president and possibly a national assembly later this year. Constituent Assembly elections were conducted in all provinces of the country and 4.3 million voters, representing 81% of the registered electorate, or approximately 56% of the some 7.5 million persons of voting age, went to the polls. In December the government issued a decree reorganizing the structures of local government, and local elections are scheduled for the spring of 1967. The provincial and municipal councils, which were elected on May 30, 1965, continue to function. The Constituent Assembly has agreed to include in the constitution provision for elected hamlet and village chiefs, province councils, and, eventually, elected province chiefs.

Budget. The government established and lived within the limits of an austere budget during CY 1966. Revenues, including counterpart generated through U.S. aid, were essentially equal to Vietnamese government expenditures. Current estimates, provided import requirements are met, indicate that it will be possible in CY 1967 for the government to achieve a similar balance of expenditures and revenues.

Revolutionary Development. During 1966, after a 5-year history of trial and error involving numerous cadre and pacification programs (strategic hamlets, agrovilles, new life hamlet cadre, mobile administration hamlet cadre, etc.), the Vietnamese with U.S. assistance have evolved a new, better integrated "revolutionary development" plan for attacking the insurgency, the Communist political structure, and social and economic problems, especially at the hamlet level. In January 1966, the Vietnamese government announced plans to form 59-man revolutionary development groups combining and superseding all previous pacification cadre organizations. The motivational and skills training of these groups is designed to make

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Country: VIETNAM

the revolutionary development cadre a "bridge" between the long neglected and disaffected rural people and the government. The teams provide help and guidance in hamlet administration, construction and local security. Three classes of approximately 4,800 cadre men and women each were trained in 12-week courses at Vung Tau. By the end of 1966 approximately 30,000 of these and earlier employed cadre were on the rolls, with teams in every province. Plans for 1967 call for the training of approximately 20,000 additional cadres.

The new emphasis on revolutionary development holds promise of social progress and lessened vulnerability to Communist subversion. To press this program forward, the budget of the Vietnamese Ministry of Revolutionary Development was increased from the piaster equivalents of \$11.9 million in CY 1965 to \$15.9 million in CY 1966, and this Ministry's dynamic chief has been exercising vigorous leadership.

With piaster assistance from the Ministry of Revolutionary Development and basic construction materials financed by A.I.D., self-help, education, small public works, health and agricultural projects are carried out by and for the people in villages and hamlets under a New Life Development project within the revolutionary development program. For example, as of November 30, 4,570 self-help projects (e.g., construction or repair of village wells, market places, schools, hospitals, etc.) were completed during CY 1966; as of September 30, 1,588 hamlet classrooms had been completed during CY 1966.

The desire for educational opportunities has been affirmed on many occasions as one of the strongest "felt needs" of the Vietnamese. From approximately 400,000 elementary students (first 5 grades) in the 1954-1955 school year, 1.6 million students attended elementary schools throughout South Vietnam during the 1965-1966 school year. A projected increase in the elementary school population of 2.9 million by 1970 has made it imperative now to place a high priority on providing educational opportunities at the secondary level, especially in rural areas. To begin to meet this growing need, the Vietnamese government, with assistance from A.I.D. has planned to construct, equip and provide for 600 secondary classrooms during 1967 and 1968.

The Vietnamese police play a vital counterinsurgency and security maintenance role in revolutionary development. Between April and October of 1966, the Vietnamese National Police apprehended over 100 Viet Cong terrorists in the Saigon metropolitan area. Between January and August 24, 1966, the National Police made over 80,000 arrests of known or suspected Viet Cong, deserters, draft evaders and illegal residents. Between January and September 28, 1966,

816 resource control check points were in operation. One thousand fifty-seven units of firearms, almost 7 million pounds of foodstuffs, 141,800 units of medicines and over 1.8 million units of equipment were confiscated by the National Police through its resources control program.

The Vietnamese Ministry of Information and Chieu Hoi ("Open Arms"), with assistance from the United States, has been increasingly successful in inducing defections from the Viet Cong ranks. Over 20,000 Viet Cong of all categories defected during 1966, as compared with 11,124 during 1965.

Refugees. In October 1965 when the government of Vietnam launched a concentrated and coordinated refugee relief effort with A.I.D. support and assistance, the number of refugees reported in temporary shelters was 455,000, about 503,000 having been resettled or returned to their villages up to that date. By June 1966, there were 501,000 refugees in temporary shelter and approximately 746,000 resettled. In October 1966, there were 686,000 refugees in temporary shelters, and 862,000 resettled.

In February 1966, responding to the enormous refugee problem, Prime Minister Ky appointed a Special Commissioner for Refugees to centralize and coordinate all Vietnamese refugee relief activities. The Vietnamese government budgeted the piaster equivalent of \$12 million (apart from more than \$20 million in U.S. goods and services) for CY 1966 for refugee relief and rehabilitation. The Special Commissioner for Refugees has established minimum standards for refugee camps (one dispensary, two wells and 20 latrines for every 100 refugee families and one classroom for every 100 refugee children). The government of Vietnam has increased refugee relief payments from 7 piasters (about 6¢) per person per day to 10 (about 8¢), or 5 piasters (about 4¢) and 400 grams of rice per person per day, and raised the resettlement allowance from 3,500 to 5,000 piasters plus a six-month supply of rice.

As of the end of June 1966, 104 temporary classrooms for refugee children were completed, and 60 more were under construction, out of 269 planned for 1966. In many provinces permanent structures are being built or expanded under the new hamlet school program to serve both refugee and non-refugee children. Vocational training programs for refugees are expanding; several large-scale resettlement projects are under way; and the number of Vietnamese personnel assigned to refugee programs is increasing.

U.S. voluntary agencies, in partnership with the Vietnamese and the U.S. governments, have increased their efforts significantly during the past year in response to human need in South Vietnam. At present 29 U.S. voluntary agencies, with over 400 American staff

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members, have programs in Vietnam. In refugee relief programs, the number of voluntary agencies has increased from 7 to 18 in the past year, and their staffs have increased from 50 to more than 100. Vietnam Christian Services (a joint program of Church World Services, the Mennonite Central Committee and Lutheran World Relief), for example, is quadrupling its staff of doctors, nurses, and social and community workers in Vietnam.

Devaluation and Government Revenues. On June 18, 1966, the government of Vietnam took politically courageous steps to cope with inflation. In consultation with the International Monetary Fund (IMF), the piaster was devalued to an effective exchange rate of 118 piasters per U.S. dollar for trade and personal transactions as compared with the old dual rates of 60 and 73.5 piasters per U.S. dollar before devaluation.

There was a marked improvement in revenue collections. Total Vietnamese government revenues, excluding foreign aid, reached an estimated 41 billion piasters in 1966, as compared to 15.1 billion in 1965, an increase of about 175%.

Just prior to devaluation, in March 1966, the Vietnamese government made additional efforts to collect taxes then on the books and instituted heavier levies on areas of war-generated prosperity -- entertainment, bars and luxury goods. This action was significant in achieving approximately a 100% increase in revenues from internal sources by the end of 1966 as compared with 1965. Customs collections increased 67%. The remainder of the over-all increase in revenues was due to the imposition of a special tax on certain categories of Vietnamese-financed imports, yielding an average of about 33 piasters per dollar of imports.

Saigon Port. The rapid build-up of U.S. and free world forces which began in 1965, as well as the increase in commercial and project aid imports, produced a critical situation in the port of Saigon. The port was dilapidated and congested and capable of handling only 150,000 tons of cargo per month, whereas the monthly requirement for civilian goods alone has now risen to well over 250,000 tons. As a result of this influx of cargo, the warehouses were soon bulging, commodities were stacked on the docks and in lighters, and many ships were backed up awaiting discharge.

A.I.D. and the U.S. military command undertook urgent construction and equipment programs. The Vietnamese Port Director, working with A.I.D. and U.S. military advisors, has initiated management improvements including a new port tariff, more simplified customs procedures, and new sorting and handling procedures.

During November 1965, 196,000 short tons of military and civilian cargos were discharged. A year later, during November 1966, 374,000 tons were discharged. The monthly discharge capacity of the port should reach 630,000 tons by November 1967 as a result of completion of expanded physical facilities and as management continues to improve through experience in dealing with operational problems.

Import Reforms. The Vietnamese government has taken steps at A.I.D.'s urging, in the face of significant political opposition from businessmen, to rationalize import regulations and break collusive business arrangements between supplier and importer, possible under the old system of import quotas controlled by a closed community of importer groups. At the time of devaluation, the government opened the importer community to greater competition by permitting new firms to obtain import permits. The quota system, which had previously been used to allocate foreign exchange to importer groups by administrative fiat, was abolished. These measures, coupled with devaluation and adequate provision of foreign exchange by A.I.D. and the National Bank of Vietnam, sharply reduced by the large profit margins, collusion and other abuses which had developed in the period of intense import demand and goods shortages.

In the last year the Vietnamese government has significantly increased the amount of foreign exchange made available for the financing of imports. In 1965, it issued import licenses valued at \$115 million against its own foreign exchange. In 1966 foreign exchange rationing for permitted imports was virtually abolished, and the government issued import licenses valued at \$246 million against its foreign exchange.

A.I.D. Administration and Management

A year ago Vietnam was adjusting to acute economic problems caused by the rapidly expanding military efforts. A.I.D. presented a program to the Congress, both in its FY 1966 supplemental and regular FY 1967 requests, which contained some new departures, but which was essentially a doubling and expansion of the A.I.D. program of the immediately preceding years.

However, the joint Vietnamese-U.S. effort faced rapidly changing challenges and underwent continuous adjustment, especially in late CY 1965 and early 1966. All U.S. agencies administering programs in Vietnam needed to re-examine the complex of U.S. assistance efforts and to focus them on the key problems and objectives of an evolving military and political strategy. An interagency task force was established in Saigon in April 1966, to survey current

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Country: VIETNAM

efforts and recommend an over-all design of a civil assistance strategy. The task force completed its examination and recommendations in June 1966 and, largely on this basis, the A.I.D. Mission then undertook a four-month program readjustment from the provinces up.

The composition of the resulting program, therefore, differs from the A.I.D. program presented to the Congress a year ago. The redesigned program is addressed to the four areas of emphasis, or tasks, cited above: maintaining economic stabilization; assisting revolutionary development efforts; relieving economic and social consequences of war, and preparing for future social and economic development. This program, described below under "FY 1968 Program," is being pursued in FY 1967 and will be continued during FY 1968.

The review of U.S. civilian assistance efforts extended to organization for their effective conduct as well. The U.S. Mission in Saigon has established an Office of Civil Operations to integrate, direct and intensify the activities of all U.S. civilian agencies in support of Vietnamese revolutionary development at provincial, regional and national levels. The Office of Civil Operations will direct all U.S. civilian personnel and projects in support of revolutionary development in the provinces and will coordinate these civilian activities with those of the military. The office is headed by the Deputy U.S. Ambassador, with an Executive Director who is concurrently the A.I.D. Mission's Deputy Director for Field Operations.

The U.S. Government, through A.I.D. and P.L. 480 programs, provided about \$455 million in food, equipment and other supplies to Vietnam during 1966 compared with \$266 million in 1965. Those commodities support revolutionary development activities in the rural areas, fight inflation throughout the country, establish the foundation for long-term development, and provide medical and relief supplies to the victims of Communist terror and aggression. Operation and control of a program of this size in a less-developed country would be difficult in time of peace under relatively stable conditions. South Vietnam in 1966 presented far greater problems--disjointed by war, its modest transportation capacity disrupted and insecure, Vietnamese public and private management ranks thin, and its system of deterring corruption inadequate.

To administer this expanding program, the A.I.D. Mission staff had to be doubled during the year. New systems, procedures and controls were adopted to strengthen safeguards against abuses and facilitate handling of supplies. These include exchange devaluation and reforms in import procedures made by the government of Vietnam, major changes in A.I.D.'s Commercial Import Program (CIP) operations, expansion and improvement of physical facilities and management of

the Vietnamese ports, a large increase in U.S. advisory services and auditing staffs, and improvements in documentation and information systems.

Among the most important specific actions taken were:

- assignment of the U.S. Army's 1st Logistic Command to supervise the handling of almost all A.I.D. project commodities from ship discharge to government warehouses;
- assignment of the 125th Terminal Command as an advisory unit to the Vietnamese director of the Port of Saigon;
- doubling of the A.I.D. Mission's U.S. auditing staff and the assignment of controllers and traveling auditors to all regions;
- assignment of a U.S. Bureau of Customs team to assist the Vietnamese Customs Office in improving its procedures and spot-checking A.I.D.-financed commercial imports;
- a decision to station American logistics advisors in provincial and regional warehouses; and
- development of an automated arrival accounting system for A.I.D.'s commercial imports.

The diversion problem is constant. Denying the enemy access to goods which he needs to sustain his war effort is as complicated and difficult as the struggle to eliminate the guerrillas themselves. The Viet Cong have so infiltrated the country that it is not possible to deny completely their access to A.I.D.-financed goods except by stopping the supply of these goods to the economy. We can, however, selectively limit their access to strategic supplies. The techniques used for selective denial include: (a) detecting and halting activities of importers and merchants who act as procurement agents for the enemy; (b) applying strict controls to selected strategic commodities such as commodities potentially convertible to explosives; and (c) interdicting Viet Cong supply lines through police resources control programs and restricting the movement of commodities into selected areas where Viet Cong control predominates.

FY 1968 Program

The proposed A.I.D. program for FY 1968 consists of \$550 million in Supporting Assistance. About \$200 million worth of commodities will also be furnished under P.L. 480.

The following table breaks down the proposed Supporting Assistance funds among the four major program sectors, technical support of the program in the field, and program support and administrative requirements necessary to support the expanded Vietnam program.

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Country: VIETNAM

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<u>Program Sectors</u>	<u>FY 1967</u> <u>Estimated</u> <u>(In millions of dollars)</u>	<u>FY 1968</u> <u>Proposed</u> <u>(In millions of dollars)</u>
Economic Stabilization	288.5	234.4
Revolutionary Development	88.1	101.1
Direct War Support & Relief	64.8	85.7
Long-Range Development	32.7	70.2
Technical Support	<u>42.0</u>	<u>42.8</u>
Program Total	516.1	534.2
Program Support, AID/W	3.9	4.8
Administrative Costs	<u>5.0</u>	<u>11.0</u>
TOTAL	525.0	550.0

Bulgar, oil, flour, raw cotton, milk and corn valued at about \$35 million under P.L. 480 will also be furnished directly by A.I.D. for animal feed and other programs, or distributed to the needy, mostly refugees, by U.S. Voluntary Agencies.

In addition the U.S. military services are expected in FY 1968 to provide about \$53 million worth of assistance in civil fields closely related to existing U.S. military operations and needs. The deployment of large numbers of U.S. and other free world forces in Vietnam over the past 18 months has sharply intensified pressures on the support elements of the Vietnamese civilian economy. Maintenance and repair requirements for the national road and rail networks have sharply increased. Civilian port and airfield facilities need massive expansion to handle military material and manpower. Electric power facilities require substantial augmentation to meet military needs. Military equipment and ammunition is needed for the expanded Vietnamese Police Field Forces. Expansion of organized military operations has increased the number of paramilitary and civilian casualties, both of which are treated in civilian hospitals and clinics throughout the provinces of Vietnam. The U.S. military, through its Defense Supply Agency, is providing medical supplies, in addition to those provided by A.I.D., to support this medical care. As the war expanded, A.I.D., on an ad hoc basis, had been undertaking these military-related activities in an attempt to meet the emergencies as they arose. Beginning in FY 1967 the U.S. military services undertook appropriate responsibility for their support amounting to about \$62.8 million in that fiscal year. Management and funding of these war-related activities fall into two categories: (1) activities administered and funded by U.S. military services and (2) activities managed by A.I.D. but for which funding is shared by A.I.D. and the U.S. Military services.

Within the total request for Supporting Assistance funds is \$11 million programmed for additional administrative expenses in connection with the expanded Vietnam program. In FY 1966 and FY 1967 the Congress authorized the transfer of Supporting Assistance funds for these administrative expenses. Similar authority is requested again in FY 1968. (See discussion under "Supporting Assistance" tab for details on the use of transferred funds).

The need in FY 1968 for A.I.D. funds to finance commercial imports is expected to decline from the FY 1967 level of about \$285 million which is down sharply from the \$398 million obligated in FY 1966. However, more funds are required for the expanding technical and relief projects and longer-range development

The proposed A.I.D. program of \$550 million includes \$230.5 million for the Commercial Import Program on the assumption that foreign exchange earnings of the National Bank of Vietnam will continue at the current rate and enable it to provide foreign exchange to finance more than half of the country's commercial import requirements. Many variables in projections of wartime economic activity make this assumption subject to adjustment during the year.

Project assistance and related A.I.D. operations in Vietnam will require \$303.7 million in FY 1968.

P.L. 480 local currency sales of \$168 million worth of rice, cotton, tobacco, wheat flour and sweetened condensed milk will supplement A.I.D. assistance in support of the economic stabilization program.

The United Nations is also contributing to the social and economic development of Vietnam. Under the UN Development Program (UNDP) some 37 technical assistance programs were being implemented in 1966 and more are being planned for 1967 and 1968. These programs are in the fields of maternal and child health, soils surveys, labor administration, education planning, telecommunications and postal services. Among the participating agencies are ILO, FAO, UNESCO, WHO, International Civil Aviation Organization (ICAO), International Telecommunications Union (ITU), International Atomic Energy Agency (IAEA), Universal Postal Union (UPU), and the UN's Department of Economic and Social Affairs. Additional UN Special Fund projects are about to get under way. For example, a National Technical Center project has been approved by the Governing Council of the UNDP and is now becoming operational, and agreement has been reached on a Fisheries Institute project to be executed by FAO, and a Social Welfare Training Center to be administered by the UN Bureau of Social Affairs. ECAFE is also pressing ahead with projects which will benefit all the nations in the Mekong Basin, and has undertaken surveys for irrigation, hydro-electric, and bridge construction projects in Vietnam.

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In addition, of course, many free-world countries are making contributions in Vietnam (see Appendix A). Apart from military aid, these contributions are estimated at \$25-\$30 million in CY 1966 and are expected to rise this year. Most free-world non-military aid consists of medical help, training and commodities.

Economic Stabilization. Until 1965 Vietnam's cost-of-living index had been increasing at the rate of about 5% per year. In mid-1965 it began a sharp upward trend, rising over 70% between June 1965 and devaluation in June 1966. Viet Cong efforts to disrupt economic production and transportation and later massive increases in the U.S. military spending of piasters were the leading factors producing the rapid inflation.

Urgent U.S.-Vietnamese talks on stabilization measures began in Saigon in the winter of 1965-66, and were pursued at the Honolulu Conference in February 1966. The government's consultations with the IMF brought about a final decision to devalue the piaster in June 1966, from the old dual rates of 60 and 73.5 piasters per dollar to a new official rate of 80 piasters to one dollar with a surcharge of 38 piasters on trade and remittance transactions. The deflationary effect was the equivalent of a drastic increase of government customs revenues. As a result, the government's borrowing to meet its deficits was very sharply reduced. Prices rose immediately before and after devaluation, but remained relatively stable, over-all, during the next six months.

Wartime destruction of crops and property, interruption of transportation and natural disasters, such as last fall's Delta flood, continue to constrict Vietnam's domestic production and distribution of commodities. At the same time total demands on the economy for goods and services to prosecute the war are rising. Budgetary expenditures continue to mount to meet wartime needs and stabilization. Absorption of war-related piaster injections into the economy has been accomplished mainly by the importation and commercial sale of commodities, largely U.S.-financed through the A.I.D. Commercial Import Program (CIP) and the P.L. 480 sales program. The specific economic stabilization purposes of the CIP--in conjunction with P.L. 480 and Vietnamese National Bank financed imports--are to (a) guard against shortages, commodity speculation and price spiraling by insuring the availability of ample consumer goods and basic economic commodities such as fertilizer, petroleum and cement; (b) provide raw materials and machinery for domestic industry in order to meet local demand as much as possible from domestic production; and (c) at the same time absorb the tremendous amounts of piasters being spent on the war effort.

In FY 1966 the A.I.D. CIP provided \$398 million of foreign exchange required for imports. However, with the expansion of U.S. forces

in Vietnam over the past 18 months, U.S. military purchases of piasters for local support and construction requirements and personal piaster purchases by U.S. and other foreign personnel have sharply increased Vietnamese government foreign exchange earnings. The government of Vietnam, consequently, has agreed to raise its own financing of commercial imports to more than \$300 million, permitting reduction of A.I.D. financing under the CIP in FY 1967 to about \$285 million. This makes possible increased A.I.D. project operations in direct support of revolutionary development and longer term development. While projections up to 18 months in the future in a wartime situation are subject to large error, we now hope to hold A.I.D. CIP financing in FY 1968 to \$230.5 million, somewhat lower than for FY 1967.

A.I.D.-financed imports include fertilizer, iron and steel products, machinery, chemicals, pharmaceuticals, synthetic fibers and other raw materials for industry. (A description of the procedural aspects of the Commercial Import Program is attached as Appendix B.)

To alleviate logistics bottlenecks related to the U.S.-and Vietnamese-financed import programs, major efforts were made in the past two years to improve and enlarge port and distribution facilities. In FY 1967 construction of commercial piers and port improvements at Saigon, Nha Trang, Qui Nhon, Ba Ngai, Da Nang and Quang Ngai will be completed. Tugs and barges for Mekong Delta operations are being provided, and coastal freighters will continue to be leased.

The Vietnamese government has taken serious and commendable first steps to increase its revenues and to tighten the administration of tax collection. The tax structure needs extensive revision, however, and A.I.D. currently is providing a second team of U.S. tax experts in Saigon. In 1968 this ongoing activity will be expanded. Early results are heartening. Receipts from direct taxes, indirect taxes and administrative revenues in 1966 increased sharply (see "Recent Country Performance" above), and in 1967 we anticipate a further increase. A.I.D. advisors and economists are in continuing consultation with Vietnamese officials to assist them in further rationalizing the customs structure and improving administration and collection.

In the urban areas A.I.D. proposes to expand skills-training efforts to provide access to the labor market for those who have had no marketable skills, and to assure an expanding pool of manpower and skills to meet a changing and increasingly more diversified manpower requirement generated by the war and the civil sector. The inefficient use and shortage of skilled manpower are factors in the economy which adversely affect stability. We are working with the Vietnamese to alleviate problems in these two areas through programs in labor services which provide for the collection of information on

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available skills, improve the use of stevedore labor, and provide short-term skills training. Specialized programs will retrain veterans.

Related to these A.I.D. programs is the on-the-job training of about 66,000 Vietnamese employed by U.S. military contractors and U.S. government agencies, which is providing a very valuable expansion of the country's skilled manpower.

Measures to achieve short-term or immediate increases in domestic production are important adjuncts of the stabilization program. Several A.I.D. activities, especially those described under "Revolutionary Development" and "Long-Range Development" below, are aimed at increasing agricultural output through the use of farm machinery, pesticides and fertilizers, developing farmers' associations and cooperatives, providing industrial and engineering assistance in specialized fields, and assisting in the preparation of sectoral studies.

Support of these activities, including commercial import financing in FY 1968, will involve:

	No.	Cost in \$000
U.S. Direct Hire, Participating Agency and Contract Personnel	87	2,885
U.S. Contracts (Services and/or Construction)	-	-
Third Country Nationals	1	8
Vietnamese Participant Training	48	209
Commodity Support	-	868
Commercial Import Program (CIP)	-	<u>230,500</u>
TOTAL DOLLARS		234,410

Revolutionary Development. The Viet Cong campaign is, in large part, a guerrilla war of terrorism, propaganda and political organization, waged in the villages and along lines of transportation. As military operations clear an area of organized Communist military units, paramilitary forces, police and armed teams move in to eliminate or guard against the Communist political/guerrilla structure. Behind this shield, the slow process of re-establishing the authority of the government and bringing about a mutually beneficial commitment of people and government begins.

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A.I.D. supports the immediate impact program, or revolutionary development, in many ways, which are described in this section. Distinctions cannot easily be made, however, between long-term and short-term projects in education, agriculture, public health, public administration or public works. Activities are considered to be in support of revolutionary development (a) if the activity is specially designed to assist the Vietnamese Ministry of Revolutionary Development; (b) if it initiates economic, social and political development having an immediate and meaningful impact on a significant number of Vietnamese; and (c) if it is designed to enhance the image of the government in a relatively short time frame by improving government administration and services, whether in urban or rural areas. These activities may of course have longer term benefits as well.

A.I.D. assists the government of Vietnam through technical assistance and some material support in training elements of the revolutionary development cadres in technical fields such as education and public administration. The cadre teams, moving into hamlets and villages, seek to bridge the gap between the rural Vietnamese and the government through a variety of methods: by providing rudimentary government services, by calling upon professional assistance from appropriate Ministries to help the people, and by training village and hamlet residents in local security and the organization and functions of local government. Self-help projects in the villages and hamlets are supported. Special attention is given to the Highlanders to hasten the integration of this minority group into Vietnamese society. Youth training and sports activities are being carried out. A.I.D. also is assisting the Vietnamese government in the field of informational media.

The political success of revolutionary development depends heavily upon achievement of quickly visible improvements in the conditions of life in the villages and hamlets. A.I.D. is engaged in a broad range of agricultural activities to increase production by providing fertilizer, pesticides and improved seeds, expanding small irrigation networks, improving water management, improving animal husbandry and fisheries, planning and executing land reform programs, strengthening farmers' associations conducting special programs to develop rural youth and expanding agricultural extension work.

A.I.D. projects assist in constructing rural classrooms and providing instruction materials for both elementary and some secondary schools. We are also helping adult education programs, to give educational opportunities to those who did not have the chance when they were children, and a special program to train the blind.

Health facilities are enlarged and improved with A.I.D. assistance.

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Rural health workers are being trained to man maternity and infirm-ary dispensaries in rural areas. Immunization and programs to identify and control communicable diseases are being carried out both in rural and urban areas. Public health efforts also include improving maternal and child care.

To assure timely and adequate provision of commodities in support of the rural programs, A.I.D. assists the Ministry of Revolutionary Development in building or improving rural roads and bridges in newly pacified areas and providing additional storage, distribution and maintenance facilities throughout the countryside. Other A.I.D. projects provide electricity to selected rural communities and increase the water supply both to rural areas and to some provincial cities.

A pilot effort is being launched to provide low-cost housing for a segment of Saigon's population now living in hovels.

The role of the Vietnamese police is crucial to achieve and maintain security for pacification and to control the flow of both people and material throughout South Vietnam. A.I.D. is assisting the Vietnamese National Police by providing general and special training programs, supplying training equipment and supplies, and expanding the national identity card system. Marine police and resources control programs are also being expanded in the continuing effort to deprive Viet Cong of strategic supplies. A.I.D. police advisors are now active in each of the 43 provinces.

Support of these activities in FY 1968 will involve:

	No.	Cost (In \$000)
U.S. Direct Hire, Participating Agency and Contract Personnel	1,377	34,959
U.S. Contracts (Services and/or Construction)	-	5,291
Third Country Nationals	794	5,754
Vietnamese Participant Training	584	1,733
Commodity Support	-	53,384
Total Dollars		101,121

Direct War Support and Relief. The war bears on all of A.I.D.'s efforts in Vietnam, but some A.I.D. activities directly support war-time civil defense or are required to relieve the consequences of the war's destruction and dislocation. The enemy depends largely on the rural people for his sustenance. He is, therefore, closely

intermingled with the rural population. The increased intensity of military operations needed to root out the enemy produces increased requirements for certain non-military supporting activities. The number of people displaced as a consequence of military operations is likely to mount. In spite of strong efforts to avoid them, civilian casualties also may increase.

Hostilities in this kind of war bear heavily upon civilians. Vietnamese medical manpower and facilities are critically short. A.I.D. is engaged in efforts to improve and enlarge hospital and health facilities, to rehabilitate Vietnamese veterans as soon as possible, and to provide medical supplies and care throughout the country. U.S. and other foreign surgical and medical teams work in all 43 provinces. Other free world countries have an active role in health assistance with 24 medical teams from 12 countries presently in Vietnam. (Appendix A describes all forms of free-world assistance to South Vietnam.) A.I.D., with the help of the Defense Department, is providing all the equipment and supplies. These health services, which are responsive to one of the greatest declared needs of the people, also assist in meeting revolutionary development objectives.

Military activity and continuing Viet Cong harassment and sabotage have disrupted the limited Vietnamese road, rail and water transportation systems. Many supply activities, which would otherwise be on surface routes, must be conducted by air. Projects are necessary to improve inland waterways, to provide materials through quarry operations for road construction and maintenance, and to maintain communications both in regular and radio telephone systems.

The Vietnamese Chieu Hoi ("Open Arms") Program seeks to encourage defection from the Viet Cong and then to rehabilitate and train returnees so that they find a useful, productive place in Vietnamese society. Returnee rates have risen to over 20,000 in 1966 from 11,124 in 1965. A.I.D. provides technical assistance and material support for the construction of Chieu Hoi centers and vocational training, and the Vietnamese government provides plaster allowances to returnees.

Insecurity in much of the countryside and the ebb and flow of military operations have brought a flight of more than 1.5 million refugees toward relatively secure areas. The refugee population is increasing. A large-scale program of refugee relief and resettlement--around \$35 million in FY 1968, including attributable logistics support and P.L. 480 commodities--is in operation and will continue. A.I.D., working with voluntary agencies, administers U.S. assistance to the Vietnamese government in refugee relief, including the provision of food, clothing, housing, elementary schools for refugee children, skills training and assistance to refugees in methods and materials

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to increase agricultural production.

Support of these projects in FY 1968 will involve:

	<u>No.</u>	<u>Costs (\$000)</u>
U.S. Direct Hire, Participating Agency and Contract Personnel	609	13,566
U.S. Contracts (Services and Construction)	-	34,035
Third Country Nationals	450	2,496
Vietnamese Participant Training	71	137
Commodity Support	-	35,480
Total Dollars		85,714

Long-Range Development. As military operations proceed and additional areas of South Vietnam become secure, our effort can shift more and more toward lasting economic and social development. This shift began in FY 1967.

The activities described in this section are either long-range institution building or involve longer-term economic investment. The impact in most cases will be felt in a year or more, rather than immediately.

Through an A.I.D.--financed contract with the Development and Resources Corporation, whose board chairman is David Lilienthal, a joint Vietnamese-U.S. long-range development planning effort has been instituted in an attempt to foresee and be prepared to cope with economic development problems as political and military efforts bring hostilities to an end in Vietnam. In the transition from war to postwar, the Vietnamese government must cope with changing kinds of threats to law and order throughout the country, and it must extend and strengthen political stability, accelerate economic growth and participate in regional cooperation. National development planning must take into account methods to promote speedy recovery of agricultural (particularly rice) production; restoration of rail, road and canal transportation; utilization of military installations, military construction equipment and trained war veterans in priority tasks of postwar economic and social development; means of coping with a rapid reduction of wartime spending and employment; preparation of an inventory of Vietnam's resources; relation of current economic policy-making to postwar aims of achieving early self-support; resettlement and employment of refugees and others who have migrated or been displaced by the war; location and choice of industrial projects; and similar

considerations.

Vietnamese human and material resources are being developed currently through projects designed to establish or expand the institutional foundation and physical infrastructure needed over the long term. A.I.D. is working with the Vietnamese government on measures to improve basic agricultural capability to increase production through improving the collection and quality of agricultural statistics; testing, developing and producing improved seed; encouraging the use of mixed feed and the establishment of feed mills; teaching farmers how to breed and care for animals and how to adapt to more mechanized farming methods; planning proper exploitation of the forest; improving the structure and capability of the Vietnamese agricultural extension services; and forming new farmers' associations and increasing the availability of credit to farmers. The U.S. Department of Agriculture, under a participating agency agreement, is helping A.I.D. by providing experts in crop production, irrigation, forestry, agricultural extension (area extension advisors), and agricultural credit and cooperatives.

A.I.D.-assisted programs are under way to establish or broaden the base for later expansion of health services by supporting projects in medical, dental, nursing and health education; clinical health and pharmacy advisory services; to forestall the spread of malaria; and to increase the institutional capacity of the government of Vietnam to cope with communicable diseases.

A.I.D. is helping to provide expanded educational opportunities, teacher training programs, longer-term and more complete agricultural and technical training, and advanced education of future Vietnamese leaders in the United States.

Assistance for manpower planning and labor relations will be enlarged in FY 1968.

Projects in public administration are under way or planned to assist the Vietnamese government in budget and accounting methods, to help the government provide more adequate statistical services, to improve its legal administration, and to assist the government's new Ministry of Veterans Affairs. We are continuing to support public administration training at the National Institute of Administration.

A Bureau of Standards is being established, and plans are advancing for mineral development and for initial industrial projects in the Cam Ranh Bay area. Industrial expansion and development, while limited under current war conditions, is not being neglected. Feasibility studies are under way for development of a fertilizer industry. Potential private investors have shown interest in the development of

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the food industry. The installation of bulk handling facilities at Saigon port for cement and grain is under study. Within the Saigon metropolitan area a program to provide low cost housing units is being developed.

Present and future requirements for electric power for both industry and household use have been surveyed, and both the generating capacity and the distribution system will be expanded in FY 1968. Three rural electric cooperatives are near completion, and we hope that methods developed in these three pilot projects will spread as security improves in many other rural areas throughout Vietnam.

Support of these projects in FY 1968 will involve:

	<u>No.</u>	<u>Costs(\$000)</u>
U.S. Direct Hire, Participating Agency and Contract Personnel	653	19,082
U.S. Contracts (Services & Construction)	-	26,095
Third Country Nationals	88	629
Vietnamese Participant Training	842	4,043
Commodity Support	-	20,360
Total Dollars		70,209

APPENDIX A

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FREE WORLD ASSISTANCE TO VIETNAM

Free World Assistance Program

Thirty nations have assisted Vietnam under the Free World Assistance Program. Several others have offered help. The contributions of six other countries are listed at the end of this section. A detailed listing by geographic area follows:

FAR EAST

Australia

Australia is providing a wide and substantial range of aid to Vietnam under the Colombo Plan and by direct bilateral assistance.

Military aid consists of:

1. Approximately 4,500 combat troops including a brigade and support;
2. 100 combat advisors (primarily specialists in jungle warfare); and
3. A 73-man air force unit at Vung Tau with six Australian caribou planes which fly daily logistical transport missions in support of Vietnamese military forces.

Prime Minister Holt has announced an increase in Australian combat forces to about 6,300 men will take place early in 1967, consisting of 900 army service men, a squadron of 8 Canberra bombers and a guided missile destroyer.

Economic and technical assistance has totalled nearly \$10 million in the past two years including:

1. Three surgical teams, totalling 37 personnel, in three provincial hospitals. These teams, in addition to performing major operations, have established a blood bank and are giving lessons in nursing;
2. A group of civil engineers working on water supply and road construction projects;
3. Three experts in dairy and crop practices and radio techniques;
4. Training of 130 Vietnamese in Australia;

5. In goods and materials: 1,250,000 textbooks in Vietnamese for rural schools; 3,300 tons of corrugated roofing for Vietnamese military dependents' housing; 6 large community windmills; 15,750 sets of hand tools; 400 radio sets and 2,400 loud-speakers, 16,000 blankets and 14,000 cases of condensed milk; and
6. A 55 kilowatt broadcasting station at Ban Me Thuot

Republic of China

The Republic of China has provided:

1. An 80-man agricultural team;
2. An 18-man military psychological warfare team;
3. A 12-man electrical power mission under the leadership of Taipower; and
4. A 10-man surgical team.

China has also provided training for more than 200 Vietnamese in Taiwan. In the way of goods and materials, they have provided 26 aluminum prefabricated warehouses, agricultural tools, seeds and fertilizers, 500,000 copies of mathematics textbooks and an electrical power substation.

Japan

Japan has provided over \$55 million worth of economic assistance to Vietnam, chiefly through reparations. Japan has sent two medical teams, considerable amounts of medical goods (4,544 cases), 20,000 transistor radios and 25 ambulances. It has provided technical personnel and funds for the construction of a large power dam across the Da Nhim River and electrical transmission line and agreed to participate in the construction of a bridge over the Mekong River near Vinh Long.

Korea

Korea has sent approximately 45,000 troops including:

1. Two Combat divisions;
2. A 130-man Mobile Army Surgical Hospital (MASH);
3. Ten military instructors in Korean karate for training Vietnamese military in hand-to-hand combat; and

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4. A 2,200-man Task Force Unit composed of the following elements:

- 1 Army engineer battalion
- 1 Headquarters group
- 1 Army Transportation company
- 1 Marine Corps Engineer company
- 1 Infantry battalion
- 1 LST and 2 LSM's
- 1 Composite support unit (communications, medical supplies, etc.)

Korean military medical personnel are providing some medical care to the local population in areas where ROK troops are stationed. In addition, seven civilian medical teams totalling 118 doctors, nurses and support personnel are working in provincial health programs.

Laos

One million kip (\$4,167) for flood relief in February 1965.

Malaysia

Since 1962, Malaysia has trained about 2,000 Vietnamese military and police officers. Groups of 30-60 are regularly sent for about a month's training in counterinsurgency with Malaysian Police Special Constabulary. Malaysia has previously provided substantial amounts of counterinsurgency materials, primarily military and police transport such as armored vehicles.

New Zealand

New Zealand has sent a 6-howitzer artillery battery of approximately 125 men. It also has provided a 25-man army engineer detachment.

In non-military aid, New Zealand has sent an eight-man surgical team, and a professor in English language for the University of Saigon. They are presently training 62 Vietnamese in New Zealand and have provided 7,500\$ (\$21,000) for equipment for a technical high school. They are also assisting by providing approximately \$600,000 for a science building at the University of Saigon.

Philippines

The Philippine Government has sent a 2,000-man military engineering unit with security support personnel, a station hospital, and rural health and civic action teams.

In non-military aid, approximately 60 Philippine civic action personnel including military and civilian medical teams have been working in Vietnam for several years.

Thailand

The Thai Government announced on January 3 that it will send a 1,000-man mixed battalion to Vietnam. A 200-man Thai naval group manning an LST and PGM patrol craft arrived in Vietnam in December. A 35-man air force contingent has been flying operational transport missions for the Vietnamese forces. The Thais have also been providing jet training for Vietnamese pilots in Thailand.

In non-military aid, the Thai have provided rice for refugees and cement and zinc roofing materials. At the Manila Conference, the Thai offered the Vietnamese a \$20 million rice credit. The Thai have recently announced they will send a medical unit to Vietnam.

MIDDLE EAST

Greece

Greece has contributed \$15,000 worth of medical supplies.

Iran

Iran has contributed 1,000 tons of petroleum products to Vietnam and has despatched a 20-man medical team to Vietnam.

Turkey

Turkey has provided medicines and also offered to provide a substantial amount of cement.

EUROPE

Austria

Austria has offered to supply medical supplies, blankets, tents, through the Austrian Red Cross.

Belgium

Belgium has provided medicines and an ambulance and has given scholarships for nine Vietnamese to study in Belgium.

Denmark

Denmark has provided medical supplies and offered to train Vietnamese nurses in Denmark.

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Germany

Personnel in Vietnam:

Seven Germans, a director and six instructors, are teaching at the new Vietnamese-German Technical High School at Thu Duc near Saigon. At Hue University there are five Germans: three physicians in the Medical School, a professor of music, a professor of German language, and one expert in forestry is working at the Department of Rural Affairs, Saigon.

A 3,000-ton hospital ship, the "Helgoland" with eight doctors, 30 other medical personnel and 145 beds is on duty in Vietnam.

Vietnamese in Germany: Forty have gone and Germany has agreed to accept 30 more primarily for training as future instructors in the technical high school. A considerable number have previously been trained.

Goods and materials:

The Germans have provided the following credits:

(a) DM 15 million (\$3.75 million) for import of German products such as machine tools, fertilizer, etc. The plaster funds generated go to the National Office of Agricultural Credit to aid farmers, particularly with loans; (b) a credit of DM 50 million (\$12.5 million) for development of the major industrial complex at An Hoan-Nong Son; (c) a credit for DM 20 million (\$5 million) for construction of an abattoir at Saigon-Cholon, and three coastal vessels; and (d) a credit of DM 500,000 (\$125,000) for equipment at the Vietnamese-German Technical High School at Thu Duc.

In April 1966, the Germans announced a gift of DM 17.5 million (\$4.4 million) worth of pharmaceuticals, the first shipments of which have arrived. Also in the medical field, they have provided two mobile dental clinics and 30 ambulances for the Ministry of Health.

On June 29, the Cabinet voted DM 25 million (US \$6.25 million) for new aid to Vietnam including: (a) sending 25 experts to establish a refugee center; (b) building a home for wayward youths; (c) expansion of 8 social centers and construction of a ninth; (d) establishment of a training center for social workers, and (e) the gift of 100 buses and a maintenance and repair facility in Saigon.

Italy

The Italians have provided a ten-man surgical team and have offered science scholarships to ten Vietnamese to study in Italy.

Luxembourg

Luxembourg has provided plasma and blood transfusion equipment.

The Netherlands

The Dutch have undertaken to build five tuberculosis centers in Saigon; sites for three have been selected. In August, the Netherlands announced a contribution of \$355,000 for a four-year UN project in social welfare, part of the \$1 million they have earmarked for UN projects in Vietnam. In 1964, the Dutch gave antibiotics and four scholarships for Vietnamese. They previously provided a dredge.

Spain

Spain has provided 800 pounds of medicines, medical equipment and blankets and has sent a 12-man medical team to Vietnam.

United Kingdom

The United Kingdom has provided six civilians for the British Advisory Mission and a Professor of English at Hue University. Twenty-one Vietnamese are receiving training in the United Kingdom. A pediatric team of four British doctors and six nurses went to Vietnam in August 1966.

In 1963-64 the United Kingdom provided the following goods and materials: laboratory equipment for Saigon University; a type-setting machine for the Government Printing Office; a cobalt deep-ray therapy unit for the National Cancer Institute; various equipment for the Faculties of Medicine, Science and Pharmacy at Saigon University, the Meteorological Service and the Agricultural School at Saigon, and Atomic Research Establishment at Dalat and the Faculty of Education at Hue. In 1965-66, British economic aid totalled £81,000 (\$226,800) for roadbuilding equipment, diesel fishing boat engines, and portable anesthetic machines.

LATIN AMERICA

Argentina

Argentina has sent 5,000 tons of wheat flour.

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Brazil

Brazil has sent a substantial quantity of medical supplies which was carried to Vietnam by a Brazilian Air Force plane and has also provided coffee.

Dominican Republic

Cement has been offered by the Dominican Republic for use in Vietnam.

Ecuador

Ecuador has sent medical supplies to Vietnam.

Guatemala

Guatemala has sent 15,000 doses of typhoid-paratyphoid serum for use in Vietnam.

Honduras

Honduras is contributing drugs and dry goods for refugees in Vietnam.

Uruguay

Uruguay has contributed \$21,500 for relief supplies and medicines for Vietnam.

Venezuela

Venezuela has provided 500 tons of rice for refugee relief, and two civilian doctors are working in Vietnam.

AFRICA

Liberia

A contribution of \$50,000 has been made by Liberia for the purchase of hospital equipment and other medical supplies for Vietnam.

Tunisia

Recently Tunisia has made available a number of scholarships for Vietnamese.

NORTH AMERICA

Canada

Almost \$6 million of development assistance to Vietnam has been

provided by Canada.

1. Personnel in Vietnam: A Canadian Supervisor has been at Quang Ngai supervising construction of a small TB Clinic which the Canadians are funding. The Canadians have sent two doctors and four nurses to staff the clinic. A professor of orthopedics is working at Cho Ray Hospital, Saigon, and there is a Canadian teacher at the University of Hue.
2. Vietnamese in Canada: 379 Colombo Plan trainees and 402 trainees under all programs, including those sponsored by other agencies and third countries (as well as Colombo Plan), have been trained in Canada. There are currently 220 Colombo Plan trainees in Canada.
3. Since 1958, Canada has provided \$850,000 worth of food aid for Vietnam. Funds generated by sales are used for capital construction projects in Vietnam.
4. A new science building for the medical faculty at the University of Hue is being built costing about \$333,000, drawn from counterpart funds generated by sales of food supplied by Canada. Construction has passed the half-way mark with completion expected this year.

The Canadians have also agreed to construct an auditorium for the Faculty of Sciences at Hue University which will cost about \$125,000.

Canada is increasing its aid to South Vietnam and has allocated \$1 million for medical assistance this fiscal year including providing ten 200-bed emergency hospital units. The first two units have arrived and have been installed at Phan Thiet and at Phu Tho near Saigon. A Canadian doctor and technician visited Vietnam in the fall to inspect potential sites. Canada has sent over half a million doses of polio vaccine for Vietnamese school children, and another 150,000 doses are being prepared for shipment to Vietnam.

OTHER ASSISTANCE

Six other nations whose help does not fall under the Free World Assistance Program have provided valuable assistance to Vietnam in economic and humanitarian fields.

France

Since 1956, France has contributed about \$111 million in assistance

Country: VIETNAM

to South Vietnam.

France has nearly 500 persons serving in South Vietnam. Among them are 65 experts under France's program of economic and technical assistance, including 32 physicians, professors and other medical personnel. Under its cultural programs, 471 professors (350 French and 121 Vietnamese) are teaching at 9 French teaching institutions, and 30 French professors are at Vietnamese institutions. France provided in 1965 for Vietnamese to study in France, 55 fellowships for technical training, and 85 academic fellowships.

France has provided low-interest credits of 100 million francs (\$20 million) for financing imports of French equipment for Vietnamese industry, a grant of 500,000 francs (\$100,000) for equipment for L'Ecole Nationale d'Ingenieurs des Arts Industriels.

In 1960 France extended a low-interest credit of 70 million francs (\$14 million) to aid construction of the major coal and chemical complex at An Hoa-Nong Son south of Da Nang which is well underway. It also provided a low-interest, five-year credit of 60 million francs (\$12 million) for construction of Vietnam's largest cement-producing complex with plants at Hatien and Thu Duc. In 1964, France provided a 930,000 franc (\$186,000) grant for the installation of a training center for electrical technicians, and in 1965 a gift of 1.25 million francs (\$250,000) for teaching equipment, primarily in the medical field.

Ireland

The Irish people have contributed £1,000 (\$2,800) for Vietnamese flood victims through their Red Cross.

Israel

Israel made a gift of pharmaceutical supplies for flood victims.

Norway

Norway sent a contribution through the International Red Cross for flood victims in February 1965.

Pakistan

Pakistan made a financial contribution for assistance to flood victims and donated clothing for them.

Switzerland

The Swiss have provided microscopes for the University of Saigon. The Swiss Red Cross has sent an 11-man medical team through the International Committee of the Red Cross to work in a provincial hospital in the Central Highlands of South Vietnam.

Country: VIETNAM

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~~CONFIDENTIAL~~HOW THE COMMERCIAL IMPORT PROGRAM OPERATES

Funds for the Commercial Import Program (CIP) are authorized and appropriated by the Congress in the Foreign Assistance Act and Foreign Assistance Appropriation Act under the category of Supporting Assistance. Following economic analysis leading to an estimated demand for imports and establishment of the amount of estimated import demand to be met with Vietnamese government foreign exchange and P.L. 480 local currency sales, the A.I.D. Mission in Saigon requests A.I.D./Washington approval of an allotment of funds for the CIP. Such allotments are made periodically throughout the fiscal year.

These funds are then made available for imports (obligated) by the Mission through the issuance of appropriate procurement authorization documents. After reaching an agreement with the Vietnamese government on amounts and types of commodities to be financed, the Mission's Commercial Import Division prepares this authorization document and forwards it to the Director of Commercial Aid, Ministry of Commerce, who signs on behalf of the government of Vietnam. The document is then returned to the A.I.D. Mission where it is signed by the Mission Director on behalf of the U.S. Government. Copies of the signed procurement authorization document are forwarded by transmittal letter to the Directorate of Commercial Aid (DCA) and to the National Bank of Vietnam (NBVN) as the legal instrument against which the DCA can subauthorize individual import licenses for the commodity under the conditions agreed to by both governments.

The procurement authorization document includes provisions which stipulate contracting and delivery periods, a designation of eligible commodities by A.I.D. commodity code, the amount of money available to finance these commodities, and any special provisions as required. Also included is the name of the U.S. bank which will receive the A.I.D. Letter of Commitment. A Letter of Commitment is issued by A.I.D./Washington for each procurement authorization. It incorporates the provisions of the procurement authorization and describes the terms and conditions under which the designated bank shall pay against letters of credit opened by the Vietnamese banking complex. The Letter of Commitment obligates the U.S. Treasury to reimburse the Letter of Commitment bank, out of the A.I.D. appropriation, for authorized dollar expenditures.

Prior to the CIP reforms of July 1966, a separate procurement authorization was issued for each commodity code. At present, most commodity codes are included in one authorization without dollar limits on individual codes. Separate authorizations are now issued only for rice, sugar, newsprint, fertilizer, petroleum products, white cement, galvanized iron sheets, tinplate and jute bags. This

precludes the imposition of Vietnamese quota restrictions, which were previously susceptible to manipulation to the advantage of individual importers or importer groups. The abolishment of the quota system helped to assure effective competition among importers.

There are approximately 2,000 firms eligible to import in Vietnam. About 1,500 firms are authorized to import commodities financed by A.I.D. under the CIP or by USDA under the P.L. 480 as well as under the Vietnamese government's own import program. The remaining 500 import with Vietnamese foreign exchange, but not under the CIP or P.L. 480 programs. Importers--who must apply for and purchase a patente (business license) each year--are of two types. Some are primarily commercial traders who import finished goods for immediate resale through wholesale or retail outlets. About 800 individuals or firms are in this category. The remaining 1,200 firms are classified as manufacturers or end-users. These firms import capital machinery for their own plant or raw materials which are processed in Vietnam and sold as domestically produced finished goods. Since the reforms of 1966, responsible new firms can enter the import business if they are 70% Vietnamese owned, are capitalized at 15,000,000 piasters, and deposit a security bond of 1,000,000 piasters with the government.

Having obtained a patente which permits it to do business as an importer, the firm must apply for and receive an authorized import license for each individual import transaction. There are several different methods of procurement and more than one procedure for obtaining an import license, but the most common procedure is that described in the following paragraphs.

Before he can apply for an import license the importer must obtain a "pro forma invoice" or statement from a supplier describing the commodity to be imported and the cost including ocean transportation. If the importer plans a transaction valued at less than \$10,000, he is free to contact any eligible supplier, either directly by mail or through a sales agent in Vietnam, with a request for a pro forma invoice. If the transaction is valued at more than \$10,000, the importer is required to advertise his intended purchase through a Small Business Circular published and distributed by A.I.D.'s Office of Small Business (OSB) in Washington. Vietnamese regulations promulgated at the time of the CIP reforms in mid-1966 restrict the number of licenses under \$10,000 which each importer can obtain in a three-month period.

If OSB procedures are to be used, the A.I.D. Mission's Commercial Import Division (CID) in Saigon prepares a written notice of the intended procurement for transmittal to A.I.D./Washington and at the same time notifies the importer that he cannot place an order until the expiration of the bid deadline specified in the letter.

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APPENDIX B

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Country: VIETNAM

A copy of this letter is sent to the Vietnamese Director of Commercial Aid as a means of control.

In addition to the review by the CID, requests for procurement of capital equipment are also submitted to the Private Investment and Industrial Development Division of the Mission for a feasibility review before being sent to A.I.D./Washington for OSB publication.

After the OSB deadline has passed (45 days for most commodities and 60 days for industrial machinery) the importer files his import license application with his local Vietnamese bank. Both the application and the pro forma invoice must indicate the name and address of the importer and supplier, specifications for the commodities being procured, the FOB unit price, the cost of freight, the total C&F price, and the A.I.D. commodity code number. Separate license applications are filed for each different A.I.D. code.

Applications for import licenses must be channeled through a local bank. The bank is free to accept or reject the application. Since acceptance of a license application makes the bank financially responsible for the entire transaction, the bank treats the application as if it were a loan, which, from the point of view of the bank, it is. If the bank is willing to finance the transaction, the application is forwarded by the local bank to the National Bank of Vietnam (NBVN), where it is registered through an IIM accounting system and given a serial number.

The application is next forwarded from the NBVN to the Vietnamese Directorate of Commercial Aid (DCA). The application is registered and directed to the Price Control Section, where prices are checked on the basis of continuously revised commodity price index cards and compared with other current applications. If an application shows a price above average, it is rejected and returned to the importer or end-user through the NBVN and the local bank.

From the Price Control Section, an application is sent to the American Aid Section where it is checked again for the correctness of the A.I.D. code and for commodity, source, supplier and importer eligibility. All import licenses are reviewed here by representatives of the A.I.D. Mission who are permanently assigned to DCA. If there is a question about the propriety of the license it is sent to the Mission's Commercial Import Division, where a staff of A.I.D. commodity analysts are available to check price, specifications, pipeline information, historical patterns of imports and other pertinent information. If there is no question as to the propriety of the application, it is signed by the Director of DCA and thereby becomes a valid import license.

The approved license is registered in an outgoing log and returned to the NBVN. From there it goes back to the local bank and then to the importer. A listing of approved licenses is published in a daily bulletin published by the Ministry of Commerce.

The importer has 15 days from the date of the publication in the bulletin to request his local bank to open a letter of credit. When the letter of credit is opened the importer is required to make a deposit of piasters with his bank. Present requirements call for deposits of 20-40% of the value of the import transaction. The letter of credit is transmitted to the Letter of Commitment (L/Com) Bank, one of a limited number of U.S. banks which will reimburse the supplier or the supplier's bank upon presentation of on-board bills of lading, A.I.D. supplier's certificates, invoices, and any other documents stipulated in the letter of credit and A.I.D. regulations.

When the L/Com Bank has reimbursed the supplier's bank or made payment direct to the supplier, the bank sends a cable notification of payment to the National Bank of Vietnam. The time lag between payment to the supplier and the notification to the NBVN may be one to two days if the L/Com Bank has made the payment directly, or up to one week if a reimbursement to another bank is involved. Upon receipt of the notification of payment, the NBVN debits automatically the piaster account of the local private bank through which the license was processed and the letter of credit opened, and informs the bank of the action taken. Simultaneously, the NBVN credits the piasters to a special suspense account. The NBVN makes payment into a special counterpart fund from the suspense account once each month when the Controller of the A.I.D. Mission presents a bill equal to total A.I.D. dollar disbursements for CIP shipments in the previous month.

At this time the local Vietnamese bank may either order the importer to deposit the remaining piaster balance or extend credit for a period of time agreed to by the importer.

When the commodities arrive in Vietnam (about 90% enter through the port of Saigon) they are unloaded by a private stevedoring company and put into customs warehouses in the port area. Importers use agents or brokers to get their goods through the port. When goods arrive, the agent obtains copies of the ship's manifest, ascertains where the goods are off-loaded, initiates the necessary port clearance and customs documentation, and eventually delivers the goods to the importer. As soon as the importer pays customs duties he is free to move his goods directly into the market or to storage in his own warehouse.

APPENDIX B

Country: VIETNAM

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Often the importer uses bank credit to obtain piasters for payment of custom duties, and, as stated above, sometimes the importer lacks capital to pay the balance of the total piaster equivalent of the dollar import transaction. In such cases the importer's bank retains title to the goods, and the importer is required to accomplish a trust receipt with his bank in order to take possession of the goods. Interest rates on trust receipts range from 6% to 10%.

To encourage rapid customs clearance and relieve congestion in the port, rental fees are charged for bonded warehouse use. The A.I.D. Mission and the U.S. Military Assistance Command in Vietnam (MAC/V), who have been instrumental in advising the government on the most efficient techniques for port operations and warehouse management, have established a committee to assist the importers in locating their consignments in the port area. When imported commodities remain in the port for more than ten days, the importer is subject to suspension; when 30 days have passed, the goods can be confiscated by the government. Goods remaining on the docks for more than 90 days are classified as distressed cargo according to A.I.D. regulations. The existence of distressed cargo constitutes cause for a dollar refund claim action against the Vietnamese government.

The foregoing description applies to the normal CIP transaction and for commodities exported from the United States. Eight other countries--India, Pakistan, Morocco, Tunisia, Korea, Philippines, Taiwan, and Singapore--are also eligible sources for CIP commodities, but special banking procedures have been arranged to reduce gold or dollar outflow as a result of the CIP. Under these procedures (described in A.I.D. Policy Determination No. 31) offshore expenditures are paid for through letters of credit tied to procurement in the United States. For example, purchases from Taiwan are not paid for in dollars, but with a line of credit payable in exports from the United States.

In addition to the normal transaction outlined above, there are two other procurement methods applicable to the CIP in Vietnam.

1. Barter Transactions. The barter transaction is used for certain commodities of which the United States is a net importer, for example, petroleum and nitrogenous fertilizer. Under a barter arrangement, a U.S. firm acting as a barter contractor agrees to procure commodities from offshore sources for delivery to Vietnam. The barter contractor receives payment from the U.S. Commodity Credit Corporation (CCC) in the form of surplus agricultural commodities, which the contractor sells to authorized buyers offshore. CCC receives reimbursement in dollars

from A.I.D., while the Vietnamese importer, who follows a slightly different licensing procedure from that described above, is still charged the piaster equivalent of the dollar expenditure. The offshore sale of the agricultural commodities serves to counterbalance the outflow of dollars which would have resulted from the original offshore procurement, thus minimizing the balance-of-payments effect of the CIP.

2. Bulk Purchases by GSA. As a part of the mid-1966 CIP reforms, the Vietnamese government agreed to a procedure which provides for bulk purchase of some CIP commodities by the U.S. General Services Administration (GSA). This procedure has been used for commodities such as galvanized iron sheet, fertilizer, newsprint and tinplate. GSA procurement can be used in cases where commodities of uniform specifications are needed by a number of Vietnamese firms. If the supplier is a U.S. firm, GSA makes payment directly to the supplier, and A.I.D. reimburses GSA. If the supplier is in one of the eight countries other than the United States eligible to supply CIP commodities, GSA arranges the transaction as if it were an agent, while payment is made through the use of the special tied letter of credit procedure mentioned above.

Iron and Steel. The effect of the Bayh Amendment (Section 118 of Public Law 89-691, H.R. 17788, October 15, 1966) was to make the 90/10 componentry rule, which had previously been included in A.I.D. procurement regulations, a matter of law. However, it had been very difficult to assure compliance with the 90/10 componentry rule by offshore suppliers, and it remains difficult today. Because of expected problems in policing the law, A.I.D. on January 1, 1967, discontinued offshore procurement of iron and steel mill products (A.I.D. Code 660) under the CIP. A single exception was permitted: Korean suppliers of galvanized iron sheet may compete with U.S. suppliers of this commodity in recognition of its importance in previous Korean exports to Vietnam and Korea's contribution to the Vietnam war effort; however, Korean suppliers must comply strictly with U.S. quality standards and the 90/10 componentry rule, and procurement of all galvanized iron sheet under the CIP is handled by GSA. Iron and steel from previously eligible countries will continue to reach Vietnam for the next few months, but no new offshore procurement (other than the single exception noted above) will be authorized.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

TABLE II

Category	Actual FY 1966				Estimate FY 1967				Proposed FY 1968		
	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	65,238	4,047	54,105	7,086	58,263		58,263		82,715		82,715
Participants	1,634	538	975	121	4,618		4,618		6,122		6,122
Commodities	10,479	2,098	4,600	3,781	111,521		111,521		123,191		123,191
Other Costs	9,466	2,258	2,569	4,639	57,006		57,006		91,682		91,682
Total Project Assistance	86,817	8,941	62,249	15,627	231,408		231,408		303,710		303,710
Method of Financing											
Project Assistance											
Direct A.I.D.	28,486	6,999	15,437	6,050	147,656		147,656		181,348		181,348
Other Agency	15,398	-	15,316	82	5,744		5,744		10,901		10,901
Contract	42,933	1,942	31,496	9,495	78,008		78,008		111,461		111,461
Program Assistance	504,292 ^{1/}	-	405,725	98,567	284,692		284,692		230,490		230,490
Total Other than Devel. Loan	591,109	8,941	467,974	114,194	516,100		516,100		534,200		534,200
Total Assistance	593,466 ^{2/}	XXX	XXX	XXX	525,000 ^{2/}	XXX	XXX	XXX	550,000 ^{2/}	XXX	XXX

See next page for footnotes.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
A.I.D. employed	781	1,541	1,914
Participating agency	97	385	438
Contractor technicians	136	873	832
Total	1,014	2,799	3,184

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1966	Estimate FY 1967	Proposed FY 1968
Non-contract	344	1,376	1,545
Contract	-	-	-
Total	344	1,376	1,545

VIETNAM

Footnotes to Table II on page 162

- 1/ This total includes \$106 million for commodity support of activities implemented in previous years through the multi-functional Counter-Insurgency Services project, 430-11-990-264, and commodity support for the Refugee Relief project, 430-11-820-307. As indicated in the individual projects presented herein, the overall Counter-Insurgency Services project has been replaced in FY 1967 by individual projects in each of the functional areas.
- 2/ Difference between these totals and the total of project and program assistance result from SA transfer for administrative expenses and domestic program support of the expanded Vietnam program as follows:

	(in \$000)		
	<u>FY 66</u>	<u>FY 67</u>	<u>FY 68</u>
SA Transfers	1,400	5,000	11,000
Domestic Program Supply	<u>957</u>	<u>3,900</u>	<u>4,800</u>
	2,357	8,900	15,800

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

REGION: VIETNAM

COUNTRY	Cumulative Through FY 1966				FY 1967 Through December 31, 1966			
	Authorized	Obligated	Disbursed	Repaid	Authorized	Obligated	Disbursed	Repaid
Vietnam	38,000	38,000	31,978	732	(100)	(100)	1,348	271
Total	38,000	38,000	31,978	732	(100)	(100)	1,348	271

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Agrarian Development	ACTIVITY	Agriculture		FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-120-311	PRIOR REFERENCE	P. 131, FY 1967	FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
					FY: 1967	FY: Undetermined

Project Target and Course of Action. This project provides assistance to the Vietnamese Government (GVN) in strengthening its land reform program and its agricultural statistics services. Its objective is to foster agrarian development by assuring equitable land tenure conditions and adequate data for the planning of GVN agricultural programs. Land reform assistance is designed to help the GVN implement land tenure programs which meet the immediate needs of Revolutionary Development as well as those of longer term social and economic development in rural areas.

In support of the Revolutionary Development program, a ten-man team of A.I.D. technicians is assisting a GVN pilot project in land tenure administration in An Giang Province. The project encompasses land surveys, title issuance and registration, and rental contract execution and enforcement. It is intended to serve as a laboratory for refining operating procedures which will eventually be applied country-wide. In FY 1968 additional technicians will be provided both on the direct A.I.D. staff and under a university contract to assist in expanding the revolutionary development land tenure programs in a number of other provinces.

A four-man staff of land reform advisors in Saigon is assisting the Directorate General of Land Affairs in developing longer-term programs and policies. In 1967 a contract team is helping to initiate a research

and statistics program designed to produce the data, on a continuing basis, which is needed in formulating land tenure policy.

The Economics and Statistics Service of the Ministry of Agriculture will be assisted by a six-man A.I.D. advisory staff. The advisors will help to expand programs for gathering and analyzing production statistics, performing research on the effectiveness of GVN programs, and studying production, marketing and demand problems.

The economics and statistics element of this project is a continuing activity, carried out prior to FY 1967 as part of the Counter-Insurgency Services Project, No. 430-11-990-264. Land reform assistance was revived in FY 1966 after having been discontinued in 1961. The principal recommendations of the Presidential Mission on Agriculture in February 1966, headed by Secretary Freeman, have been influential in the restructuring of this project.

Progress to Date: A.I.D. programs have contributed significantly to the evolution and execution of a progressive national policy on land tenure matters in Vietnam.

A.I.D. land reform advisors worked closely with the GVN from 1954 to 1961, during which time the GVN adopted and implemented the principal elements of its land tenure policies. These include an ownership ordinance limiting individual ownership to approximately 250 acres, land in excess of this amount being purchased and re-

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								U.S. Corps of Engineers; Other Contractors to be selected.
Estimated FY 67	1,181	985		U.S. Technicians	199	370	569	229	935	1,164	
Estimated through 6/30/67	1,181	985	196	Participants ...	39	-	39	72	-	72	
		Future Year Obligations	Estimated Total Cost	Commodities ...	130	-	130	76	-	76	
				Other Costs ...	443	-	443	338	-	338	
Proposed FY 68	1,650	Undetermined		Total Obligations	811	370	1,181	715	935	1,650	

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agrarian Development - Page 2	ACTIVITY Agriculture		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-120-311			

distributed by the GVN, and tenancy ordinance limiting rent to 15% - 25% of the principal crop and requiring that rental contracts be for a minimum of five years.

The land ownership ordinance was broadly enforced between 1956 and 1963 and has resulted in the virtual elimination of large-scale landlordism in Vietnam. The tenancy ordinance was also put into effect in many areas of Vietnam, especially the 22 southern provinces. By 1963 over 1.6 million acres of land had been brought under the expropriation and distribution programs, and over 700,000 tenant farmers among South Vietnam's total of 2 million farm families had benefited from the new rental laws.

In 1965 and 1966 the land tenure programs were revitalized and adapted to meet the needs of the Revolutionary Development program. The GVN has declared a policy of exempting tenants from paying back rents, and land owners from paying back taxes, on lands that are brought back under GVN control. Fifty thousand permanent titles have been distributed, and another 50,000 have been prepared for distribution to farmers who have come into possession of land under GVN land transfer programs but whose ownership has not been legally confirmed. The conveying of permanent title to farmers who are still paying for their land is regarded as important as a demonstration of the good faith of the GVN in carrying out land reform. The ten-man A.I.D. team has begun work in An Giang Province, and local currency support is being provided from counterpart fund availabilities. Local currency has also been made available in FY 1967 for a second program under which a series of smaller pilot efforts are being implemented in 15 selected provinces, which are to be the nuclei of expanded programs in 1968.

In measuring progress in achieving equitable land tenure conditions in rural Vietnam, an increased awareness of the importance of this objective has been dis-

cerned recently among Vietnamese leaders. This more favorable attitude may itself constitute progress at least as important as the concrete achievements noted above. It evidenced itself recently in the strong approval given in January, 1967, by the Constituent Assembly to the provision on land tenure when it was formally voted on for inclusion in the new constitution.

The U.S. has assisted the Economics and Statistics Service of the Ministry of Agriculture since its inception in 1957. It is now an established service with a central office in Saigon and one-man field offices in 35 provinces. It gathers and publishes statistics monthly on crop and livestock production and prices and conducts annual surveys of principal agricultural product areas. It has completed sample agricultural censuses in 27 agricultural producing provinces. Training has been provided by A.I.D. to 39 members of the service, four in long-term programs in the U.S. and 35 on short observation tours in nearby countries.

FY 1968 Program: Funding is required in FY 1968 for a total of 21 advisors, a university technical assistance contract, 28 participants, and \$76,000 of commodity support. The advisors include the four-man land reform advisory team in Saigon, the ten-man technical team provided by the U.S. Corps of Engineers under a Participating Agency Services Agreement (PASA) working in An Giang Province, and six agricultural economists and statisticians working with the Economics and Statistical Service. Training will be provided for 16 participants in land tenure administration and for 12 in statistics.

Commodities costing \$68,000 are planned to support the land reform work, principally vehicles and office facilities. Commodity support for the Economic and Statistics Service activity, is comprised mainly of motorbikes for provincial agents.

These areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Crop Production	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-130-314	PRIOR REFERENCE P. 131, FY 1967, FF PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: Under this project assistance is provided to Ministry of Agriculture programs for improvement of agriculture practices in Vietnam, especially those involving the use of fertilizers, plant protection materials, and improved varieties of seeds. Seeds, fertilizers, and plant protection materials are provided for distribution under the Revolutionary Development program to New Life Hamlets and refugee groups. The aim is to increase crop production. Emphasis is being placed on diversification and second cropping.

The three principal Vietnamese government (GVN) crop production programs carried out at the provincial level or below involve demonstrations of the use of fertilizers, improved seeds, and plant protection materials, including insecticides, herbicides, and pesticides. This project provides an A.I.D. advisor in each of these fields in each of the four regions. Four advisors are provided under a Participating Agency Services Agreement (PASA) with U.S. Department of Agriculture (USDA). These twelve advisors assist GVN programs for demonstrating the use of these crop materials and for distributing them on a grant basis to refugees and on a credit-in-kind basis in New Life Hamlets.

USDA Agriculture Research Service advisors will work with GVN research programs in the regions, conducting seed and fertilizer trials and disseminating information on improved strains and techniques to the opera-

ting divisions of the Ministry.

A.I.D. advisors in Saigon will advise the Ministry of Agriculture on longer range programs, including an expansion of the nursery system, initiation of a seed certification program, and developing standards for the production, distribution, and use of insecticides and pesticides.

This is a continuing project, presented prior to FY 1967 as part of the Agriculture sector of the Counter-Insurgency Services Project, 430-11-990-264. Though its direction and emphasis are essentially unchanged, it has been separated as a distinct project for the purpose of better management and progress monitoring.

Progress to Date: Following the U.S. Secretary of Agriculture special Presidential Mission in February 1966, studies recommended by the USDA experts were completed regarding the seed and fertilizer distribution programs and the current project incorporates the results of these studies.

In the last few years about thirty new varieties of field crops and vegetables have been made available through GVN programs supported by this project. They include legumes, grains, sugar cane and root crops. The new varieties are 25 - 100% more productive than the varieties previously grown. Seed of these improved varieties has been multiplied and distributed on a large scale.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967		Proposed FY 1968				
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-				U.S. Department of Agriculture			
Estimated FY 67	3,101	1,275								
Estimated through 6/30/67	3,101	1,275	1,826	332	81	413		496	425	921
		Future Year Obligations	Estimated Total Cost	66	-	66		96	-	96
				2,622	-	2,622		2,791	-	2,791
				-	-	-		-	-	-
Proposed FY 68	3,808	Undetermined		3,020	81	3,101		3,383	425	3,808

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Crop Production - Page 2	Agriculture	Supporting Assistance	
PROJECT NUMBER 430-11-130-314	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	P. 131, FY 1967 FE PDR	FY: 1967	FY: Undetermined

As recently as five years ago there were 500 to 600 different varieties of rice grown by farmers. These have been screened and researched by the GVN and 35 superior varieties identified. From 20,000 to 30,000 tons of improved seed is now multiplied and distributed each year.

Fertilizers and agricultural chemicals were not widely used by farmers in Vietnam as late as 1962. During the 1966 crop year, consumption had reached approximately 220,000 tons of fertilizers and 1,400 tons of insecticides.

FY 1968 Program: Funds are required in FY 1968 for 29 U.S. advisors, 56 participants, and commodity support. The advisors include 12 members of USDA PASA teams. Training will be provided to 12 participants in plant protection materials, 23 in fertilizer use, and to 21 in research and testing methods. The commodities are principally fertilizers, seeds, insecticides, and pesticides.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Animal Production	ACTIVITY Agriculture	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-130-315	PRIOR REFERENCE P. 131, FY 67 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Activity and Course of Action: Under this project assistance is provided the Directorate of Animal Husbandry of the Ministry of Agriculture in carrying out programs for up-grading the quality of livestock and poultry raised in Vietnam and for providing them protection against disease. The objective is to support the Directorate's intensive program of livestock distribution and vaccination under the Revolutionary Development program while simultaneously strengthening the long term Vietnamese Government (GVN) programs for livestock development.

Under the Revolutionary Development program local cadre are trained to instruct farmers on the use of improved livestock methods. Improved strains of hogs, chickens, and rabbits are distributed, and vaccination programs are conducted, especially against hog cholera and Newcastle's disease in poultry. Three A.I.D. regional advisors assist these GVN efforts. Vehicles, equipment, and supplies are provided to support them. The advisors also work with programs at the seven GVN livestock and poultry breeding stations to produce improved quality breeding stock and train GVN livestock technicians. The target in 1968 is to increase the total swine population to 3.7 million, compared with 3.4 million in 1966. The number of piglets distributed will increase from 9,500 to 23,000 and that of poultry from 63,000 to 236,000. Animal vaccination will increase to 2.8 million, compared with 1.3 million in 1966.

A five-man team of veterinary experts provided under an agreement with the Department of Defense is working at

the National Institute of Bacteriology, assisting in improving its capability to diagnose livestock diseases, produce vaccines, and establish standards for private vaccine production. Equipment, drugs, and participant training in Japan and Taiwan are provided to support this work.

A five-man staff of specialist advisors in Saigon work with the Directorate on longer range programs. Special emphasis is placed on expanding private production of breeding stock and vaccines and encouraging the development of a feed industry and modern meat marketing facilities.

This project was presented in prior years as a part of the Agriculture section of the Counter-Insurgency Services project, 430-11-990-264. Although a continuation of previous assistance in the livestock and poultry area, it has been restructured somewhat with greater emphasis now being placed on commercial livestock and feed production as recommended by the Presidential Mission on Agriculture in February 1966, headed by Secretary Freeman.

Progress to Date: A noticeable improvement in the effectiveness of the programs of the Directorate of Animal Husbandry has occurred in recent years as a result of having an expanded, better-trained staff and better equipment. This improvement can be attributed in part to continuing U.S. advisory assistance, commodity support and participant training. A trained staff of 1,500 now works in all provinces of Vietnam, distributing improved pigs and chicks, vaccinating livestock, and disseminating

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES U.S. Department of Defense
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							
Estimated FY 67	548	304		173	29	202	237	150	387	
Estimated through 6/30/67	548	304	244	15	-	15	62	-	62	
		Future Year Obligations	Estimated Total Cost	331	-	331	278	-	278	
				-	-	-	-	-	-	
Proposed FY 68	727	Undetermined		519	29	548	577	150	727	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Animal Production - Page 2	ACTIVITY Agriculture		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 67 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-130-315			

information on animal husbandry to farmers in training meetings and on their farms.

The raising of improved breeds of hogs has spread rapidly since the GVN/A.I.D. "pig-corn" program was initiated in 1964 when over 31,000 pigs were distributed to 12,000 families. A rapid replacement of the native "sway-back" hog occurred and over nine-tenths of the hogs in Vietnam now show some Yorkshire or White breeding. Improved varieties of poultry are also beginning to replace native stock, and demand for meat and eggs is increasing.

With improved feeds and better breeds, farmers are marketing larger hogs at 8 to 10 months of age than they formerly did in 18 months. Use of U.S. corn has resulted in an improved feeding system and recently established private commercial pig farms have made improved stock widely available, especially in the central provinces of the country.

FY 1968 Program: Funding is required in FY 1968 for 13 U.S. advisors, 20 participants, and commodity support. The advisors include a general livestock advisor, specialists in swine, poultry, feed, and veterinary services, three regional advisors and the five-man Department of Defense team to work on animal disease diagnosis and vaccine production. Training will be provided for 20 participants, 6 in veterinary services, 8 in livestock and poultry development, and 6 in feed production. Most training will be short-term courses in Taiwan, Japan, or the Philippines.

The commodities to be provided are primarily veterinary equipment and supplies, vehicles and demonstration and training equipment. Feed mixing equipment and feed additives, which will be used to demonstrate feed milling and marketing, will also be provided.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Irrigation and Water Management	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-120-316	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: Under this project assistance is provided to the Government of Vietnam (GVN) in carrying out a balanced program of land and water resource development. It includes encouraging the use of minor irrigation systems on small holdings, especially as a part of the Revolutionary Development program, introducing the use of improved agricultural machinery for land development and rice cultivation, and planning for long range irrigation and water use programs.

A team of seven U. S. Soil Conservation Service advisors provided under this project is working with six Korean irrigation specialists and a number of experts from the Chinese Agricultural Technical Mission to assist the GVN in encouraging the use of small-pump irrigation and other techniques of water control on small farms. In many areas of Vietnam an immediate increase in family income and farm production can be realized by the use of water pumps on dry paddy land to permit the growing of vegetables or a second crop of rice. In 1967 and 1968 the GVN will give small pumps to many farmers on a credit-in-kind basis. In addition, credit for the purchase of pumps will be available through regular agricultural credit programs. The target in 1968 is to extend small scale irrigation to 110,000 additional acres, 15,000 of these being in An Giang Province.

An A.I.D. advisor is assisting the Directorate

of Agricultural Machinery to establish a program which will permit a farmer to rent equipment for land leveling and the construction of dikes and canals. He is also assisting the Directorate to expand its program for demonstrating the use of modern cultivation tools adapted to Vietnamese conditions.

Long range assistance will be provided by a senior A.I.D. Water Resources Advisor and a six-man team from the U.S. Corps of Engineers. Senior advisors in Saigon will assist in developing basic policies and programs of the Directorate of Irrigation and Rural Engineering, including statutory authorities governing the control and use of water, enabling legislation for water users associations, water codes, and technical guides for land and water development. Other members of the Corps of Engineers team will assist the GVN to develop a master plan for irrigation development in the Mekong Delta, to undertake feasibility studies of proposed major irrigation projects, and to complete three GVN irrigation schemes. Participant training in the U.S. and in third countries will be provided in irrigation, drainage, and rice land cultivation, and in 1968 U.S. advisors will assist in improving the quality of academic training in irrigation engineering in Vietnam.

In preparing the master plan for the Mekong Delta, the GVN is receiving assistance from a number of Free World sources. Studies on the Mekong River are available through the Coordinating Committee on the Mekong River

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated				
				Estimated FY 1967	Proposed FY 1968		
Through 6/30/66	-	-	-	Direct AID	Contract/Other Agency	Total	U. S. Department of Agriculture; U. S. Army Corps of Engineers.
Estimated FY 67	672	366		Direct AID	Contract/Other Agency	Total	
Estimated through 6/30/67	672	366	306	50	169	219	
		Future Year Obligations	Estimated Total Cost	41	490	531	
				11	-	11	
				442	-	442	
				536	-	536	
				-	-	-	
Proposed FY 68	1,212	Undetermined		120	-	120	
				503	169	672	
				722	490	1,212	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Irrigation and Water Management - Page 2	ACTIVITY	Agriculture	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-120-316	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Basin, including hydrological data on the Upper Mekong Basin gathered under UN and ECAFE studies. Scientific equipment and surveying instruments have been provided by Australia.

In prior years irrigation and water management activities assisted by A.I.D. have been carried out as part of the overall counter-insurgency effort presented to Congress in the Agriculture section of the Counter-Insurgency Services project, 430-11-990-264. Pursuant to the recommendations of the Presidential Mission on Agriculture in February, 1966, headed by Secretary Freeman, its scope has been broadened to encompass engineering feasibility studies and long range planning while continuing its emphasis on irrigation systems and cultivation equipment for small farms. In its expanded form, this project has now been separated as a distinct administrative unit for better management and progress monitoring.

Progress to Date: Prior to FY 1967 A.I.D. assistance was concentrated on developing the capability of the GVN to plan and undertake small and medium sized irrigation projects and to introduce related agricultural machinery. Over 70 such irrigation projects, involving over 110,000 acres, have been investigated and engineered. The capabilities of the Directorates of Irrigation and Rural Engineering and of Agricultural Machinery have improved, especially at the regional and provincial levels. The number of acres of land placed under irrigation through the provision of small pump irrigation systems totalled 60,000 in 1965, compared with 25,000 in 1964, and the total in 1966 exceeded 100,000. The Chinese Agricultural Technical Mission has worked closely with A.I.D. advisors in assisting these GVN programs.

Considerable assistance has been provided over the years in demonstrating improved types of small farm machinery. Between 1957 and 1963 a variety of small

farm implements were imported and demonstrated, especially rice threshers, plows, wheel hoes, and sprayers. More recently such assistance has emphasized hand machines for soil-cement block making and development of water-lifting devices adapted to local conditions, including hydraulic rams and outboard motors modified to serve as irrigation pumps. Many of these new items of farm equipment have come into wide-spread use.

FY 1968 Program: Funding is required in FY 1968 for sixteen U.S. advisors, eight participants and commodity support, principally land development equipment. The advisors include two Senior Water Resource Advisors responsible for administering the project and advising the GVN at the national level, the seven U. S. Soil Conservation Service Irrigation Engineering Advisors assigned to the regions, an Agricultural Equipment Advisor, and the six-man Corps of Engineers team. Six participants will receive short course training, four in rice land irrigation in the Philippines and two in irrigation and drainage methods in the U. S. Two others will receive academic training in the U. S. for one year in irrigation and drainage engineering.

Commodity funding is required for 28 tractors with attachments, 12 power tillers, ten sets of medium size pumps and engines, and 2,800 tons of cement to be used for small irrigation systems. Survey equipment, hydrological instruments, boats, and vehicles will also be provided to the Directorate of Irrigation and Rural Engineering, for use in its longer range programs.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Fisheries	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-180-317	PRIOR REFERENCE P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: Under this project assistance is provided the Directorate of Fisheries of the Ministry of Agriculture in strengthening its programs to expand marine fishing and increase pond fish culture on small farms. Marine fishing is already wide-spread along Vietnam's coastline and has the potential to develop into an important export industry. Farm fish ponds provide both income for and protein in the diet of farm families. Increasing their use is an important element of the Revolutionary Development program in areas being pacified.

A fresh water fishing advisor is assisting the Directorate to increase the production of fish fingerlings at fish culture stations and to expand the program for encouraging farmers to construct and stock fish ponds. Under the Revolutionary Development program local cadre will be trained in fish production techniques in order to be able to provide instruction to local farmers in pond fish culture. The target in 1968 is to double the production and distribution of fingerlings from about 1 million in 1966 to approximately 2.3 million.

Fostering expansion of marine fishing primarily involves increasing the improved fishing fleets through the use of larger motors and providing improved facilities for the landing and marketing of the catch. Two A.I.D. marine fishing advisors, working in collaboration with a seven-man team of Korean advisors, are assisting

the Vietnamese government (GVN) to realize the goal of expanding the marine fish catch by one-third to 500,000 metric tons in 1968. Special efforts will be made to strengthen fishing co-operatives, and improved fishing gear and motors will be provided to them for sale to their members.

A.I.D. has been providing assistance to fisheries activities since 1957. In prior years fisheries assistance has been presented to Congress as part of the Agriculture section of the Counter-Insurgency Services Project, 430-11-990-264. It has been made a separate project in FY 1967 for the purpose of increased emphasis, better management and closer monitoring of project progress. The principal recommendations of the Presidential Mission on Agriculture in February, 1966, headed by Secretary Freeman, have been incorporated into the project, most notably those urging the sale of more and larger motors to fishermen on credit terms and the recruitment of additional U.S. advisors.

Progress to Date: The Fisheries Directorate was established in 1957 with A.I.D. assistance. Fish production has increased from 52,000 metric tons in 1955 to nearly 400,000 metric tons in 1966. Exports have been made to Hong Kong and Singapore as well as to several European countries.

Increased catches of marine fish are primarily attributable to the motorization of over 10,000 small boats and use of improved gear such as the nylon monofilament

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 67	358	184		Estimated through 6/30/67	Estimated FY 1967		Proposed FY 1968		
						Direct AID		Contract/Other Agency	Total	Direct AID
				U.S. Technicians	112	-	112	113	-	113
				Participants . . .	19	-	19	25	-	25
				Commodities . . .	227	-	227	178	-	178
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 68	316	Undetermined		Total Obligations	358	-	358	316	-	316

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Fisheries - Page 2	ACTIVITY Agriculture		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-180-317			

nets. In addition, landing and marketing facilities have been built at 15 coastal towns.

Thirteen fish culture stations have been built and are producing tilapia, gourami, grass carp, and golden carp for distribution for pond rearing. Mullet and milk fish fingerlings have also been distributed from brackish water holding and rearing stations. Nearly 30 million fish fingerlings have been distributed throughout Vietnam. This activity has increased the meat consumption of many people in inland areas. The golden carp, formerly called the "Mandarin" carp because only the Mandarin class could afford to buy it, is now available to many people.

About 50 participants have been sent to the U.S. or other countries for training in marine fisheries or in fresh water fish culture.

FY 1968 Program: Funding is required in FY 1968 for 3 U.S. advisors, one fisheries consultant, 17 participants and some \$178,000 of commodities. The advisors include a fresh water specialist and two marine fisheries experts. The consultant will work with the Oceanographic Institute at Nhatrang. The 17 participants will receive short periods of training in Japan, Taiwan, or the Philippines. Five of these will be from the priority area of An Giang province.

The commodities will consist primarily of demonstration and training equipment, vehicles, and building materials such as cement, roofing and reinforcement bars for fish landings and markets.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Forestry	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-170-318	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The objective of this project is to assist the Government of Vietnam (GVN) to develop a program which will lay the base for eventual long-range development of Vietnam's forest resources while helping in the interim to maximize reforestation and the production of forestry products. It provides assistance to the Directorate of Forestry of the Ministry of Agriculture in undertaking a forest resource survey, modernizing saw mill operations, and improving lumber marketing.

A five-man team of advisors from the U.S. Forest Service is assisting the Directorate to develop an adequate staff and a program capable of being extended nationwide as soon as security conditions permit. Participant training is being provided in the Philippines in forest inventory and management. Emphasis in 1967 is on establishing a statistical staff within the Directorate and on planning a forest inventory of South Vietnam. This inventory will be carried out during 1967 and 1968. In 1968 plans formulated during 1967 will be implemented. Extension training will be provided to GVN personnel in private saw mill operations and for encouraging the establishment of new saw mills, especially in recently pacified areas.

Progress to Date: This is a new project, initiated during FY 1967 as a result of recommendations of the Presidential Mission on Agriculture headed by Secretary

Freeman in February 1966. Vietnam's forests constitute an important economic resource. Lumbering and forest products industries like lacquer-ware have historically been important in Vietnam. However, the fact that many of the country's forests have been in militarily contested areas in recent years has disrupted production of forest products and retarded related industries. The recently-arrived Forestry Service Advisors will help plan for the revival of activities designed to develop and encourage forestry management and related industries in their long-term growth.

FY 1968 Program: Funding is required in FY 1968 for the five advisors, three participants, and commodity support for the Directorate of Forestry. The advisors include a Senior Forestry Advisor in Saigon, two Forestry Advisors who will work as specialists in Saigon and the regions in forest management and resource inventories, and two Forestry Millwright Advisors who will travel extensively assisting both public and private efforts to improve saw mill and lumbering operations and related forest-products industries.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
	Estimated FY 67	62	60		2	Estimated FY 1967			Proposed FY 1968			
						Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/67	62	60	2	U.S. Technicians	-	59	59	-	190	190	U. S. Department of Agriculture	
				Participants . . .	3	-	3	3	-	3		
				Commodities . . .	-	-	-	100	-	100		
				Other Costs . . .	-	-	-	-	-	-		
Proposed FY 68	293	Undetermined		Total Obligations	3	59	62	103	190	293		

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Extension and Training	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-110-289	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will assist the Agricultural Extension Service extend its programs to all hamlets under the Government of Vietnam (GVN) control. The extension programs constitute a principal link between the GVN and farm families and play a key role in the Revolutionary Development process by providing hamlets which have been pacified, with agricultural supplies as well as instruction in improved farming methods.

The Extension Service needs assistance both in the immediate task of carrying out its Revolutionary Development role and in the longer run effort to build an effective extension organization under the Ministry of Agriculture. This project provides an Extension Advisor in each province and a staff of specialists to assist the Extension Service in the development and expansion of its programs. It also provides participant training and finances commodities needed to support Extension Service operations.

Under Revolutionary Development programs, the Extension Service not only conducts demonstrations and training but also provides hamlets with farm supplies on a credit basis. In cooperation with the Revolutionary Development Cadre teams; demonstrations are established; intensive training is provided to local farm leaders; and instruction is given to all farm families receiving supplies. These supplies typically include seeds, fertilizers, insecticides, plant sprayers, and small

irrigation pumps. In highlander tribal areas, agricultural training centers are established for the training of highlander leaders.

Other Extension Service training activities concerned with Revolutionary Development include home economics and rural youth programs which receive special emphasis as they have proved particularly effective in reaching the rural population. Under the former, improved concepts of sanitation, nutrition, and domestic practices, considerable emphasis is placed on citizenship training.

In addition to carrying out the Revolutionary Development programs, there are continuing long range efforts to develop regular extension services, especially demonstration and training activities, and encourage public and private efforts which contribute to agricultural and rural development. Many of the Extension Service staff have received training in management and methods in Taiwan or the U.S. Field programs are being upgraded and essential supporting services such as the extension information program are being strengthened. The long range targets of these programs are to establish and support a crop or livestock demonstration and a 4-T club in every hamlet and a home economics program in each village.

All agriculture activities were included last year under the Agriculture section of the Counter-Insurgency Services Project, 439-11-990-264. To insure a more focused approach on each of the elements of the agriculture program these activities have been made a distinct

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							
Estimated FY 67	2,185	1,510		732	488	1,220	911	2,409	3,320	
Estimated through 6/30/67	2,185	1,510	675	111	-	111	51	-	51	
		Future Year Obligations	Estimated Total Cost	854	-	854	732	-	732	
				-	-	-	-	-	-	
Proposed FY 68	4,103	Undetermined		1,697	488	2,185	1,694	2,409	4,103	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Extension and Training Page 2	ACTIVITY Agriculture		FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined	
PROJECT NUMBER 430-11-110-289				

administrative unit in FY 1967 for better management and progress monitoring.

Progress to Date: The Agricultural Extension Service of the GVN was started in 1955 with U.S. assistance. By 1966 it was operating in all 44 provinces and its staff had expanded to 650, most of whom were district-level workers. There has been a perceptible increase in the use of improved farm practices in Vietnam over the past decade, which in part can be attributed to the efforts of the Extension Service. It is estimated that 60% of the farmers in secure areas have received some training from extension workers, especially in rice cultivation, vegetable growing, and livestock raising. In 1966 farmers used approximately 220,000 tons of fertilizer, subsidized by the GVN. Improved varieties of rice, corn, peanut, soy bean, and sugar cane seed have been introduced. Membership in 4-T clubs reached some 23,000 in 1966 and is projected to rise to 28,000 by 1968.

The training activities of the Extension Service expanded in 1966 despite the fact that the scope of activities was limited geographically. The number of farmers attending sessions in 1966 totaled an estimated 24,000 and is projected to increase to 29,000 in 1968. Two thousand farm leaders received training in 1966, compared with 1,500 in 1965, and by 1968 this number is expected to increase 2,500. Home economics meetings attendance increased from 34,000 in 1964 to 37,000 in 1966 and is expected to rise to 88,000 in 1968. The number of leaflets, booklets, and magazines distributed rose to 3.5 million in 1966, compared with 2.8 million in 1965, and is expected to increase to cover 4 million in 1968.

FY 1968 Program: FY 1968 funding is required for 101 U.S. advisors, 43 participants, and commodity support. The advisors, include 5 in home economics, one in extension information, and 95 in agricultural extension. The latter includes an Agricultural advisor for each province and specialist advisors assigned at the regional and national levels. Seventy of these positions will be filled under agreements with the Department of Agriculture and the Department of Defense. Of the 43 participants, 30 will be in extension methods and management and the remaining 13 in rural youth, home economics, and extension information. Most training will be short courses in Taiwan, with some longer term programs being given in the U.S.

The commodities to be provided are primarily training aids, vehicles, and supplies for demonstrations and training. For the principal extension programs these include items such as audio-visual equipment, duplicating machines, motor bikes and utility vehicles for the field staff, water pumps, and agricultural supplies such as seed, fertilizer, insecticides, and pesticides. Items such as sewing kits and kerosene stoves will be provided for the home economics program. The rural youth program will receive a variety of items, essentially the same as those used by the extension and the home economics programs. The extension information program commodities are principally printing equipment and supplies.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Credit and Cooperatives	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-140-291	PRIOR REFERENCE P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: Under this project assistance is provided to the Government of Vietnam (GVN) in re-organizing the agricultural credit system, strengthening farmers cooperative organizations, and supporting efforts under the Revolutionary Development program to provide farm supplies and agricultural credit to farmers through cooperative organizations. The objective is to assure the availability of supplies and credit needed for agricultural production in areas being pacified while simultaneously laying the ground work for substantial expansion of agricultural credit and cooperative enterprise throughout Vietnam.

A.I.D. advisors are assisting in re-organizing the existing National agricultural credit organization into an agricultural bank which will provide intermediate credit to farmers' organizations. Participant training and equipment is being provided to support the re-organized institution. A U.S. contract team is assisting in adapting the accounting system of the existing national agricultural credit organization to meet the complementary needs of the agricultural bank and the farmers' organizations.

In a parallel effort the GVN is being assisted in strengthening and bringing under common direction the Directorate for Cooperatives, the Directorate for Farmers' Associations, and the Cooperatives Research and Training Center. Regional advisors will assist the efforts of the GVN to develop district-level Farmers'

Associations capable of encouraging the formation of member-controlled village cooperative organizations and of supporting their operations. Initially, the village organizations are concentrating on providing farm supplies, production credit, and farm-improvement credit to their members. Eventually, they will add cooperative marketing to their operations. Assistance will also be given to cooperative feed-milling and cold storage enterprises.

The Revolutionary Development program calls for providing large amounts of both credit and farm supplies as credit-in-kind to farm families in New Life Hamlets. Such credits are to be extended through hamlet-level Farmers' Associations which the Revolutionary Development cadre will help create. They will be repayable to the Farmers' Association, the proceeds becoming the revolving credit fund of the Association. These "rice-roots" level activities will be supported in credit matters by the provincial offices of the agricultural bank and in matters of farm supplies by the district Farmers' Associations. Under this project commodities are being provided to support these operations, including office equipment, vehicles, and warehouses.

Although it is essentially a continuing activity, it has been separated in FY 1967 as a distinct project for the purpose of better management and closer monitoring of progress. In prior years this activity

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	9,559	3,463		99	424	523	270	526	796		
Estimated through 6/30/67	9,559	3,463	6,096	141	-	141	176	-	176		
		Future Year Obligations	Estimated Total Cost	8,895	-	8,895	1,180	-	1,180		
				-	-	-	-	-	-		
Proposed FY 68	2,152	Undetermined		Total Obligations	9,135	424	9,559	1,626	526	2,152	

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Credit and Cooperatives - Page 2	ACTIVITY Agriculture	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-140-291	PRIOR REFERENCE P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION INITIAL OBLIGATION FY: 1967 FY: Undetermined

was presented as part of the Agriculture section of the Counter-Insurgency Services Project, 430-11-990-264. The principal recommendations of the Presidential Mission on Agriculture in February, 1966, headed by Secretary Freeman, have greatly assisted in the restructuring of this project.

Progress to Date: Agricultural credit and cooperative organizations in their present form date back to the mid-1950s. Significant progress was made in the late 1950s in developing national and local organizations with sound programs, but these developments were overtaken by the political and economic disruptions of the insurgency of the 1960s. The agricultural credit program was seriously compromised as a result of the GVN having used its provincial offices to distribute grants-in-aid to farm families. Its repayment record deteriorated and by 1966 credit operations had virtually ceased. Many cooperative organizations similarly lapsed into inactivity, although some - notably fishing cooperatives and tenant farmers unions - continued to function.

A.I.D. advisory assistance has been instrumental in helping the GVN develop a program for the revitalization of credit and cooperative programs. Considerable progress has been made.

In January 1967, a decree was signed authorizing a new agricultural development bank which is in the process of being organized. Anticipating this step, during 1966 the existing agricultural credit organization was re-organized, its loan portfolio was screened for bad debts, new lending procedures were drawn up, and increased emphasis was placed on up-grading the staff through training. Training was provided by A.I.D. for 29 participants in Taiwan and the Philippines in FY 1966 and another 88 will receive such training under the FY 1967 program.

Similarly, farmers' cooperative organizations

have been strengthened by GVN steps designed to encourage the establishment of member-controlled organizations. In November, 1966, the leadership of the national organization for the first time was elected by its member Farmers' Associations. In addition, the GVN is working on a plan for creating a single supervisory and training directorate for farmers' organizations.

FY 1968 Program: Funding is required in FY 1968 for 22 agricultural credit and cooperative advisors, the 5-man team of financial management consultants, 96 participants, and \$1,180,000 for commodity support. Among the 22 U.S. advisors are 13 provided by the Farmers Home Administration through a Participating Agency Services Agreement with U. S. Department of Agriculture. Short course training in agricultural credit operations will be provided for forty participants in Taiwan and the Philippines. A second forty will study cooperatives in the Philippines. Longer courses of training in the U. S. will be provided for six participants in agricultural credit and ten in cooperative organization and management.

Funding for commodities is required principally for irrigation pumps, agricultural tools, milling machines, and fishing equipment to be sold to cooperatives' members and vehicles for district Farmers' Associations.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Agriculture	ACTIVITY Agriculture		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, P. 135, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-990-000.1			

Project Description: This project provides funding for the supervisory and support personnel of the A.I.D. agriculture program and for seven technical assistance contract groups which provide support to various activities within the program.

The agriculture staff of A.I.D. direct hire and Participating Agency personnel includes five senior advisors in Saigon including the Assistant Director for Agriculture, a headquarters support staff of eight, and regional agriculture advisors in each of the four regional offices.

Under two contracts with International Voluntary Services, Inc. (IVS), ten young man are working with the Vietnamese government (GVN) rural youth program and 33 others are assisting in training provincial and district agricultural extension workers. Under two contracts with the Joint Commission on Rural Reconstruction (JCRR) of the Republic of China, Chinese technicians are assisting the extension service and programs for crop and livestock development. Under A.I.D.-financed contracts between the GVN and the Republic of Korea, three teams of Korean specialists totalling 18 Koreans will work, respectively, with fisheries development (7), irrigation projects (6), and crop production (5) programs. These contract groups play an important role in implementing the Revolutionary Development program since most of their work is performed at the village and hamlet level.

This is a continuing support activity. Prior to FY 1967 the various components of this project were presented to Congress as part of the Agricultural section of the Counter-Insurgency Services project, 430-11-990-264, and over all Mission Technical Support 430-11-990-000.

The IVS and JCRR technicians not only have assisted in carrying out Revolutionary Development programs at the "rice-roots" level but have helped also to strengthen the institutions and services of the Ministry of Agriculture. The young IVS technicians have been particularly effective in connection with training and demonstration centers for the tribal people of the highland areas. The centers were used to demonstrate the growing of vegetables, rice, swine and poultry. Highlanders were selected by their villages and sent to the centers for training courses which were taught by having the trainee actually do the work. The trainee was then given seeds and materials to take back to his village and use in demonstrations for his people. IVS technicians have also been effective in working with provincial agriculture officials on rural youth programs, extension activities, and crop and livestock programs.

The JCRR programs emphasize working at the hamlet level in crop and livestock development. Many of their activities have centered on farm demonstrations conducted in cooperation with Vietnamese extension workers, using materials, such as fertilizer, seeds, and insecticides, furnished by the GVN. Work has been concentrated in the

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							U. S. Department of Agriculture; International Voluntary Services (I.V.S.); Joint Commission on Rural Recruitment (JCRR); Korean Ministry of Agriculture.
Estimated FY 67	2,170	1,754		408	782	1,190	503	826	1,329	
Estimated through 6/30/67	2,170	1,754	416	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost							
					980	980	-	1,196	1,196	
Proposed FY 68	2,525	Undetermined		408	1,762	2,170	503	2,022	2,525	
				Total Obligations						

Some areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Agriculture - Page 2	ACTIVITY Agriculture		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, P. 135, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER			

four areas around Can Tho, Bien Hoa, Phan Rang, and Hue. Excellent results have been obtained in these areas and also from work at a vegetable experiment station at Dalat. Many new varieties of crops have been successfully introduced, most notably vegetables, soy beans, and sugar cane. Many are now being extended throughout the country.

FY 1968 Program: Funds are required in FY 1968 for 17 A.I.D. advisors; 10 IVS technicians in rural youth work, 33 IVS technicians in agricultural extension training; through the JCRR contract 84 Chinese technicians in agriculture extension, 56 in crop and livestock development; and from Korea, 7 experts in fisheries, 6 in irrigation, and 5 in crop production. No participant training or commodities are funded under this project.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Hamlet Schools	ACTIVITY Education	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-690-319	PRIOR REFERENCE P. 127, P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: In support of the Revolutionary Development program this project will assist the Vietnamese government (GVN) to increase the opportunity for children in rural hamlets, refugee centers as well as the Saigon area to receive an elementary and a secondary school education. It will contribute substantially in meeting the educational needs of Vietnam on both a short and long term basis and in developing the GVN capability to maintain an educational system suited to Vietnam's needs. A.I.D. assistance is directed specifically toward training additional teachers, constructing classrooms, distributing textbooks, introducing new teaching methods and techniques, and utilizing various teaching aids.

Elementary school support - To make elementary education available for an estimated 400,000 or more rural children, A.I.D. will assist the GVN to construct 6,650 classrooms and to train 7,575 elementary teachers during 1967-68. Also during 1967 and 1968, five areas have been designated for special emphasis: An Giang province will get 375 classrooms; permanent refugee settlements 600 classrooms; Highland tribal areas 350 classrooms; the Saigon urban area, for new inhabitants mainly from rural areas, 225 classrooms; and three modern demonstration elementary schools are planned for Cam Ranh City. Teacher training programs will be established to meet all of these classroom needs. A.I.D. commodity support will include cement, roofing and rebar,

equipment, and supplies for construction and equipping the classrooms. Twenty elementary education specialists will be on board in FY 1968 to advise on all phases of this project with special emphasis on use of new teaching guides and textbooks.

Secondary School Support - The goal over a two year period, 1967-1968, will be to build 800 secondary school classrooms and to provide 800 teachers, which will accommodate about 80,000 students. Although most classroom construction and teacher training will be in rural areas, 125 classrooms and 125 teachers are proposed for Saigon to meet the needs of migrants from rural areas who have crowded into the city as a result of the war. A.I.D. commodity support will provide building materials and equipment. Two U.S. specialists in secondary school principals will make 90-day study tours to observe secondary education in the United States during 1967-1968. One education advisor will train Revolutionary Development cadre at Vung Tau in educational and school development work. Three U.S. teacher education advisors assigned to Saigon will provide overall project management and general support for these activities. And 120 administrative personnel of the Ministry of Education will receive short term training in the U.S. in educational administration -- 60 funded in FY 1967 and another 60 in FY 1968.

In prior years various components of the hamlet school program were provided through two separate projects. Teacher training for hamlet school teachers and participant

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/66	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
	Estimated FY 67	1,017	1,099	Estimated FY 1967			Proposed FY 1968		
				Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Estimated through 6/30/67	2,116	1,017	1,099	552	14	566	768	-	768
		Future Year Obligations	Estimated Total Cost	321	-	321	447	-	447
				1,229	-	1,229	1,144	-	1,144
				-	-	-	-	-	-
Proposed FY 68	2,359	Undetermined		2,102	14	2,116	2,359	-	2,359

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
		Supporting Assistance	SCHEDULED FINAL OBLIGATION
Hamlet Schools - Page 2	Education		
PROJECT NUMBER 430-11-690-319	PRISM REFERENCE P. 127, P. 131, FY 1967 FE FDB	INITIAL OBLIGATION FY: 1967	FY: Undetermined

training for teachers and administrative personnel were provided for in the across-the-board Teacher Education project, 430-11-690-272. Commodity support for the hamlet school program was covered in the Counter Insurgency Services project, 430-11-990-264. Beginning in FY 1967 the several components of this project were brought together in this project for better coordination, management and progress monitoring.

Progress to Date: From the inception of this project in 1963 to December 1966, more than 8,600 teachers have been trained in 90-day intensive training courses and over 8,500 classrooms built (2,800 of these under the Revolutionary Development "Self-Help" program). A new boarding school has been established for Montagnards and the first Montagnard participant has been brought to the U.S. for training in teacher education. This project also has increased public elementary school enrollment from 1.09 million students at the end of the 1961-1962 school year to 1.62 million at the end of the 1965-1966 school year; substantial quantities of elementary textbooks and teaching guides (provided through the Instructional Materials project, 430-11-690-320) have been distributed and the services of 16 educational advisors have been provided. Forty participants, composed of key Vietnamese provincial chiefs of elementary education and Ministry of Education officials responsible for the Hamlet School project, have completed 90-day visits to the United States and third countries to study elementary education since inception in 1963.

FY 1968 Program: A.I.D. assistance in FY 1968 is proposed as follows: Elementary schools -- 20 U.S. education advisors at a cost of \$618,000; and commodity support of \$989,000. Secondary Schools -- 2 U.S. education advisors at \$60,000; 45 participants amounting to \$189,000; and commodity support of \$155,000; Revolutionary Development cadre training and overall project

management and support -- 4 U.S. education advisors, \$90,000; and 60 participants, \$258,000.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Instructional Materials	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-690-320	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This activity will support the Vietnamese Government's (GVN) efforts to provide increasing educational opportunities for its people by introducing modern instructional materials and better educational practices in elementary and secondary classrooms throughout Vietnam, thereby serving Revolutionary Development aims.

Specifically, this activity will assist the Ministry of Education in producing and distributing textbooks, education guides, audio-visual materials, and in producing radio education programs. It will also provide in-service workshops and technical education advisory services.

Since its inception the objective of this activity has been to produce 14,000,000 elementary textbooks and teaching kit aids (chalkboards, charts, maps, flashcards, flannelboards, etc.) for 10,000 elementary schools. This will provide a set of basic textbooks to all elementary school children, and instructional aids to teachers.

To accomplish these goals the program will provide 3,730,000 textbooks to all elementary schools in FY 1968. Specifically, the program calls for the preparation, printing and distribution of five student books covering the subjects of reading, civics, and geography; 180 new educational radio lessons -- six series of 30 lessons each in history, biography, literature, and music; and 12 teacher guides in reading, civics, arithmetic, geography and handicrafts. A minimum of 5 two-week workshops

will be held for 113 or more teachers in each workshop. Specific assistance to Highlanders calls for providing 32 grade 5 elementary textbooks, including primer, vocabulary, culture, folklore, arithmetic, ethics, hygiene and science to be printed in Vietnamese as well as the local dialects of Bahnar, Jarai, Koho, and Rade. A contract with the Summer Institute of Linguistics will provide for local dialect textbooks and for training Highlander teachers in the use of these textbooks. Seven participants will be sent for training in the U.S., and eight instructional materials specialists will serve as advisors. Support to secondary education in rural areas, the An Giang priority development area, and to the Saigon area will include the provision of 710,000 copies of new and revised textbooks, some of which are to be imported.

In prior years this activity has been presented to Congress as part of the Education section of the Counter-Insurgency Services project, 430-11-990-264. It has been separated in FY 1967 as a distinct administrative unit for the purpose of better management and closer monitoring of progress.

Progress to Date: Final construction of the Instructional Materials Center including a warehouse has been completed and is being used to capacity. A regional center has also been completed at Hue to service central Vietnam.

Additional equipment has been obtained for a service center to be established in the Highland region. At this time five direct hire advisors are working in the

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Summer Institute of Linguistics
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	1,381	531		U.S. Technicians	116	97	213	256	-	256	
Estimated through 6/30/67	1,381	531	850	Participants ...	36	-	36	49	-	49	
				Commodities ...	1,127	-	1,127	1,203	-	1,203	
				Other Costs ...	-	5	5	-	5	5	
Proposed FY 68	1,513	Undetermined		Total Obligations	1,279	102	1,381	1,508	5	1,513	

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Instructional Materials - Page 2	ACTIVITY Education		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-690-320			

instructional materials program. Of the 14 million elementary textbooks planned for writing, production, and distribution, more than 9.4 million covering about 37 titles have been completed and distributed. Through 1965 the Instructional Materials Center (IMC) has produced over 400,000 secondary, nearly 50,000 university and about 15,000 Highlands textbooks. In 1966, it produced 25,000 teaching charts, 75,000 texts and purchased an additional 281,650 secondary textbooks for distribution. Procurement actions for the off-shore printing in U.S. facilities in the Philippines of 230,000 textbooks and local printing of 20,000 books is underway. The IMC has also received a donation of \$150,000 worth of film and filmstrips by the Encyclopedia Britannica Educational Corporation. In February 1966, three audio visual specialists of that company completed an assessment of the potential of the various teacher education facilities for using the donated materials. One radio series (40 programs) has been produced and progress is being made on others. One and two-day provincial workshops on the effective use of textbooks has reached substantial numbers of teachers, with some provinces reporting 100% coverage. These workshops explain Ministry of Education directives on textbooks and show a 25 minute film entitled "Ways of Using Textbooks." Two participants returned to Vietnam in 1966: one completed one year training in Graphic Arts, the second a Master of Science degree in textbook writing. A short-run printing plant with multilith duplicators and binding equipment has become fully operational. A full commercial silk screen production unit is fully operational. A radio studio capable of broadcasting education programs, has been completed; complete graphic and photographic facilities for textbook and instructional materials production have been installed and put into use, and an Intertype Fotosetter purchased.

FY 1968 Program: This project will provide textbooks and other instructional materials as indicated above. To accomplish this A.I.D. proposes funding for 8 U.S. advisors, U.S. training for 7 Vietnamese in the use of instructional materials, and commodity support in the form of textbooks and audio visual equipment.

These areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Teacher Education	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-660-321	PRIOR REFERENCE P. 127, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will assist the Vietnamese Government (GVN) in the long range development of its teacher education program. To achieve this goal, A.I.D. will provide assistance in the following areas:

1. The development of elementary teacher training--A.I.D. will continue a contract with Southern Illinois University to provide assistance to the Ministry of Education in the development of pre-service and in-service programs for elementary school teachers throughout Vietnam. The objectives of this sub-activity are to: (a) increase normal school enrollment from 2,481 in 1966 to 4,850 in 1968; (b) increase normal school graduates from 1,200 in 1966 to 2,580 in 1968; (c) increase faculty members from 54 in 1966 to 104 in 1968; and (d) increase the number of teachers who receive in-service training from 100 to 850 over the same two-year period. Dormitories will be erected at the Vinh Long and Qui Nhan normal schools for 800 students each. A new school will be built at Ban Me Thuot. Demonstration schools will be established as a part of the program of these three schools. A total of 63 participants will be brought to the U.S. in 1967 and 1968 to study teaching methods, educational psychology, comparative education, school guidance, and child growth and development.

2. The development of secondary school teacher training--A.I.D. under a contract with Ohio University will assist the University of Saigon's Faculty of

Pedagogy to: (a) introduce short-term training programs in business education, home economics, and industrial arts; (b) develop in-service training programs for 6 pilot comprehensive high schools in Regions III and IV and one school in Saigon; and (c) complete the construction of the Thu Duc campus of the Faculty of Pedagogy. Ninety-five faculty members will receive participant training in the U.S. in 1967 and 1968 in education.

3. The development of higher education--A.I.D. will contract with Wisconsin State University to provide the assistance to improve the quality of higher education by: (a) completing a survey appraisal of the status of higher education in the Universities of Saigon, Hue, and Can Tho; (b) developing a step by step university development program; and (c) reviewing and revising curricula as needed. Two A.I.D. advisors will assist in improving the registration systems and developing a counseling and guidance service. During 1967, and 1968, 57 participants will be brought to the U.S. to study science, university administration, business administration, sociology, economics, and mathematics. Books will be provided as commodity support to this activity.

4. The teaching of English--A.I.D. will provide three language advisors to assist the Ministry of Education to: (a) enlarge the language laboratory with the same capacity; (b) train one laboratory technician supervisor and four laboratory technician assistance; (c) conduct intensive group seminars at the in-service secondary

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	10,143	7,156	2,987								Southern Illinois Univ.; Ohio University; Wisconsin State Univ.; Science Electronics; Other contractors not yet determined.
Estimated FY 67	3,809	502									
Estimated through 6/30/67	13,952	7,658	6,294	U.S. Technicians	177	121	298	227	1,738	1,965	
				Participants ...	550	-	550	931	-	931	
				Commodities ...	454	-	454	318	-	318	
				Other Costs ...	-	2,507	2,507	-	-	-	
Proposed FY 68	3,214	Undetermined		Total Obligations	1,181	2,628	3,809	1,476	1,738	3,214	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Teacher Education - Page 2	ACTIVITY Education		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 127, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-660-321			

technician assistance; (c) conduct intensive group seminars at the in-service secondary teacher training center; and (d) support 72 IVS teachers (funded in project 430-11-990-000.2) assigned to some 50 secondary schools as language instructors. In addition, a personal service contract will be entered into with an expert in English as a second language to make an analysis of the demand and supply of English language services and to prepare a comprehensive integrated plan for the systematic expansion of English language instruction. Commodity support will include an electronic language laboratory, office supplies, textbooks, and library reference material. A total of 31 participants will receive training in the English teaching and as laboratory technicians in 1967 and 1968.

Progress to Date: The training program for elementary school teachers has been expanded to include new courses such as educational psychology. Total years of schooling required for elementary teachers has risen from 10 to 13 years. Four normal schools have been established to aid in this training. Enrollment in these schools has been increased to approximately 3,000 and there are about 1,000 teachers graduating each year. A new in-service education center has been established in Saigon, and the Southern Illinois University contract team assisting in this project is expected to be increased from the eight advisors presently on board to fifteen.

For the secondary school phase, about thirty-seven science laboratories have been built and equipped to introduce and support the teaching of science. Three central workshops for training science teachers have been held and four mobile science laboratories have been introduced and operate in the provincial areas.

Comprehensive high schools have been established in the Faculties of Pedagogy at the Universities of Saigon and Hue. There are eleven professors working in this school demonstrating new concepts in educational

training. New facilities have been constructed and about 1,000 students are presently enrolled. Three English language laboratories have been established in the University system. More than 300 summer work-shop teachers have been trained at the language laboratory in Saigon alone. Fifty-four IVS English language teachers are currently teaching in secondary schools throughout the country.

FY 1968 Program: Funds are proposed for the various sub-activities as follows: (1) elementary teacher training advisors, \$240,000 to fund the training in the United States for 42 participants, and \$70,000 for commodity support; (2) secondary teacher training--\$900,000 for a contract with Ohio University to provide sixteen educational advisors, \$280,000 will be provided for training 49 participants in the United States, and \$90,000 for commodity support; (3) higher education--\$72,000 for salaries, allowances and international travel of two U.S. higher education advisors, \$400,000 for a contract with Wisconsin State University to provide six higher education advisors. \$278,000 for 37 participants to train in the U.S. and \$78,000 for commodities; (4) teaching of English--\$95,000 for three U.S. English teacher advisors under personal services contracts, \$133,000 for 21 participants to study in the U.S.; and (5) \$60,000 for 2 advisors to support all of these sub-activities.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Vocational Training	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-610-322	PRIOR REFERENCE P. 126, P. 131, FY 1967 FE PDB*	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will help develop a significant portion of the skilled and semi-skilled labor requirements of South Vietnam. It will help immediately to reduce the present shortage of skilled labor and therefore have a positive effect on the program sectors emphasizing Economic Stability and Revolutionary Development. However, the major effect will be felt only in the longer run after more schools have been constructed and equipped and more teachers trained.

A typical trade school program is being undertaken in ten locations, with vocational education advisors and commodity assistance. Three schools are under construction now. During 1968 all ten will receive modern equipment, 33 teacher participants will be trained and 14 U.S. advisors will be on board assisting the Vietnamese government (GVN) to expand and further improve vocational education.

The program also includes instruction at the junior high level. Sixteen schools in all regions will be assisted, including the construction of 6 new schools. Finally, a series of short term technical courses will be offered to veterans and refugees at existing institutions, and a program for the expansion and improvement of two schools for the blind in Saigon is being undertaken in 1967. Initially about 1,000 veterans will be trained and about 3,000 refugees, with FY 1968 targets to reach 3,000 veterans and 5,000 refugees.

The vocational school program will result in the doubling of the number of students from 6,326 in 1965 to 12,770 in 1967 with 17,370 estimated for 1968. The number of students to graduate in 1967 will number approximately 4,308 and in 1968 will reach 6,891. Faculty will consist of 859 in 1967 and approximately 1,011 in 1968. In-service training will be provided for at least 1,000 teachers and new courses will be added including instruction in air conditioning, refrigeration, electronics, building trades and foundry work.

While retaining many of the elements of the Vocational Education project presented to Congress last year as 430-11-690-271, it has added the rural trade school program formerly funded under Counter-Insurgency Services 430-11-990-264 and dropped agricultural education. In addition, training for veterans, refugees, and the blind are new activities under this project.

Progress to Date: A.I.D. has provided support to Vietnamese vocational education programs since 1958. The national level administrative leadership has been expanded. Four polytechnic schools have been completed and enrollment has been increased from about 300 to more than 500 in each school. The instructional level has been raised to high school level and new courses such as business education and home economics added.

To improve teacher training techniques, a contract with Southern Illinois University for six professors was provided for five years (1961-1966). Pre-service programs

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
				Estimated FY 1967			Proposed FY 1968		
Through 6/30/66	-	-	-	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 67	2,962	708							
Estimated through 6/30/67	2,968	708	2,260	293	210	503	425	-	425
		Future Year Obligations	Estimated Total Cost	123	-	123	168	-	168
				1,336	-	1,336	1,955	-	1,955
					-1,000	1,000		-1,315	1,315
Proposed FY 68	3,863	Undetermined		1,752	1,210	2,962	2,548	1,315	3,863

American Association for Overseas Blind;
Other contractors not yet determined.

*For FY 1966 this project was included as part of Vocational Education 430-11-690-271 and Counter-Insurgency Services 430-11-990-264.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Vocational Training - Page 2	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-610-322	PRIOR REFERENCE P. 126, P. 131, FY 1967 FE PDB*	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

are now graduating 80 new trade-school teachers annually. The same type training program was started in 1965 for business education.

In order to reach the provincial areas, in 1963 a system of 20 rural trade schools were planned. About 13 of these (10 Butler type buildings) are finished or almost finished with construction of the other 7 just beginning in FY 1967. One new trade school has been planned for Saigon and architectural plans are being drawn up. The service of an A & E firm has been obtained to make site surveys and design the unfinished rural trade schools.

Training programs have been established at the polytechnic schools to supply trade skills to returned veterans and refugees. About 200 of these have already been trained. In addition to supervisory and technical advice of technicians, A.I.D. has supplied teaching materials and equipment to the polytechnic schools and at least 11 complete sets of hand tools have been provided to support the junior trade school programs.

A.I.D. assistance has also been provided to the College of Engineering. Currently only participant support is being given. UNESCO is presently supplying advisory assistance. This four-year college established in 1956 in Saigon is providing a continuing supply of the engineers and engineering technicians required for South Vietnam's development. Present enrollment is about 1,000 students. In 1966, approximately 180 students graduated from engineering courses in chemical, industrial, electrical, mechanical, civil engineering and a marine course for deck officers.

Other assistance from A.I.D. includes the provision of reference books for an engineering library. In 1965 a 4-man team of American engineering consultants in cooperation with Vietnamese officials conducted a 45-day survey of the needs and demands for engineers in Vietnam. The report also included recommendations for improvement

of the College of Engineering. Many of these recommendations are being carried out.

FY 1968 Program: In FY 1968 A.I.D. will continue its funding of a contract for the construction of the Petrus Ky Technical School in Saigon and the remodeling of the Cao-Thang School.

In-service teacher training is expected to reach more than 1,000 teachers. Thirty-three participants are to be sent to the U.S. for advanced trade education administration and teacher training. Additional junior trade schools will be established, requiring equipment and architectural and engineering services, the funding for which is being provided in FY 1967.

By the end of FY 1968, fifteen junior trade schools should have been completed to accommodate 6,200 students with over 3,300 graduates. About 180 teachers are expected to be in service. The development of the College of Engineering will continue and 8 of its faculty members will be sent to the U.S. for advanced training.

Fourteen A.I.D. advisors will be provided along with the necessary construction materials and equipment to demonstrate and insure an adequate training program in all areas of vocational instruction.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Agricultural Education	ACTIVITY	Education	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-620-323	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: This project will assist the Vietnamese Government (GVN) in establishing an institutional base for the long range development of the agricultural sector. To achieve this target, A.I.D. will provide assistance in the following areas:

1. The expansion of the Agricultural College -- A.I.D. will provide one U.S. advisor and contract with a U.S. agricultural college to assist the GVN in planning the expansion of the college, establishing a teacher training program, revising the curriculum, and making recommendations on training, equipment needs, and the physical plant facilities required for the new site at Thu Duc. A selected group of faculty members will be brought to the United States for advanced training in animal husbandry, plant pathology, plant breeding, agricultural engineering, horticulture, forestry and fisheries.

2. The strengthening and expansion of vocational agricultural schools -- A.I.D. will assist the GVN in developing three existing schools, in the construction of new schools, and by providing a variety of school supplies, shop and laboratory equipment, and construction materials. A vocational agricultural teacher training program and a special class for 45 Montagnards will be established at Bao Loc. Three vocational agricultural advisors will provide technical assistance to this phase of the project. A total of 40 participants (20 in FY 1967 and 20 in FY 1968) will be trained in the field of

agricultural education.

3. The development of vocational agriculture departments in secondary schools -- A.I.D. will assist the Directorates of Secondary Schools and Agricultural Education to establish these departments at selected provincial high schools. The ultimate objective of this activity is to develop twenty-five vocational agricultural departments by 1970.

4. The priority province of An Giang -- A.I.D. will assist in the establishment of an area agricultural secondary school and three vocational agricultural departments in other secondary schools in the province.

In prior years this project was presented to Congress as part of the Vocational Education project, 430-11-690-271. It has been separated as a distinct administrative unit in FY 1967 in order to emphasize the inter-relationship of vocational, secondary and college-level agricultural education and develop the whole agricultural education structure.

Progress to Date: The College of Agriculture, established in 1959 at Bao Loc, has produced five graduating classes despite the necessity of relocating the College, as a result of the security situation, to a new temporary site in Saigon. The graduating class consisted of 46 students in 1962, 52 in 1963, 45 in 1964, 55 in 1965, and approximately 80 in 1966. The College had an enrollment of 300 students in 1966, a permanent faculty of 35, and another 60 part-time instructors. Five of the permanent staff

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1967		Proposed FY 1968	
Through 6/30/66	-	-	-	Direct AID	Contract/Other Agency	Total	University of Florida; Other Contractors not yet selected.
Estimated FY 67	400	139		49	-	49	
Estimated through 6/30/67	400	139	261	162	-	162	
		Future Year Obligations	Estimated Total Cost	189	-	189	
				-	-	-	
				-	-	-	
Proposed FY 68	3,274	Undetermined		984	1,575	1,575	
				400	-	400	
				984	2,290	3,274	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Education .. Page 2	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER: 430-11-620-323	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

have had U.S. advanced training, including one Ph.D. in agricultural economics. Three additional staff members were sent to the U.S. in 1966 for advanced training. The College expanded its program from a two year to a four year college, and a course in agricultural engineering was added to the curriculum.

Three secondary agricultural schools have been established at Hue, Bao Loc, and Can Tho. These schools enrolled a total of 1,755 students in 1966 and graduated 300. The curriculum of the existing secondary agricultural schools has been expanded to include the first and second cycles which encompass seven years of pre-college training. Approximately 24 participants have been trained to teach in secondary schools, and one is presently the Director of the secondary agriculture education program of the Ministry of Education.

A.I.D. in 1966 also assisted in the establishment of three vocational agricultural departments which are now capable of enrolling 300 students. Commodity support was also provided to establish these departments.

FY 1968 Program: To carry out the expansion of the Agricultural College, A.I.D. will fund a contract with an American University for the services and related costs of 15 agricultural education advisors. Commodities (tools and agricultural equipment for instruction purposes) will be provided to support this activity and an A.I.D. agricultural education advisor will assist the U.S. contract team. U.S. training for 16 Vietnamese faculty members is also planned.

To assist in the expansion of vocational agricultural schools, A.I.D. will continue commodity support including building materials, vehicles and agricultural equipment for instruction purposes, the funding of 20 participants for long term training in teaching subjects and the services of 3 U.S. vocational agricultural advisors.

Two A.I.D. agricultural education advisors will be

provided to supervise and support all phases of this project.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Adult Education	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-670-324	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The sharp increases in the number of poorly educated rural people who have migrated to the city as a result of the war, has brought into focus the need to provide adult educational opportunities to those who did not have this chance when they were children. To meet this need and help the Vietnamese government (GVN) to prove its interest in the welfare and advancement of its people A.I.D. will assist the Ministry of Education in: (a) formulating and implementing as adult education program concentrating initially upon literacy and vocational education; (b) establishing classes for approximately 97,000 adults in the Saigon area, Ban Me Thout and the central sea-board area; (c) organizing a pilot program to develop new instructional methods and to train adults in such subjects as health, food production, industrial arts, business education, and literacy; and (d) establishing special classes for teachers of adults. Six participants will be brought to the U.S. to study administration, course development and teaching methods for adult education. Instructional materials will be provided as commodity support for this project.

6 participants for one year in the U.S. and providing the necessary instruction materials to develop the program.

Progress to Date: This is an entirely new project in FY 1967 and its progress to date has been limited to the planning of the program.

FY 1968 Program: A.I.D. proposes to support the GVN in developing an adult education program by providing 2 U.S. advisors on adult education, sponsoring the training of

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1967			Proposed FY 1968		
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Through 6/30/66	-	-	-							
Estimated FY 67	40	23		U.S. Technicians	15	-	15	59	-	59
Estimated through 6/30/67	40	23	17	Participants . . .	-	-	-	36	-	36
		Future Year Obligations	Estimated Total Cost	Commodities . . .	25	-	25	19	-	19
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 68	114	Undetermined		Total Obligations	40	-	40	114	-	114

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Education	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-990-000.2	PRIOR REFERENCE P. 131, P. 135 FY 1967 PDB*	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Description: The purpose of this project is to provide overall supervisory and support personnel for all activities in the Education sector, and to finance contracts with the International Voluntary Services (IVS) for specialists in the teaching of English and Science. The proposed dollar funding will cover salaries and other personal benefits and allowances, international travel, and transportation of effects. Local currency is also programmed for salaries for local personnel.

FY 1968 Program: The proposed dollar funding will cover the services of the A.I.D. Mission's Assistant Director for Education and two other U.S. personnel in his immediate office. It will also cover two contracts with IVS for the personal services of 72 English language instructors and 8 science instructors.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES International Voluntary Services (IVS).	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1967			Proposed FY 1968
					Direct AID	Contract/Other Agency		Total
Through 6/30/66	-	-	-					
Estimated FY 67	142	108						
Estimated through 6/30/67	142	108	34	U.S. Technicians	97	-	97	
				Participants ...	-	-	-	
				Commodities ...	45	-	45	
				Other Costs ...	-	-	-	
		Future Year Obligations	Estimated Total Cost					
Proposed FY 68	516	Undetermined		Total Obligations	142	-	142	
					116	400	516	

* For FY 1966 funding for this project was included in Counter Insurgency Services 430-11-990-264 and Technical Support 430-11-990-000.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Industrial Development	ACTIVITY Industry	FUNDS Supporting Assistance	
PROJECT NUMBER 430-15-910-170	PRIOR REFERENCE P. 130, FY 1966 FE PDB	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will assist the Vietnamese in the long range development of a viable industrial base, and in stimulating small scale industry in support of the Revolutionary Development program. A.I.D. provides advisory guidance, participant training and commodity aid in the following areas: a) industrial planning and the development of entrepreneurial and technical skills; b) the establishment of a Bureau of Standards to improve the quality of products; c) the assessment of the country's mineral resources; and d) the rapid development of small scale industry in the An Giang national priority area.

Industrial advisors and engineers assist the Government of Vietnam (GVN) in conducting a series of broad studies of the major industrial sectors of the economy, with a view to identifying the most promising short range possibilities for further development. On the basis of these explorations, more detailed feasibility studies of specific industries will be undertaken.

Technical advice on manufacturing problems will also be provided to existing industries, and proposals for the importation of industrial machinery and equipment under the A.I.D. financed Commercial Import Program, which are analysed and whose justification is verified by U.S. advisors, will be studied and analysed in connection with industrial sector studies. A series of lectures and seminars will be sponsored in cooperation with the GVN and the Industrial Development Center (IDC).

Consultants will be brought to Vietnam to conduct seminars on maintenance, production control, marketing, cost control, personnel relations, and training. Another group of short term consultants will assist the IDC and private agencies to strengthen marketing techniques, with particular attention to export markets.

A.I.D. will assist in the evaluation of the Bureau of Standards and help in the drafting of a basic code. Participants will be trained in the U.S. in business administration and standards testing.

A comprehensive aerial magnetic survey is planned for the Central Highlands region. From this survey, a report will be prepared, indicating the location of mineral deposits of possible commercial significance.

To assist the Revolutionary Development program A.I.D. will concentrate on increasing the productivity of existing small scale industries by introducing improved technology, and more efficient management and marketing techniques. This will be accomplished by exposing Vietnamese representing these industries to efficiently operated enterprises in the nearby countries of Taiwan, Thailand, the Philippines and Japan. The emphasis of the participant program will be placed on industrial investment, management and promotion techniques.

This project represents both a continuation and expansion of the previous activities. Those continuing aspects are: 1) training of middle management personnel in improved industrial techniques; 2) analysis of CIP

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated				
				Estimated FY 1967	Proposed FY 1968		
Through 6/30/66	731	594	137	Direct AID	Contract/Other Agency	Total	Consultants and Designers, Inc.; other contractors to be determined.
Estimated FY 67	529	464		Direct AID	Contract/Other Agency	Total	
Estimated through 6/30/67	1,260	1,058	202	313	120	433	
		Future Year Obligations	Estimated Total Cost	90	-	90	
				-	-	510	
				-	6	6	
Proposed FY 68	1,345	Undetermined		-	-	321	
			Total Obligations	403	126	529	
				1,000	345	1,345	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Industrial Development - Page 2	Industry	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
PROJECT NUMBER 430-15-910-170	P. 130, FY 1966 FE FDB	FY: 1963	FY: Undetermined

imports; and 3) evaluation of future development potential in the industrial sector. The new emphasis includes: 1) long range industrial development planning, 2) the development of a Bureau of Standards, 3) survey of the country's mineral resources, and 4) the development of small scale industry in the An Giang priority area.

Progress to Date: During the period January 1959 through June 1966, A.I.D. has helped to establish or expand nearly 1,000 factories encompassing about 25 categories of industry such as coal mining, plastics, cement, pharmaceuticals, jute, ceramics, paint and paper; almost all the factories are in the private sector. As a result of this expansion, the industrial sector has grown from a very minor contributor to GNP to approximately 25% of GNP.

In FY 1967, a team of five consultants from Consultants and Designers, Inc. is being negotiated. It will arrange seminars and provide instructions at the Industrial Development Center on the following topics: maintenance, production control, marketing, cost control, and personnel relations and training. Ten participants are being brought to the United States for six months and trained in the following fields: miscellaneous product manufacturing, steel products manufacturing, food processing solar salt production, and various aspects of the textile industry. Another nineteen participants are being sent to Taiwan to observe industrial management and investment techniques. An additional short term training program to stimulate An Giang industries is planned for two participants in blacksmithing (Taiwan), two in silkwork production (Thailand) two in can making (Philippines and Japan) and two in straw rope production (Taiwan). Plans also call for the GVN to start construction of a new Bureau of Standards building during CY 1967.

FY 1968 Program: In FY 1968 A.I.D. will provide 15 technicians and contract consultants. Forty-nine

participants are scheduled for training in the U.S., Taiwan and Japan in testing procedures. A contract will be let for the performance of an aerial survey, and testing and laboratory equipment will be supplied for the new Bureau of Standards.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Cam Ranh City Industrial Development	ACTIVITY Industry	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-830-310	PRIOR REFERENCE P. 131, FY 1967 FE PDB*	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This activity will assist the Government of Vietnam (GVN) in the long range development of Cam Ranh City with a view to making it an effective civil port and model industrial center. A.I.D. will provide assistance to the GVN through two contracts which will run consecutively for about 15 months each:

- (1) to prepare a comprehensive survey of the industrial potential of the greater Cam Ranh Bay area; and
- (2) to prepare specific and detailed feasibility studies of individual projects identified in the comprehensive survey. This project represents a continuation of our efforts to develop this area.

Progress to Date: In FY 1966, a survey team from the Stanford Research Institute completed a broad preliminary study to ascertain whether the industrial potential of this region was sufficiently attractive to justify other in depth studies. On the basis of the conclusions of this survey, a more comprehensive survey of the industrial potential of the Cam Ranh area will be launched in FY 1967. A.I.D. will also provide an industrial engineer to assist the GVN in planning for development of the area.

FY 1968 Program: In support of long range industrial development at Cam Ranh City, A.I.D. will:

- (1) continue the services of the industrial engineer;
- (2) complete the FY 1967 comprehensive industrial survey at no additional dollar cost; and

(3) contract for the services of a seven man U. S. specialist team to carry out feasibility studies of specific industrial projects and to plan for necessary infrastructure.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 67	306	136		-	Estimated FY 1967		Proposed FY 1968			
						Direct AID		Contract/Other Agency	Total		
Estimated through 6/30/67	306	136	170	U.S. Technicians	36	270	306	36	340	376	Stanford Research Institute; Other contractors to be determined.
		Future Year Obligations	Estimated Total Cost	Participants ...	-	-	-	-	-	-	
				Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 68	376	Undetermined		Total Obligations	36	270	306	36	340	376	

*For FY 1966 this project was included as part of Counter-Insurgency Services 430-11-990-264

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Manpower Development	ACTIVITY	Labor	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-460-327	PRIOR REFERENCE	None	INITIAL OBLIGATION FY:	1967
				SCHEDULED FINAL OBLIGATION FY:	Undetermined

Project Target and Course of Action: This project will help promote economic stability through the more efficient use of Vietnamese manpower. A.I.D. will assist the Vietnamese Government's (GVN) Ministry of Labor in the following areas: (1) developing labor market information; (2) establishing an employment service; (3) administering skills training programs; and (4) accelerating elements of manpower development through pilot projects. A.I.D. will also assist the GVN in the long range development of its manpower planning and programming capability.

The labor market information activity is designed to expand the employment statistics of the Ministry of Labor. A.I.D. will provide a labor economist to assist in: (a) completing a simple employment census; (b) developing occupational surveys of specific industries; and (c) expanding and training the Ministry of Labor's manpower staff and effecting a reorganization of its function. Commodity support will include office equipment and adding machines.

An employment service will be established to provide potential employers with ready access to qualified laborers and to give the labor force information on needed skills and available openings. A.I.D. will provide one employment service advisor to: (a) make recommendations for administrative and organizational reforms; (b) plan and assist in establishing a model local office to serve the local labor market of Saigon; (c) plan

and establish three additional local placement offices in other parts of Vietnam; (d) develop a program to train GVN staff; and (e) establish flexible inter-area recruitment procedures. Two participants will be brought to the U.S. for training in interviewing, testing, and counseling. Commodity support will include office and audio-visual equipment.

The skills training program is designed to provide the economy with an adequate pool of technically competent and well trained workers. Four Labor Training advisors will provide the following assistance: (a) define local and regional training needs and the scope for a training program; (b) advise the appropriate GVN agencies and the industrial community on how to achieve an adequately trained labor force; (c) augment temporary training programs in sectors vital to the technological support of industry in Vietnam; and (d) establish an evaluating system to assist in the planning and programming of the requirements for skills training. Commodity support will include jeeps, educational equipment, and audio-visual equipment. Four participants will receive training in the U. S. in vocational training administration and labor education.

The manpower planning and programming activity seeks to alleviate the shortage of skilled Vietnamese manpower and to plan the establishment of a pool of trained manpower. A.I.D. will provide two manpower advisors who will assist the Ministry of Labor to:

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
Through 6/30/66	-	-	-		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Department of Defense; Department of Labor
Estimated FY 67	1,078	638		U.S. Technicians	31	480	572	153	795	948	
Estimated through 6/30/67	1,078	638	440	Participants ...	31	-	31	35	-	35	
				Commodities ...	475	-	475	335	-	335	
				Other Costs ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	1,318	Undetermined		Total Obligations	598	480	1,078	523	795	1,318	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Manpower Development - Page 2	ACTIVITY Labor	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-460-327	PRIOR REFERENCE None	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

(a) determine the changes needed in its organizational structure to facilitate manpower planning; (b) implement the organizational changes; (c) improve the capability in manpower planning and programming; and (d) train staff involved in the planning process. Three participants will receive training in manpower planning in the U.S.

In addition the manpower development program will be accelerated selectively by assistance in: (a) the establishment of an Inter-Ministerial Policy Committee to draft and review overall manpower policy and programming; (b) coordination of the activities of each of the operating units within the Ministry of Labor responsible for implementing the program established by the Manpower Policy Committee; and (c) helping to establish special pilot projects in planning and programming, manpower statistics, employment service, and accelerated skills training for the staff of the Ministry of Labor. A.I.D. will also provide an eighteen man training team under a Participating Agency Service Agreement (PASA) with the Department of Defense. Commodity support will include office machines, vehicles, construction materials, duplicators, and audio-visual equipment.

While this project is essentially new in FY 1967 initial efforts at skills training and gathering of data were made under a prior project, Labor Institutions 430-15-410-222. However, the greatly increased demand for skilled manpower as a result of the war and the necessity to maintain economic stability have required a refocusing of earlier efforts and the development of a distinct and more comprehensive approach to manpower development.

Progress to Date: To coordinate all activities by U. S. agencies and provide liaison with the Manpower Policy Committee, a manpower coordinator has been appointed for the U. S. Mission. His job is directed particularly

toward the short run while longer range aspects of manpower planning are an integral part of the overall development planning being undertaken in the Economic Planning project, 430-11-790-342. A Labor Economist, assigned to the labor market information activity, is assisting the Ministry of Labor to conduct a simple census of establishment employment, which is expected to be completed by the end of CY 1967. In skills training, a Labor Training advisor has been assisting the Ministry of Labor to establish a pilot program in skills training, covering such subjects as engine mechanics, tailoring, woodwork, shoe making, and masonry. There are approximately 2,718 workers enrolled in this skills training program for CY 1967 and plans are being developed to expand the program. One of the employment service advisors is in the process of establishing a model employment service center in Saigon. A manpower development officer is currently assisting the Ministry of Labor to establish governmental machinery required to carry out manpower planning and programming.

FY 1968 Program: In order to assure the implementation of these activities, A.I.D. is programming a total of \$1,318,000 to support all these activities. These funds will cover the costs of the following project components: 26 U.S. technicians including the 18 man DOD training team, 9 participants for training in the U.S., and commodity support for the specialized activities.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Trade Union Development	ACTIVITY Labor	FUNDS Supporting Assistance	
PROJECT NUMBER 430-10-410-328	PRIOR REFERENCE P. 123, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will assist the Government of Vietnam (GVN) in its Revolutionary Development program by encouraging the growth of democratic trade unions. To achieve this target, A.I.D. is providing advisors to assist the Confederation Vietnam du Travail (CVT) in strengthening its organization in the provinces and enlarging the services provided to its members.

These advisors are concentrating on: 1) expanding the membership rolls of the Tenant Farmers Union, the Plantation Workers Union, and the Fishermans Federation; 2) training the leaders of the various cadre to communicate more effectively with the CVT rank and file; 3) instituting more effective methods of dues collection; 4) increasing the circulation of the labor newspaper "Cong-Nhan" from 10,000 to 20,000 and improving its quality in an attempt to limit Viet Cong propaganda efforts directed at influencing workers; 5) strengthening social welfare groups and women's organizations within the CVT; and 6) organizing trade union cooperatives.

This project was formerly part of Labor Institutions 430-15-410-222. It has been made into a distinct administrative unit in FY 1967 to focus more clearly on trade union development and provide better management and progress monitoring.

Progress to Date: An A.I.D. publications advisor is assisting the CVT to improve the quality and to increase the circulation of the labor newspaper "Cong-Nhan".

Motorboats and water pumps ordered in late FY 1966 have been purchased and are in the process of being delivered. In FY 1967 a team of nine participants will receive training in trade union development and five officials of the Ministry of Labor will study labor practices in the U.S. Another team of ten participants has been selected and will arrive in the U.S. in May 1967 to study trade union development and cooperatives. The U.S. Mission has also encouraged trade unions from other countries to contribute to the CVT's social welfare programs. To date, contributions have been received from the International Association of Machinists, International Longshoremen's Association, the United Auto Workers, the United Steelworkers, and the International Union of Electrical, Radio and Machine Workers. Other Free World Assistance has come from the Japanese Trade Union and the German Bureau of International Social Help (BISH). The latter has financed the construction of eight social welfare centers.

FY 1968 Program: For FY 1968 funding is required for the continuation of three labor advisors specializing in women's and social welfare activities, labor publications and trade union cooperatives.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	72	64		U.S. Technicians	54	-	54	108	-	-	108
Estimated through 6/30/67	72	64	8	Participants ...	2	-	2	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities ...	16	-	16	-	-	-	-
				Other Costs ...	-	-	-	-	-	-	-
Proposed FY 68	108	Undetermined		Total Obligations	72	-	72	108	-	-	108

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Technical Support - Labor	ACTIVITY	Labor	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-990-000.4	PRIOR REFERENCE	P. 135, FY 1967 FE PDB*	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Description: The purpose of this project is to provide overall supervisory and administrative personnel in support of all projects in the labor field. The project covers the dollar costs for salaries and other personal benefits and allowances, international travel, transportation of effects; and local currency to cover salaries of Vietnamese employees of the A.I.D. Mission's Labor Division.

FY 1968 Program: The funding covers the dollar and piaster costs for personal services of five U. S. advisors: the chief of Labor Division, an administrative officer, a language training advisor, a participant training advisor, and an advisor to the Vietnamese Labor Ministry in labor arbitration methods and techniques, and Vietnamese personnel.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS							
				Estimated FY 1967			Proposed FY 1968				
				Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-	Cost Components							
Estimated FY 67	72	72									
Estimated through 6/30/67	72	72	-		U.S. Technicians	72	-	72	154	-	154
					Participants ...	-	-	-	-	-	-
					Commodities ...	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Other Costs ...	-	-	-	-	-	-	
Proposed FY 68	154	Undetermined		Total Obligations	72	-	72	154	-	154	

* For FY 1966 funding for this project was included in Technical Support 430-11-990-000

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Logistics Management and Operations - Page 2	ACTIVITY Logistics	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-990-329	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

the necessary truck and barge transport is secured. Air-lift (dealt with under Technical Support Project) is provided to meet emergency requirements and to move commodities where surface transport is interrupted by the Viet Cong.

The maintenance of vehicles financed by A.I.D., and particularly the supply of spare parts, has been the responsibility of each agency of the GVN which had vehicles assigned to its control. A.I.D. is assisting the GVN to establish a centralized National Maintenance System to provide spare parts inventory control and warehousing, 45 provincial maintenance shops and facilities to rehabilitate vehicles and assemblies. A.I.D. also assists in the training of Vietnamese personnel in vehicle maintenance and maintenance management. Skilled mechanics and instructors are supplied under A.I.D. contracts and participant training is provided to allow selected Vietnamese to study maintenance systems in industrialized countries.

This is a continuing project, presented last year under the Logistic section of the Counter-Insurgency Services project, 430-11-990-264. The present project is an expansion of last year's activity but does not constitute a major change in emphasis or direction.
Progress to Date: Rehabilitation and construction of port facilities in Saigon, Nha Trang, Qui Nhan and Ba Ngoi is underway, with the development of port facilities at Vinh Long and Can Tho in the Mekong Delta at the planning stage. The capability of the crucial Port of Saigon has increased steadily over the past year: from 188,100 tons of A.I.D. and commercial cargo discharged in January 1966 to 266,655 tons discharged in January 1967.

The construction of a warehouse complex at Thu Duc is nearing completion and construction of an intransit storage facility at Kinh Dói will begin soon. A contract team of warehouse management specialists is now in operation at Thu Duc. The procedures it establishes are expected to find broad application in Vietnam.

A new National Inventory Control Point stocked with vehicle spare parts is in operation and construction of 20 provincial vehicle maintenance shops is to be completed in FY 1967. Part of the necessary tools and equipment, secured in previous years, are on hand. Skilled maintenance specialists and instructors, under contract with A.I.D. are in Vietnam and active as the National Maintenance System is put into operation.
FY 1968 Program: Funding of \$43,787,000 will be required for this project in FY 1968. Of this sum, \$31.3 million will be required for contractual services; \$7.2 million for commodities; \$5.2 million for 181 U. S. direct hire and participating agency personnel; and \$99,000 for participant training.

Contracts for FY 1968 include \$5.3 million for deep draft shipping of A.I.D. project commodities to Vietnam; \$2.0 million for coastal shipping of project commodities; \$5 million for the design and construction of port facilities in the Mekong Delta; \$1.6 million for the design and construction of bulk cement and grain handling facilities; \$1.7 million for management of the Thu Duc and DIC warehouse complexes; \$2.3 million for the construction of warehouses; \$2.9 million for the services of vehicle maintenance specialists and instructors, including some 300 third country nationals; and \$500,000 for personal services contracts with various supply management and vehicle maintenance specialists.

The commodity support requirements include \$3 million for vehicle repair parts, \$500,000 for shop equipment and tools, and \$150,000 for care and preservation plant and supplies for the National Maintenance System; \$1,024,000 for fork lifts, trucks, cranes and other material handling equipment; \$724,000 for pre-fabricated warehouses, \$228,000 for structural steel; \$602,000 for roofing, fencing, rebar, cement, and other construction commodities; \$428,000 for wooden pallets; \$100,000 for warehouse fire prevention, security alarm and lighting equipment; and

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Logistics Management and Operations - Page 3	ACTIVITY Logistics	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-990-329	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

\$416,000 for radios, printed forms, office and related equipment.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Revolutionary Development and Chieu Hoi	ACTIVITY	New Life Development (Field Operations)	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-990-332	PRIOR REFERENCE	P. 131, FY 1967 FE PDB*	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: A.I.D. supports Revolutionary Development through a field operations program which provides the necessary resources (men, money, and material) at provincial levels to insure prompt and effective civil government follow-up of military clearing operations. Activities undertaken are designed to re-establish a favorable Vietnamese government (GVN) presence and image by encouraging democratic community action; involving the people with their government through government supported, small scale development projects chosen and implemented by the hamlet population; improving government responsiveness to and interaction with the people; and by developing service oriented local government institutions which will bring the population and the government closer to one another.

Principal A.I.D. field operations activities are: (a) Cadre Development and Expansion, (b) Self-help, (c) Warehousing and Transportation and (d) Chieu Hoi (Open Arms). These activities also assist War Support and Relief efforts by encouraging returnees to the GVN from the ranks of the Viet Cong, and by helping to secure the allegiance and aid of the peasants in the general war effort and by reducing such support to the enemy.

(a) Cadre Development and Expansion: The 59 man Revolutionary Development Cadre groups assigned to hamlets recently brought under government control are a basic feature of an effort called New Life Development

(NLD). Their mission is to explain the government's program to the rural people and to serve as a channel through which closer contact is re-established between the national government and the rural population; assist the people in re-establishing their normal way of life and restoring the fabric of local society; assist the people in improving their basic living conditions; facilitate the re-establishment and operation of popularly selected village and hamlet governments; and establish an effective system of village and hamlet self-defense.

The Revolutionary Development Cadres are the spearhead of the NLD program. As the action agents of the social revolution, trained and equipped to operate in newly secured hamlets, they have the backing and resources of the entire provincial government. These cadres have been formed by combining the manpower resources of existing programs augmented with additional recruitment. They receive intensive training and indoctrination designed to prepare them to work effectively as a team carrying out a wide variety of functions at the village/hamlet level. This training is a vital and unique segment of the program. In essence, the cadre are taught to be the link between the government and the people -- not just as agent of the government but as agent of the people as well. They are given intensive motivational training in an attempt to instill and promote a national spirit, awareness and dedication to the people of Vietnam. The cadre pledge themselves to support the

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							
Estimated FY 67	6,696	2,781		492	497	989	661	720	1,381	
Estimated through 6/30/67	6,696	2,781	3,915	27	-	27	64	-	64	
		Future Year Obligations	Estimated Total Cost	5,680	-	5,680	7,309	-	7,309	
				-	-	-	-	-	-	
Proposed FY 68	8,754	Undetermined		6,199	497	6,696	8,034	720	8,754	

*For FY 1966 this project was included as part of Counter Insurgency Services, 430-11-990-264

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Revolutionary Development and Chieu Hoi - Page 2	ACTIVITY New Life Development (Field Operations)		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-990-332			

development of rural Vietnam, through a social revolution. They are taught techniques of detecting and eliminating the enemy infrastructure in the hamlets, organizing the people for self defense, and conducting a census of the hamlet population in addition to assisting the people to carry out improvements in social welfare, health and education and to establish popular village/hamlet governments. Following satisfactory completion of the training course, cadre teams are assigned to villages or hamlets in their home province which have been selected to undergo pacification in accordance with an annual plan developed at the province level and approved by the central government authorities. They remain in the village or hamlet for whatever length of time is necessary to remove all vestiges of Viet Cong authority and to firmly re-establish a capable, popularly elected governing body which is operating effectively and which is continuing productive contact with government appointed authorities at the district and province levels.

(b) Self-Help: A.I.D. provides commodity support to Self-Help activities designed to assist the people in the hamlets and villages to help themselves in improving their every day economic life with assistance from their government. The implementation procedures have been so set up as to foster cooperation and understanding between the government of Vietnam and the people. The nature of the program requires that the projects be chosen by the people of the hamlet and carried out with whatever resources are available to them. These resources are then supplemented by the government in the form of funds, material and technical advice. By making an investment in the project, according to their capability, the people have thus obligated themselves to common cause with their government for which they will be the beneficiaries. Projects carried out under the Self-Help program (such as classrooms, health stations, wells,

community gardens, small cottage industries) have particular psychological impact, political significance or economic value. Long range plans call for substantial GVN/A.I.D. input in the beginning, however, as time passes, this input is expected to decrease as the people's contributions in labor and funds increase.

(c) Warehousing and Transportation: In order to support Self-Help and similar small scale economic development through the Revolutionary Development program, A.I.D., together with the GVN, has established and maintains a nation-wide logistical system. As part of this system, A.I.D. provides materials for construction of warehouses and storage facilities and vehicles for intraprovince transportation of goods and supplies.

(d) Chieu Hoi: The Chieu Hoi (Open Arms) program supports and furthers the goal of war support and relief by weakening the strength and morale of the enemy. Specifically, the objectives of the program are to induce returnees from the ranks of the Viet Cong by offering the Viet Cong adherents a desirable alternative to continued resistance; to obtain intelligence concerning the Viet Cong; to strengthen civilian support of the government; to educate returnees in the duties and responsibilities, as well as the rights and privileges of citizenship; to offer specific vocational training which will afford a permanent livelihood to the returnees and benefit the national economy; to utilize the returnees in assisting both the psychological warfare and civic action programs of the national revolutionary development efforts; and to resettle the returnees into such communities as will best integrate them into the national society on a permanent and productive basis.

These objectives are being achieved by a concentrated psychological warfare effort designed to reach each member of the Viet Cong and present him with the opportunity of and reason for returning to the Government of Vietnam.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Revolutionary Development and Chieu Hoi - Page 3	ACTIVITY	New Life Development (Field Operations)		FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-990-332	PRIOR REFERENCE	P. 131, FY 1967	FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
					FY: 1967	FY: Undetermined

Upon his return, the returnee is given basic material necessities such as food, clothing and housing for the period of time that he participates in political orientation classes and possible vocational training. During this time the individuals are utilized for intelligence purposes and may take part in the program to induce additional Viet Cong to return to the Vietnamese government. The ex-Viet Cong are carefully integrated back into the Vietnamese society, either in a hamlet composed entirely of returnees and their families, or into the existing Vietnamese hamlets and towns.

All of these activities are continuations of prior year programs. Self-Help for example, has been an integral (and rapidly expanding) part of the program since 1962. The only new activity is the Revolutionary Development Cadre which began in January 1966. In prior years these activities were presented to Congress as part of the Counter Insurgency Services project, 430-11-990-264.

Progress to Date: All of the activities in this category as well as others identified elsewhere, are an integral part of the overall process of restoring security and effective government in rural Vietnam. As of 31 December 1966, a total of 4,401 of a planned goal of 11,250 hamlets have been secured. While progress to date have been slow, it is also important that the effort be a lasting one. Security can be effectively maintained in areas now under GVN control, it should be possible to accelerate progress in the future. The most meaningful progress has been the growth in ability of the Vietnamese government's Ministry of Revolutionary Development (MRD) and the provincial governments to plan and carry out the wide variety of programs which make up the total Revolutionary Development effort. Under dynamic leadership and building on lessons learned from earlier pacification efforts, such traditional weaknesses as over-centralization of authority and control and lack of local initiative and popular

participation in government programs are being reversed. It is already apparent that the Ministry has taken advantage of lessons learned during the first year of the Revolutionary Development effort to improve its programs for 1967. The Ministry has been expanded to a Super-Ministry encompassing the Ministries of Administration (Interior), Agriculture and Public Works in order to expand the spectrum of government activity to which these techniques are being applied. Additional items have been added to the provincial Revolutionary Development (RD) budgets for 1967 and the amount of centrally budgeted piasters for RD activities has more than quadrupled.

At the year end 75% of the country-wide 1966 MRD budget had been spent or committed. This is a distinct improvement over previous years and is primarily attributable to the Minister's initiative in approving and allocating all provincial RD budgets by 1 January 1966 and his pressure on province chiefs to spend funds allocated. 1967 provincial plans were completed on a pre-established schedule which is further indication of the effectiveness of the RD system.

With regard to the Revolutionary Development cadre 1966 was a year of education, trial and error and adjustment during which relative success was achieved in laying the ground work for a solid and effective future program. There appears to be a trend of growing effectiveness by the cadre groups as they gain experience and ineffectives are weeded out. Significant indicators of progress are improved working relations between cadre and provincial officials; improvements in local cadre leadership, particularly upward movement from the ranks; and more time being spent in the hamlets by provincial cadre supervisors. In addition to the some 27,000 cadre now in the field another 17,000 are scheduled to undergo training in 1967.

The self-help program originally encompassed only

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Revolutionary Development and Chieu Hoi - Page 4	ACTIVITY New Life Development (Field Operations)		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-990-332			

funded projects, or projects financed by the Government of Vietnam. Since the program started in 1963, "unfunded projects" (projects funded by the people themselves and requiring only commodity support by the government) have become increasingly prevalent. This is demonstrated by a comparison of 3,575 funded projects in 1966 against 2,103 unfunded projects, and reflects the true spirit "Self-Help".

In both funded and unfunded projects, the people are required to contribute whatever resources are available. Examples of people's contribution are bamboo, sand, gravel, land, manpower and in the case of unfunded projects, money.

The Self-Help activity was started in 1962. Since then the people have steadily increased their contribution to projects of this type. Comparative figures for 1965 and 1966 provide a measure of the growing receptivity to this program. During 1965, approved projects were supported by hamlet contributions of 6.9 million piasters and 225,500 man days of labor. In comparison, as of 30 September 1966, hamlet contributions totaled \$12.4 million piasters and 488,000 man days labor.

The increasing success of the Chieu Hoi programs is illustrated by the comparative numbers of returnees over the past several years:

<u>No. of Returnees</u>	<u>Year</u>
30,000	1967 (rate as of 1 Feb. 1967)
20,242	1966
11,055	1965
5,417	1964
11,248	1963

Since the program's inception, 43 provincial centers have received U.S. commodity and technical support. During 1965, four regional centers were put into operation and the National Center near Saigon was expanded.

Over 4,162 returnees have received vocational training in tailoring, automotive mechanics or a similar field. These training centers have been constructed and equipped through U.S. support.

Upon release from the rehabilitation centers, the returnees receive 1,000 piasters which is supplemented by an amount of foodstuffs and tools and are assisted in getting integrated back into the society.

FY 1968 Program: In support of the activities described above, A.I.D. proposes in FY 1968 to provide: (a) 21 U.S. advisors to assist the GVN in planning the expansion of and training the Revolutionary Development Cadre, improving transportation operations, and advising the Ministry of Information and Chieu Hoi on the development and operation of the returnee programs; (b) 104 U.S. Seabees through a U. S. participating agency agreement to assist the Revolutionary Development self-help programs; (c) 2 personal services contracts with U. S. experts in motivational training and political orientation methods and techniques in connection with the Chieu Hoi program; (d) participant training in community development work for 12 Vietnamese in Taiwan and Malaysia, and for 52 Vietnamese in the Philippines and Okinawa to study anti-guerrilla psychological operations, insurgent resettlement, and psychological operations techniques; and (e) commodity support in the form of vehicles, spare parts, vehicle and building maintenance equipment, and construction materials (cement, rebar, roofing).

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Highlander Affairs	ACTIVITY New Life Development (Field Operations)	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-990-335	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project supports Revolutionary Development by assisting the Vietnamese government to broaden and strengthen its political base in the highlands. The traditional animosity which has existed between the Vietnamese and the Montagnard ethnic minorities is being overcome by encouraging and permitting greater participation by Highlander tribal people in their government. The objective is to satisfy their basic aspirations and win their loyalty to the Government of Vietnam. Doing so will aid the war effort by eliciting Montagnard cooperation in securing the vital central highlands which have been a major training and staging area for North Vietnamese troops infiltrating into South Vietnam. Finally, by improving educational facilities, increasing vocational training opportunities and promoting land reform in the Highlands area, this activity helps pave the way for longer range development.

Emphasis is on social welfare and basic education and skills development. In addition to USAID support, the Asia Foundation supplies over 150 scholarships per year and study trips for Highlander officials in Taiwan, the Philippines and Malaysia. Significant commodity assistance is provided by CARE, the Catholic Relief and Asian Christian Service.

USAID has provided support to the Vietnamese Government's Highlander program since 1963. In previous years this project was presented to Congress as a part of

the Provincial Operations section of the Counter-Insurgency Services project, 430-11-990-264. It has been separated in FY 1967 as a distinct activity for the purpose of better management and closer monitoring of project accomplishments.

Progress to Date: At the end of 1966, there were 32 boarding schools with an enrollment of 4,944 students. By the end of FY 1968 it is estimated that 13 guesthouse-social centers, accommodating 20,000 Highlanders, will be completed. These guesthouses are located in provincial centers and provide temporary living accommodations for tribal people while they are receiving schooling, special projects have included the distribution of food, clothing, blankets, mosquito nets, tools and sports equipment. Ten Agricultural Training Centers have been completed or are nearing completion. International Voluntary Service technicians have been assisting in the planning, construction and implementation of this program. Most centers are now holding classes.

FY 1968 Program: The FY 68 program will capitalize on continued improvement in the GVN organization and operation of this program and the recent rapprochement between the central government and Montagnard leaders. The program must be intensified as evidence of government sincerity and to provide needed immediate benefits to the Montagnards.

Three U.S. advisors will be continued. A contract with an engineering firm will provide a land classifica-

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 67	946	311		635	Estimated FY 1967		Proposed FY 1968		
						Direct AID		Contract/Other Agency	Total	Direct AID
Estimated through 6/30/67	946	311	635	U.S. Technicians	48	-	48	72	-	72
				Participants . . .	13	-	13	13	-	13
				Commodities . . .	885	-	885	675	-	675
				Other Costs . . .	-	-	-	-	250	250
Proposed FY 68	1,010	Undetermined		Total Obligations	946	-	946	760	250	1,010

To be selected.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Highlander Affairs	ACTIVITY New Life Development (Field Operations)	FUNDS/Supporting Assistance	
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-990-335			

tion and cadastral survey in the Highlander areas to serve as the basis for beginning the distribution of land titles, one of the most vital concerns of the tribal people. Participant training for 12 Vietnamese in Thailand and Malaysia is planned for training in ethnic minority affairs to develop leadership to better conduct the affairs of their people and to participate effectively in the national government. Construction projects for which A.I.D. is providing construction materials (cement, rebar, roofing) include boarding school facilities, guesthouse-social centers, and courthouses (tribal). Additional commodity support in the form of blankets, mosquito nets, and sports kits are also programmed.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Youth Development	ACTIVITY New Life Development (Field Operations)	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-990-336	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project is designed to assist the Vietnamese Government to meet the aspirations of both rural and urban Vietnamese youth by involving them constructively in the nation building process. By channeling the energies of this large and vital segment of the population into constructive projects, the Vietnamese Ministry of Youth and Sports seeks to stimulate social change, economic improvement and promote political stability.

The specific targets of this project are to: (a) foster youth leadership by developing and expanding programs of physical education and sports throughout the country both in and out of the school system; (b) assist in the development of voluntary youth civic action programs through which young teachers and students carry out small scale development projects in selected hamlets and urban slums; (c) encourage the establishment and growth of other private youth groups by involving them in constructive development projects throughout the countryside; and (d) promote self government and community self-improvement in selected areas of Saigon through the participation of youth groups in planning and implementation of specific projects.

Until recent years Vietnamese youth have often been an explosive, destructive group in opposition to the government of Vietnam. Since 1965, efforts have been made to redirect this same group towards nation building

and curing the countries ills by positive, socially useful action.

It is significant that the government, at one time plagued by students in particular and youth in general, is now, through the Ministry of Youth and Sports, seeking to work with and support youth organizations.

In previous years this project was presented to Congress as a part of the Provincial Operations section of the Counter-Insurgency Services project, 430-11-990-264. It has been separated in FY 1967 as a distinct activity for better management and monitoring of progress.

Progress to Date: In District 8 of Saigon the government gave the youth full responsibility for the administration of development projects in the area. Youth organizations formed community development councils under whose auspices a wide variety of small scale construction such as housing and schools have been carried out. Their accomplishments have earned them respect of the people and government, and the program has been extended to two adjoining districts.

Under a "Summer Youth Program" organized in 1965 by leaders of major Vietnamese youth and student groups, development projects were carried out in 25 provinces by more than 8,000 student volunteers operating out of 300 camps. In CY 1966, 270 work camps with some 12,000 participants were established. This group completed about 230 youth civic action projects, including wells, market places, school repair, village road repair, etc.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-								International Voluntary Services (IVS)
Estimated FY 67	1,210	416		U.S. Technicians	60	65	125	1,170	15	1,185	
Estimated through 6/30/67	1,210	416	794	Participants ...	186	-	186	150	-	150	
		Future Year Obligations	Estimated Total Cost	Commodities ...	893	-	893	1,016	-	1,016	
				Other Costs ...	-	6	6	-	-	-	
Proposed FY 68	1,351	Undetermined		Total Obligations	1,139	71	1,210	1,336	15	1,351	

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Youth Development - Page 2	ACTIVITY	New Life Development (Field Operations)	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-990-336	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Over 1,300 sports areas have been constructed and over 500 P.E. instructors trained.

FY 1968 Program: FY 1968 plans include (a) the completion of construction of a National Youth Training Center begun in FY 1967 which will be used to train cadre of the Ministry of Youth and Sports and private youth leaders in leadership, physical education, recreational pursuits, group dynamics, and general program planning and management; (b) participant training in the U.S. and third countries in youth civic action, social welfare, and physical education; (c) augmentation of the youth civic action program to include approximately 30,000 work camp participants and complete approximately 550 projects; (d) expansion of the sports program through construction of physical facilities and the training of physical education instructors both in Saigon and outside Saigon throughout the secondary school system; (e) support of private youth organizations in the provinces through construction of youth center in Hue, Nha Trang, Can Tho and small scale development projects; support of voluntary work of youth groups in Districts 6, 7, and 8 of Saigon with emphasis on developing agricultural cooperatives, major self-help projects and construction of individual family housing units (a target of 1500 units by the end of CY 1968).

In support of these planned activities, A.I.D. will provide 8 U.S. Community development youth advisors and regional youth officers; 4 U.S. contract technicians (International Voluntary Services Contract) specializing in the teaching of English, agricultural cooperatives, and working with Chinese minority groups; participant training for 32 Vietnamese in the U.S. and other Far East countries; and construction commodities (cement, rebar, roofing, nails) and tool kits to support the youth civic action, self-help, and other development projects.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Field Operations	ACTIVITY New Life Development (Field Operations)	FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, P. 135, FY 1967 FE PDB*	INITIAL OBLIGATION FY: 1967
PROJECT NUMBER 430-11-990-000.6		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Description: The purpose of this project is to provide skilled manpower from the U. S. and the Republic of the Philippines to help the Vietnamese Government carry out its Revolutionary Development effort.

It includes both headquarters and field personnel support for the Office of Civil Operations (OCO) which has been established to integrate, direct and intensify the activities of all U.S. civilian agencies in support of Vietnamese Revolutionary Development at the provincial, regional and national levels. OCO will direct all U. S. civilian personnel and projects in the provinces and will coordinate these civilian activities with those of the military.

The responsibilities of personnel assigned in the provinces are somewhat different from those of traditional A.I.D. technical advisors. They are generalists who work at local levels in direct support of the Vietnamese Government's efforts to provide effective civil government and win the allegiance and support of the local population. These field advisors serve under conditions of great hardship and risk. They advise and assist on virtually all aspects of Vietnamese Government operations at the provincial level and below. They have much greater operational responsibility than the usual A.I.D. specialists for assisting in carrying out activities involving U. S. commodities and other forms of support. They are doers as well as advisors and must assume a high

degree of individual responsibility. These A.I.D. officers make up the largest single component of the newly established Office of Civil Operations. Senior Area Development Officers are hand-picked from among the most capable officers in the A.I.D. foreign service. Junior officers are selected through an intensive recruiting and screening effort and the majority receive six to nine months of training before departing for Vietnam.

The International Voluntary Service (IVS) portion of the project has been in existence almost 10 years. IVS volunteers are employed as community development advisors. They live and work among the local villagers and have maintained a high reputation among the Vietnamese people and Americans working in Vietnam for their competence, dedication and self-sacrifice. Many have stayed on with A.I.D. following their IVS tours and are among the most outstanding of our Area Development Officers.

Philippine technicians have served as Self-Help and Chieu Hoi advisors at the provincial levels since 1964. They are hand-picked from among veterans of the Philippine counter-insurgency campaign against the communist Huks by officers of the Eastern Construction Company, a Philippine corporation whose officers were themselves leaders in the Anti-Huk Campaign and are now prominent in Philippine Government and private affairs. The increasing success of both these activities is in

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								Department of Defense; IVS; ECCOI.
Estimated FY 67	10,095	10,074		U.S. Technicians	8,603	214	8,817	12,861	267	13,128	
Estimated through 6/30/67	10,095	10,074	21	Participants ...	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	1,278	1,278	-	1,526	1,526	
Proposed FY 68	14,654	Undetermined		Total Obligations	8,603	1,492	10,095	12,861	1,793	14,654	

* For FY 1966 funding for this project was included in Counter Insurgency Services 430-11-990-264 and Technical Support 430-11-990-000

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Field Operations - Page 2	ACTIVITY New Life Development (Field Operations)	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-990-000.6	PRIOR REFERENCE P. 131, P. 135, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

large part due to the talent and energy these skilled and dedicated personnel have provided.

FY 1968 Program: The project covers the dollar costs and local currency support for both headquarters and field personnel working across the board in all areas of Revolutionary Development. The dollar funds cover salaries and allowances for 468 A.I.D. direct hire, 4 U.S. participating agency, 23 IVS, and 109 Filipino personnel. The U. S. personnel requirements for the new Office of Civil Operations are currently under review and may be adjusted upward during the course of the year.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Support of Civil Government	ACTIVITY	Public Administration	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-790-339	PRIOR REFERENCE	P. 128, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: This project supports and advises the Government of Vietnam (GVN) in developing responsive and responsible civil government at the national, provincial, district, village and hamlet levels, and in the major cities, including Saigon. Activities in this project contribute mainly to Revolutionary Development objectives through:

1. improving administrative organization and procedures at the grass-roots level, and public service motivation of village and hamlet government officials;
2. strengthening the capability of provincial and district governments through training officials to serve as effective and responsible links between national and village and hamlet levels;
3. developing the capabilities of the increasingly burdened municipal governments of Da Nang, Dalat, Hue, Nha Trang, Bien Hoa, Vung Tau, Gia Dinh, My Tho, Can Tho, Cam Ranh City and Saigon-Cholon, to provide sanitation, safety, transportation, health and administrative services through training, provision of equipment and technical advice; assisting in the development of a master plan for the improvement of prefectural services, and the introduction of specialized equipment on a trial basis;
4. improving the training of civil affairs cadre at Vung Tau National Training Center and on-the-job training of the cadre in the field; and
5. sending participants to the U.S., the Philippines, and other third countries to augment the training

assistance and advice provided by U.S. advisors in Vietnam on national, municipal and local government.

The longer-range development emphasis of the program will be supported by:

1. surveying and designing more efficient management systems for selected offices of the GVN;
2. increasing management efficiency in national government ministries and offices through the establishment of competent management analysis staffs, and in-service training programs and facilities;
3. identifying major organizational and administrative obstacles to improving local government services and capabilities and making preliminary studies and plans; and
4. developing guidelines and priorities for construction under a new "Rural Public Works Program" of village and provincial administration buildings destroyed by the war.

This project was included in last year's Congressional Presentation as part of Civil Administration Improvement 430-11-790-301. It was separated out from other public administration functions during FY 1967 to emphasize its vital role in developing the GVN's effectiveness and nation-wide political stability, and to improve project management. Simultaneously it was broadened to include specific new activities in the An Giang national priority area and Cam Ranh City.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Contractors not yet determined
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	2,902	1,400		U.S. Technicians	759	285	1,044	1,107	180	1,287	
Estimated through 6/30/67	2,902	1,400	1,502	Participants . . .	260	-	260	176	-	176	
				Commodities . . .	1,598	-	1,598	5,482	-	5,482	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	6,945	Undetermined		Total Obligations	2,617	285	2,902	6,765	180	6,945	

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Support of Civil Government- Page 2	ACTIVITY Public Administration	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-790-339	PRIOR REFERENCE P. 128, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Progress to Date: Since 1964, 21,347 village and hamlet officials have received training, thirteen provincial training centers established and 1,980 provincial and district government officials trained. In addition, 30 Saigon city officials have received training during the same period in various aspects of municipal administration, and in other cities in two Regions, 151 city officials received training last year.

A consultant recently completed a survey of the municipal bus systems and A.I.D. provided buses and engines to assist the Saigon bus company. In addition other free world countries are assisting the GVN in dealing with urban problems.

The Korean government is considering a proposal to provide 100 new buses, plus additional engines and technical advice to the Prefecture's bus system. WHO is providing a full time advisor to the city's refuse removal service. Other A.I.D. advisors have also collaborated in planning and initiating essential city services.

Five management surveys have been completed in the Prime Minister's Office by the Central Committee on Administrative Reform. Similar surveys in other areas of the GVN have been directed by the Prime Minister, including the reorganization of his own Executive Office. The Special Commission for Administration has been assigned responsibility of developing a nation-wide in-service training program for local and rural government bodies. The number of persons trained in central government administration courses in 1966 was 75; in 1967 this will double to 150, and double again in 1968 to about 300.

A study entitled "A Report on the Project to Improve the Organizational Framework of the Special Commission for Administration" was completed by a public administration consultant in January 1967 and is expected to provide basic guidance in the development of civil government in rural areas.

FY 1968 Program: Funding is required for 38 U.S. direct-hire or contract public administration specialists in such fields as municipal government, training, civil administration, organization and management, education for management, municipal drainage and sanitation, transportation and traffic and fire fighting specialists. Seventy-three Vietnamese government officials will be sent to the U.S. and Thailand, the Philippines, and Taiwan to study all aspects of national, municipal, provincial and local government for various periods from two months to a year. Commodity support will include office equipment and supplies, training equipment, fire-fighting equipment and garbage trucks. Pending the final outcome of a feasibility and engineering studies being conducted in 1967, funding is provided for construction of a garbage convertor plant.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Improvement of Fiscal Administration	ACTIVITY Public Administration	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-750-340	PRIOR REFERENCE P. 128, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project will assist the Government of Vietnam (GVN) to curb inflationary pressures and achieve greater economic stability through more effective collection of tax and customs revenues, and to establish on a long term basis a more efficient national budgetary system capable of exercising fiscal direction and control over GVN Ministry programs.

A.I.D. has entered into a U.S. participating agency agreement with the U.S. Bureau of Customs to assist the GVN to: 1) accelerate customs clearance through Saigon ports by introducing simplified and standardized inspection and checking procedures; 2) suppress illegal movement of goods in port areas and inland waterways through improved reporting and modern investigative methods thereby increasing contraband seizures; and 3) increase public revenues derived from better customs operations by raising customs collections.

A number of administrative and organizational reforms including a career system for the customs service will be carried out; simplified and standardized procedures for customs clearance and release will be adopted; mobility of the marine customs fleet will be enhanced; and improved reporting methods using electronic data processing facilities will be provided to the GVN.

A U.S. Internal Revenue Service (IRS) Team will advise the GVN on strengthening tax enforcement and collections, and improving tax administration in general with the aim of increasing revenues in 1968 over 1967 by

at least 40%. Priority will be given to mechanization and data processing, the use of modern planning and budgetary methods, training, and improved personnel administration. The IRS team will review findings of a GVN study of present tax laws and regulations now being undertaken with the assistance of a UN tax advisor, needed legislative modifications and improvements -- both short and long range -- will be identified, and a detailed plan for implementing such changes formulated. The IRS team will also advise and assist the GVN in drafting the new legislation, and assist the GVN in carrying out a tax withholding decree issued September 3, 1966. Increased emphasis will be placed on the collection of delinquent accounts, training of first rate audit teams and a system of more rapid assessments.

Construction of new office buildings in Saigon and Cholon will consolidate overcrowded and scattered central tax offices with resultant administrative improvements. Once priority needs are met in central tax administration, increasing attention will be devoted to upgrading the field organizations throughout the provinces.

An A.I.D. consultant on budget administration will assist the GVN Central Committee on Administrative Reform undertake a survey of existing budgetary organs, procedures and practices. Based on this study, the GVN, with the assistance of a U.S. management consultant team, will create a phased reorganization plan. The new budgetary system will be coordinated with a proposed new National

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS							PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968				
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/66	-	-	-							U.S. Bureau of Customs; Internal Revenue Service.	
Estimated FY 67	1,690	1,141									
Estimated through 6/30/67	1,690	1,141	549								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	1,667	Undetermined									
Cost Components											
U.S. Technicians				260	921	1,181	363	1,040	1,403		
Participants . . .				99	-	99	148	-	148		
Commodities . . .				402	-	402	108	-	108		
Other Costs . . .				-	8	8	-	8	8		
Total Obligations				761	929	1,690	619	1,048	1,667		

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Improvement of Fiscal Administration - Page 2	ACTIVITY Public Administration		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 128, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-750-340			

Planning Agency in order to maximize the efficiency by which available resources are marshalled and utilized, and to "feed back" expenditure and implementation data to the planning agency.

This project was formerly presented as part of Civil Administration Improvement project, 430-11-790-301, but has been identified as a distinct administrative unit in FY 1967 to focus objectives more clearly and enable better project management and progress monitoring.

Progress to Date: The IRS team made a tax survey from May to June 1966. This study, well received by the GVN, recommended various tax administration devices which could be used to control inflation and laid the groundwork for GVN tax appraisal and reform. During FY 67 IRS provided the GVN with the services of 8 tax advisors, and the U.S. Bureau of Customs provided 23 customs specialists. The following improvements can be noted: tonnage cleared through customs rose from 2,159,000 tons in 1965 to 2,439,000 tons in 1966; customs collections increased from 5.7 billion piasters in 1965 to 9.6 billion in 1966; contraband seizures increased from 450 in 1965 to 1,250 in 1966. Tax revenues thru November 1966 increased 40% over receipts in November 1965, and 75 million piasters in delinquent tax accounts had been collected by October 1, 1966. IRS assisted the GVN to develop an audit program and provided two advisors for training of personnel in such techniques. A survey of existing budgetary procedures was recently completed by the Central Committee on Administrative Reform with the assistance of an A.I.D. consultant and is being reviewed by the GVN.

FY 1968 Program: The principal A.I.D. contributions proposed for FY 1968 include \$492,000 for the Customs team (18 advisors), \$298,000 for the IRS team (8 advisors) and \$250,000 for a 6-man management consultant team. Nine direct-hire advisors will provide backup support to project teams while assisting GVN agencies improve their

fiscal administration operation. Under the participant training program, 23 GVN Customs officers will study customs administration in the U.S., Japan or Okinawa; 8 GVN tax specialists and 8 budget and accounting officials will be given training in the U.S. The tax officials will study tax laws, delinquent tax account management, audit supervisory training, tax audit management, and budget administration.

Commodity support will be required including office equipment for tax administration, and boats and vehicles to increase the ability of the customs service to patrol harbor areas and inland waterways in its search for contraband shipments.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Statistical Services		ACTIVITY	Public Administration		FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-780-341		PRIOR REFERENCE	P. 128, FY 1967 FE PDB*		INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
						FY: 1966	FY: Undetermined

Project Target and Course of Action: The collection and availability of more comprehensive, accurate and timely statistical information on the Vietnamese economy, society and population will contribute directly to the soundness and timeliness of long range development planning and the evaluation of program results. This project seeks to up-grade the capabilities of the National Institute of Statistics (NIS) for collecting and processing economic and demographic data, as well as similar specialized statistical capabilities of other Vietnamese Government (GVN) agencies and ministries. A.I.D. will provide technical guidance, commodities and participant funding in support of the NIS.

The project was presented formerly as part of Civil Administration Improvement 430-11-790-301. Because of the importance of accurate data to the design and implementation of sound programs and the immediate economic stabilization requirements for economic information, it was made a distinct administration unit in FY 1967.

Progress to Date: The National Institute of Statistics and other ministries have made significant progress in data development, collection, and reporting to meet the statistical needs of GVN. Household budget studies were completed in Saigon during 1965 and several fundamental statistical indices have been revised and the field work of the Institute expanded. An establishment census is currently underway. IBM punch card equipment

scheduled for installation in early 1967 will more than double NIS's capacity for processing of statistical census and survey data.

Advisors under a Participating Agency Services Agreement (PASA) and one USAID advisor are providing technical assistance to the GVN to establish an Integrated Management Information System, and develop statistical and data processing systems in support of GVN export-import and taxation programs. NIS and PASA technicians are conducting a nine month in-service training course in statistical methods at the intermediate level, and an on-site course in data processing. Five PASA technicians are on board; recruitment is underway for an additional three technicians.

FY 1968 Program: Eight long term PASA advisory positions will be continued and two special consultants will be provided. Local training in data processing will be expanded. Eight participants will be sent to the United States for a year to study planning, statistics and census operations and data processing. Commodity support consisting of office equipment and supplies will be provided.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	U. S. Bureau of the Census.
Through 6/30/66	-	-	-								
Estimated FY 67	658	302		U.S. Technicians	20	177	197	20	282	302	
Estimated through 6/30/67	658	302	356	Participants . . .	29	-	29	50	-	50	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	432	-	432	39	-	39	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	391	Undetermined		Total Obligations	481	177	658	109	282	391	

* In FY 1966 this project was included in Civil Administration Improvement 430-11-790-301

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Development Planning 430-11-790-342 PROJECT NUMBER	ACTIVITY Public Administration PRIOR REFERENCE None	FUNDS Supporting Assistance INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
---	--	--	--

Project Target and Course of Action: The purpose of this project, initiated in FY 1967, is to assist the Vietnamese Government (GVN) to establish the planning machinery and increase its capacity to plan for long-range development. To do this A.I.D. is (1) providing the services of a U.S. development planning advisor on the Mission staff who will work with GVN planning agencies and provide A.I.D.'s professional liaison with U.S. contract personnel; (2) financing a contract with a U.S. firm to assist the GVN to establish effective planning machinery, and to formulate overall and sectoral plans for postwar development; and (3) providing advanced training in the U.S. in development planning for selected Vietnamese economists.

The U.S. consulting firm, Development and Resources Corporation, is now beginning long-range planning in cooperation with a distinguished group of Vietnamese economists and planners, mainly from universities and the private sector. This national development planning will take into account such important issues as methods to promote speedy recovery of agricultural production, restoration of road, rail and canal transportation, utilization of military installations, inventorying Vietnam's resources, relationship of current economic policy-making to postwar aims of achieving early self-support, refugees, etc.

The group will also assist the Office of the Prime Minister in completing a study, begun in October 1966,

of GVN planning capabilities. The results of this study will include the definition of technical and professional requirements for improving the GVN planning capability and the formulation of a system within the Government for planning and Budgetary implementation.

Progress to Date: An initial study of existing planning capabilities within the GVN was accomplished during the period October-December 1966 by the Office of the Prime Minister with the assistance of A.I.D. consultants and advisors. The GVN has established a Supreme Development Board, and it is anticipated that the Directorate of Planning will be reorganized and be in a position to formulate general budget policies for the 1968 national budget.

A contract has been signed with the Development and Resources Corporation, whose board chairman is David Lillienthal, which will provide development planners and sectoral specialists to make economic analyses leading to project and sectoral development plans. Mr. Lillienthal and two other specialists have made an initial visit to Vietnam and have returned encouraged by the opportunities for effective joint planning. Modus operandi with Vietnamese counterpart planners, agreement on priority studies, and determination of precise skills needed for the permanent U.S. party of planners are being worked out in Vietnam.

FY 1968 Program: A.I.D. will continue to assist the GVN to build a competent and efficient development planning

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/ther agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							Development and Resources Corporation; Other contractor to be selected.
Estimated FY 67	615	405		-	600	600	36	250	286	
Estimated through 6/30/67	615	405	210	15	-	15	15	-	15	
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	301	Undetermined		15	600	615	51	250	301	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Development Planning - Page 2	ACTIVITY Public Administration		FUNDS Supporting Assistance
PROJECT NUMBER 430-11-790-342	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY:

capability with an additional \$250,000 to complete funding of the contract for a three year period, which was begun in FY 1967 for 3 development planners, 2 sectoral specialists and an administrative assistant whose work on micro-economic analyses and policies will continue and an A.I.D. advisor to work with GVN agencies and provide professional liaison with the contract groups. The training of two participants in the United States in development planning will require \$15,000.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Legal Administration	ACTIVITY Public Administration	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-790-343	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This new project contributes to the long range development emphasis of the program to improve the administration of law and justice at all levels of Vietnamese society. Starting in FY 1968, it will be a modest, first step in an area of great importance for future development.

One direct hire advisor and one short term consultant will assist the Ministry of Justice to plan and carry out reforms of its administrative and courtroom procedures and extension of court facilities into outlying areas where they are not now available. Another consultant will advise the Ministry on the development of a commercial code and on a program for systematically publishing legal reports and materials, which would be available to the legal profession and the public. Training of Vietnamese judicial and legal personnel is also contemplated.

Progress to Date: Though this project does not officially start until FY 1968, A.I.D. has advised and assisted in the recent reorganization of the Ministry of Justice to improve administration. A.I.D. advice has also influenced the unprecedented step of moving the Courts of Appeal from their seats at Hue and Saigon on a scheduled circuit to five cities in Regions II and IV and for planning an expansion of the circuit courts to the provinces. Training courses have also been started for local judicial officials.

FY 1968 Program: In FY 1968, funds are programmed for salaries of one direct hire legal advisor and two consultants in the field of legal codification and legal education. Two Vietnamese judges will receive 12 months' training in the United States.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/ AGENCIES			
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cast Components	OBLIGATIONS					
	Estimated FY 67	Estimated through 6/30/67	Future Year Obligations		Estimated Total Cost	Estimated FY 1967		Proposed FY 1968		
						Direct AID		Contract/Other Agency	Total	Direct AID
Proposed FY 68	77	Undetermined		Total Obligations			77	-	77	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Veterans Affairs	ACTIVITY Public Administration	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-790-344	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This is a new project in FY 1967 designed to assist the Government of Vietnam's (GVN) Ministry of Veterans Affairs, established in July 1966, in developing a National Rehabilitation Institute and planning and erecting a Veterans Vocational Training Center near Saigon. These activities will help create several vital veterans' institutions needed in the longer run, and will also provide an immediate impact benefit in raising morale in the Vietnamese Armed Forces (ARVN). Vocational training will contribute to economic stabilization by helping to alleviate shortages of skilled manpower.

A.I.D. will provide commodity aid and technical assistance in establishing a regional veterans vocational training center at Can Tho, the first of its kind to service veterans, and in organizing a Vietnamese Veterans Association. This center is expected to be completed in FY 1968 with an expected initial enrollment of about 500. Vocational training will be geared to helping those who, because of their age and war related disabilities, might not otherwise have job opportunities commensurate with their abilities and their patriotic service. Special emphasis will be placed on upgrading the capabilities of the Ministry of Veterans Affairs as a service oriented organization. Additional commodity support is expected from voluntary agencies, and the U.S. Military Assistance Command/Vietnam will work with the ARVN to assure dissemination of veterans benefit information to the troops.

Progress to Date: Of the 14,535 veterans registered nation-wide in Vietnam since 1964 some 220 have received various types of training, 1,524 have been placed in jobs, and nearly 200 million piasters in benefits have been paid out prior to the initiation of this project.

Two consultants from the U.S. Veterans Administration are conducting a preliminary survey in Vietnam of detailed project requirements.

FY 1968 Program: \$450,000 will be required for a 10-man team of vocational education advisors to assist in the planning and operation of the veterans vocational training center. Another \$450,000 will be needed to purchase 50 pre-fabricated building units in the U.S. for this Center. Six fully equipped training shops for this Center will cost \$150,000. A total of 13 participants will be sent for varying lengths of time to the U.S. for in-service training in general veterans affairs and vocational training.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						
	Obligations	Expenditures	Unliquidated	Cost Components	Estimated FY 1967			Proposed FY 1968		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-							
Estimated FY 67	83	44		U.S. Technicians	14	-	14	58	450	508
Estimated through 6/30/67	83	44	39	Participants . . .	23	-	23	43	-	43
		Future Year Obligations	Estimated Total Cost	Commodities . . .	46	-	46	602	-	602
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 68	1,153	Undetermined		Total Obligations	83	-	83	703	450	1,153

PRINCIPAL CONTRACTORS/AGENCIES

Contractors not yet determined.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE National Institute of Administration PROJECT NUMBER 430-11-790-345	ACTIVITY Public Administration	FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 128, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The educational and training programs conducted by the National Institute of Administration (NIA), with United States assistance, are aimed directly at improving the capability and administrative efficiency of the central government -- a long range development effort. Substantial resources of the NIA are currently being used, on a priority basis, to train provincial and district administrators and officials in special short courses. In this way the project contributes to the immediate Revolutionary Development objective of shorter term improvement of government service at the provincial and local level. It will also provide for NIA faculty members to study public administration and economics at American universities. The NIA plays an important role at all levels of the Vietnamese government (GVN) by providing the necessary advanced training for civil administrators, by loaning NIA faculty members to other GVN agencies for special research and staff work, and by sponsoring senior seminars for ranking GVN officials.

USAID assistance to NIA under earlier projects began in FY 1957 with the provision of advisory services under an A.I.D. contract with Michigan State University and training of future faculty members in the United States. Direct-hire advisors took over from contract advisors in 1963-64.

The present project is a continuation of these earlier activities. It was presented to Congress in

previous years as part of the Civil Administration Improvement project, 430-11-790-301.

Progress to Date: The number of all (full time and part time) students registered in NIA increased from 290 in 1964 to 1,150 in 1966; it is anticipated that this will increase to 1,310 and 1,410 by the end of 1967 and 1968, respectively. The number of graduates from the Institute's 3 year course have increased from 82 in 1964 to 253 in 1966; in 1967 and 1968 the number of graduates is expected to reach 338 and 423, respectively. For the first time last year, 98 students were graduated from the NIA's chief clerk course; almost 300 students taking the chief clerk course are expected to graduate by the end of CY 1967. The bulk of the student body has been enrolled in non-diploma courses.

FY 1968 Program: The A.I.D. Mission will assist the NIA in increasing the number, type and content of training programs, and student enrollment by providing the NIA library with necessary books and reading equipment, and particularly in advising the NIA on the implementation of advanced graduate studies and seminars for senior GVN officials. Five participants will be selected to study in the U.S. in public administration and finance. A.I.D. will also provide one public administration education advisor, and commodity support in the form of reference books, periodicals and other teaching aids.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
	Through 6/30/66	-	-	Cost Components	Estimated FY 1967		Proposed FY 1968			
					Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency
Estimated FY 67	104	54		U.S. Technicians	36	-	36	36	-	36
Estimated through 6/30/67	104	54	50	Participants ...	25	-	25	25	-	25
		Future Year Obligations	Estimated Total Cost	Commodities ...	43	-	43	7	-	7
Proposed FY 68	68	Undetermined		Other Costs ...	-	-	-	-	-	-
				Total Obligations	104	-	104	68	-	68

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Clinical Health Services	ACTIVITY	Public Health	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-530-347	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: This project is aimed at improving the general level of health of the rural and urban population of Vietnam, and in so doing will further the objectives of two program emphases. Direct medical care provided to the civilian population of Vietnam will contribute directly to the war support and relief by (1) supplementing the Vietnamese Government's (GVN) medical resources made scarce by Vietnam's military requirements, and (2) providing assistance to war-related injuries of civilians. Concurrently, prefectural health, clinical, and pharmaceutical advisory assistance will contribute to a nation-wide medical and public health system, a long range developmental effort.

In order to alleviate the impact of war on the civilian population, the level of patient care will continue to be raised in 39 provincial hospitals and in the district Maternity-Infirmiry Dispensaries through the provision of U. S. and other free world assistance. A minimum of 43 medical teams -- four U. S. medical specialty teams, eighteen Free World Aid Teams and twenty-one U. S. Military Public Health Assistance Program (MILPHAP) Teams, and thirty-two volunteer physicians serving sixty-day tours under the American Medical Association (AMA) contract with A.I.D. -- will continue to provide medical services and receive A.I.D. administrative direction and logistic support. More than 1.4 million people will be

given medical care under this program in CY 1968. In addition, nursing service advisors will provide assistance to their Vietnamese counterparts at five provincial hospitals.

In an effort to maximize the impact of the direct medical care being provided under the health assistance program, a phased plan for hospital improvement will be implemented in CY 1968. By renovating existing facilities and constructing new facilities where required, A.I.D. and the GVN are attempting to place adequate medical services at the disposal of the population.

Long range development contributions, which will assist the GVN in consolidating and improving services on a national basis, include (1) the strengthening of the GVN's ability to regulate standards and traffic of drugs and pharmaceuticals through the provision of qualified advisory and supervisory personnel; (2) improving Vietnamese capability in the production of intravenous fluid solution, vaccines, surgical sets, etc., through the study and development of the production of these items; and (3) increasing the use of administrative planning techniques to build up Saigon's capabilities to meet the health needs of the city's 2.5 million people.

Provincial health assistance, the renovation and construction of hospitals in Vietnam, are continuing activities previously presented to Congress as part of the Health section of the Counter-Insurgency Services

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS							PRINCIPAL CONTRACTORS/AGENCIES Department of Defense; American Medical Association; A. Brown (Liaison Officer); Operation World Freedom (Philippines); Republic of China; Republic of Korea.
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968				
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/66	-	-	-								
Estimated FY 67	9,912	8,058		2,370	1,812	4,182	5,298	1,188	6,486		
Estimated through 6/30/67	9,912	8,058	1,854								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	14,234	Undetermined		3,059	6,853	9,912	5,505	8,729	14,234		

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Clinical Health Services - Page 2	ACTIVITY Public Health		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FEPDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-530-347			

project, 430-11-990-264. Assistance being provided in the field of pharmaceutical control is new in FY 1967, designed to contribute to the long range development process.

Progress to Date: Under Provincial Health Assistance, the number of teams serving in Vietnam since December 1965 has increased from 17 to 43. The number of patients treated has grown from 700,000 in 1965 to over 1,000,000 in 1966. Renovation of 6 provincial hospitals has been completed and 5 others are in the process of renovation; and construction of 28 major surgical suits has been completed. Emergency construction of hospital facilities at seven other sites is being implemented in 1967.

A senior pharmaceutical advisor is presently assisting the Ministry of Health, Directorate of Pharmaceutical Products.

FY 1968 Program: in FY 1968 it is proposed that A.I.D. provide funds totaling \$14,234,000, half of which (\$7,117,000) will cover the costs of renovation and construction for health facilities throughout the country, and the remainder (\$7,117,000) will fund personnel and commodity support for direct medical care and advisory services. Renovation and construction will be accomplished primarily through contracts totaling \$7,000,000, and \$117,000 worth of commodities for minor renovations.

Direct care medical personnel for the health assistance and advisory services activities include 240 direct hire U. S. personnel, 24 personnel provided to A.I.D. by the Department of Defense under a Participating Agency Services Agreement, 145 third country nationals under personal services contracts, and 34 U.S. contract personnel. The bulk of funds for U. S. contractors is for per diem and travel of the 32 volunteer physicians on 60 day tours continually made available by the AMA.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Public Health Services	ACTIVITY	Public Health	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-530-348	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: The purpose of this project is to assist the Vietnamese Government's (GVN) Ministry of Health (MOH) establish a national public health services program. The project contributes to two broad sectors of the A.I.D. program: (a) Revolutionary Development - preventive medicine throughout Vietnam, high-impact rural health programs and advisory assistance to the central advisory staff of the MOH; and (b) Long Range Development - environmental health and health education programs.

In the field of preventive medicine, this project will maintain surveillance against the threat of major epidemics throughout the country through specimen examinations and a program of vaccination against, and isolation of, such endemic diseases as plague, cholera, small pox, tuberculosis, and venereal diseases. In FY 1968, more than 2,500 specimens will be processed and more than 7,000,000 immunizations given. A portion of this service will be specifically devoted to maternal child care in rural areas, where more than 300,000 children will be immunized against diphtheria, para-typhoid, and typhoid, and more than 400 midwives will be trained.

The development of Maternity/Infirmary/Dispensaries (MID's) on the district level and Maternity/Dispensaries (MD's) on the village and hamlet levels, which constitute the foundation of the GVN's revolutionary development health programs in rural areas, will also be supported by A.I.D. In

FY 1968, 300 additional facilities will be built or up-graded with the help of A.I.D. equipment and supplies.

Assistance will be continued to the MOH in the development of a central advisory staff to formulate policies and plans necessary to the success of the public health program. This will be accomplished through effectively advising the officials of newly created bureaus under the Directorate of Public Health.

A longer range aspect of the program will be the nationwide effort to establish, strengthen, and enforce environmental sanitation codes. Sanitary workers, 20 in Saigon and 100 elsewhere, will be trained in 1968. Surveys begun in FY 1967 will be continued to assess existing sanitary conditions throughout Vietnam, the results of which will be implemented at all levels.

Health education programs will seek to encourage community response and acceptance of health services. A.I.D. will assist the newly created National Service of Health Education in its efforts to utilize mass media and civic groups to disseminate information on proper public health practices and GVN/MOH programs.

In prior years the activities carried out through this project were presented to Congress as part of the Health section of the Counter-Insurgency Services project, 430-11-990-264. They have now, in FY 1967, been singled out and combined in this project for better management and emphasis on the inter-relationship of the various facets of public health services.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
	Through 6/30/66	Estimated FY 67	Estimated through 6/30/67		Future Year Obligations	Estimated Total Cost	Estimated FY 1967			Proposed FY 1968				
							Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
	-	-	-											
	3,754	2,059		U.S. Technicians	580	973	1,553	906	1,009	1,915				International Rescue Committee;
	3,754	2,059	1,695	Participants ...	-	-	-	-	-	-				Ministry of Health - Republic of Korea;
				Commodities ...	1,973	-	1,973	1,064	-	1,064				Ministry of Health - Republic of China;
				Other Costs ...	-	228	228	-	211	211				U.S. Department of Public Health;
Proposed FY 68	3,190	Undetermined		Total Obligations	2,553	1,201	3,754	1,970	1,220	3,190				Other contractors not yet determined.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Public Health Services - Page 2	ACTIVITY Public Health	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-530-348	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Progress to Date. During 1966, 5.5 million preventive immunizations were given and more than 1,400 sample specimens were examined with laboratory assistance from the Pasteur Institute. In the area of maternal child care, 280 midwives were trained and more than 43,000 children were innoculated. An additional fifty district and hamlet MID units have been constructed, and 25 health educators and 192 environmental health workers were trained over a two year period since the beginning of 1965.

FY 1968 Program: A.I.D. proposes to contribute to this project in FY 1968 by providing 36 U.S. A.I.D. advisors, 5 U.S. advisors from Participating Agencies, six contracts and commodity support. Two of the U.S. personnel will help the MOH coordinate the entire project, while 9 will focus on preventive health, 12 on environmental health, 8 on maternal child care, and 10 on health education.

Three contracts in the field of preventive health will provide an additional 34 U.S. personnel (International Rescue Committee) for medical service and training, a 17 member Korean Medical Team to assist the GVN/MOH with its preventive health program, and a 10 member Republic of China Team to work on tuberculosis control. The remaining three contracts will provide the personal services of three third country nationals to assist in the production of health education materials.

Commodity support will be provided for the construction of medical facilities in rural areas (MDs and MIDs), equipment for the preventive medicine program, environmental health development, and health education.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Medical Education	ACTIVITY Public Health	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-540-150	PRIOR REFERENCE P. 124, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1957	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This continuing project will broaden Vietnam's capability for the long range development and expansion of medical and public health services by increasing the number and quality of Vietnamese physicians and dentists. Assistance to the Faculty of Medicine and the Faculty of Dentistry of the University of Saigon will be continued under contractual arrangement with the American Medical Association (AMA) and the American Dental Association (ADA). Medical and dental educators will be assigned to Vietnam to offer teaching and curriculum advisory assistance. A modified curriculum will be implemented which is designed to shorten the number of years now required for the completion of studies. The FY 1968 program will contribute to the specific goal of graduating 200 doctors, 50 dentists, and 300 medical/dental technicians annually by the end of 1970. It is presently estimated that 180 doctors and 23 dentists will graduate in 1968. The placement and training of promising faculty members of the Schools of Medicine and Dentistry in American institutions will also be administered by the AMA and ADA respectively.

With A.I.D. commodity support and the cooperation of the National Library of Medicine in Bethesda, Maryland, the medical and dental school libraries will be improved and expanded. A language laboratory will be established which will provide additional opportunity for study and training in the use of the English language.

Progress to Date: Construction has been completed and the

four principal buildings of the University of Saigon Basic Sciences Complex have been dedicated, thus centralizing the facilities of the medical and dental schools. U.S. teaching assistance is in progress in three of the basic sciences of the medical school. In the past year, 149 doctors have graduated from the medical school.

FY 1968 Program: In FY 1968, A.I.D. proposes to contribute to this project by providing funds for contract services with AMA and ADA, participant training for 56 Vietnamese in medicine and 20 in dentistry, commodity support, and 7 U.S. A.I.D. advisors. Of the contract costs, \$1,500,000 will support the AMA and \$500,000 the ADA in the recruitment and payment of salaries of medical and dental educators for Vietnam. Of the remainder, \$250,000 will fund a survey and architectural services for a 500 bed Teaching Hospital and Outpatient Clinic; \$50,000 for the construction of an English language Teaching Laboratory; and \$117,000 will fund four personal services contracts, three for advising in maintenance and repair of equipment and facilities, and the fourth for special assistance in microbiology.

Vietnamese medical and dental educators receiving advanced training in the United States will total seventy-six. Commodities such as teaching aids, equipment, and facility maintenance supplies will be provided to the medical and dental schools. The seven U.S. advisors will assist Medical and Dental school officials consolidate

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	4,958	3,058	1,900							
Estimated FY 67	1,656	1,054		88	1,135	1,223	217	2,367	2,584	
Estimated through 6/30/67	6,614	4,112	2,502	325	-	325	512	-	512	
		Future Year Obligations	Estimated Total Cost	108	-	108	150	-	150	
				-	-	-	-	50	50	
Proposed FY 68	3,296	Undetermined		521	1,135	1,656	879	2,417	3,296	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Medical Education - Page 2	ACTIVITY Public Health	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-540-150	PRIOR REFERENCE P. 124, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1957	SCHEDULED FINAL OBLIGATION FY: Undetermined

their educational efforts in developing the national program.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Nursing Education & Training	ACTIVITY Public Health	FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-540-349			

Project Target and Course of Action: This project will assist the Vietnamese Ministry of Health (MOH) to increase the numbers of trained assistant nurses and nurse technicians as part of the long range development of Vietnam's public health program. This will be accomplished through the provision of commodity support and U.S. advisory and supervisory personnel. At hospitals throughout Vietnam, clinical areas for student practice and in-service training facilities will be improved and additional support will be given to three assistant nurse training schools in Saigon. The target for assistant nurses and nurse technicians to be trained in FY 1968 is 400. Qualified Vietnamese personnel will be sent to the U.S. for advanced training as part of the long range development of nursing education in Vietnam.

Improvement of the nurse training schools and training of qualified personnel in the U.S. are continuing efforts previously presented to Congress as part of the Public Health section of the Counter-Insurgency Services project, 430-11-990-264. The practice nursing and in-service training facets of the project were expanded in FY 1967.

Progress to Date: Since 1964, a total of 671 assistant nurses and nurse technicians have been trained in South Vietnam. One new assistant nursing school has been erected and put in operation, and two others have been renovated.

FY 1968 Program: It is proposed for FY 1968 that A.I.D. provide funds totaling \$444,000 for nineteen direct-hire nurse advisors, \$72,000 for eight participant trainees to the U.S., and \$49,000 for necessary training equipment for the nurse training programs.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES U.S. Dept. of Public Health	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1967	Proposed FY 1968		
					Direct AID	Contract/Other Agency		Total
Through 6/30/66	-	-	-					
Estimated FY 67	326	242						
Estimated through 6/30/67	326	242	84					
		Future Year Obligations	Estimated Total Cost					
Proposed FY 68	565	Undetermined		Total Obligations	307	19	326	
					Direct AID	Contract/Other Agency	Total	
				U.S. Technicians	208	19	227	
				Participants . . .	33	-	33	
				Commodities . . .	66	-	66	
				Other Costs . . .	-	-	-	
					444	-	444	
					72	-	72	
					49	-	49	
					-	-	-	
					565	-	565	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Health Support Services	ACTIVITY	Public Health	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-590-350	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: The purpose of this project is to assist the Vietnamese Government (GVN) in its efforts to alleviate the impact of the war on the civilian population. To accomplish this objective, medical supplies in great quantities as well as logistics and administrative support are necessary. A.I.D. is providing these.

Medical supplies and equipment will be purchased in quantities adequate to meet the aggregate needs of A.I.D./GVN civilian medical and public health programs. Effective in-country logistics support will be further developed by assisting in the implementation of a uniform medical supply, warehousing, and purchasing system and a medical equipment repair and maintenance service currently being established through FY 1967 A.I.D. contracts. In addition, seven provincial prefabricated sub-depot facilities will be erected, equipped, and operationally staffed.

A.I.D. will also provide direct administrative and supervisory assistance to the Ministry of Health (MOH) in implementing this program. Administrative and personnel procedures are being revised jointly, and implementation of changes in FY 1968 will provide the MOH with a firm basis for carrying out this and subsequent expansion of the medical and public health programs.

Procurement of medical supplies, in-country logistical support and administrative support to the MOH have now been combined in this project to facilitate the

establishment and operation of an efficient medical supply system which will insure the availability of requested supply items in-country, when and where necessary. In prior years these activities were presented to Congress as part of the Public Health section of the Counter-Insurgency Services Project, 430-11-990-264.

Progress to Date: Through A.I.D. assistance, i.e., advisors, supplies, equipment, and construction materials, the three existing warehouses at Phu-Tho (Saigon) have been staffed, equipped and put into operation; five (5) additional warehouses at Phu-Tho and three (3) sub-depots, one each in Regions I, II, and IV, are being erected. More than \$11 million in A.I.D. funded medical supplies are being provided in FY 1967. A U.S. firm has begun preparation of uniform supply lists, and will soon be training hospital personnel in procurement procedures. A contract for assistance in operation of the warehouse facilities will soon be awarded--bids are in process of evaluation.

FY 1968 Program: Most of A.I.D.'s proposed support to this project in FY 1968 is medical supplies totaling \$14.3 million. Additional medical supplies will be provided by the Department of Defense and will move through the MOH medical supply system. These common usage medical items will support GVN health programs throughout Vietnam. A.I.D. will also fund contracts totaling \$1,532,000. Two contracts will provide 107 third country nationals as supply/warehousemen to initially operate and train

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	14,891	8,540			820	25	845	1,517	26	1,543	Department of Navy (OICC Budocks); Other Contractors not yet determined.
Estimated through 6/30/67	14,891	8,540	6,351		-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	U.S. Technicians Participants ...	12,473	-	12,473	14,635	-	14,635	
				Commodities ...	-	1,573	1,573	-	1,506	1,506	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 68	17,684	Undetermined		Total Obligations	13,293	1,598	14,891	16,152	1,532	17,684	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Health Support Services - Page 2	ACTIVITY Public Health		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-590-350			

Vietnamese in the operation of the Phu-Tho medical depot; two other contracts will provide 32 third country national technicians for vehicle repair and maintenance, and 17 third country national specialists in medical equipment repair; one A & E and one construction contract for construction of seven additional provincial sub-depot warehouses. Fifty-six U. S. technicians will be provided -- 11 will advise the Ministry on overall administrative matters; 45 on the logistics system. Commodity support is also proposed for the initial equipment in the sub-depot warehouses--medical equipment, spare parts, vehicles shelves, office equipment.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Rehabilitation and Health Worker Training	ACTIVITY Public Health	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-590-351	PRIOR REFERENCE P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: This project is aimed at increasing and strengthening badly needed health skills and facilities in Vietnam and in doing so, will further the objectives of two program sectors. Rehabilitation and training of seriously handicapped war injuries will be carried on as a means of alleviating the impact of the war on the Vietnamese population. The training of health workers will support the Revolutionary Development program by strengthening the Vietnamese ability to satisfy the health service needs of the population, particularly in rural areas, recently freed from Viet Cong control.

At the Saigon National Rehabilitation Institute personnel will be trained for rehabilitation work both in Saigon and at three new regional centers. In all locations, prosthetic devices will be produced, and physical therapy and vocational training will be offered to paraplegics, amputees, and blinded persons. Advisory and supervisory assistance will be provided through a contract with the World Rehabilitation Fund, Inc. The World Rehabilitation Fund will also procure additional supplies necessary to implement the project. During CY 1968, regional centers at Can Tho, Nha Trang, and Da Nang, and a Saigon branch at Cong Hao Hospital, will become fully operational rehabilitation centers.

Health workers will be trained as sanitation inspectors and health inspectors and health educators as well as village and district health workers. Training

will be conducted at regional and national training centers for more than 1,300 workers in CY 1968. Additional instructors for the training facilities will receive training in the United States.

Health worker training was previously presented to Congress as a part of the Health section under the Counter-Insurgency Services project, 430-11-990-264. Assistance to the National Rehabilitation Institute was begun in FY 1967.

Progress to Date: Since the contract with the World Rehabilitation Fund was signed in October 1966, Vietnamese workers have been trained in the production of prosthetics devices at the National Rehabilitation Institute. Production of these devices is currently at a rate of more than 500 per month. The various facilities of the Saigon Center are being fully utilized. Construction of the rehabilitation center at Can Tho is nearly completed, and the Da Nang center is 50% complete. Over 850 health workers were trained in CY 1966.

FY 1968 Program: In FY 1968, A.I.D. proposes to continue the contract with the World Rehabilitation Fund, Inc., and find a personal services contract with a U. S. instructor in health worker teaching methods. Two U.S. A.I.D. advisors will work with the Ministry of Health in the continuing health training programs. Commodity support for the health worker training portion will also be provided in the form of instructional

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								World Rehabilitation Fund, Inc.
Estimated FY 67	857	296									
Estimated through 6/30/67	857	296	561	U.S. Technicians	61	90	151	53	120	173	
				Participants ...	65	-	65	80	-	80	
				Commodities ...	9	132	141	52	300	352	
				Other Costs ...	-	500	500	-	-	-	
Proposed FY 68	605	Undetermined		Total Obligations	135	722	857	185	420	605	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Rehabilitation and Health Worker Training - Page 2	ACTIVITY Public Health		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-590-351			

materials and teaching aids (charts, mineo supplies, film strips, text books, etc.). Participant training in the U. S. for 10 Vietnamese in hospital administration, nursing services, public health administration, sanitary engineering, maternal child health and health education is also planned.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Public Health	ACTIVITY Public Health	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-990-000.8	PRIOR REFERENCE P. 135, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Description: The purpose of this project is to provide advisory assistance to the Vietnamese Ministry of Health and overall supervision to all activities in the Public Health sector. The dollar funding covers salaries and other personal benefits and allowances, international travel and transportation of effects. Local currency is also programmed to cover the salaries of the Vietnamese personnel working in the Public Health division of the A.I.D. Mission.

FY 1968 Program: The proposed dollar funding will cover the services of the Chief Public Health Officer, the Assistant Chief, and an executive assistant.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								Department of Defense.
Estimated FY 67	126	126									
Estimated through 6/30/67	126	126	-	U.S. Technicians	-	126	126	-	126	126	
		Future Year Obligations	Estimated Total Cost	Participants ...	-	-	-	-	-	-	
				Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 68	126	Undetermined		Total Obligations	-	126	126	-	126	126	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety Services	ACTIVITY Public Safety	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-710-352	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project supports Revolutionary Development by improving the Government of Vietnam's (GVN) ability to (1) maintain law and order in both newly pacified areas and in major urban complexes, (2) collect and exploit information about enemy political/guerilla activities (interdict and interrupt the enemy movement of men and materials) and (3) eliminate the Communist guerilla and political apparatus in those areas under nominal GVN control.

A.I.D. supports three interrelated police operations: (1) the National Police Directorate including the Judicial Police Service, Narcotics Section, Special Police Bloc (police intelligence), Internal Affairs Division and Administrative police Service, (2) the Police Field Forces, a para-military unit engaged in protecting newly pacified villages and hamlets, and (3) Resources Control Units, land and water, which help to prevent the flow of supplies to the Viet Cong. The major problems for the GVN are lack of training and inadequate supplies. A.I.D. is assisting the GVN to meet most of these problems by providing technical assistance and commodity support.

During FY 1968 some 10,000 new police recruits are to be trained. About 10,000 national policemen now on the rolls and 3,500 police supervisors will be given additional training. New facilities at Dalat will be completed and four other training centers are to be brought to at least 50% completion.

Some 200 new fixed and mobile resources control check points are to be put into operation, and trained forces available for resources control are to be increased by about 2,000 men from a 1966 level of 7,143. Resource control activities are particularly to be expanded throughout the Mekong Delta waterways. Police operations in the Saigon harbor are to be improved and the Marine Police expanded to a force of 2,400 from a 1966 level of 581.

The physical facilities available to the Saigon municipal police, now being repaired and modernized, are to be enlarged through construction of new police stations where necessary. Additional vehicles are to be provided to allow greater mobility. Vietnam's prison system is being rehabilitated with A.I.D. assistance, notably to provide vocational training and to allow the separation of various types of prisoners.

The nation-wide identification card system established in years past is being modernized and replaced with A.I.D. assistance. Identification cards are to be issued to persons as they reach 15 years of age. Nearly 3,500,000 cards will be issued to those being re-registered and those reaching the age of 15. A.I.D. also is assisting the GVN to establish a uniform identification and police records system.

The Police Field Forces are to be expanded from a 1966 level of 6,158 to 22,500 men, organized into 129 companies able to provide para-military support

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	-	-	-		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 67	18,960	9,219		U.S. Technicians	3,989	100	4,089	6,829	-	6,829	Landis Brothers & Co.; U. S. Navy, OICC; Other contractors not yet determined.
Estimated through 6/30/67	18,960	9,219	9,741	Participants . . .	401	-	401	430	-	430	
				Commodities . . .	14,266	-	14,266	13,498	-	13,498	
				Other Costs . . .	-	204	204	-	246	246	
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	21,003	Undetermined		Total Obligations	18,656	304	18,960	20,757	246	21,003	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety Services - Page 2	ACTIVITY Public Safety	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-710-352	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

to other elements of the National Police in small unit actions against the Viet Cong, and able to react immediately to police intelligence. A.I.D. is providing training and advisory assistance to improve the Police Field Forces, and is joined in this effort by Australia, Malaysia, and the Philippines.

This is a continuing project which was presented in previous years as part of the Public Safety section of the Counter Insurgency Services project, 430-11-990-264. Progress to Date: Since the beginning of A.I.D. assistance to Vietnam in the public safety area, 99,260 Vietnamese have received police training. Of these 13,036 completed training during 1966. Some 5,369 policemen are currently in training. Under the participant training program, 458 Vietnamese received training during 1966: 26 in the U.S. and 432 in other countries, notably the Philippines.

The resources control program, with 7,143 policemen currently assigned, during the period 1964 to 1966 has resulted in 266,812 arrests, and the seizure of 1,431 units of firearms, 8 million kilos of foodstuffs 276,000 units of medicines and 4 million units of equipment, much of this destined for the Viet Cong.

A.I.D. currently has 161 U.S. police advisors in Vietnam serving the 65,814 men of all civil security forces. The advisors provided by other Free World nations include 10 Australians, 8 from Britain and one from Burma.

With A.I.D. assistance, over 7 million identification cards have been issued since the inception of the ID card program in 1961. During January 1967 alone, 26,324 cards were issued.

During the spring of 1966, an ammunition reloading facility financed by A.I.D. was put into operation to serve the needs of Vietnam's National Police. At the current operating rate, this facility is expected to save over \$250,000 annually against the cost of new ammunition.

FY 1968 Program: Funding of \$21,003,000 will be required to fund this project in FY 1968. Of this sum, \$246,000 will be required for contractual services, \$13,498,000 for commodities; \$430,000 for participant training; and \$6,829,000 for U.S. advisors.

Contracts include the services of British and Australian police advisors and engineering services for new Police Field Forces facilities to be established in the districts.

The required commodity support includes police patrol boats and smaller interceptor boats for use in resources control; identification card forms, photographic paper and supplies and filing equipment for the National Identification Card System; tailoring and printing equipment, automobiles, carpentry and metal working tools for vocational training in Vietnamese prisons; uniforms, barbed wire and sand bags for the Vietnamese National Police. Common use military-type commodities such as ammunition, weapons, etc. for the Police Field Forces are being provided by the Department of Defense.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety Telecommunications	ACTIVITY Public Safety	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-720-299	PRIOR REFERENCE P. 131, FY 1967 FE PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: This project provides essential communications support for the public safety activities of the Government of Vietnam (more broadly assisted by A.I.D. under the Public Safety Service project: 352). It is part of A.I.D.'s program in support of the Revolutionary Development.

Fast and efficient communications are essential to police counter-insurgency operations, to the more normal maintenance of law and order and to effective administration by the GVN. A.I.D. is providing technical assistance and commodities to assist in: 1) the establishment of an integrated National Police radio phone system between National Police Headquarters and the six regions, 44 provinces and 240 district stations; 2) the expansion and improvement of telecommunications for such specific operations as resources control, river and rural police surveillance; 3) the maintenance of the Police Field Forces telecommunications system; 4) the maintenance and replacement of the Village/Hamlet radio system which - unique to Vietnam - provides local communications among about 2,500 villages and 7,000 hamlets.

This is a continuing project which was presented in previous years as part of the Public Safety section of the Counter-Insurgency project 430-11-990-264. The present project does not constitute a major change in emphasis or direction, but rather the enlargement, maintenance and refinement of communications systems

begun in previous years.

Progress to Date: The Village/Hamlet radio system has been completed, except in insecure areas. At the end of January 1967, 7,925 radios were installed in this system. The need for maintenance and for replacement, largely due to enemy action, continues. The integrated radio system connecting the provinces and districts with the capital is being installed.

In all, as of 31 January 1967, A.I.D. had installed 13,077 radios throughout Vietnam: 7,925 in the Village/Hamlet network, 3,405 for the National Police and 1,747 for other government and enforcement units.

FY 1968 Program: Funding of \$5,004,000 will be required for this project in FY 1968. Of this, \$3,695,000 will be required for commodities, i.e., radios, communications equipment, parts and supplies; \$1,145,000 for contract technicians (27 U.S. and 88 third country nationals) to provide management, engineering, installation, maintenance and training services for the telecommunications system; \$54,400 for training of 11 participants outside Vietnam; and \$110,000 for 4 direct hire U. S. advisors.

The commodities required for FY 1968 include some 5,000,000 dry cell batteries to keep small radios in operation, some 2,000 antenna masts, and 6,800 small radios to enlarge existing systems and replace losses to the Viet Cong.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
Through 6/30/66	-	-	-	U.S. Technicians Participants ...	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Philco Corporation; Landis Brothers
Estimated FY 67	3,997	1,777			87	650	737	110	650	760	
Estimated through 6/30/67	3,997	1,777	2,220	52	-	52	54	-	54		
		Future Year Obligations	Estimated Total Cost	Commodities ...	2,713	-	2,713	3,695	-	3,695	
				Other Costs ...	-	495	495	-	495	495	
Proposed FY 68	5,004	Undetermined		Total Obligations	2,852	1,145	3,997	3,859	1,145	5,004	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Roads and Quarries	ACTIVITY Public Works		FUNDS Supporting Assistance
PROJECT NUMBER 430-11-310-294	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The purpose of this project is to support the construction and maintenance of roads. The project will further the objectives of three different program sectors: (a) It provides support to the war effort by contributing to the improvement and maintenance of vital land routes. (b) It also contributes to the objectives of the Revolutionary Development program by maintaining and improving provincial roads critical to areas undergoing pacification, and (c) finally, it promotes long range development by providing assistance to street planning in Cam Ranh City.

In support of the war effort, the proposed expansion of quarry facilities will provide crushed aggregate not only for vital national and provincial road construction but also for other high priority construction work. Planned expansion and training of operational and managerial staffs will allow all quarries to operate on a full-scale basis for maximum production.

The maintenance and construction of provincial roads and bridges is aimed at providing access to newly pacified areas as part of the program of Revolutionary Development. A.I.D. will supply commodities, and U.S. and Free World military forces will provide supervisory and construction services. Of a longer range developmental nature is assistance to the GVN in the planning and construction of a street system for Cam Ranh City in support of this city's growing importance as a shipping and industrial center. A.I.D. will supply contract support for design services in FY 1968.

The majority of resources in this project are devoted to the development of quarry facilities. This is a new activity in FY 1967 as in Cam Ranh City street planning. The maintenance of provincial roads and bridges, however, was previously presented to Congress under the Public Works section of the Counter-Insurgency Services project, 430-11-990-264, and this portion of the present project is a continuation of previous activities. The former project included activities designed to assist in the improvement and operation of national roads and the principal arteries in Saigon. Since these are closely related to U.S. military operations and needs, responsibility is now being assumed by the Department of Defense.

Progress to Date: The maintenance and construction of provincial roads and bridges has made satisfactory progress during the year despite Viet Cong sabotage efforts. As security has improved over the past year, approximately 6,300 KM of roads and 2,100 meters of bridges have been added to that part of the provincial road system which must be maintained by the GVN. Quarry facilities begun in 1967 are to be completed at Nui Sap in An Giang by the end of FY 1968.

FY 1968 Program: In FY 1968 A.I.D. proposes to support this project by providing funds for three contracts. Two will be devoted to supervisory, advisory and training aspects of quarry development; and the remaining contract will provide for design of selected streets and/or highways for Cam Rahn City. In support of quarry development, A.I.D. will provide commodities, such as explosives,

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated							
				Estimated FY 1967	Proposed FY 1968					
Through 6/30/66	-	-	-	Direct AID	Contract/Other Agency	Total	Contractors to be selected.			
Estimated FY 67	3,742	1,207		Direct AID	Contract/Other Agency	Total				
Estimated through 6/30/67	3,742	1,207	2,535	-	112	112		-	270	270
		Future Year Obligations	Estimated Total Cost	-	-	-		-	-	-
				908	-	908		2,274	-	2,274
				-	2,722	2,722		-	500	500
Proposed FY 68	3,044	Undetermined		908	2,834	3,742		2,274	770	3,044

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Roads and Quarries Page 2	ACTIVITY Public Works		FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined	
PROJECT NUMBER 430-11-310-294				

trucks, drill steel, rock-crushers, and other necessary equipment. Asphalt, cement, steel and other commodities and equipment will be procured for building roads and bridges in the provinces.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Ports and Mekong Delta Waterways	ACTIVITY Public Works		FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 131, FY 1967 FE PDB*	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined	
PROJECT NUMBER 430-11-350-297				

Project Target and Course of Action: The purpose of this project is to improve the vital waterways communications link for villages in the Delta, advance the war effort by facilitating the transport of troops and supplies, and help promote economic stability by speeding the flow of commercial goods and services. Of longer range importance are several activities under this project which support the work of the Directorate of Navigation by means of hydrographic surveys and navigational aids. Finally, studies will be made to explore the feasibility and desirability of developing a commercial port at Cam Ranh City.

The largest element in this project involves the clearing and dredging of inland Delta waterways. During the latter part of FY 1967 and in 1968 plans call for the dredging of a canal from Can Tho to Soc Trang, land reclamation work in the areas of Can Tho and An Giang, and continued expansion of dredging and reclamation operations as security permits.

In order to accomplish the dredging and reclamation work, A.I.D. will fund contracts with dredging firms and provide necessary spare parts and pipes for the operations. Contracts are also planned for feasibility and A & E work at Cam Ranh City. A.I.D. is also providing 2 U.S. advisors to the Directorate of Navigation. Progress to Date: In an earlier phase of this project, which included tug and barge construction as well as port improvements, over 50 barges and several tugs have

been constructed and/or rehabilitated, and improvements on the port of Da Nang, Nha Trang, Ba Ngoi, Qui Nhon, Quang Ngoi are being completed. Ten dredges are presently working in various parts of the Delta. FY 1968 Program: To do the necessary dredging and reclamation contracts will be awarded. Commodity support such as spare parts, pipe and scientific equipment for hydrographic studies will also be provided. In anticipation of feasibility determination, two contracts are planned to complete the A & E work and begin construction of a commercial port at Cam Ranh City. Assistance to the Directorate of Navigation will require 2 U.S. technicians and one consultant for a shorter period under contract plus five participants to the U. S. for oceanography training.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/66	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 67	4,196	1,427		-	Estimated FY 1967		Proposed FY 1968			
						Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency
Estimated through 6/30/67	4,196	1,427	2,769	U.S. Technicians	45	185	230	60	307	367	Parsons; Other contractors not yet determined.
				Participants ...	21	-	21	35	-	35	
				Commodities ...	945	-	945	840	-	840	
		Future Year Obligations	Estimated Total Cost	Other Costs ...	-	3,000	3,000	-	3,400	3,400	
Proposed FY 68	4,642	Undetermined		Total Obligations	1,011	3,185	4,196	935	3,707	4,642	

* For FY 1966 this project was included as part of Counter Insurgency Services 430-11-990-264

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Reconstruction & Urban Planning	ACTIVITY Public Works	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-890-355	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project contributes both to Revolutionary Development and Long-Range Development sectors of the A.I.D. program by attacking certain critical housing problems created by Saigon's rapid growth, and by assisting the Directorate General of Reconstruction and Urban Planning to develop its capacity to plan and implement future urban projects.

A low cost housing development will be assisted. Pilot housing units, to be built in 1967, will be evaluated to determine the optimum course of action for constructing a projected 3000 additional units in 1968. This work will be carried out under contracts with a consulting engineer and later with a construction contractor.

Concurrently, a major effort will be made to modernize Vietnamese building standards and to increase the effectiveness of the Vietnamese governments' (GVN) Directorate General of Reconstruction and Urban Planning. More effective performance in this area can do much to improve the public image of the GVN although it is recognized that this is essentially a long-range effort. Action will include: (1) reorganization of the Directorate, if required, (2) adoption of new or improved standards and specifications to replace present standards which were established in 1929, and (3) training of Directorate personnel in the use of these revised standards.

Development of low cost housing in Saigon is a new undertaking whereas the modernization of building standards was in the planning stage in FY 1966 and was presented to Congress previously as part to the Public Works section of the Counter-Insurgency Services project, 430-11-990-264.

Progress to Date: A.I.D. will negotiate a contract in late FY 1967 to accomplish the modernization of housing standards, and also a contract which should permit construction to begin on the first 100 pilot units of low-cost housing.

FY 1968 Program: Proposed FY 1968 expenditures for low-cost housing in Saigon include the funding of a contract for construction of 3000 units and the training of Vietnamese participants in the U.S. in the housing management field.

Assistance to the Directorate General of Reconstruction and Urban Planning will include one U.S. advisor specializing in construction management and contracts covering 13 specialists with U.S. firms. These specialists will study existing GVN building programs and contract construction procedures, including standard specializations; prepare a set of common architectural, structural, and mechanical standards; submit recommendations for the reorganization of the Directorate; and provide continuing advice to the Directorate General on the architectural, structural, and mechanical engineering aspects of the

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			Contractors not yet determined.		
					Estimated FY 1967		Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total			
Through 6/30/66										
Estimated FY 67	1,069	390								
Estimated through 6/30/67	1,069	390	679							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	1,771	Undetermined		Total Obligations	24	1,045	1,069	51	1,720	1,771

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Reconstruction & Urban Planning - Page 2	Public Works	Supporting Assistance	
PROJECT NUMBER 430-11-890-355	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	P. 131, FY 1967 FE PDB	FY: 1967	FY: Undetermined

Directorate's responsibilities. Participant training in the U.S. is also proposed for 6 additional Vietnamese employees of the Directorate in the fields of construction control, architecture and civil engineering. Very minor commodity support in the form of books and manuals and engineering supplies will be provided to assist in modernizing building standards.

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Country:VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Electric Power	ACTIVITY Public Works	INITIAL OBLIGATION FY: 1967	FUNDS Supporting Assistance
	PRIOR REFERENCE P. 131, FY 1967 FE PDB		SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-220-356			

Project Target and Course of Action: This project seeks to improve and expand power facilities in urban and rural areas and contributes to the objectives of both Revolutionary and Long Range Development. Support of the former includes the provision within the next twenty-four months of a utility of high impact value to the people. Objectives under Long Range Development are advanced by the same kinds of activity--namely, the installation of electric power facilities--except that the planned facilities are larger and will be placed in use only at a later date.

Interim power needs for Saigon including extra demand for electric power placed on Saigon power facilities by U.S. and other free world troops in the area, will be met during 1967 by the installation of a 15,000 KW gas-turbine unit funded by A.I.D. in FY 1966 and the purchase and installation of thirteen (13) 2,100 KW diesel generating units at three selected sites. In 1968, 20 additional 2,100 KW diesel generating units will be provided and installed. Because of the demand placed on these facilities for military purposes, the Department of Defense is sharing with A.I.D. the responsibility of meeting these interim power needs by funding supplemental electric generation during FY 1967.

Also for Saigon, but of longer range significance is the purchase of two 66 MW thermal generating units which are expected to be installed and in operation by 1970. This installation will be made at Thu Duc

and represents the implementation of a study of current Saigon power requirements and projected requirements over the next five years taking into account increased industrial as well as household uses.

The provision of electric power to selected provincial cities and rural areas will contribute to the program of Revolutionary Development by demonstrating the concern of the Government of Vietnam (GVN) for the welfare of these people. During 1967 and 1968 installation of over 300 small generators will bring electricity to about 330,000 persons not now served in provincial cities and district towns. Additional small generators will be supplied to villages and hamlets in rural areas, including the An Giang priority area, bringing electricity to a minimum of 125,000 new rural customers.

Also contributing to Revolutionary Development will be the general support given to the Vietnamese government owned Electricity of Vietnam (EOV). Technical assistance will be given to the EOV for the purpose of gaining competence and efficiency in the provision of an essential public service. Moreover, the expiration in mid-FY 1968 of several French electric power concessions throughout Vietnam, particularly the Compagnie des Eaux et d'Electricite (CEE) in Saigon, adds to the immediacy of the problem at hand. A contract and direct hire services will assist in facilitating smooth transition to the EOV of these added responsibilities.

The project was presented to Congress in prior years

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES Pope, Evans and Robbins, International, Ltd.; Commonwealth Associates; Gibbs & Hill; Trans-Asia; Lyon Associates; Taiwan Power Co.; Other contractors to be selected.			
Through 6/30/66	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967				Proposed FY 1968		
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Estimated FY 67	2,618	920	-	150	463	613	210	918	1,128	
Estimated through 6/30/67	2,618	920	1,698	15	-	15	25	-	25	
		Future Year Obligations	Estimated Total Cost	1,990	-	1,990	17,595	-	17,595	
				-	-	-	22,000	-	22,000	
Proposed FY 68	40,748	Undetermined		2,155	463	2,618	17,830	22,918	40,748	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Electric Power - Page 2	ACTIVITY	Public Works	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-220-356	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

as part of the Public Works section of the Counter-Insurgency Services project, 430-11-990-264. It has been separated as a distinct administrative unit in FY 1967 for better management to the longer range aspects and for closer monitoring of progress.

Progress to Date: In metropolitan Saigon, approximately 50 MW of generating capacity came on the line in the past year, giving Saigon a total electric power peaking capacity of 125 MW.

During the past year 46 diesel generators have been installed in eight provincial cities, providing power to 35,000 people. 113 diesel generators have been installed in outlying rural areas, which provide power to 25,000 additional persons.

FY 1968 Program: In FY 1968 it is proposed to fund this project by providing \$17,595,000 for commodities, including generators, distribution lines, vehicles, and tools. Thirteen million dollars worth of these commodities are for Saigon. The remaining \$4,595,000 are for small generators and distribution equipment for provincial cities and district towns. Another \$22,000,000 is programmed for the purchase and installation of the two larger thermal generating units at Thu Duc.

In addition, \$918,000 is programmed for contract services to meet engineering and training requirements for those elements of the GVN responsible for electric power in Saigon and provincial and other rural areas. Fifteen participants will be sent to Taiwan for training in electric utility management at a total cost of \$25,000, and seven U.S. A.I.D. advisors, at a total cost of \$210,000 will provide overall supervision and general technical assistance to the entire project.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Rural Electric Cooperatives	ACTIVITY	Public Works	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-220-357	PRIOR REFERENCE	P. 131, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

Project Target and Course of Action: The purpose of this project is to develop an effective method for providing and expanding the use of electricity throughout the rural areas of Vietnam. This project is in the process of creating three rural electric cooperatives in Tuyen Duc (near Dalat), An Giang, and Ho Nai near Binh Hoa. In its initial stage the project supports Revolutionary Development by bringing a much prized utility to selected rural areas in the very near future. The three cooperatives are pilot efforts, however, and the real pay off will come in the longer run when, on the basis of this experience, a series of such cooperatives are expected to be established throughout large sectors of the rural area. Under contract with the National Rural Electric Cooperative Association (NRECA) for supervision of the project, and other contractors for design and construction work on the distribution system, A.I.D. hopes to complete in 1967 the installation of the power and distribution facilities for the three cooperatives. A.I.D. will also fund training for Vietnamese in the operation and maintenance of those cooperatives and also the installation of a pole treatment plant at Phan Rang. Upon completion of the cooperatives and after close observation of their operations and effectiveness, plans will be drawn up for a considerable expansion of this means of providing electric power to rural communities.

Congress as part of the Public Works section of the Counter Insurgency Services project, 430-11-990-264. It has been made a distinct administrative unit in FY 1967 for better management and closer monitoring of project progress.

Progress to Date: Of the potential membership of 42,000, 19,000 persons have subscribed as of December 31, 1966. Work is moving forward on the installation of generators, distribution lines and the pole treatment plant has been imported and is being erected.

FY 1968 Program: Commodity support is planned including lines, cables, insulators, transformers and meters for the distribution systems. Contracts will be awarded totalling \$500,000 for project supervision, training Vietnamese in cooperatives management and operation, installation and operation of the treatment plant, and distribution facilities design and construction. In addition 6 participants (cooperative managers and supervisors) will be sent to the U. S. for training.

In prior years this proeject was presented to

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	-	-	-							National Rural Electric Cooperatives Association (NRECA); Pacific Architect and Engineers; Wood Treating Chemicals Company; Other Contractors not yet selected.	
Estimated FY 67	1,260	625		U.S. Technicians	-	500	500	-	180		180
Estimated through 6/30/67	1,260	625	635	Participants ...	-	-	-	30	-		30
				Commodities ...	440	-	440	240	-		240
				Other Costs ...	-	320	320	-	320		320
Proposed FY 68	770	Undetermined		Total Obligations	440	820	1,260	270	500		770

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Telecommunications	ACTIVITY	Public Works	FUNDS	Supporting Assistance
PROJECT NUMBER	430-12-220-029	PRIOR REFERENCE	P. 122, FY 1967 FE PDB	INITIAL OBLIGATION	FY: 1958
				SCHEDULED FINAL OBLIGATION	FY: Undetermined

Project Target and Course of Action: This continuing project seeks to improve and expand telecommunications facilities in support of the war effort. It also contributes significantly to all other major program objectives.

The installations of distribution facilities will permit eventual service to a minimum of 8,000 phones in twenty-one provincial cities and two exchanges in Saigon. A total of 1541 phones will be installed in CY 1967 and 1380 phones in CY 1968 for a grand total of 5,200 through CY 1968.

Maintenance and expansion of the Southern Toll System will sustain a vital element of the economic infrastructure in Vietnam. By continuing to share circuits with the military, the system contributes directly to the war effort. An additional 89 micro-wave channels will be installed during CY 1967 and 70 in CY 1968, further expanding the number of cities within this system from 10 to 20.

Contractors will provide needed on-the-job training for Vietnamese government telecommunications personnel along with commodity assistance and general technical support from A.I.D. By the end of CY 1968 all operational and technical responsibilities will have been turned over to the GVN.

Progress to Date: A survey of the entire operation of the Directorate of Posts and Telecommunication was completed by General Telephone and Electronics. The

survey recommendations are being studied by the Directorate as a basis for its future management and operations.

Under the twenty-one city program during CY 1966, 2279 Telephones were installed. As a result of the installation of distribution facilities in seven of these cities, the Southern Toll System was expanded from 45 to 231 micro-wave channels, serving a total of ten cities.

During this period 2 participants were trained in the U. S. in maintenance management of micro-wave system, and general administration of PTT operations. FY 1968 Program: It is proposed in FY 1968 to provide \$485,000 to fund contract services for operation, maintenance and expansion of the Southern Toll System and the 21 provincial cities plan. Training equipment will be purchased at a cost of \$42,000 and 10 participants will be sent to the United States for short term management training at a cost of \$70,000.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
	Through 6/30/66	11,849	8,227	3,622	Estimated FY 1967		Proposed FY 1968		
					Direct AID		Contract/Other Agency	Total	Direct AID
Estimated FY 67	1,108	1,723							
Estimated through 6.30/67	12,957	9,950	3,007						
		Future Year Obligations	Estimated Total Cost						
Proposed FY 68	597	Undetermined		170	938	1,108	112	485	597

International Telephone & Telegraph;
General Telephone & Electronics;
Landis Brothers;
U.S. Navy Department;
Other contractors to be determined.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Saigon Water & Sewerage	ACTIVITY Public Works	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-520-358	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The aims of this long range project are (1) to provide the urban population of Saigon with a greatly improved supply of potable water; and (2) to determine the feasibility of improving the existing sanitary and storm sewerage system.

The quality and adequacy of the water supply for Saigon will be assured by completing construction work initiated under a previous loan project and by providing technical and commodity assistance to the Saigon Municipal Water Office (SMWO) in the performance of its management, operations, and maintenance functions.

By the end of 1968 the daily output of the Saigon Water System should increase from the current 18 million gallons per day to 46 million gallons per day. The services of two American firms were provided to assist in improving the organizational and plant efficiency of SMWO during FY 1966 and FY 1967. Assistance in improving the distribution system and water storage capacity is continuing. A sewerage facility study is also being financed in FY 1967. It is recognized that possible financial assistance may be requested of A.I.D. as a result of this study but no cost estimates are now available.

This project is a continuation of assistance previously provided SMWO under the Development Loan 430-A-005 plus a feasibility study on sewage disposal initiated in FY 1967.

Progress to Date: Expansion and rehabilitation of the Saigon water facility under the loan is now 95% complete, with about 40,000 water meters currently installed, about 7,000 additional customers connected on a flat-rate basis, and about 3,500 public fountains in operation.

FY 1968 Program: In FY 1968, this project will require \$939,000, of which \$865,000 will be for commodities, mainly pipes, water meters and pumps, and \$60,000 for two A.I.D. general engineers to advise SMWO and provide liaison with the U.S. contractors, and \$14,000 to fund participant training of 2 Vietnamese in the sanitary engineering field.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-							
Estimated FY 67	2,339	604								
Estimated through 6/30/67	2,339	604	1,735	45	1,564	1,609	60	-	60	
				14	-	14	14	-	14	
				680	-	680	865	-	865	
				-	36	36	-	-	-	
Proposed FY 68	939	Undetermined		739	1,600	2,339	939	-	939	

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS
Water Resources Development	Public Works	Supporting Assistance
PROJECT NUMBER 430-11-520-359	PRIOR REFERENCE	SCHEDULED FINAL OBLIGATION
	P. 131, FY 1967 FE PDB	FY: 1967
		FY: Undetermined

Project Target and Course of Action: A.I.D. is assisting is providing a reliable, safe water supply to provincial cities and rural areas by developing wells, distribution systems and purification plants. This project supports both Revolutionary Development through the rehabilitation of existing systems and the well-drilling program, and Long Range Development by undertaking a survey and water plan for Cam Ranh City.

Under the Revolutionary Development program the water systems of seven provincial cities will be rehabilitated for the benefit of over 800,000 people, and more than 2,200 wells will be drilled in rural areas to service a population of over one million persons. Important to the Revolutionary Development program but of a longer range impact is a more extensive project being undertaken in Da Nang where under a joint effort by A.I.D. and the Vietnamese government (GVN) a 15 million-gallon-a-day water treatment plant and distribution system will be constructed, servicing both the Free World Military Forces in the area and the civilian population of this important city. A newly created Water Authority will assume responsibility for repaying the Vietnamese Government over a period of years.

In addition it is proposed to make a survey of all possible water resources in the Cam Ranh Bay area and to develop a plan for the eventual supplying of water to a predicted population of 150,000 by 1970.

The drilling of rural wells and the rehabilitation and provision of new water systems in provincial cities are continuing activities and were presented to Congress in prior years as part of the Agriculture and Public Works sections of the Counter-Insurgency Services project, 430-11-990-264. The Da Nang City project and the Cam Ranh City survey were initiated in FY 1967.

Progress to Date: In 1966, 64 additional wells were drilled and now serve an estimated 320,000 people. Water facilities at Khanh Hung were completed and work at 5 other sites advanced as scheduled. A feasibility study and construction plans were completed for Da Nang City and similar studies and plans for Nha Trang City are in preparation.

FY 1968 Program: In FY 1968 A.I.D. will provide 29 direct hire and U.S. participating agency (PASA) technicians, and contracts for the services of an additional 115 (29 U.S. and 86 Third Country Nationals) technicians mainly to supervise the well drilling program but also for rehabilitation work of existing systems and for the survey of Cam Ranh City. Commodity support consisting primarily of drill rigs, pipes, pumps and chemicals will be provided for the well drilling and water systems. Eleven participants from the Directorate of Water Supply will be provided training.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated F 1967			Proposed FY 1968		
Through 6/30/66	-	-	-		Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Estimated FY 67	10,996	6,489		U.S. Technicians	270	654	924	270	811	1,081
Estimated through 6/30/67	10,996	6,489	4,507	Participants . . .	27	-	27	48	-	48
		Future Year Obligations	Estimated Total Cost	Commodities . . .	2,526	3,000	5,526	2,598	-	2,598
				Other Costs . . .	-	4,519	4,519	-	519	519
Proposed FY 68	4,246	Undetermined		Total Obligations	2,823	8,173	10,996	2,916	1,330	4,246

R.M. Parsons Company;
U.S. Army Corps of Engineers;
Other contractors to be determined.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support - Public Works	ACTIVITY Public Works			FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 131-P. 135 FY 1967 FE PDB*		INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Undetermined	
PROJECT NUMBER 430-11-990-000.9					

Project Description: The purpose of this project is to provide overall supervision and support personnel for all activities in the Public Works sector. This project covers salaries and other personal benefits and allowances, international travel, and transportation of effects. Local currency is also programmed for salaries and benefits of Vietnamese employees working for the A.I.D. Mission in the Public Works Division, and local currency support for the contracts funded under this project.

FY 1968 Program: The proposed dollar funding will cover the services of 28 A.I.D. direct hire, 3 U.S. Participating Agency (PASA), 2 U.S. personal service contractors, and 22 third country national contract (Taiwanese and Filipino) employees. The U. S. direct hire, PASA, and contract technicians include those specialities in general engineering, equipment operation and maintenance, city planning, electrical engineering, highway engineering, sanitation, and bridge construction. The third country national contracts include 11 general engineers, 6 civil engineers, 2 electrical engineers, and 2 architectural engineers and 1 clerical employee.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-								
Estimated FY 67	1,206	1,170		U.S. Technicians	810	150	960	810	150	960	Eastern Construction Co.; Taiwan Power Co.
Estimated through 6/30/67	1,206	1,170	36	Participants . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	246	246	-	248	248	
Proposed FY 68	1,208	Undetermined		Total Obligations	810	396	1,206	810	398	1,208	

* For FY 1966 this project was included in Technical Support 430-11-990-000 and Counter-Insurgency Services 430-11-990-264.

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Refugee Relief	ACTIVITY Refugee Relief	FUNDS Supporting Assistance
PROJECT NUMBER 430-11-820-307	PRIOR REFERENCE P. 129, FY 1967 FE PDB*	INITIAL OBLIGATION FY: Undetermined
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This continuing project will assist and support the Government of Vietnam (GVN) in its efforts to care for its citizens forced to flee their homes and lands by Viet Cong (VC) terrorism and military conflict. By virtue of their numbers, their recognizable identity as a disadvantaged group needing compassion, and most importantly their family and the village connections in contested and VC controlled areas, the refugees present a singular opportunity to increase popular support of the GVN.

Administered by the Special Commissioner for Refugees (SCR), the Vietnamese refugee relief program has the following objectives: (1) reception, identification, and provision of hospitable care, including food, shelter, clothing and medical treatment to refugees; (2) political and psychological orientation designed to convert the refugees into assets to the national cause; (3) provision of vocational, handicraft and other training designed to increase the refugees' economic potential, and (4) economic and social re-establishment of refugees through return to their villages or through resettlement in new locations, including the utilization of the refugees as a source of manpower for economic development projects.

Through its Office of Refugee Coordination (ORC) A.I.D. (1) mobilizes and coordinates all U. S. Government resources (material and personnel); (2) provides

guidance and assistance in the management and administration of temporary refugee shelters and in developing and implementing return-to-village and resettlement programs; (3) conducts training courses for GVN/SCR headquarters and field staff; (4) supplies commodities and materials including agricultural tools, resettlement kits and simple construction materials; (5) coordinates U.S. efforts with those of voluntary agencies and other Free World countries; (6) ensures that the refugees as a human resource are taken into full account in overall economic planning; and (7) ensures full consideration of refugee aspects in strategic and tactical military planning.

The GVN provides a basic resettlement allowance, relief payments, resettlement grants as well as funds for purchase of six months rice supplements.

Emphasis in FY 1968 will be on expanding A.I.D., GVN, voluntary agency and Free World Assistance programs in rehabilitation (Health, sanitation, vocational training, recreation); resettlement (handicraft, cottage industry, and community development); and on the training of GVN personnel in refugee rehabilitation and resettlement.

Progress to Date: To accomplish these goals the U. S. Mission established in October 1965, an Office of Refugee Coordination. It now has a current staff level of 50: 14 in Saigon and 36 in the field.

In October 1965, when A.I.D. launched a concentrated

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	274	42	232								Vietnam Christian Service; International Recreation Ass'n.; Unitarian Universalists Comm.; Catholic Relief Services; Salvation Army; Community Development Foundation; American Red Cross; International Voluntary Services; Other contractors to be selected.
Estimated FY 67	16,548	6,668									
Estimated through 6/30/67	16,822	6,710	10,112	U.S. Technicians	1,141	1,371	2,512	1,667	2,350	4,017	
		Future Year Obligations	Estimated Total Cost	Participants . . .	11	-	11	11	-	11	
				Commodities . . .	14,025	-	14,025	15,962	-	15,962	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 68	19,990	Undetermined		Total Obligations	15,177	1,371	16,548	17,640	2,350	19,990	

*Commodity portion previously funded under Counter-Insurgency Services 430-11-990-264

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Refugee Relief - Page 2	ACTIVITY Refugee Relief		FUNDS Supporting Assistance
	PRIOR REFERENCE P. 129, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-820-307			

and coordinated refugee relief effort in Vietnam, the number of refugees reported in temporary shelters was 455,000 with 503,000 having been resettled or returned to their villages during the previous year. As of January, 1966, there were 463,000 refugees in temporary shelters, 511,000 resettled. By June, 1966, there were 501,000 refugees in temporary shelter, and approximately 746,000 resettled; and by December there were 810,000 in temporary shelters, 868,000 resettled.

On the GVN side, the response in the past year to the refugee problem has been laudable. A Special Commissioner for Refugees, appointed by the Prime Minister in February, 1966, to centralize and coordinate all GVN refugee relief activities, has proven to be most conscientious and responsible. Confronted initially with the task of planning and establishing an entirely new government service on a nation-wide basis with no trained staff, established procedures or precedents, the Special Commissariat for Refugees now includes 400 highly motivated personnel, a responsible and responsive bureau or service in each of the 45 provinces, a headquarters in Saigon and an inspector general in each of the 4 regions. Minimum standards have been established for refugee camps (one dispensary, two wells, and twenty latrines for every 100 refugee families and one classroom for every 100 refugee children). The GVN has increased refugee relief payments from 7 piasters (about 6¢) per person per day to 10 (about 8¢), or 5 piasters (about 4¢) and 400 grams of rice per person per day, and the resettlement allowance from 3,500 to 5,000 piasters plus a six-month supply of rice.

Some 131 temporary classrooms for refugee children had been completed as of the end of September, 1966, and 65 more were under construction, out of 269 planned for 1966. In many provinces permanent structures are being built or expanded under the new hamlet school program to serve both refugee and non-refugee children. Short-term vocational training programs for refugees have been started at five polytechnic schools operated by

the Ministry of Education, and the Ministry of Labor has undertaken short courses in masonry and construction trades. The GVN plans 50 additional vocational training centers near large refugee camps.

Several pilot inter-provincial resettlement projects are under way. In mid-May, 1966, nearly 1,000 refugees were resettled from Phu Yen Province to the Cam Ranh Bay area. Another resettlement project in Dong Lac on Cam Ranh Bay will accommodate an initial group of 300 refugee families. This project is co-sponsored by the GVN, the U. S., the Vietnamese Confederation of Trade Unions, and the U.S. International Union of Electrical Workers

In refugee relief programs, the number of voluntary agencies has increased from 7 to 18 in the past year, and their staffs have increased from 50 to more than 100. Vietnam Christian Service (a joint program of Church World Service, the Mennonite Central Committee and Lutheran World Relief), for example is quadrupling its staff of doctors, nurses, social and community workers in Vietnam. A seven-man team of experts, jointly supported by the American Red Cross and A.I.D. has arrived to operate model refugee camps for the training of Vietnamese Red Cross personnel.

The Federal Republic of Germany has assigned 25 experts to assist in the construction of refugee shelters, erection of a refugee village near Saigon to accommodate about 3,000 families, and establishment of social welfare training center. A refugee relief team with a staff of 27, including teachers, nurses and welfare personnel of the Knights of Malta (West Germany) are operating in Quang Nam Province. New Zealand is increasing its surgical team serving refugees in the Qui Nhon area from 8 to 14, will provide 2 or 3 mobile teams for 4 or 5 vocational training instructors to work in refugee camps in the area. The League of International Red Cross Societies (LICROSS) has recently announced that several member national societies will send refugee relief teams to South Vietnam. A contingent

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	Refugee Relief - Page 3	ACTIVITY	Refugee Relief	FUNDS	Supporting Assistance
PROJECT NUMBER	430-11-820-307	PRIOR REFERENCE	P. 129, FY 1967 FE PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: Undetermined

from the Australian Red Cross is already on hand, and a LICROSS team of international experts is now in country to implement relief programs based upon contribution from a dozen national Red Cross societies. This international Red Cross effort is being carried out in close collaboration with the Vietnamese Red Cross.

FY 1968 Program: Funding is proposed in FY 1968 for 66 direct hire employees and 140 contract employees including 45 International Voluntary Services volunteers assisting a community development, social welfare, sanitation and related fields of refugee relief and rehabilitation work. Contracts are planned with non-government voluntary agencies to provide multi-purpose refugee relief teams, training programs, a child feeding program, a recreation program for children in refugee camps, and consultant services to develop handicraft and light cottage industry. Three participants will be sent to the U.S. for training in community development. Commodity support will include cement, roofing, blankets, clothing, sewing machines, small tools, yarns and vehicles.

Free World assistance is expected from Germany, Switzerland, Australia, New Zealand, United Kingdom, UNICEF and UNESCO.

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Joint U.S.
Public Affairs
Office

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE National Information Services		ACTIVITY General & Miscellaneous		FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-960-267		PRIOR REFERENCE P. 131, FY 1967 FE PDB		INITIAL OBLIGATION FY: 1967	
				SCHEDULED FINAL OBLIGATION FY: Undetermined	

Project Target and Course of Action: This project will assist the Government of Vietnam (GVN) to: (1) improve the quality of the equipment and programs of the Vietnamese Radio Network; (2) expand the use of films for education and public relations purposes; (3) improve their public affairs programs and expand audience coverage; and (4) up-grade the printing facilities and techniques of the National Printing Plant. These communications programs are vital to the Revolutionary Development process. They provide the one very important means of informing the Vietnamese people of the policies and intentions of the GVN.

In 1968 plans call for the conversion of the Tuy Hoa radio station into a medium wave station at Phan Thiet. Master radio control and studio facilities will be installed in Saigon and technical assistance will continue in all phases of communications production and maintenance. Projected radio coverage will increase by about 200,000 listeners, the number of leaflets and provincial newspapers produced are expected to reach 9 million.

These continuing communications activities were presented last year as part of the Counter Insurgency Services project 430-11-990-264.

Progress to Date: During 1967 work has begun on the construction of a new medium wave station at Can Tho and installation of a new transmitter at Hue. Joint U.S. Public Affairs Office (JUSPAO) efforts have received

support from other sources. The Australians are supplying, through the Colombo Plan, a transmitter at Ban Me Thuot. The U.S. Military will continue to provide program and voice communication circuits between Saigon and regional stations. Production of printed matter has steadily increased. A record of nearly seven million basic impression units. (BIU) was achieved in one week in September after several printing facilities were put on a double-shift. Monthly BIU's climbed to 42 million in October. Photo production increased by 25 percent above planned capacity. The increased production of printed matter served a range of programs from "Chieu Hoi" (to encourage defections from the VC and North Vietnamese Army) to "Revolutionary Development." Significant media support was given to the elections for the Constituent Assembly in September and the 1967 "TET" (Vietnamese New Year) campaign to supplement Chieu Hoi.

FY 1968 Program: Funds are requested in FY 1968 for 29 technicians (U.S. and third country) and commodity support such as radio antennas, transmitters, cameras and sound equipment, photo graphic and lithographic chemicals, newsprint and mineograph paper.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS							
				Estimated FY 1967			Proposed FY 1968				
				Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	-	-	-	Cost Components	-	685	685	-	685	685	U.S.I.A.
Estimated FY 67	2,044	1,129			-	-	-	-	-	-	
Estimated through 6/30/67	2,044	1,129 m	915		1,315	-	1,315	1,305	-	1,305	
		Future Year Obligations	Estimated Total Cost		-	44	44	-	44	44	
Proposed FY 68	2,034	Undetermined			1,315	729	2,044	1,305	729	2,034	
					Total Obligations						

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support (Central Mission Management)	ACTIVITY General & Miscellaneous	FUNDS Supporting Assistance	
	PRIOR REFERENCE P. 135, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1955	SCHEDULED FINAL OBLIGATION FY: Undetermined
PROJECT NUMBER 430-11-990-000			

Project Description: The purpose of this project is to provide administrative back-up for the Commercial Import and Food for Peace programs, and dollar and local currency support for general A.I.D. management functions including the program and controller's offices, personnel and training, management, and the executive and legal staff. Financing is provided for the large Air America contract which undertakes the major in-country transport of all A.I.D. commodities and personnel. Administrative support of A.I.D. employee dependents in the nearby countries of Thailand, Philippines, and Taiwan is also provided for under this project, along with contracts for mission-wide services including office maintenance, design and operation of data processing systems, consumer demand studies, and the erection and maintenance of U.S. A.I.D. offices and personnel housing.

In addition this project serves as the central fund for travel, transportation of effects, supplies and equipment for the whole A.I.D. mission. Local currency support including salaries of local employees, rents, utilities, and in-country procurement and travel are provided through a trust account drawing on Vietnamese counterpart funds generated through A.I.D. programs.

FY 1968 Program: Funding is requested for 341 U.S. direct hire personnel including expanded credit and investigative staffs, and contracts with Air America, a data processing systems development firm, and construction and maintenance firms. Commodity support will include office

equipment, household furniture and appliances, vehicles for the motor pool, prefab houses, communications equipment, elevators, air conditioning, printing supplies and spare parts.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	44,211	37,874	6,337							Systems Development Corp.; Lybrand, Ross Bros. & Montgomery; Gustau Hirsch Inc.; Landis Co., Inc.; Degill Corp.; Air America; Other Contractors not yet selected.	
Estimated FY 67	39,792	30,400									
Estimated through 6/30/67	84,003	68,274	15,729								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 68	40,100	Undetermined									
				Total Obligations	21,506	18,286	39,792	21,517	18,583		40,100

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Terminating
Projects

TERMINATING PROJECT

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Vocational Education	ACTIVITY Education	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-690-271	PRIOR REFERENCE P. 126, FY 67 FE PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: 1966

From FY 1956 to FY 1966 A.I.D. provided substantial support for the Vietnamese Government (GVN) vocational education program through the Vocational Education project. With A.I.D. assistance the GVN established a new Central Polytechnic Institute at Phu To as well as three other provincial technical institutes, and reorganized, expanded and modernized six older technical/vocational schools. A.I.D. also assisted the GVN to establish national agricultural and engineering colleges with a combined capability of graduating about 300 specialists annually.

Education project has been established as a separate project (Agricultural Education 430-11-620-323).

In the FY 1967 Congressional Presentation, it was projected that since 90% of the work was complete A.I.D. assistance in this area would phase down in FY 1967 and terminate at the close of FY 1968. However, the urgent requirement for skilled Vietnamese manpower to support the war effort and provide replacements for manpower called into the Vietnamese Armed Forces has, on the contrary, required a substantial expansion in the GVN/U.S. vocational education effort.

To facilitate better management of this expanded program the A.I.D. Vocational Education effort has been restructured under project 430-11-610-322 (Vocational Training) to include rural trade school activities, formerly financed under Counter-Insurgency Services, 430-11-990-264, and new vocational training programs for veterans, refugees and the blind. The agricultural education element of the terminating Vocational

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Through 6/30/66	5,976	4,685		1,291	Estimated FY 1967		Proposed FY 1968		
						Direct AID		Contract/Other Agency	Total	Direct AID
Estimated FY 67	-	401		U.S. Technicians						
Estimated through 6/30/67	5,976	5,086	890	Participants . . .						
		Future Year Obligations	Estimated Total Cost	Commodities . . .						
Proposed FY 68	-	None	5,976	Other Costs . . .						
				Total Obligations						

TERMINATING PROJECT

Shaded areas are SECURITY CLASSIFIED and must not be divulged to unauthorized individuals. All other material is unclassified.

Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Civil Administration Improvement	ACTIVITY Public Administration	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-790-301	PRIOR REFERENCE P. 128, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1966

From FY 1963 through FY 1966 A.I.D. provided technical advice and assistance to the Government of Vietnam (GVN) in public administration through the Civil Administration Improvement project. The broad objective of the project was to assist the GVN to develop a government structure at the national, provincial village and hamlet levels that was administratively and politically more responsible to the people's needs and more effective in implementing counter-insurgency/rural construction related programs. U.S./GVN efforts were directed toward stimulating greater political and administrative decentralization with broader citizen participation in government, improved administrative and fiscal procedures, more effective tax administration, better government personnel administration, and a better trained civil service.

430-11-770-345 National Institute of Administration

In FY 1967 A.I.D. has substantially expanded public administration project assistance. To facilitate better management of this expanded program the major activities under the single Civil Administration Improvement project have been divided into separate projects. The four projects whose activities relate to the terminating Civil Administration Improvement project are:

- 430-11-790-339 Support of Civil Government
- 430-11-750-340 Improvement of Fiscal Administration and Management
- 430-11-780-341 Statistical Services

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1967			Proposed FY 1968			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/66	1,998	1,219	779								
Estimated FY 67	-	421									
Estimated through 6/30/67	1,998	1,640	358	U.S. Technicians Participants . . .							
		Future Year Obligations	Estimated Total Cost	Commodities . . .							
Proposed FY 68	-	None	1,998	Other Costs . . .							
				Total Obligations							

TERMINATING PROJECT

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Labor Institutions	ACTIVITY Labor	FUNDS Supporting Assistance	
PROJECT NUMBER 430-15-410-222	PRIOR REFERENCE P. 123, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1960	SCHEDULED FINAL OBLIGATION FY: 1966

From FY 1960 through FY 1966 A.I.D. supported a modest technical assistance effort within the Vietnamese labor sector through the Labor Institutions project. Assistance to the Ministry of Labor focussed on (1) promotion of sound labor/management relations through promotion of conciliation, mediation and voluntary arbitration, industrial health and safety programs; (2) improving stevedoring practices; and (3) developing statistical services. Assistance to Vietnamese labor unions focussed on expanding member education programs and other union supported member services. Some advisory assistance was also provided to the GVN in manpower planning.

In FY 1967 A.I.D. assistance to the Vietnamese labor sector is being substantially expanded. To facilitate better management of this expanded program major activities under the single Labor Institutions project have been split into separate projects. The two projects stemming from the terminating Labor Institutions project are:

- 430-11-490-326 Government Labor Services
- 430-11-410-328 Trade Union Development

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1967			Proposed FY 1968			
				Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	251	126	125	Cost Components U.S. Technicians Participants ... Commodities ... Other Costs ... Total Obligations						
Estimated FY 67	-	45								
Estimated through 6/30/67	251	171	80							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 68	-	None	251							

TERMINATING PROJECT

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE Counter-Insurgency Services	ACTIVITY General and Miscellaneous	FUNDS Supporting Assistance	
PROJECT NUMBER 430-11-990-264	PRIOR REFERENCE P. 131, FY 1967 FE PDB	INITIAL OBLIGATION FY: 1963	SCHEDULED FINAL OBLIGATION FY: 1966

From FY 1963 through FY 1966 the bulk of A.I.D. support for the Government of Vietnam's (GVN) Counter-Insurgency/Rural Construction program was provided through this multi-faceted Counter-Insurgency Services project. This project sought to combine many fields of endeavor to promote economic, social and political institutions which would develop the GVN capability to govern more effectively and identify its purpose with the aspirations of the people. This project largely focussed on the rural areas. Significant elements were the "Chieu Hoi" returnee program, the hamlet school program, the public works and village agricultural program, the provincial health program, the public safety and resources control programs, and the public information program. This project also provided the logistic support for all of the GVN/U.S. provincial programs.

In FY 1967 A.I.D. support of the GVN pacification program is being substantially increased. Numerous sub-activities under this project were restructured and some new activities are being undertaken.

In order to achieve more effective project identification and management this overall Counter-Insurgency Services project has been replaced in FY 1967 by individual projects in each of the functional areas.

Agriculture

- 430-11-120-311 Agrarian Development
- 430-11-130-314 Crop Production

- 430-11-130-315 Animal Production
- 430-11-120-316 Irrigation and Water Management
- 430-11-180-317 Fisheries
- 430-11-110-289 Agricultural Extension and Training
- 430-11-140-291 Agricultural Credit and Cooperatives
- 430-11-990-000.1 Technical Support - Agriculture Education
- 430-11-690-319 Hamlet Schools
- 430-11-690-320 Instructional Materials
- 430-11-610-322 Vocational Training
- 430-11-990-000.2 Technical Support - Education Industry
- 430-11-830-318 Cam Ranh City Industrial Development Logistics
- 430-11-990-329 Logistics Management and Operations New Life Development (Field Operations)
- 430-11-990-332 Revolutionary Development and Chieu Hoi
- 430-11-990-335 Highlander Affairs
- 430-11-990-336 Youth Development
- 430-11-990-000.6 Technical Support - Field Operations Public Health
- 430-11-530-347 Clinical Health Services
- 430-11-530-348 Public Health Services
- 430-11-540-349 Nursing Education and Training
- 430-11-590-350 Health Support Services
- 430-11-590-351 Rehabilitation and Health Worker Training

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
				Estimated FY 1967			Proposed FY 1968		
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/66	62,611	19,890	42,721						
Estimated FY 67	-	31,985							
Estimated through 6/30/67	62,611	51,875	10,736						
		Future Year Obligations	Estimated Total Cost						
Proposed FY 68	-	None	62,611						

TERMINATING PROJECT

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Country: VIETNAM

PROJECT DATA

TABLE III

PROJECT TITLE	ACTIVITY	FUNDS	
Counter-Insurgency Services - Page 2	General and Miscellaneous	Supporting Assistance	
PROJECT NUMBER 430-11-990-264	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	P. 131, FY 1967 FE PDB	FY: 1963	FY: 1966

Public Safety

- 430-11-710-352 Public Safety Services
- 430-11-720-299 Public Safety Telecommunications

Public Works

- 430-11-310-294 Roads and Quarries
- 430-11-350-297 Ports and MeKong Delta Waterways
- 430-11-890-355 Reconstruction and Urban Planning
- 430-11-220-356 Electric Power
- 430-11-220-357 Rural Electric Cooperatives
- 430-11-520-359 Water Resources Development
- 430-11-990-000.9 Technical Support - Public Works

Refugee Relief

- 430-11-820-307 Refugee Relief (Commodities)

JUSPAO

- 430-11-960-267 National Information Services

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: VIETNAM

Borrower: VIETNAM RAILWAY SYSTEM

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Railways Modernization 430-A-004	
Date Authorized: May 16, 1960	Date Signed: 8/10/60
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 15 yrs.
Authorized \$7,700	Grace Period 2½ yrs.
Disbursed 7,615	Interest Rate 3½%
Repayments 200	Currency of Repayment .. Piasters
Interest Collected 369	

taking over responsibility for maintaining the railway in operational condition.

A contract signed in October, 1964, and completed in June, 1966, with Transportation Consultants, Inc. provided backstop services and inspection of equipment. They previously had been involved in preparing the specifications and training the machine operators.

Financial Status: Agreement has been obtained with the GVN to de-obligate outstanding undisbursed balances.

The war in Vietnam has resulted in a reduction in Railway System revenue to a point far below operating costs. At the Borrower's request early in 1965, A.I.D. agreed to a revised amortization schedule which provided for reduced repayments of principal semiannually, ending October, 1966, with repayment thereafter distributed through the remainder of the 15-year loan period. Subsequently, the GVN decided that so long as the war continues the Railway System will not be economically viable, hence, requested a moratorium of debt service. A three-year deferment of principal and interest payments currently is being negotiated with the GVN.

Host Country Role and Procurement Source: All local currency costs are being paid by the Borrower and all procurement under the loan has been from U.S. sources.

Comments on Implementation: The management and employees of the railroad are performing exemplary work under adverse circumstances despite many casualties and several deaths.

Purpose of Loan: The initial purpose of this loan was to finance the U.S. dollar costs of 23 diesel locomotives, 21 freight cars and 26 passenger cars and to provide technical services to improve, modernize and expand the railway system which consists of 829 miles, i.e., 688 miles from Saigon to Dong Ha to the north on the 17th parallel, and 141 miles of branch lines. Subsequent to the loan agreement there was a deterioration of security along the railway. This caused a shift in priorities to freight equipment and the borrower requested and A.I.D. approved the substitutions of 200 box cars for the above-mentioned 26 passenger cars. Most of the rolling stock which this equipment is replacing was more than 50 years old. Under the present situation, support of the railroad is considered vital to the prosecution of the war.

Physical Status: All 23 General Electric Diesel locomotives have been in service continuously since final delivery in December 1963 except for inspections and when damaged by sabotage. All other commodities financed under this loan have arrived. Hostilities in Vietnam have, however, limited railway operations drastically. Service continues in limited secure areas and is engaged substantially in military movements. The loan-financed rolling stock which is not in use because of curtailed operations is reported to be well maintained in the railway shops. Meanwhile the Department of Defense is

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STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: VIETNAM

Borrower: SAIGON METROPOLITAN WATER OFFICE

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Saigon Metropolitan Area Water Supply 430-A-005	
Date Authorized: January 30, 1959 Date Signed: November 2, 1960	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$17,500	Duration 30 yrs.
Disbursed 14,552	Grace Period 1 yr.
Repayments 282	Interest Rate 3-1/2%
Interest Collected 649	Currency of Repayment.. Piasters

in turn, subcontracted with International Pipe & Ceramic Co. (Interpace) of New Jersey for the manufacture of all concrete piping.

Eiffel completed its contract in April 1966.

A contract with Hawaiian Dredging-Pomeroy, a joint venture, for the pumping station and water treatment complex was concluded in December 1963. This contract is completed except for final clean-up and a certificate of completion has been issued.

Work being financed through local currency contracts with Vietnamese firms to improve the distribution system is progressing satisfactorily. The new treatment plant was inaugurated in December 1966 and water from this new facility is now available to users.

Steps have been taken to build up the institutional capability of the water office to take over and manage the water facility.

Financial Status: Payments of principal and interest are currently in technical default while a mutually acceptable repayment rate is being negotiated.

Host Country Role and Procurement Source: Local currency costs of this project totaling approximately \$10,000,000 equivalent are being paid by the Vietnamese Government. Goods and services have been procured on a world-wide procurement basis under policies in effect at the time the loan was authorized.

Comments and Implementation: Essentially, the physical project is completed except for some ancillary facilities being financed by the GVN. All that remains is the completion of the management contracts to build up the Water Office capability for complete take-over of operational responsibilities. The two major foreign contractors have both filed claims in excess of loan availabilities and the GVN has agreed to cover the excess costs of a compromise settlement from their own foreign exchange holdings.

Purpose of Loan: This loan covers the foreign exchange costs of engineering and construction supervision, materials, and equipment necessary to improve and expand the water supply for the Saigon metropolitan area (Saigon-Cholon-Giadinh-Govap and Thuduc). Construction involves an intake canal, pumping station, transmission mains, and the modernization of the distribution network. The facilities are designed to produce and supply 125 metric gallons of treated water per day.

The borrower is responsible for maintenance of value of the currency of repayment.

Physical Status: There was a two-year delay in the start of this project due to (a) reluctance of the Vietnamese Government to accept the exchange rate applicable for repayment of development loans, and (b) the decision to review the proposed river water system in light of a report proposed in April 1959.

In May 1961, a contract was signed with Hydrotechnic Corporation, a U.S. firm, to provide overall engineering services. Vietnamese drilling of 6 interim wells was completed in June 1962, and in December the prime construction contract was awarded to Les Etablissements Eiffel de Paris for the manufacture and installation of the pre-stressed concrete transmission pipeline. They,

STATUS OF DEVELOPMENT LOANS

TABLE IV

Country: VIETNAM

Borrower: NATIONAL OFFICE OF ELECTRIC POWER

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Saigon Electric Power 430-A-006	
Date Authorized: November 8, 1960 Date Signed: January 6, 1961	
Loan Status as of 12/31/66	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 20 yrs.
Authorized \$12,700	Grace Period 1 yr.
Disbursed 11,157	Interest Rate 3-1/2%
Repayments 521	Currency of Repayment . . Piasters
Interest Collected 570	

Financial Status: Payments of principal and interest are currently in technical default while a mutually acceptable repayment rate is being negotiated. Additionally, now that the project is completed, unexpended balances in excess of those required to pay legitimate outstanding contract claims are being deobligated.

Host Country Role and Procurement Source: Local currency costs amounting to the equivalent of some \$2 million are being paid by the Government of Vietnam. All loan-financed procurement has been from United States sources.

Comment on Implementation: This project has been impeded in many ways by the war in Vietnam. In addition to the delays mentioned above, the military draft has stripped the country and the Borrower of most of the people who train the operating personnel. The Mission has been trying to arrange for retention of an adequate staff; and the suppliers, under the procurement contracts, are obliged to provide instruction to operating personnel.

Purpose of Loan: This loan is to finance the foreign exchange costs of construction, installation, and initial operation of (a) a 33,000 KW thermal power station, and (b) a 66,000 volt transmission and distribution system. It will also provide engineering, training and management services for the system. The expansion of electric power in this area will (a) provide the much needed base for Vietnam's industrial expansion; (b) increase power available for residential and existing commercial use; and (c) help compensate for the loss of power from Da Nhim due to Viet Cong sabotage of the transmission lines.

Physical Status: The original plan to utilize coal for fuel was subsequently revised to utilize oil. Both plans required detailed studies which have been completed. This delay, and a number of other factors such as the redesign of the transmission and substation system, slowed implementation.

The design engineering phase was completed in late 1963, and construction began in late January, 1964. Generating facilities and the distribution system are now complete and in commercial operation.