

UNCLASSIFIED

# AGENCY FOR INTERNATIONAL DEVELOPMENT

## PROGRAM AND PROJECT DATA

PRESENTATION TO THE CONGRESS — FY 1966

BEST AVAILABLE

UNCLASSIFIED

FAR EAST

CONFIDENTIAL WHEN WITH ATTACHMENTS

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

TO: RECIPIENTS OF FY 1966 FAR EAST PROGRAM AND PROJECT DATA BOOK  
FROM: L. E. Blaker, <sup>LEB</sup>C/BUD, Estimates  
SUBJECT: Far East Book - 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 1966 - Far East." Corrected pages may be identified by the revision date of February 19, 1965; all other are for backup purposes only and no changes have been made thereon. Please dispose of replaced classified pages in accordance with Security Regulations.

Substitute attached for pages: 1-2, 47-48, 63-64, 99-100, 107-108, 113-114, 121-122; and replace the "Regional Programs" tab with the attached tab.

CONFIDENTIAL WHEN WITH ATTACHMENTS

THIS DOCUMENT CONTAINS INFORMATION  
AFFECTING THE NATIONAL DEFENSE OF  
THE UNITED STATES WITHIN THE MEANING  
OF THE ESPIONAGE LAWS, TITLE 18, U.S.C.,  
SECTIONS 793 AND 794, THE TRANSMISSION  
OR THE REVELATION OF WHICH IN ANY  
MANNER TO AN UNAUTHORIZED PERSON IS  
PROHIBITED BY LAW.

**GROUP 4**

DOWNGRADED AT 3-YEAR INTERVALS.  
DECLASSIFIED 12 YEARS AFTER  
DATE OF ORIGIN.

NOT RELEASABLE TO FOREIGN NATIONALS

1

February 10, 1965

## FOREWORD

The Regional volumes provide additional program and project data relating to the FY 1966 Congressional Presentation of the Agency for International Development.

### Country Data

The following tables have been included for each country as applicable:

- Table I - Summary of Country Program -- A.I.D. program table by funding category for FY's 1964-1966; narrative to provide a framework for the current A.I.D. program in the country.
- Table II - Summary of Program by Function -- project and non-project assistance for FY's 1964-1966, by major cost component and method of financing; related personnel and participant data.
- Table III - Project Data -- status of individual projects for each project (a) for which FY 1966 obligations are proposed, (b) with a pipeline of more than \$1 million on June 30, 1964, or (c) not previously presented to the Congress and for which FY 1965 obligations are planned.
- Table IV - Status of Development Loans -- loan status of individual, authorized Development Loans and Alliance for Progress Loans which have not been fully disbursed as of December 31, 1964; descriptive narrative focusing on implementation, with specific emphasis on measurements of progress related thereto.

### Regional Data

The following two tables provide summary 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 1965.

## CLASSIFICATION OF VOLUMES

Security classified portions of the narrative and amounts are shaded. All other material is unclassified. Pages which are marked CONFIDENTIAL contain classified information. All material is unclassified on pages which are not marked CONFIDENTIAL.

TABLE OF CONTENTS

FAR EAST

	<u>Page No.</u>		<u>Page No.</u>
<b>SUMMARY TABLES:</b>		<b>PHILIPPINES:</b>	
Regional Summary of Program by Function.....	1	Summary of Country Program.....	75-76
Regional Summary of Status of Development Loans.....	2	Summary of Program by Function.....	77
<b>BURMA:</b>		Project Data.....	78-92
Summary of Country Program.....	3-4	Status of Development Loans.....	93-96
Summary of Program by Function.....	5	<b>THAILAND:</b>	
Project Data.....	6-10	Summary of Country Program.....	97-98
<b>INDONESIA:</b>		Summary of Program by Function.....	99
Summary of Country Program.....	11	Project Data.....	100-121
Summary of Program by Function.....	12	Status of Development Loans.....	122-123
Project Data.....	13-25	<b>VIETNAM:</b>	
Status of Development Loans.....	26-27	Summary of Country Program.....	125-126
<b>KOREA:</b>		Summary of Program by Function.....	127
Summary of Country Program.....	29-30	Project Data.....	128-138
Summary of Program by Function.....	31	Status of Development Loans.....	139-141
Project Data.....	32-47	<b>REGIONAL AND OTHER PROGRAMS:</b>	
Status of Development Loans.....	48-57	Regional:	
<b>LAOS:</b>		Summary of Country Program.....	143
Summary of Country Program.....	59-60	Summary of Program by Function.....	144
Summary of Program by Function.....	61	Project Data.....	145-152
Project Data.....	62-73	Other:	
		Cambodia.....	153-154
		China (Taiwan).....	155-164
		Malaysia.....	165-166



**CONFIDENTIAL**

**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: FAR EAST REGIONAL SUMMARY

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	29,550	XXX	XXX	XXX	56,000	XXX	XXX	50,000-95,000	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	25,568	17,757	7,200	611	32,517	19,271	13,246	31,003	16,093	14,910
Participants . . . . .	9,373	8,502	647	224	6,936	6,077	859	4,175	3,294	881
Commodities . . . . .	25,761	14,681	8,593	2,487	27,742	14,067	13,675	21,992	11,432	10,560
Other Costs . . . . .	16,987	4,076	5,794	7,117	19,985	4,585	15,400	14,130	3,181	10,949
<b>Total Project Assistance . . . . .</b>	<b>77,689</b>	<b>45,016</b>	<b>22,234</b>	<b>10,439</b>	<b>87,180</b>	<b>44,000</b>	<b>43,180</b>	<b>71,300</b>	<b>34,000</b>	<b>37,300</b>
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	52,353	34,564	14,388	3,401	53,501	30,604	22,897	44,471	23,512	20,959
Other Agency . . . . .	4,045	2,480	1,302	263	6,551	2,863	3,688	5,674	2,122	3,552
Contract . . . . .	21,291	7,972	6,544	6,775	27,128	10,533	16,595	21,155	8,366	12,789
<b>Non-Project Assistance . . . . .</b>	<b>244,129</b>	<b>-</b>	<b>207,429</b>	<b>36,700</b>	<b>278,000</b>	<b>-</b>	<b>278,000</b>	<b>268,700</b>	<b>-</b>	<b>268,700</b>
<b>Total Other than Development Loan . . . . .</b>	<b>321,818</b>	<b>45,016</b>	<b>229,663</b>	<b>47,139</b>	<b>365,180</b>	<b>44,000</b>	<b>321,180</b>	<b>340,000*</b>	<b>34,000*</b>	<b>306,000</b>
<b>Total Assistance . . . . .</b>	<b>351,368</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>421,180</b>	<b>XXX</b>	<b>XXX</b>	<b>390,000-435,000</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	851	1,107	1,092
Participating agency . . . . .	155	253	210
Contractor technicians . . . . .	470	409	352
<b>Total . . . . .</b>	<b>1,476</b>	<b>1,769</b>	<b>1,654*</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	1,754	1,757	1,265
Contract . . . . .	169	190	6
<b>Total . . . . .</b>	<b>1,923</b>	<b>1,947</b>	<b>1,271*</b>

\* No estimate of Indonesia fund and personnel requirements included (See footnotes on Indonesia Table II).

**CONFIDENTIAL**

Revised February 19, 1965

**SUMMARY OF STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars)

REGION: FAR EAST

COUNTRY	Cumulative Through FY 1964				FY 1965 Through December 31, 1964			
	Authorized	Obligated	Disbursed	Repaid	Authorized	Obligated	Disbursed	Repaid
CHINA (Taiwan)	165,486	165,486	84,225	8,086	-905	-905	9,663	2,238
INDONESIA	11,469	11,469	7,327	1,405	-305	-305	931	369
KOREA	103,934	74,384	38,873	2,986	-651	17,899	632	459
MALAYSIA	20,000	20,000	18,610	3,075	-	-	-	673
PHILIPPINES	29,666	29,666	18,754	5,472	-2,308	-2,308	591	282
THAILAND	33,600	33,600	19,261	1,057	-	-	1,915	57
VIETNAM	38,000	38,000	20,226	150	-	-	3,575	412
(Negative figures denote deauthorizations/deobligations)								
<b>Total</b>	402,155	372,605	207,276	22,231	-4,169	14,381	17,307	4,490



CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

Country: BURMA

TABLE I

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	-
Tech. Coop./D.G. . . . .	932	600	225
Supporting Assistance . . . . .	310	3,425	-
Contingency Fund . . . . .	-	XXX	XXX
Total . . . . .	1,242	4,025	225

Nature and Scope of the A.I.D. Program

In foreign affairs the present Revolutionary Government of Burma is pre-occupied with maintaining neutrality. Internally, the Burmese are carrying out a policy of nationalization and "Burmanization" of most economic activities. Despite periodic shifts in the relative cordiality of its relations with the West and with the Communist countries, Burma has thus far managed to maintain its position of non-alignment and to protect its national independence.

Burma neither seeks substantial U.S. aid nor do its present internal policies represent the kind of self-help measures which justify A.I.D. developmental investment. The United States does, however, have a friendly interest in Burma's continued independence. We are, therefore, fulfilling formal commitments of earlier years and completing previously funded projects.

No new commitments are planned in FY 1966. We have not, however, barred consideration of future Burmese requests in the light of conditions which exist at the time.

Achievements

Under a \$25 million line of credit extended in 1957, \$21.6 million has been obligated for fifteen projects, of which nine are finished and six are still in progress. Specific accomplishments of the completed projects include: (a) reconstruction of the Kabo Dam in N.E. Burma, enabling 50,000 families to resume fully productive cultivation of 350,000 acres of farmland; (b) increased foreign exchange earnings from timber exports, through provision of mechanized timber extraction equipment; (c) restoration and improvement of telephone and telegraph service between Rangoon and Mandalay; (d) resettlement of 350,000 persons on 500,000 acres of reclaimed farmland by provision of tractors

and earthmoving equipment for a major land restoration project; (e) establishment of an Applied Research Institute, now employing a 300-member staff, occupying 15 buildings and providing practical research serving agriculture and industry; (f) modernization of rice loading operations at the port of Rangoon, through introduction of modern rice processing and handling equipment; (g) improvement of flight operations at Rangoon and at 16 smaller airports, through provision of modern communications, lighting, traffic control, and airfield safety equipment.

Assuming final agreement with the Burmese Government on design and inspection requirements stipulated by A.I.D., we expect to obligate in FY 1965 the \$3.4 million remaining balance of the 1957 line of credit for construction and equipping of a new, modern teakwood sawmill at Rangoon. (Obligation of these funds was originally planned for FY 1964 -- see page 8, FY 1965 Project Book Congressional Presentation.) This will complete funding under this loan commitment.

Under another loan agreement concluded in 1958, A.I.D. has advanced \$8.8 million for provision of transportation and communications equipment to improve the efficiency of Burma's police forces. Remaining procurement and related training in equipment operation and maintenance is scheduled for completion in mid-FY 1966.

Under a grant of \$750,000 in FY 1962 for assistance to the Burma Army's resettlement project in the Namsang area, a water supply system has been installed to serve an estimated 8,000 persons in the ten new villages and three existing Shan villages, and special equipment supplied to improve other community services, and to stimulate productive enterprise.

Under a \$30 million grant commitment in 1959, some \$2 million (together with \$5.5 million in PL 480 local currency grants) is being used to establish a new campus for the Rangoon University Liberal Arts College, construction of which is scheduled for completion in FY 1967. Ten men's dormitories have been built and are now in use. The entire college complex, when completed, will accommodate 7,000 students with necessary faculty and supporting staff. The other \$28 million was intended for application toward costs of design and construction of a new highway between Rangoon and Mandalay. After approximately \$1.6 million of surveying and engineering work had been accomplished, the Burmese Government in May 1964, requested cancellation of this highway project on the basis that it no longer represented a high-priority Burmese requirement. Unused funds were de-obligated. There is no further liability under the 1959 commitment.

CONFIDENTIAL

Country: BURMA

During the past 14 years approximately \$20 million of direct grant assistance has been furnished to Burma for support of various projects in agriculture, health, and education and for engineering and economic surveys. Burma has contributed sizable amounts of its own resources to these joint activities, and has undertaken other useful projects entirely on its own initiative.

FY 1966 Proposed Program

Technical Cooperation funds of \$225,000 are requested for Burma in FY 1966 exclusively for advisory and technical assistance and supporting costs necessary to assure competent monitoring of projects financed under prior-year commitments, as follows: (a) \$25,000 for Civil Police Assistance to provide the services of two police advisors until completion of the project at mid-FY 1966; (b) \$34,000 for the Rangoon University Liberal Arts College project, to provide architectural and inspection services for building construction in progress; and (c) \$166,000 for Technical Support to cover program costs - for personal services, participant training and logistic support - not chargeable to specific projects.

In addition to the Rangoon University Liberal Arts College, the other principal construction projects (all loan-financed) which remain to be completed are: (a) Rangoon Water Supply: storage facilities and distribution mains; (b) Rangoon Sewerage System: repair and extension, and development of a master plan for sanitary sewerage facilities; (c) Rangoon General Hospital: expansion of facilities (Adjunct Services Building) and modernized services for outpatient care; (d) Expansion of Teak Production: completion of delivery and installation of new machinery in existing mills (Phase I) and design and construction of a new modern teak sawmill (Phase II); and (e) Inland Waterways Fleet Improvement. No new projects are being initiated.

Nine U.S. technical and engineering personnel (including both direct hire and contract) are required for the program in FY 1965, decreasing to seven by the end of FY 1966.

**CONFIDENTIAL**

**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: BURMA

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
<b>Development Loan Program</b> . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	717	407	310		483	458	25	125	125	
Participants . . . . .	33	33	-		25	25	-	-	-	
Commodities . . . . .	355	355	-		3,410	10	3,400	10	10	
Other Costs . . . . .	137	137	-		107	107	-	90	90	
<b>Total Project Assistance</b> . . . . .	<b>1,242</b>	<b>932</b>	<b>310</b>		<b>4,025</b>	<b>600</b>	<b>3,425</b>	<b>225</b>	<b>225</b>	
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	723	698	25		3,645	220	3,425	169	169	
Other Agency . . . . .	320	221	99		33	33	-	9	9	
Contract . . . . .	199	13	186		347	347	-	47	47	
<b>Non-Project Assistance</b> . . . . .	-	-	-		-	-	-	-	-	
<b>Total Other than Development Loan</b> . . . . .	<b>1,242</b>	<b>932</b>	<b>310</b>		<b>4,025</b>	<b>600</b>	<b>3,425</b>	<b>225</b>	<b>225</b>	
<b>Total Assistance</b> . . . . .	<b>1,242</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>4,025</b>	<b>XXX</b>	<b>XXX</b>	<b>225</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	7	5	2
Participating agency . . . . .	-	-	-
Contractor technicians . . . . .	5	4	5
<b>Total</b> . . . . .	<b>12</b>	<b>9</b>	<b>7</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	9	5	-
Contract . . . . .	-	-	-
<b>Total</b> . . . . .	<b>9</b>	<b>5</b>	<b>-</b>

**CONFIDENTIAL**

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

**TABLE III**

Country: BURMA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION  
SUPPORTING ASSISTANCE

Project Title and Number: Expansion of Teak Production,  
482-22-230-123  
Prior Reference: Page 8, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1965

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,470	882	588
Estimated FY 65	3,700	588	XXXXXXXXXXXX
Estimated through 6/30/65	5,170	1,470	3,700
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	5,170	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	300	
Participants .....	-	
Commodities .....	3,400	
Other Costs .....	-	
<b>Total Obligations .....</b>	<b>3,700</b>	
Obligations By Method of Financing		
Direct AID Costs .....	3,400	
Other Agency .....	-	
Contract .....	300	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
2,667	-	-	-

**Project Objective and Description:** To help increase production and export of teak logs and lumber, Burma's second most important source of foreign exchange earnings. This project supports the four-year plan of the State Timber Board (STB). Its goal is to increase raw teak extraction by 60 percent to 420,000 round tons per year in 1966. The project is in two phases. In FY 1963, A.I.D.

contributed \$1.4 million of loan funds, under the 1957 line of credit, for Phase I, which undertakes to expand extraction operations and to improve the efficiency of existing milling operations. A.I.D. dollars are used exclusively to finance U.S. equipment for two complete mechanical extraction units, and modernization of five of the seven existing obsolescent sawmills now processing teak for export.

Phase II of the project will consist of establishment of a new, modern teak sawmill at Rangoon, with a two-shift capacity of 94,000 tons of sawn teak per year. The FY 1965 program for Phase II includes: \$3.4 million of SA loan funds (the unused balance of the 1957 line of credit) for U.S.-made machinery, and \$300,000 of TC grants for a contract for architectural and engineering services to assist with plans, specifications, construction supervision, and procurement and installation of equipment. A.I.D. has also indicated its willingness to commit \$2.7 million equivalent of PL 480 loan kyats toward local construction costs.

**Project Progress:** Phase I of the project is approaching completion. All imported extraction equipment and 60 percent of the imported sawmill machinery have been delivered. Remaining machinery items will be shipped from the U.S. during February 1965 (unless delayed by the dock strike). The STB has completed remodeling the five sawmills where the machinery is to be installed. The Burmese Government is contributing to Phase I approximately \$700,000 equivalent in local currency.

For Phase II - the proposed new teak sawmill feasibility studies and cost estimates for buildings have been prepared by a U.S. firm. Preliminary machinery specifications and cost estimates have also been developed. Contrary to expectations, A.I.D. did not obligate the bulk of the dollar financing in FY 1964 because of inability to reach agreement with the STB on the scope and role of U.S. technical and monitoring services. Negotiations have now progressed to a point where a jointly satisfactory Project Agreement seems probable before the end of FY 1965. Meanwhile, the STB has acquired the site, and completed most of the land fill and pre-construction pile-testing. The Burmese contribution of land site, land preparation, and access roads, is equivalent to approximately \$1 million.

**FY 1966 Program:** No additional funds required.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: BURMA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Inland Waterways Fleet Improvement, 482-22-350-104			
<b>Prior Reference:</b> Page 11, FY 1965 CP			
<b>Initial Obligation FY:</b> 1958 <b>Scheduled Final Obligation FY:</b> 1958			
<b>U.S. DOLLAR COSTS</b>			
Through 6 30 64	Obligations 4,565	Expenditures 1,814	Unliquidated 2,751
Estimated FY 65	-	850	xxxxxxxxxxxx
Estimated through 6 30 65	4,565	2,664	1,901
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	4,565	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....			
Participants .....			
Commodities .....			
Other Costs .....			
Total Obligations .....			
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....			
Other Agency .....			
Contract .....			
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
<b>Obligations of U.S. Owned</b>		<b>Commitments of Country Owned (Counterpart)</b>	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

improve the overall management and operation of the inland waterway system.

In FY 1958 the U.S. obligated \$6.5 million under the FY 1957 line of credit for vessel and dockyard commodity procurement and \$2.4 million in PL 480-generated kyats for local rehabilitation expenses. Initial bid evaluations on all vessels were suspended during the first Ne Win government of 1959-60. Implementation was resumed in 1960 and contracts awarded for 80 per cent of the vessels. In June 1962 the present government rejected a U.S. offer of advisors for the Inland Waterways Transport Board (IWTB) as recommended by the A.I.D.-financed Glore Report. As a result, A.I.D. limited U.S.-financed procurement to the \$4.6 million of vessels and other commodities then on order, and deobligated the uncontracted balance of \$1.9 million as well as the entire \$2.4 million in local currency. **Project Progress:** To date, 45 barges, 6 other vessels, and \$178,000 of dockyard equipment have been delivered. After another long delay caused by IWTB contract cancellations in FY 1963, all remaining project procurement was eventually contracted during September 1964. It is now expected that these remaining vessels - including three double-deck stern-wheeled cargo/passenger vessels, one river salvage boat, one twin-screw motor launch, three powered freight barges, and two catamaran ferries - will be delivered by January, 1966, and their one-year trial operation completed by January 1967. In addition, the IWTB has accepted the management/operation improvements recommended in the 1961 Glore Report and has instituted most of these changes and training programs with its own funds.

The delays described above and the long lead time required for vessel construction explain the continuing large pipeline. Pipeline liquidation and project termination is now foreseen by mid FY 1967.

In 1962, the Burmese Government undertook to finance the entire local currency portion of the project from its own budgetary resources. For 1964-66, for example, the IWTB has budgeted the equivalent of \$120,000 for dockyard improvement work. While some other external help is being received for inland waterways (UN, Colombo Plan), the IWTB will continue dockyard and vessel rehabilitation without external assistance.

FY 1966 Program: No funding requirements.

**Project Objective and Description:** To restore Burma's inland water commercial fleet to approximately pre-war cargo and passenger carrying capacity, and to provide adequate maintenance facilities, principally at the Dallah and Ahlone dockyards in the Rangoon area, for the fleet. As an adjunct to the loan for commodities, the U.S. expected to provide technical services to

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **BURMA**

Activity:

**EDUCATION**

Funds: **TECHNICAL COOPERATION**

**Project Title and Number:** Rangoon University Liberal Arts College, 482-12-660-121  
**Prior Reference:** Page 11, FY 1963 CP  
**Initial Obligation FY:** 1957 **Scheduled Final Obligation FY:** 1967

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	2,250	1,050	1,200
Estimated FY 65	58	1,008	XXXXXXXXXXXX
Estimated through 6/30/65	2,308	2,058	250
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
34	15		2,357

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	58	34
Participants .....	-	-
Commodities .....	-	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>58</b>	<b>34</b>

Obligations By Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs .....	-	-
Other Agency .....	33	9
Contract .....	25	25

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
5,540	-	-	-

**Project Objective and Description:** To help Rangoon University develop a new campus and plant for a liberal arts college accommodating 7,000 students with necessary faculty and supporting staff.

The University of Rangoon is Burma's principal institution of higher learning. In 1959, the U.S. made grant commitments of \$2 million and approxi-

mately \$5.5 million equivalent in PL 480 kyats toward establishing new facilities for pre-university training. Another \$250,000 was provided for architectural design assistance. In late 1962, while construction of Phase I (student housing) was well under way, the U.S. agreed to change the objective from an Intermediate College to a full four-year liberal arts college, thereby providing more space for teaching sciences at the University's main campus. Burma's National Housing Board (NHB) is responsible for implementing the project with U.S. technical assistance.

**Project Progress:** Construction of 10 men's dormitories was completed on schedule for use in the 1962-63 school year. Construction of women's dormitories and two bachelor faculty residences is in progress. Basic utility systems - water, sewerage, and drainage - are scheduled for completion early in 1965. (PL 480 104(e) kyats contributed to the financing of these constructions.) Preliminary designs have been developed by the NHB for the classroom/administration complex. Working plans for these remaining buildings (Phase II) are being prepared by a U.S. architectural firm under a contract administered by the U.S. Corps of Engineers. Foundation work will be started in 1965, but remaining construction - to be financed and carried out by the Burmese Government - probably will not be finished before 1967.

To reduce foreign exchange expenditures on imported materials, small pilot plants were established to fabricate pre-stressed concrete structural beams and tiles for roofs, walls, and floors. These plants will remain to serve future Burma needs.

The Burmese Government, which finances all university operating costs, provided a \$1.5 million 400-acre site for the college. In addition, it is committed to contributing \$1 million in foreign exchange, plus \$1.7 million in local currency.

**FY 1966 Program:** Funds are required for technical services: (a) \$9,000 to reimburse the U. S. Corps of Engineers for administering the contract (prior-year funded) for developing working drawings for the Phase II buildings (to be completed by December 1965); and (b) \$25,000 extension of the contract for services of an architectural inspector to continue monitoring construction work.

**NOTE:** (The intention in the FY 65 Presentation was to include these engineering services in the "General Engineering" project - page 14, FY 65 C.P. - which has been discontinued).

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: BURMA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Police Assistance, 482-22-710-111

**Prior Reference:** Page 13, FY 1965 CP

**Initial Obligation FY:** 1958      **Scheduled Final Obligation FY:** 1966

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	8,843	5,101	3,742
Estimated FY 65	25	3,525	xxxxxxxxxxxx
Estimated through 6 30 65	8,868	8,626	242
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
25	-	8,893	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	25	25
Participants .....	-	-
Commodities .....	-	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>25</b>	<b>25</b>

**Obligations By**

**Method of Financing**

Direct AID Costs .....	25	25
Other Agency .....	-	-
Contract .....	-	-

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6/30 65	FY 66
-	-	-	-

**Project Objective and Description:** To help the Burmese Government increase the capabilities of its 46,000-man People's Police Force for counter-insurgency as well as routine police duties by: (a) developing a police marine arm; (b) establishing a countrywide police communications system; (c) increasing police mobility on land and water; and (d) improving administration and operations.

Provincial insurgency has long been a serious problem for Burma, causing instability and retarding economic growth in rural areas. In 1958, the U.S. agreed to provide \$10 million in loan funds to improve the efficiency of Burma's police forces. The loan was repayable in dollars or local currency and was to be used primarily for police transportation and communications equipment. Of this original amount, \$8.8 million was obligated through FY 1962, and the remaining \$1.2 million lapsed.

**Project Progress:** The \$5 million expended to date has been for equipment and supplies received and distributed, including more than 1,000 motor vehicles and motorcycles, 1,700 bicycles, 100 water-pumping units for police outposts, and telecommunications equipment and uniforms. The remaining \$3.8 million, contracted late in FY 1964, includes \$1 million of watercraft (police patrol launches), and an additional \$1.4 million of motor vehicles. More than 1,000 police officers have been trained locally in vehicle operation and maintenance. Thirteen officials have received training in the U.S. or third countries in radio and telecommunications, transport and supply procedures, management and riot control. All loan equipment is expected to be delivered and a nucleus of trained personnel created for its use and operation by December 1965, when the project terminates.

The Burmese Government budgets about \$25 million per year for police activities. This includes funding for the marine craft maintenance facilities which A.I.D. assists. In addition, the Burmese are constructing facilities for the housing and maintenance of loan equipment, including radio station buildings and motor maintenance garages in both Rangoon and Mandalay.

Burma receives foreign assistance in the police field from the U.S. only.

**FY 1966 Program:** Two U.S. technicians, a public safety advisor and a communications advisor are required for FY 1966.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **BURMA** Activity: **TECHNICAL SUPPORT** Funds: **TECHNICAL COOPERATION**

<b>Project Title and Number:</b> Technical Support, 482-11-990-000			
<b>Prior Reference:</b> Page 15, FY 1965 CP			
<b>Initial Obligation FY:</b> 1957 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,020	986	34
Estimated FY 65	242	233	xxxxxxxxxxxx
Estimated through 6/30/65	1,262	1,219	43
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
166	*	*	
Cost Components	Obligations		
	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	100	66	
Participants .....	25	-	
Commodities .....	10	10	
Other Costs .....	107	90	
<b>Total Obligations .....</b>	<b>242</b>	<b>166</b>	
Obligations By Method of Financing			
Direct AID Costs .....	220	144	
Other Agency .....	-	-	
Contract .....	22	22	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

the A.I.D. dollars for U.S.-owned kyats under control of the U.S. disbursing officer.

**FY 1966 Program:** Funds are required for direct dollar costs as follows: (a) \$66,000 for direct-hire personnel, including a public works engineer and a sanitary engineer, whose engineering services are not attributable to any single project but are provided to the several ongoing construction projects previously financed by loans under the 1957 line of credit; and (b) \$10,000 for procurement of a limited amount of demonstration equipment, technical publications, etc., to acquaint Burmese agencies with U.S. products and promote their continued purchase by the Burmese Government. Participant training in engineering and construction is programmed for FY 65. (This was previously presented under the "General Engineering and Training" project, now discontinued). No further training is programmed for FY 66.

Approximately \$90,000 is required for conversion to local currency to cover: (a) \$20,000 equivalent for salaries of direct-hire local office employees; (b) \$22,000 equivalent for five local construction inspection assistants performing services for more than one construction project; and (c) \$48,000 equivalent for housing rentals, utilities, local transportation, administrative procurement, and other local costs of U.S. program personnel (direct-hire and contract).

● Reviewed annually

**Project Objective and Description:** To provide personal services, participant training, and logistic support for program activities not chargeable to specific projects, including local staff and other local services. The local currency (Burmese kyats) used to meet all such local costs is obtained by exchange of



CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: INDONESIA

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	-
Tech. Coop./D.G. . . . .	10,147	a/	b/
Supporting Assistance . . . . .	205	-	-
Contingency Fund . . . . .	-	XXX	XXX
Total . . . . .	10,352	a/	b/

The program originally planned for FY 1965 was confined to continuing Technical Cooperation activities which strengthen long range human assets for future development and do not support Indonesia's confrontation against Malaysia. These educational, public health and technical advisory activities are carried on primarily through U.S. university and other expert groups in Indonesia and through training of some 600 Indonesians annually in the U.S. In the fall of 1964, the Indonesian Government suspended exit permits for Indonesian training participants. This ban, if maintained, would limit the effectiveness of several technical assistance projects.

The program was planned on the assumption that it would serve the U.S. interest by: (a) maintaining an element of U.S. influence in Indonesia; (b) maintaining contact with and encouraging groups hostile to the spread of Communist influence including individual officials within the Government, the armed forces and police, and certain intellectuals; (c) supporting elements within the Indonesian society favorable to the evolution of a government more compatible with the security interests of the United States; and (d) training in the United States Indonesians who may become the next generation of leadership.

The FY 1965 planned program was heavily oriented toward education and institution building. \$1.5 million was to be used to complete three university contracts, \$3.2 million for participant training, largely in the United States, \$1.8 million for commodities, primarily insecticides for the malaria eradication program, and the balance for miscellaneous technical advisory services and logistical support. Actual obligations were limited to \$1.4 million through the first half of FY 1965. At the time of this printing, however, several developments (including withdrawal from the U.N.), suspension of U.S. training, and a general slowdown of project implementation (owing to the

GOI's concentration of resources on Malaysia "Confrontation") created a high degree of uncertainty with respect to the planned program. Consequently, both the FY 1965 and the FY 1966 programs were under review.

a/ \$1.4 million obligated through December 31, 1964 against \$8 million previously planned TC program. This program is now under review. Pending the outcome of this review, the project statements (Table III below) reflect those on-going activities that were previously planned for FY 1965 funding.

b/ At the time of this presentation to the Congress, the program of technical assistance to Indonesia was under review. Consequently, no estimates of FY 1966 funding requirements for an Indonesia program were included in this budget submission. The appropriate committees of the Congress will be consulted and informed of the results of the review during the course of the hearings.

CONFIDENTIAL

**CONFIDENTIAL**

**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: **INDONESIA**

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	2,913	2,870	43		2,556	2,556				
Participants . . . . .	4,031	3,869	162		3,186	3,186				
Commodities . . . . .	3,205	3,205	-		2,075	2,075				
Other Costs . . . . .	203	203	-		183	183				
<b>Total Project Assistance . . . . .</b>	<b>10,352</b>	<b>10,147</b>	<b>205</b>		<b>8,000</b>	<b>8,000</b>				
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	7,316	7,111	205		5,638	5,638				
Other Agency . . . . .	400	400	-		169	169				
Contract . . . . .	2,636	2,636	-		2,193	2,193				
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>				
<b>Total Other than Development Loan . . . . .</b>	<b>10,352</b>	<b>10,147</b>	<b>205</b>		<b>8,000*</b>	<b>8,000*</b>			<b>**</b>	
<b>Total Assistance . . . . .</b>	<b>10,352</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>8,000*</b>	<b>XXX</b>	<b>XXX</b>	<b>**</b>	<b>XXX</b>	<b>XXX</b>

\* \$1.4 million obligated through December 31, 1964 against a previously planned \$8 million TC program. This program under review.

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	78	62	
Participating agency . . . . .	22	4	
Contractor technicians . . . . .	59	51	
<b>Total . . . . .</b>	<b>159</b>	<b>117</b>	<b>**</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	526	513	
Contract . . . . .	133	184	
<b>Total . . . . .</b>	<b>659</b>	<b>697</b>	<b>**</b>

\*\*At the time of preparation of this presentation of the program for Indonesia was under review. No estimates of funding requirements are included in this presentation.

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Development of Agricultural Colleges, 497-11-110-088			
<b>Prior Reference:</b> Page 43, FY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 4,253	Expenditures 3,181	Unliquidated 1,072
Estimated FY 65	855	970	xxxxxxxxxxxx
Estimated through 6/30/65	5,108	4,151	957
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	484		
Participants .....	267		
Commodities .....	8		
Other Costs .....	96		
<b>Total Obligations .....</b>	<b>855</b>	<b>*</b>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	-		
Other Agency .....	-		
Contract .....	855		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
4,417	*	646	*

**Project Objective and Description:** To develop by June 30, 1966 an integrated, self-sustaining Institute of Agricultural Sciences (IPB) capable of graduating 400 students each year, and providing facilities and faculty for research and graduate studies. Indonesia's increasing shortages of food have spurred GOI efforts to develop agricultural institutions and technicians able to contribute to the

solution of problems inhibiting agricultural production. **Project Progress:** The U.S., through University of Kentucky contract advisors, has assisted in the development of the Institute of Agricultural Sciences at Bogor (IPB), which provides graduate and undergraduate training in agriculture, animal husbandry, fisheries, forestry, and veterinary medicine. The Institute has been reorganized along the pattern of a land grant school with an extension center at Darmaga. Teaching responsibility is being shifted from American professors to trained Indonesians (103 faculty and staff members of the Institute have returned after study in U.S. universities). The curriculum has been extensively revised and developed. Construction of facilities, equipment of laboratories, and provision of library texts has been accomplished in part.

This successful development of the IPB is having an important multiplier effect. The Institute has been designated as a "mother" institution providing leadership to other faculties throughout Indonesia under contracts of affiliation.

Attention is now being given to strengthening the graduate program so that the Institute can serve as a center for research and for training of agriculture and science teachers for other Indonesian schools. PL 480 local currency loans are being negotiated for completion of buildings at Darmaga extension center, and other structures at Bogor.

Operations of the University of Kentucky contract have been scheduled for completion in mid-1966. Suspension by the GOI of U.S. training would, if not lifted, eliminate the participant training element of the contract, and plans developed in 1964 for extending advisory services to agricultural universities outside Java (which was to begin in 1965 with two specialists at Hassanudin University in Makassar) are being reviewed in the context of overall policy on aid to Indonesia.

\* Under review.  
\*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Corn Production, 497-11-130-178			
Prior Reference: Page 44, FY 1965 CP			
Initial Obligation FY: 1963 Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations	Expenditures	Unliquidated
	314	84	230
Estimated FY 65	141	241	xxxxxxxxxxxx
Estimated through 6/30/65	455	325	130
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians	27		
Participants	64		
Commodities	50		
Other Costs	-		
Total Obligations	141	*	
Obligations By			
Method of Financing			
Direct AID Costs	141		
Other Agency	-		
Contract	-		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	407	*

yield of corn from 0.8 tons per hectare to 4 tons per hectare by 1966. The techniques employed include development and distribution of improved seeds, new production techniques, establishment of credit facilities, teaching of new techniques to small holders, etc. This project has received strong backing in the GOI.

After developing the necessary new strains and techniques, the role of A.I.D. is now confined to those areas where limited resources can be brought to bear on remaining technical and training problems. Project Progress: Two new strains of corn have been developed and distributed. Yields on controlled farms have reached 9.9 tons per hectare. Fertilizer use has been demonstrated, proven and accepted, and improved disease and insect control, cultivation practice and better crop utilization have been adapted.

The project is beyond the pilot stage. Adequate stocks of seed are available to greatly increase the production of corn and relieve the chronic food shortage. If, in addition, the GOI allocates foreign exchange to purchase the large amounts of fertilizer and pesticides required, the results could be dramatic. In September 1963, five cooperatives were formed in five villages in the Wonosobo area of Central Java with 300 farmer members. By January 1964, this was increased to 75 cooperatives with 8,000 members. In West Java there are close to 2,000 cooperatives.

The FY 1965 contribution is designed to maintain U.S. identification with a successful national program through technical advice, a modest amount of commodities for use at training and demonstration centers, and participant training. The latter activity will be in a doubtful status due to suspension of U.S. training imposed by the GOI in September 1964. Unless the suspension is lifted, the FY 1965 funding will be reduced accordingly. FY 1966 Program: Under review.

\* Under review.  
\*\* U.S. \$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

Project Objective and Description: To assist the GOI expand agricultural production to meet domestic food requirements through a program to increase corn yields. As the second largest cereal crop, corn was chosen for expansion since it does not compete with rice for scarce agricultural land.

The specific activity target is to increase the

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **INDONESIA**

Activity: **TRANSPORTATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Maritime Academy Training, 497-11-360-128**  
 Prior Reference: Page 48, **FY 1965 CP**  
 Initial Obligation FY: **1960** Scheduled Final Obligation FY: **1965**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,719	1,585	134
Estimated FY 65	166	175	xxxxxxxxxxxx
Estimated through 6/30/65	1,885	1,760	125
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	1,885	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	109	
Participants .....	56	
Commodities .....	1	
Other Costs .....	-	
Total Obligations .....	166	

Obligations By Method of Financing		
Direct AID Costs .....	57	
Other Agency .....	109	
Contract .....	-	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS *			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
1,162	-	333	-

**Project Objective and Description:** To establish a technically sound Indonesian Merchant Academy (AIP) capable of meeting the minimum requirements for merchant marine officers, estimated at 100 deck and 100 engineering offices annually by CY 1965.

A critical shortage of qualified merchant marine officers has hampered the expansion of Indonesia's

merchant fleet, a fleet vital to the nation's island economy. To achieve project objectives the U.S. has provided: (a) a 10-man team of U.S. merchant marine officers furnished by the U.S. Maritime Administration under a PASA with A.I.D. who serve as both advisors to the merchant marine and instructors for the academy; (b) participant training at the U.S. Merchant Marine Academy at Kings Point and with the Isthmian Lines (upon their return the participants serve as the nucleus of the Academy's faculty); and (c) equipment and construction for laboratories, and other plant facilities. **Project Progress:** Virtually all commodity requirements have been delivered. The Electronics, Machine Shop, Ships Safety and Chart Room laboratories are completed. Training in the U.S. or aboard U.S. ships has been completed or is in process for 54 participants. As the project nears completion the 10-man advisory staff will be reduced to two who will carry out terminating activities of the project.

The GOI provided physical facilities, administrative staff, and the budget required for the operations of the Academy. Nearly all of the instruction in the deck department and over 25% of the instruction in the engineering department is carried on by returned participants.

In the FY 65 program 12 participants were proposed for study in the U.S. (10 at the Kings Point Academy and 2 to study licensing procedures with the U.S. Coast Guard). The Government of Indonesia's current policy suspending participant training in the U.S. may result in postponement or cancellation of this training, reducing FY 1965 funding requirements accordingly.

**FY 1966 Program:** No further funding required.

\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Air Transportation, Operations and Maintenance, 497-11-370-129  
 Prior Reference: Page 49, FY 1965 CP  
 Initial Obligation FY: 1960 Scheduled Final Obligation FY: 1965

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,618	1,104	514
Estimated FY 65	187	409	xxxxxxxxxxxx
Estimated through 6/30/65	1,805	1,513	292
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	1,805	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	60	
Participants .....	125	
Commodities .....	2	
Other Costs .....	-	
<b>Total Obligations .....</b>	<b>187</b>	

Obligations By Method of Financing		
Direct AID Costs .....	127	
Other Agency .....	60	
Contract .....	-	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30 65	FY 66	Through 6/30/65	FY 66
-	-	-	-

**Project Objective and Description:** To assist the Ministry of Air Communications to: (a) attain minimum safety standards prescribed by the International Civil Aviation Organization for international and domestic commercial air traffic; and (b) improve the maintenance and overhaul facilities of Garuda Indonesian Airways to assure safe operations.

Adequate and safe air linkage of the Indonesian archipelago is essential to the country's economic development. At present, the Indonesian civil air system connects only major urban areas and is unreliable and obsolete. The U.S. has provided necessary navigational and other safety equipment for Djakarta's Kemajoran International Airport and technical advisory services and on-the-job and participant training in civil aviation, under a PASA with the FAA and a contract with Lockheed.

**Project Progress:** USAID-supplied VHF Omnidirectional Range (VOR) equipment for the Djakarta Airport has been installed and maintenance training is in the final phase. Siting for two of the three additional sets of VOR purchased by the GOI has been completed and installation begun on the third under FAA guidance. To improve the safety of landing operations for aircraft such as Boeing 707's and DC-8's, an Instrument Landing System (ILS) is on order and will be installed when satisfactory arrangements for continued calibration services are made.

The contract between Lockheed and Garuda Indonesia Airways provided eleven technicians advising in maintenance and overhaul services, aircraft control procedures and training of personnel. The objectives of the contract have been substantially achieved, and it was terminated on October 31, 1964.

Participant training both in connection with maintenance and operation of the VOR and ILS systems and with the Lockheed/Garuda contract has proceeded as planned with participants returning to the positions for which they were trained. However, the GOI's current ban on participant training in the U.S., unless lifted, would affect 25 participants scheduled for departure in 1965.

**FY 1966 Program:** No additional funds required. The project will be terminated following installation of the remainder of U.S.-financed equipment.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Malaria Eradication, 497-11-510-116			
<b>Prior Reference:</b> Page 50, FY 1965 CP			
<b>Initial Obligation FY:</b> 1951 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 38,444	Expenditures 36,866	Unliquidated 1,578
Estimated FY 65	1,361	1,826	XXXXXXXXXXXX
Estimated through 6/30/65	39,805	38,692	1,113
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	191		
Participants .....	75		
Commodities .....	1,095		
Other Costs .....	-		
<b>Total Obligations .....</b>	<b>1,361</b>	<b>*</b>	
Obligations By			
<b>Method of Financing</b>			
Direct AID Costs .....	1,361		
Other Agency .....	-		
Contract .....	-		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	10,729	*

Service. All local costs are borne by the GOI which amounted to Rp. 8.1 billion in 1964 (U.S. \$25.6 million at U.S. \$1/Rp. 315). The overall plan of operations was developed by WHO in cooperation with the GOI and A.I.D. WHO provides technical advice and off-shore training. A.I.D. has provided insecticides, anti-malarial drugs, spraying and transportation equipment, management and technical assistance, and training.

The project has had a very substantial impact. By mid-CY 1963 spraying operations were being carried out in all 42 zones under the attack phase and surveillance activities are now being carried out in all 42 zones. Reported malaria cases dropped from over 20,000,000 in 1951 to approximately 1,000,000 in 1963, only 6,000 of which were reported in the program area.

Fifty-three U.S. and third country trained participants hold top staff positions in the Eradication Operations Command. A training center at Tjiloto and 4 provincial training centers are in operation. Nearly all requirements for non-expendable equipment have been supplied, future requirements being largely for insecticides and drugs.

In recent months, however, there has been a slow-down in the rate of implementation due in part to diminished concern of the GOI with the less dramatic final stages of the program and in part, after adoption of the "confrontation" policy to diversion of funds, material and people from eradication to other activities. The deterioration of relations between Indonesia and the UN further complicated the problem and the status of WHO technicians is now uncertain. Equipment is being maintained less efficiently than in the past and other management problems are causing concern.

An assessment of these problems and their effect on the prospects for successful completion of the program is being made by A.I.D. (and independently by WHO). Pending the result of this review, obligation of FY 1965 funds for commodity procurement is being held in abeyance. Plans for assistance to this project in FY 1966 likewise are under review.

\* Under review.

\*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**Project Objective and Description:** To eliminate malaria from Java, Bali, Madura, and one zone of South Sumatra by 1970. These areas contain nearly 70 million people. U.S. assistance to this project, therefore, directly affects almost 70% of Indonesia's population. An eradication "Command" along military lines directs the work of 37,000 employees in a National Malaria Eradication

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Development of Medical Colleges, 497-11-540-121			
<b>Prior Reference:</b> Page 51, FY 1965 CP			
<b>Initial Obligation FY:</b> 1959 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 3,637	Expenditures 2,010	Unliquidated 1,627
Estimated FY 65	535	1,189	xxxxxxxxxxxx
Estimated through 6/30 65	4,172	3,199	973
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	181		
Participants .....	200		
Commodities .....	127		
Other Costs .....	27		
<b>Total Obligations .....</b>	<b>535</b>	<b>*</b>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	200		
Other Agency .....	-		
Contract .....	335		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned	Commitments of Country Owned (Counterpart)		
Through 6 30 65	FY 66	Through 6/30/65	FY 66
3,997	-	216	*

**Project Objective and Description:** To develop a faculty of medicine at Airlangga University in Surabaya capable of graduating 150 doctors per year by 1966 and to help train 70 staff members of six other medical faculties in Indonesia.

At the time of independence in 1949, there were only about 1,000 Indonesian doctors and a national

capacity to train an additional 25 yearly. Successful completion by 1959 of a contract between the University of California and University of Indonesia increased the annual number of graduates to 150. Under a second and similar type contract with Airlangga University's medical school, the University of California is helping improve and expand the faculty through in-service and U.S. training of staff members. The A.I.D.-financed team is also assisting in reorganizing the departments, curricula revision, and promoting research projects and post-graduate studies. Physical facilities are being improved through the provision of laboratory equipment, text and library facilities, and by advising on construction layout and design.

**Project Progress:** Contract advisory services are scheduled to terminate in June 1966. In 1964, 131 qualified doctors were graduated and by 1966 the project objective of 150 will have been achieved. As the target of 142 staff members trained in the U.S. approaches accomplishment, the impact of 48 participants who have returned and assumed teaching and administrative responsibilities is hastening progress in departmental reorganization and curricula revision. New courses of study for the premedical, preclinical and clinical departments have been established and course content perfected. Current emphasis is on research projects and graduate and post-doctoral programs, e.g., research studies of cholera and goiter.

Progress in improving physical facilities (new surgery wing, residents' dormitory, etc.) has been slow due to lack of funds for essential construction. Because of spiraling inflation, the building program has been revised and more realistic plans developed, taking into account also the departure date of the contract team. Funds to complete construction are included in the proposed use of PL 480 local currency loans.

Future plans for U.S. assistance in medical education are under review.

The pipeline includes funding of the contract through completion in June 1966 and participant training costs. The suspension of participant training in the U.S. will, if not lifted, reduce FY 1965 funding.

\* Under review.

\*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: INDONESIA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Development of Science and Engineering Colleges, 497-11-660-163			
<b>Prior Reference:</b> Page 52, CY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 8,344	Expenditures 6,533	Unliquidated 1,811
Estimated FY 65	830	1,665	xxxxxxxxxxxx
Estimated through 6/30/65	9,174	8,198	976
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	255		
Participants .....	415		
Commodities .....	100		
Other Costs .....	60		
<b>Total Obligations .....</b>	<b>830</b>	<b>*</b>	
<b>Obligations By Method of Financing</b>			
Direct AID Costs .....	-		
Other Agency .....	-		
Contract .....	830		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
5,070	-	671	*

**Project Objective and Description:** To increase the number of well-qualified students graduated annually from the Science and Engineering Faculties of Gadjah Mada University at Djogjakarta to 250 in 1965, and from the Institute of Technology at Bandung (ITB) to 750 in 1966; and to improve higher technological education in the outer islands.

To help meet Indonesia's urgent need for well-trained scientists and engineers, the U.S. assists both institutions through university contract teams: the University of California, Los Angeles, at Gadjah Mada and the University of Kentucky at ITB. Development of high academic level undergraduate and graduate programs in engineering and sciences has been achieved by strengthening Indonesian faculty teaching and research capabilities, mainly through participant training, developing and improving laboratories, libraries and other physical facilities, and curriculum development.

**Project Progress:** Both contracts are approaching successful completion. UCLA is phasing out and will terminate in September 1965. The University of Kentucky is scheduled to terminate in June 1966.

Accomplishments have been substantial. Returned U.S.-trained participants (65 at Gadjah Mada; 131 at ITB) are now assuming academic and administrative leadership and are helping to implement curriculum changes. Engineering graduates at ITB have increased from 132 in 1956 - the first year of the contract - to 530 in 1964. At Gadjah Mada the increase over the same period has been from 38 to 234 graduates. This increased capacity will substantially reduce but not eliminate the need for training of engineers abroad. (Further development of other engineering institutions is necessary before Indonesia will be able to meet her training requirements in this field.)

During the final phase of the project, research capabilities will be developed and remaining physical facilities completed, including installation of laboratory equipment.

ITB has been designated a "mother" institution to assist outlying institutions develop science and engineering programs. Kentucky team members together with ITB staff have visited eight other universities to survey their science and engineering needs. Consideration has been given to a new contract to assist in their development, but these plans are under review in the context of overall policy on aid to Indonesia.

The GOI suspension of training in the U.S. affects the FY 1965 Kentucky/ITB participant program. Unless lifted, FY 1965 funding will be reduced accordingly.

**FY 1966 Program:** Under review.

\* Under review.

\*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Development of Educational Publications and School Libraries, 497-11-690-180  
**Prior Reference:** Page 53, FY 1965 CP  
**Initial Obligation FY:** 1964      **Scheduled Final Obligation FY:** \*

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	240	-	240
Estimated FY 65	559	323	xxxxxxxxxxxx
Estimated through 6 30 65	799	323	476
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	127	
Participants	124	
Commodities	308	
Other Costs	-	
<b>Total Obligations</b>	<b>559</b>	<b>*</b>

Obligations By Method of Financing		
Direct AID Costs	489	
Other Agency	-	
Contract	70	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
193	-	-	-

**Project Objective and Description:** To increase the supply of books and publications for Indonesia's schools, libraries and bookshops through provision of printed materials, printing equipment, advisory, training and translation services, and development of local printing capabilities.

A serious book shortage exists, partially as a

result of a dramatic increase in literacy without a corresponding increase in domestic printing capacity. Western books imported commercially are at prices far above the mass market, while printed materials from Bloc nations are supplied at low prices and in quantity.

To help close the "book gap", a coordinated program has been designed to: (a) increase production of textbooks in the Indonesian language; (b) develop university presses and help private and GOI publishing houses expand; (c) provide reference books and technical journals in English for university libraries; (d) establish textbook rental libraries; and (e) train Indonesian librarians.

**Project Progress:** A first group of 28 publishing experts drawn from university publishing foundations, private publishing houses and government printing offices has commenced an 8-month training program in the U.S. arranged under an A.I.D. contract with the Franklin Book Program, Inc. This involves a group seminar in New York and individual on-the-job training in U.S. publishing firms. A second group of 15 is scheduled for training in 1965. Under the auspices of the Indonesian Publishing Association, collaborating with an A.I.D. expert, editorial workshops have been established in Djakarta. These workshops are preparing for publication approximately 195 titles during 1965 and 1966. A.I.D. is supplying paper and some printing equipment for pilot publication of selected textbooks. Thirty-eight sets of reference books in English (medicine, law, economics, etc.) have been ordered for 18 recipient universities. Recommendations for a school and university library development program made by a U.S. consultant in 1964 have been adopted as a basis of the GOI program in this field.

Training of librarians planned for FY 1965 is affected by the general suspension by the GOI of U.S. training departures. If not lifted, FY 1965 obligations will be reduced accordingly.

The pipeline is composed of reference book sets, paper, and printing equipment on order, and Franklin contract funding.

Plans for FY 1966 in this project are under review in the context of U.S. policy on aid to Indonesia.

\* Under review.  
 \*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Public Safety Administration, 497-11-710-117			
<b>Prior Reference:</b> Page 54, FY 1965 CP			
<b>Initial Obligation FY:</b> 1954 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	10,625	9,836	789
Estimated FY 65	419	558	xxxxxxxxxxxx
Estimated through 6/30/65	11,044	10,394	650
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	220		
Participants .....	99		
Commodities .....	100		
Other Costs .....	-		
<b>Total Obligations .....</b>	<b>419</b>	<b>*</b>	
Obligations By Method of Financing			
Direct AID Costs .....	394		
Other Agency .....	-		
Contract .....	25		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
3,313	-	3,965	*

**Project Objective and Description:** To assist the National Police assume a greater internal security role by increasing its competence to maintain law and order.

The National Police number over 100,000 men (excluding the Mobile Brigade - see "MOBRIG Re-equipment Project"). U.S. assistance has been concentrated on:  
(a) increasing police ability to control civil

disturbances; (b) improvement of administration, organization and training, particularly in criminalistics and logistics; (c) continued development of communication and transportation (land and marine) facilities; (d) improving police-community relations; and (e) maintaining the strong anti-Communist orientation of the police, especially the Mobile Brigade.

Since the beginning of the project, \$1.9 million has been expended to provide radio-telegraph circuits connecting National Police Headquarters with 127 provincial and district headquarters on Java and the outer islands. To improve mobility, the U.S. has provided 53 patrol craft, 5 small aircraft and over 1,200 vehicles. PL 480 and counterpart funds have been used to support construction of the National Police Academy and depot, warehousing and training facilities.

Under an extensive training program 349 police officers have been trained in the U.S., and third countries, and many more in Indonesia. All of the top leaders of the police have received training here.

Training, a long-range activity, has precedence over other aspects of the program. Commodity procurement has now been limited to training aids and vehicles for the Highway Patrol on Java. Training in operating and maintaining equipment already provided, however, continues.

The GOI has furnished funds to procure approximately 70% of the equipment required by the National Police. In addition, the Police have provided funds for local training, maintenance of U.S. supplied equipment, and school and depot construction.

The Indonesian Government's suspension, since September 1964, of departure of participants to the U.S. for training, has halted training of new participants. Unless the suspension is lifted, FY 1965 funding requirements will be reduced.

FY 1966 Program: Under review.

\* Under review

\*\* U.S. \$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: MOBRIK Reequipment, 497-11-710-167
Prior Reference: Page 56, FY 1965 CP
Initial Obligation FY: 1962 Scheduled Final Obligation FY: 1964

Table with 4 columns: Through 6/30/64, Obligations, Expenditures, Unliquidated. Rows include Deobs in FY 1965, Estimated FY 65, and Estimated through 6/30/65.

Table with 3 columns: Cost Components, Estimated FY 65, Proposed FY 66. Rows include U.S. Technicians, Participants, Commodities, Other Costs, and Total Obligations.

Table with 2 columns: Obligations By, Method of Financing. Rows include Direct AID Costs, Other Agency, and Contract.

Table with 4 columns: Obligations of U.S. Owned, Commitments of Country Owned (Counterpart), Through 6/30/65, FY 66. Rows include Through 6/30/65 and FY 66.

Project Objective and Description: To increase the capability of the Indonesia National Police to maintain internal security by reequipping its para-military arm, the Mobile Brigade (MOBRIG).

security. The 23,500 man MOBRIK is responsible for quelling uprisings and revolts and for helping the regular police control riots. The MOBRIK is considered strongly anti-communist.

Initiated in FY 1962 as a three-year effort, this project was designed to reequip the MOBRIK with essential transportation and communications equipment, small arms and ammunition, and to provide training in their use and maintenance.

As a result of Indonesia's "confrontation" against Malaysia \$2.5 million worth of arms and ammunition ordered in FY 1963 was deleted from the program. Vehicles (trucks and jeeps) and communications equipment valued at \$1.9 million and originally scheduled for delivery under this program, have been withheld, and their disposal is under review.

This project also involved training of MOBRIK officers in operational and support fields related to their internal security function under FY 1964 obligations. However, because of the Indonesian Government's suspension of U.S. participant training, these participants have not arrived.

FY 1966 Program: No further assistance is contemplated for the MOBRIK, except as it may be related to the on-going regular Public Safety program. A decision on the latter is under review.

- a/ Originally obligated for arms and ammunition.
b/ Delivery of transportation commodities suspended. Disposal under review.
c/ Funds obligated for training and communications equipment, whose disposal is under review.

\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

CONFIDENTIAL

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Civic Action, 497-11-990-168			
Prior Reference: Page 59, FY 1965 CP			
Initial Obligation FY: 1963      Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 1,334	Expenditures 927	Unliquidated 407
Estimated FY 65	261	293	xxxxxxxxxxxx
Estimated through 6/30/65	1,595	1,220	375
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	25		
Participants .....	236		
Commodities .....	-		
Other Costs .....	-		
Total Obligations .....	261	*	
Obligations By			
Method of Financing			
Direct AID Costs .....	261		
Other Agency .....	-		
Contract .....	-		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned	Commitments of Country Owned (Counterpart)		
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	3,101	*

in Indonesia. U.S. assistance has been designed to help the military, in cooperation with civilian agencies of the Government, offset Communist influence among the populace, through public works, such as road and bridge rebuilding, flood control and school construction which provide a tangible counterforce to Communist propaganda. Furthermore, involvement of the military in civic improvement activity will help them gain greater popular acceptance.

Under the project which is jointly administered by AID/MAP, the U.S. has provided: (a) engineering hand tools for light construction work (A.I.D.); (b) heavy construction equipment and related training for combat-engineer battalions (MAP); (c) commodity and technical assistance to village, regional and national civic action projects (A.I.D.); (d) executive management and other training in the U.S. to improve the capabilities of military officers to fill important positions in the civil administration and economy; and (e) local currency to expand the armed forces food production program, thus relieving the strain on the civilian economy already suffering from shortages.

Project Progress: A.I.D. provided 25 sets of handtools and 100,000 hoe blades at a cost of \$870,000 to 25 infantry battalions enabling them to carry out light pioneer-type work on civic action projects, e.g., land clearance, road repair, etc. MAP provided heavy construction equipment and related training. During FY 1964, A.I.D. trained 66 officers in the U.S. in management and related fields. At Indramaju (West Java) a pilot "food-for-work" irrigation, drainage and road project was undertaken, with army participation. A.I.D. provided corn and vegetable oil for use as part-payment for the civilian workers on the project.

Due to the GOI's freeze on participant training, officer training in executive management fields **greatly desired by the Army** has been suspended. Unless the suspension is lifted, the FY 1965 funding will be reduced accordingly.

FY 1966 Program: Under review.

Project Objective and Description: To support the Indonesian Armed Forces' Civic Action Program - rural development and rehabilitation and civil administration training - through joint AID/MAP training and commodity support.

Despite the trend of Indonesian international relations, the GOI's Armed Forces, in particular the Army, still represent the major balance to communist subversion

\* Under review.

\*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

CONFIDENTIAL

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: INDONESIA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: General Participant Training, 497-11-990-179			
Prior Reference: Page 60, FY 1965 CP			
Initial Obligation FY: 1964      Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 1,331	Expenditures 104	Unliquidated 1,227
Estimated FY 65	1,525	725	xxxxxxxxxxxx
Estimated through 6/30/65	2,856	829	2,027
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	-		
Participants . . . . .	1,525		
Commodities . . . . .	-		
Other Costs . . . . .	-		
Total Obligations . . . . .	1,525	*	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	1,525		
Other Agency . . . . .	-		
Contract . . . . .	-		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

A key aspect of A.I.D. strategy has been to support institutions and leadership considered compatible with U.S. interests. This project undertook to develop a corps of potential political and economic leaders grounded in free world ideals and concepts and trained in the modern scientific, management, and professional skills necessary to build a free society.

With both political and economic objectives of this kind, the choice of individuals for training is crucial. The Mission has set up, therefore, a Participant Training Committee charged with establishing priorities of training and the screening of candidates so as to insure that they: (a) have the quality to take their place in the future generation of leaders; (b) represent political interests ultimately consistent with democratic values; (c) will be capable of wielding influence in the country's economic and social development; and (d) are ready for training in skills in critically short supply. Project Progress: FY 1964 funds were obligated for specially designed training in agriculture, industry, mining, transportation, labor, public administration, and advanced graduate training for university and school faculty members. Of the 278 individuals selected, 40% were scheduled for university training in the U.S. Of the total, 10% were women. The average age of the group was 30 years. The average length of the training period was 11 months.

In September 1964, the Indonesian Government suspended the issuance of exit permits for trainees going to the U.S., whether under USG or private auspices. If not lifted, this will have the effect of reducing the FY 1964 program by one-third and, of course, would cancel out programs planned for FY 1965 and tentative plans for FY 1966.

If the ban is lifted, the U.S. will consider the resumption of this program in an especially favorable light within the context of its review of overall policy of aid to Indonesia.

\* Under review.

Project Objective and Description: To provide training, primarily in the United States, for carefully selected individuals or groups whose professional development and political orientation is important to the U.S. and contributes to the growth of sound institutions and policies in Indonesia, when such training cannot be provided under other activities or programs.

CONFIDENTIAL

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: INDONESIA

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Technical Support, 497-11-990-000			
<b>Prior Reference:</b> Page 61, FY 1965 CP			
<b>Initial Obligation FY:</b> 1954 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 6,280	Expenditures 6,006	Unliquidated 274
Estimated FY 65	1,161	990	xxxxxxxxxxxx
Estimated through 6 30 65	7,441	6,996	445
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
*	-	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	877		
Participants .....	-		
Commodities .....	284		
Other Costs .....	-		
<b>Total Obligations .....</b>	<b>1,161</b>	<b>*</b>	
Obligations By			
Method of Financing			
Direct AID Costs .....	1,083		
Other Agency .....	-		
Contract .....	78		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS **			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6/30/65	FY 66 **
-	-	13,140	*

not covered by a specific project; (b) logistical and medical support for these personnel (housing, utilities, transportation, etc.); (c) proportionate share of office overhead chargeable to program activities; and (d) audio-visual, graphic and editorial support activities.

Approximately 40 U.S. technicians and advisors are being funded under this project. Included are the program planning and participant training staffs, supply advisors, communications media specialists, and agriculture, labor, education, and public health experts who direct various activities under the program. Included as well are supporting secretarial and clerical personnel.

The project, in addition, provides for local currency support of all A.I.D. program personnel, through the use of Indonesian Government-owned funds in accordance with a Trust Fund Agreement. Such support includes local employees pay, travel and communications; local contracts, rents and utilities, printing, office furnishings and equipment, residential furnishings, and vehicle fuel and maintenance.

**FY 1966 Program:** FY 1966 requirements will be a direct function of the size of the American staff to be stationed in Djakarta. As this is currently under review, no estimate of requirements is possible at this time.

- \* Under review
- \*\* U.S.\$ = 517.5 for FY 1965. Prior years: deposit rate for year of obligation.

**Project Objective and Description:** To provide personnel and logistical support for program activities not chargeable to any specific project.

The Technical Support requirements comprise: (a) salaries and allowances of program technicians whose services relate to more than one project, or to activities

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: INDONESIA

Borrower: REPUBLIC OF INDONESIA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Harbor Development and Rehabilitation, 497-A-007	
<b>Date Authorized:</b> January 30, 1959 <b>Date Signed:</b> June 26, 1959	
<b>Loan Status as of 12 31/64</b>	
<b>Amount</b>	
Authorized .....	\$6,000
Disbursed .....	3,094
Repayments .....	650
Interest Collected .....	68
<b>Loan Terms</b>	
Duration .....	20 Yrs.
Grace Period .....	1 Yr.
Interest Rate .....	3½%
Currency of Repayment ..	Rupiahs

Next priority was given to the construction of dock facilities at three ports, Ambon and Ternate in the Moluccas, and Tenau on Indonesian Timor. HPG also was the successful bidder on this construction, and a contract was signed in April 1963. These facilities are scheduled for completion as follows: Ambon-May 1965; Ternate-July 1965; Tenau-October 1965. No other work has been undertaken under this loan.

The engineer for this loan is Daniel, Mann, Johnson, and Mendenhall (DMJM), with whom a contract was signed in March 1960, covering preliminary and detailed surveys, preparation of engineering specifications, supervision of actual construction, and general administration of the construction contracts.

**Financial Status:** Letters of Commitment have been issued for \$5.8 million, of which \$3.1 million has been disbursed. The terminal date for disbursement requests is December 31, 1965.

**Host Country Contribution, Procurement Source:** The Indonesian Government has provided substantial local currency support for the Pontianak project and the three-port contract. It also provides logistical support and basic labor. The loan authorized world-wide procurement.

**Comments on Implementation:** Implementation of this loan has suffered primarily from poor transportation facilities in Indonesia, and the distant locations of the work sites.

**Purpose of Loan:** To finance foreign exchange costs for rehabilitation and development of selected Indonesian ports on islands other than Java. Adequate Indonesian inter-island shipping facilities are essential to the country's economic well-being. The poor condition of Indonesia's outer island ports has resulted in damage and loss of cargo, and excessive handling time and costs. In many cases, there are areas which are virtually inaccessible. Improvement of these ports is designed to assist and stimulate a more economical flow of goods within the archipelago.

**Physical Status:** This project was originally intended to encompass: the rebuilding of wharfage at one port; the construction of docks at four ports; and the improvement of water supply facilities at seven ports. However, it soon became clear that the funds available under the loan could not accomplish all this work. Therefore, it was decided to proceed on the basis of priorities.

First priority was given to construction of dock facilities at the port of Pontianak, in western Kalimantan (Borneo). Construction began under a January 1962 contract with a joint venture, referred to below as HPG, comprising three companies: Hawaiian Dredge Co., Pomeroy Co. (both U.S. firms), and Gammon Ltd., of Malaysia. Construction of the Pontianak facilities was completed in October 1964.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: **INDONESIA** Borrower: **REPUBLIC OF INDONESIA** Funds: **DEVELOPMENT LOANS**

<b>Title and Number of Loan:</b> Harbor Development and Rehabilitation, 497-A-007	
<b>Date Authorized:</b> January 30, 1959 <b>Date Signed:</b> June 26, 1959	
Loan Status as of 12/31/64	Loan Terms
Authorized . . . . . \$6,000	Duration . . . . . 20 Yrs.
Disbursed . . . . . 3,094	Grace Period . . . . . 1 Yr.
Repayments . . . . . 650	Interest Rate . . . . . 3½%
Interest Collected . . . . . 68	Currency of Repayment . . Rupiahs

successful bidder on this construction, and a contract was signed in April 1963. These facilities are scheduled for completion as follows: Ambon-May 1965; Ternate-July 1965; Tenau-October 1965. No other work has been undertaken under this loan.

The engineer for this loan is Daniel, Mann, Johnson, and Mendenhall (DMJM), with whom a contract was signed in March 1960, covering preliminary and detailed surveys, preparation of engineering specifications, supervision of actual construction, and general administration of the construction contracts.

**Financial Status:** Letters of Commitment have been issued for \$5.8 million, of which \$3.1 million has been disbursed. The terminal date for disbursement requests is December 31, 1965.

**Host Country Contribution, Procurement Source:** The Indonesian Government has provided substantial local currency support for the Pontianak project and the three-port contract. It also provides logistical support and basic labor. The loan authorized world-wide procurement.

**Comments on Implementation:** Implementation of this loan has suffered primarily from poor transportation facilities in Indonesia, and the distant locations of the work sites.

**Purpose of Loan:** To finance foreign exchange costs for rehabilitation and development of selected Indonesian ports on islands other than Java. Adequate Indonesian inter-island shipping facilities are essential to the country's economic well-being. The poor condition of Indonesia's outer island ports has resulted in damage and loss of cargo, and excessive handling time and costs. In many cases, there are areas which are virtually inaccessible. Improvement of these ports is designed to assist and stimulate a more economical flow of goods within the archipelago.

**Physical Status:** The project plan called for construction of facilities on the basis of an agreed order of priorities. First priority was given to construction of dock facilities at the port of Pontianak, in western Kalimantan (Borneo). Construction began under a January 1962 contract with a joint venture, referred to below as HPG, comprising three companies: Hawaiian Dredge Co., Pomeroy Co. (both U.S. firms), and Gammon Ltd., of Malaysia. Construction of the Pontianak facilities was completed in October 1964.

Next priority was given to the construction of dock facilities at three ports, Ambon and Ternate in the Moluccas, and Tenau on Indonesian Timor. HPG also was the

PREVIOUS PAGE BLANK

**Korea**

**CONFIDENTIAL**

**SUMMARY OF COUNTRY PROGRAM**

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

Country: KOREA

**TABLE I**

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	29,550	41,000	40,000- 60,000
Tech. Coop./D.G. . . . .	3,659	3,800	4,300
Supporting Assistance . . . . .	76,223	75,000	65,000
Contingency Fund . . . . .	-	XXX	XXX
Total . . . . .	109,432	119,800	109,300- 129,300

Nature and Scope of the A.I.D. Program

The basic U.S. objective in the Republic of Korea is to maintain a stable, democratically-oriented and increasingly self-reliant nation capable of resisting subversion and with U.S. assistance repelling Communist aggression. The U.S. also helps Korea to maintain a military force serving U.S. security interests in Northeast Asia and provides economic assistance to Korea to: (a) increase and sustain their growth in per capita production; (b) work toward net self-sufficiency in food production; and (c) improve social and political institutions.

Current U.S. economic assistance strategy emphasizes: (a) improved Korean economic policies and practices to contain inflation through a stabilization program; (b) maximum feasible increase in domestic savings and their use in effective investment; (c) development of infrastructure; and (d) expanded agricultural and industrial production with emphasis on strengthening the private sector and free market forces. A.I.D. is reducing Supporting Assistance but planning to expand Development Lending. The U.S. also is encouraging other countries and international agencies to provide capital to Korea on concessional terms for sound investment projects.

Achievements

Since 1960, an increasing percentage of Korea's resources has been allocated to investment with resulting substantial growth in essential power, transportation, and communication facilities. Industrial production also has increased by 50% during this period. Korea's exports have risen sharply from an annual average of \$20 million during 1955-1959 to more than \$110 million in 1964. The Korean Government hopes to exceed \$150 million in 1965. A.I.D. advisors have assisted in this export promotion program.

In the past year the Koreans, under continuing U.S. and IMF pressure, have reformed their foreign exchange system, balanced the central government cash budget and undertaken to restrict credit and thus limit the increase in money supply. The Korean Government is also giving more attention to encouraging small and medium industry and launching an ambitious rural investment and service program.

Among the specific activities of recent A.I.D. agricultural advisors has been the encouragement of the construction of upland bench terracing in 171 formerly unproductive demonstration areas throughout the country. Eventually approximately 200,000 acres of farmland will be reclaimed or improved under development projects partially supported by U.S. Food-for-Work (PL 480, Title II) donations. Agricultural technicians encouraged greatly increased and better balanced fertilizer and lime application, thus contributing to improved crop yields throughout Korea.

Other advisors examined over 150 mineral properties jointly with the Korean Geologic Survey leading to the total enhancement of iron ore reserves by 2 million tons.

As partial evidence of A.I.D.'s continuing effort to expand industrial capacity for domestic as well as export markets, 1964 saw A.I.D.-financed industrial plants begin producing 4,000 sewing machines per month for export and the first export of Korean-made bicycles (10,000 the first year).

Public administration advisors, continuing our efforts to help the ROKG to rationalize and upgrade its administration, assisted in the classification of over 26,000 government positions in 1964. They also assisted the Government to expand its tax and credit incentives for export.

In other priority areas, contract teams completed a management survey of the Korean Reconstruction Bank and developed a long-range plan for expansion of Korean electric power generation and distribution.

Development Lending has: (a) financed the construction or expansion of high priority capital facilities and (b) provided incentives to the Koreans to make needed managerial reforms and improvements. In the field of electric power, the completion of a 132 MW thermal generating plant near Pusan in the summer of 1963, made Korea able to meet the immediate demand for electric power for the first time since the shut-off of the North Korean supply in 1948. Additional power loan projects for another generating plant and for transmission and distribution facilities

**CONFIDENTIAL**

**CONFIDENTIAL**

**Country:** KOREA

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

will help Korea keep abreast of the rapidly rising demand for power. At the same time, the terms of the two recent power loans resulted in improvements in the power company's budget and accounting systems and a power rate increase designed to cover adequate depreciation, to reflect real costs of power generation and distribution, debt service requirements and reserves for growth. Similarly, a loan to the large Government-owned coal company for mine development has effected management improvements and a long-overdue coal price increase. In the future, A.I.D.'s long-term, low interest financing is expected to encourage the flow of American private investment capital to Korea. Already large American companies are planning joint ventures in such fields as fertilizer, petrochemicals and textiles.

#### FY 1966 Proposed Program

The Supporting Assistance level of \$65 million proposed for FY 1966 was determined by an analysis of the gap between Korea's projected essential current import requirements and its foreign exchange earnings.

Future development loans will be directed largely to the expansion of the private sector, although some further loans will finance improvement of basic infrastructure facilities such as power and transportation (\$25 million). Possible private borrowers include Korean or Korean-American joint ventures in paper, lubricants, and synthetic fibers (\$15 million). FY 1966 funds will assist small and medium sized private enterprise through additional loans and technical assistance to the Korean Reconstruction Bank (\$10 million) and the Medium Industry Bank. Since Korean performance in maintaining a development momentum is improving, the U.S. may also offer program loan assistance (\$10 million). Such loans could permit the Koreans to expand exports without introducing inflationary pressures.

The Technical Cooperation program is improving Korean management capability in such essential areas as banking and credit, government personnel administration, tax administration, monetary and fiscal policy, power production and distribution, promotion of exports and planned use of available resources. In addition, the program provides technical advice and training in such specific fields as agriculture and fisheries, vocational education, public administration, minerals and coal exploration, water development, and limited programs in police administration, public health and communications.

**CONFIDENTIAL**

**CONFIDENTIAL**

**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: KOREA

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	29,550	XXX	XXX	XXX	41,000	XXX	XXX	40,000-60,000	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians	2,538	2,538			2,781	2,781		3,150	3,150	
Participants	258	258			544	544		639	639	
Commodities	826	826			445	445		481	481	
Other Costs	37	37			30	30		30	30	
<b>Total Project Assistance</b>	<b>3,659</b>	<b>3,659</b>	-		<b>3,800</b>	<b>3,800</b>	-	<b>4,300</b>	<b>4,300</b>	-
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D.	2,557	2,557			2,498	2,498		2,652	2,652	
Other Agency	177	177			251	251		347	347	
Contract	925	925			1,051	1,051		1,301	1,301	
<b>Non-Project Assistance</b>	<b>76,223</b>	-	<b>76,223</b>		<b>75,000</b>	-	<b>75,000</b>	<b>65,000</b>	-	<b>65,000</b>
<b>Total Other than Development Loan</b>	<b>79,882</b>	<b>3,659</b>	<b>76,223</b>		<b>78,800</b>	<b>3,800</b>	<b>75,000</b>	<b>69,300</b>	<b>4,300</b>	<b>65,000</b>
<b>Total Assistance</b>	<b>109,432</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>119,800</b>	<b>XXX</b>	<b>XXX</b>	<b>109,300-129,300</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed	70	72	73
Participating agency	4	10	19
Contractor technicians	74	54	58
<b>Total</b>	<b>148</b>	<b>136</b>	<b>150</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract	68	135	140
Contract	-	-	-
<b>Total</b>	<b>68</b>	<b>135</b>	<b>140</b>

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Rehabilitation of Chongpyong Dam,  
489-16-220-228  
Prior Reference: Page 69, FY 1965 CP  
Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1959

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	5,012	2,599	2,413
Estimated FY 65	-	1,100	xxxxxxxxxxxx
Estimated through 6/30/65	5,012	3,699	1,313
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	5,012	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .		
Participants . . . . .		
Commodities . . . . .		
Other Costs . . . . .		
Total Obligations . . . . .		

Obligations By Method of Financing	
Direct AID Costs . . . . .	
Other Agency . . . . .	
Contract . . . . .	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	1,115	-

**Project Objective and Description:** This project contributes to the goal of providing adequate power for Korea's industrial, domestic and defense requirements. This project is part of the overall program to increase Korea's power capacity from 336 MW in 1962 to 600 MW in 1965 and 900 MW by 1968.

Specifically, this project will rehabilitate the Chongpyong dam and generating plant by: (a) alleviating the partial obstruction of the tailrace, thereby increasing power generation by 3,000 KW; (b) rehabilitating the dam; and (c) rehabilitating the power plant and switch yard and providing the replacement parts to keep the plant in dependable operating condition.

The several factors which contributed to delays in implementation of this project are fully explained in last year's Congressional Presentation project book: Funds programmed in FY 1957 were transferred to use for the larger and higher priority Hwachon hydro-electric plant, and not replaced until FY's 1958 and 1959. (Hwachon, completed in 1958, furnishes a substantial part of Korea's power supply and the Hwachon dam controls the stream flow to Chongpyong.) Satisfactory implementation engineering was not available until the Smith, Hynchman & Grylls (S H & G) consortium was engaged in 1957. After completion of the S H & G study, considerable time was spent in determining the type of contract most appropriate for the project and in effecting a waiver to permit performance of engineering and construction phases under a single contract. Three changes of governments in Korea during 1960-62 years contributed additional delays.

Repair requirements for the dam were developed by the S H & G study. In addition, it was determined that major overhaul or replacement of certain equipment was urgently needed. The scope of services required for physical rehabilitation were prepared, and invitations to bid issued in March 1961 and the Stone and Webster Engineering Company was selected. The final draft contract was forwarded to the USAID and the contractor in February 1962 and the contract was signed in June 1962.

The contract is scheduled to end December 31, 1965. Contract personnel are on board and the job is proceeding according to schedule. Commodity procurement represents approximately \$800,000 and most of this equipment has arrived. By the end of FY 1966, unliquidated obligations will be negligible, or none.

**FY 1966 Program:** None. The pipeline is being drawn down as commodities arrive and as the contractor bills A.I.D. for services performed.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Industrial Productivity, 489-13-230-414			
<b>Prior Reference:</b> Page 71, FY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> 1960			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 8,950	Expenditures 7,908	Unliquidated 1,042
Estimated FY 65	-	-	xxxxxxxxxxxx
Estimated through 6 30 65	8,950	7,908	1,042
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	8,950	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....			
Participants .....			
Commodities .....			
Other Costs .....			
Total Obligations .....			
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....			
Other Agency .....			
Contract .....			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

**Project Objective and Description:** This project was designed to upgrade technical and management practices in existing industrial plants so as to increase industrial productivity and efficiency. Of a total of 210 A.I.D.-financed plants, about 95% have become operative. Although during 1964 operating levels were adversely affected by material shortages, quality standards and

management have improved. Two plants are still under construction, but these are expected to be completed in FY 1965. U.S. technicians, now financed by the Industrial Development project, will continue to provide limited assistance in support of the in-plant engineering needs and profitability of the A.I.D.-financed plants.

The pipeline is wholly funds that may be required in settlement of a dispute between the U.S. Government and McGraw-Hydrocarbon, the contractor on the Chungju Fertilizer Plant. Whereas the contractor claims that A.I.D. owes it a sizeable amount for work and services performed under both its construction contract and its services and training contract, A.I.D. disagrees and has refused to make such payment on the basis that a sum in excess of this amount is owed to the U.S. Government as a result of the contractor's unsatisfactory performance under the construction contract. The conflicting claims were referred to the GAO for settlement on July 30, 1964. It has not yet rendered its decision.

The Chungju Fertilizer Plant went into operation in 1961. In 1962, the Allied Chemical Company was assigned the tasks of (a) bringing Chungju's production up to its designed capacity, which has now been exceeded; and (b) training Korean engineers and operators. The Allied contract ended on July 31, 1964.

No further U.S. assistance to the plant is anticipated, as the plant is producing at 110% of designed capacity. The staff of the Chungju Fertilizer Corporation shows an increasing ability to manage and operate the plants with understanding, skill and efficiency.

FY 1966 Program: None.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Expansion of Power Generation and Distribution, 489-15-220-604  
**Prior Reference:** Page 70, FY 1965 CP  
**Initial Obligation FY:** 1962      **Scheduled Final Obligation FY:** 1964

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,647	1,862	1,785
Estimated FY 65	-	1,735	xxxxxxxxxxxx
Estimated through 6/30/65	3,647	3,597	50
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	3,647	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....		
Participants .....		
Commodities .....		
Other Costs .....		
<b>Total Obligations .....</b>		

Obligations By Method of Financing	
Direct AID Costs .....	
Other Agency .....	
Contract .....	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,604*	*

**Project Objective and Description:** This terminating project has helped the ROKG plan and carry out an expansion program for electric power generation and distribution designed to meet increasing industrial and consumer requirements.

Korea has in recent years placed in operation four diesel plants, a power barge, and a thermal power plant. Some facilities, including hydro-electric power plants are under construction, others are being considered. The Korea Electric Company (KECO) has rehabilitated several major substations and extended transmission lines. Electric rates were increased in FY 1962 and again in FY 1964, greatly improving the system's overall financial condition. In FY 1964 KECO adopted the U.S. Federal Power Commission classification of accounts system. About 200 participants trained under this and earlier projects have returned to Korea. On-the-job training under the EBASCO contract has also been completed, adding to Korea's operative effectiveness. With the completion of several A.I.D.-financed construction projects, KECO is rapidly approaching the 1966 target of 600 MW and the 1968 target of 900 MW of generating capacity. The report by the project's electric power survey team fielded in FY 1965 will recommend further management, financial, and construction steps appropriate to achieve these goals and will anticipate South Korea's total power requirements over the next five, ten, and fifteen years.

**FY 1966 Program:** None. The drop in the pipeline during FY 1965 reflects: (a) disbursements for the electric power survey; (b) commodity deliveries connected with previously funded power advisory and construction activities; and (c) completion in mid-FY 1965 of the EBASCO contract providing management advisory services to the Korea Electric Company (KECO). Further A.I.D. assistance to Korea's electric capacity will take the form of DL-financed capital assistance and technical assistance funded under the industry and technical support projects.

\* Since 1963, counterpart has been allocated on a sector rather than a project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **KOREA**

Activity: **INDUSTRY AND MINING**

Funds: **TECHNICAL COOPERATION**

<b>Project Title and Number: Increase in Mineral Production, 489-12-210-605</b>			
<b>Prior Reference: Page 68, FY 1965 CP</b>			
<b>Initial Obligation FY: 1956 Scheduled Final Obligation FY:1965</b>			
<b>U.S. DOLLAR COSTS</b>			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	12,257	10,314	1,943
Estimated FY 65	850	1,537	xxxxxxxxxxxx
Estimated through 6 30 65	13,107	11,851	1,256
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	13,107	
<b>Obligations</b>			
<b>Cost Components</b>	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	627		
Participants .....	73		
Commodities .....	150		
Other Costs .....	-		
<b>Total Obligations .....</b>	<b>850</b>		
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	328		
Other Agency .....	22		
Contract .....	500		
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	7,781*	-

cal reconnaissance, drilling, an aerial survey, feasibility studies, design and engineering reports, and training of mining personnel.

As a result, iron ore production increased from 31,000 metric tons (MT) in 1955 to 500,000 MT in 1963 and coal production rose from 1.3 million metric tons in 1955 to 8.8 million MT in 1963. Iron exports in 1963 were valued at \$5 million. Local anthracite, which replaces bituminous coal previously imported, has a domestic value of \$79 million.

Since 1961 Mineral Industries Engineers (MIE) has provided assistance in examining metal and mineral ore reserves and contributed to an increase in proven iron ore reserves from 4 million to 20 million metric tons at a cost of only 3 per cent of the rise in the value of the reserves.

Pierce Management Corporation (PMC) has since 1959 advised the Dai Han Coal Corporation and private coal mine operators. Beginning in 1964, PMC in addition has provided specific engineering advice in connection with the \$9.5 million development loan for the Changsong Coal Mine.

Technical assistance under the project has led to the creation of the Korea Mining Equipment Pool (KOMEP). The Koreans are now assuming full responsibility for procuring its equipment. KOMEP makes available to all mines over \$2 million worth of equipment.

West Germany in 1963 lent the Dai Han Coal Corporation \$5.18 million to improve certain properties. The ROKG budgeted about \$1.9 million in 1964 and about \$2.1 million in 1965 for loans and grants for mining activities.

**FY 1966 Program:** None. Management advice will be provided under a new project, Development of Domestic and Export Minerals (Operation and Management), 489-12-210-629. The pipeline is being drawn down as commodities arrive and as the one-year extensions of the MIE and PMC contracts are completed.

**Project Objective and Description:** This terminating project has helped Korea increase its production of mineral ores, reducing import requirements and expanding exports. Coal and iron ore have been emphasized, but some attention has also been paid to copper, fluorite, and other minerals.

U.S. assistance since 1956 has paid for geologi-

\* Since 1963, counterpart has been allocated on a sector rather than a project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Development,  
489-13-230-606  
Prior Reference: Page 72, FY 1965 CP  
Initial Obligation FY: 1961 Scheduled Final Obligation FY: 1970

Industrial production has grown 52% since 1960. During 1961-1963 the proportion of exports represented by manufactured goods and machinery increased from 12% to 37% while total exports more than doubled. Import substitute manufacturing has also expanded as has large industry capacity. Gulf invested \$5 million in 1963 to build an oil refinery to meet Korea's civilian and military requirements. Construction will begin in 1965 on two complete fertilizer plants to be financed  $\frac{1}{4}$  by U.S. private investors,  $\frac{1}{4}$  by the ROKG, and  $\frac{1}{2}$  by development loans totaling \$41 million. These plants will satisfy Korea's requirements for nitrogen for the near future and a considerable percentage of its phosphate and potash needs.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	2,874	2,156	718
Estimated FY 65	428	752	xxxxxxxxxxxx
Estimated through 6/30/65	3,302	2,908	394
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
524	1,080		4,906

Limited and specific technical assistance is still needed. As project emphasis shifts away from aiding individual companies, technicians lend primary assistance to: (a) ROKG ministries, planners, the Korean Reconstruction Bank, and the Korean Productivity Center; (b) the ILO team conducting a management development program; (c) Korean industrial leaders in trade associations; (d) U.S. country team members involved in Korean industrial and export development policy; and (e) U.S. industrial interests and other potential investors. Only token A.I.D. assistance is still being provided to the National Industrial Research Institute which assists industrial producers to improve quality standards. By 1968, Korean industry should have established the foundations for long-range development, making possible a reduction in USOM's technical assistance to a few general industrial advisors who will also assist the development loan program.

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	212	351
Participants .....	216	173
Commodities .....	-	-
Other Costs .....	-	-
Total Obligations .....	428	524

  

Obligations By Method of Financing		
Direct AID Costs .....	309	280
Other Agency .....	19	44
Contract .....	100	200

**FY 1966 Program:** In FY 1966 it is proposed to finance: (a) four industrial advisors plus a PASA with the Corps of Engineers for one advisor to monitor the Taegu Waterworks Development Loans; (b) 30 participants of whom 25 will be trained in the U.S. (18 in industrial techniques and 7 in industrial management and export marketing); (c) contract services for expanded advisory assistance in export market promotion; and (d) short-term consultants in preventive maintenance, cost accounting, industrial technology, and establishment of a demonstration plant to be used as a model for a single industry.

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	*	*

**Project Objective and Description:** This project is designed to promote a healthy industrial economy by: (a) providing technical advice in such fields as industrial management, production skills, and domestic and export marketing; and (b) developing sound industrial expansion planning.

Industrial progress has been significant.

\* Since 1963, counterpart has been allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Ground and Surface Water Resources Development, 489-11-250-609  
**Prior Reference:** Page 73, FY 1965 CP  
**Initial Obligation FY:** 1965 **Scheduled Final Obligation FY:** 1970

will represent over 50% of the nation's drainage area studied for developmental uses. The Han River is already heavily relied on by industry, agriculture, and many municipalities including Chungju, Seoul, and Inchon.

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	-	-	-
Estimated FY 65	60	30	xxxxxxxxxxxx
Estimated through 6 30 65	60	30	30
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
360	1,150	1,570	

U.S. Geological Survey (USGS) ground water technicians in FY's 1963 and 1964 recommended a program for training and advisory services in developing Korea's underground water. The survey noted Korea's need for increased water resource planning to meet the growing needs of industrial users, municipalities, and agricultural consumers. Also noted was the specific and serious lack of sufficient knowledge or planning for use of underground reserves. In the summer of 1964, the new Mission Director endorsed the proposal that this project be changed from a long-range program which was primarily for the training of ground water researchers to a sectoral development study which will include an analysis of: (a) the availability of both surface and ground water in a more limited but important geographic area; and (b) the prospects for investment in water-use projects. The project plan as envisaged in the FY 1965 Presentation was to provide multi-year funding for a PASA with USGS. The project is now scheduled for annual funding. The total project cost will be approximately the same as in the FY 1965 Presentation.

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	60	150
Participants	-	10
Commodities	-	200
Other Costs	-	-
<b>Total Obligations</b>	<b>60</b>	<b>360</b>

The FY 1965 funds provide for a two-man reconnaissance survey by experts from the USGS and U.S. Bureau of Reclamation (BuRec) to recommend as to the scope of the proposed basin development project. The Korean Government will provide cooperating recommendations and logistic support for the activities under this project in coordination with other A.I.D. activities, the UN Special Fund study, and Korean projects in reclamation, power, irrigation, and municipal water supply development.

Obligations By Method of Financing		
Direct AID Costs	-	210
Other Agency	60	150
Contract	-	-

**FY 1966 Program:** FY 1966 funds are requested for: (a) a PASA with the U.S. Department of the Interior for both BuRec and USGS experts (5) to undertake the detailed basin study; (b) 3 participants to be trained in the U.S. in ground and surface water development; and (c) special equipment required by the BuRec/USGS team.

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	*	*

**Project Objective and Description:** This project is to assist Korea to obtain the greatest benefits from its water resources by training personnel and providing equipment for river basin development. The project will focus on collection of reliable data and planning in Han River basin. This, together with the current study of the Naktong River basin, financed by the UN Special Fund,

\* Counterpart is allocated by sector rather than on a project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Development of Domestic and Export Minerals (Operation and Management), 489-12-210-629  
**Prior Reference:** None  
**Initial Obligation FY:** 1966      **Scheduled Final Obligation FY:** 1971

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	-	-	-
Estimated FY 65	-	-	xxxxxxxxxxxx
Estimated through 6/30/65	-	-	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
430	1,292	1,722	
	Obligations		
<b>Cost Components</b>	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .		332	
Participants . . . . .		73	
Commodities . . . . .		25	
Other Costs . . . . .		-	
<b>Total Obligations . . . . .</b>		<b>430</b>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .		128	
Other Agency . . . . .		22	
Contract . . . . .		280	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	*

As Korea, with A.I.D. assistance, has developed technical know-how and has expanded its accessible mineral deposits, the primary need has become that of assisting public and private mine operators in improving management and administration in such areas as: (a) cost analysis, mine mill accounting, production incentives, and mineral economics; (b) labor practices and industrial engineering, including mine safety; (c) supply management including equipment maintenance and procurement under the Korea Mining Equipment Pool (KOMEPE); (d) marketing and distribution of natural and processed minerals; and (e) promotion of more efficient operating units by mine consolidations and expansions.

In addition to encouraging quality control and better utilization of coal production with the assistance of the Korean Office of Geological Survey (ROKOGS), the project will give increased attention to low-grade iron ore utilization beginning with testing to determine the feasibility of establishing a modest iron making facility. The goal is production of usable domestic iron, eliminating imports of rolling stock and scrap, and providing idle domestic rolling capacity with indigenous feed material.

FY 1966 Program: FY 1966 funds will be used to finance: (a) the services of 2 mining engineers; (b) contracts with Pierce Management Corporation and Mineral Industries Engineers; (c) 12 participants to be trained in the U.S. in such areas as mine safety, mining and industrial management, metal and coal mining methods, metallurgical accounting, etc.; and (d) commodities including safety, first aid, and rescue equipment to equip the project's demonstration safety program.

\* Counterpart is allocated on a sector rather than a project basis.

**Project Objective and Description:** This project will assist Korea to increase its mineral ore production primarily through training in: (a) mine management practices; and (b) methodology to maximize ore value obtained from mineral deposits.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Rural Industry Technical Assistance, 489-13-230-630			
<b>Prior Reference:</b> None			
<b>Initial Obligation FY:</b> 1966		<b>Scheduled Final Obligation FY:</b> 1971	
<b>U.S. DOLLAR COSTS</b>			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	-	-	-
Estimated FY 65	-	-	xxxxxxxxxxxx
Estimated through 6/30/65	-	-	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
150	600	750	
	Obligations		
<b>Cost Components</b>	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .		125	
Participants . . . . .		25	
Commodities . . . . .		-	
Other Costs . . . . .		-	
Total Obligations . . . . .		150	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .			25
Other Agency . . . . .			-
Contract . . . . .			125
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	*

products to accelerate the growth of both sectors. Korean industrial production has risen rapidly -- 85% since 1958, a trend which should be maintained to assure progress towards economic self-sufficiency. Many Korean businesses operate at less than full capacity because of lack of adequate capital, technical know-how, or managerial competence. The problems have been the object of previous as well as other current technical assistance projects and development loans. These have built or rebuilt factories, provided industrial advisors, and aided the business schools of Korea and Yonsei Universities.

The university-to-university technical assistance under this project can mobilize local resources and capital, encourage entrepreneurship, and thereby develop industrial corporations in a rural region.

In FY 1965, several faculty members of a major American university will go to Korea briefly on regional funds to develop project plans. The team will work with Mission personnel, Korean Government officials and leading Korean educators to: (a) determine the precise nature of the Korea project; (b) select a local counterpart Korean university; and (c) select a rural area for its efforts and collect pertinent data.

In the summer of 1966 plans call for the American university to send a full team of faculty and graduate students from business, engineering and other disciplines to work in the selected region with the counterpart Korean university team and the people of the area to: (a) evaluate local resources and markets; (b) help interested local businessmen organize and raise capital from local citizens and government development banks; and (c) provide technical assistance in designing, building and operating new factories under local corporate ownership. Under the project, Koreans will be trained in Korea or brought to the U.S. as appropriate, to study engineering and business to provide engineers and managers for the particular industrial plants, and future teachers in local schools and colleges, thus contributing to a permanent improvement in teaching in these fields. Several years are required to complete this process.

FY 1966 Program: FY 1966 funds are to finance a contract with an American university for one year and provide participant training.

Project Objective and Description: This project's purpose is to develop a local engineering and management capability to spur industry in specific rural areas through a university-to-university technical assistance program. The development of rural industry is designed to stimulate interdependence between industry and agriculture as potentially increasing markets for each other's

\* Counterpart is allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: KOREA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Improvement of Transport Capabilities, 489-11-330-600  
**Prior Reference:** Page 74, FY 1965 CP  
**Initial Obligation FY: 1963**      **Scheduled Final Obligation FY: 1967**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	217	174	43
Estimated FY 65	167	102	xxxxxxxxxxxx
Estimated through 6/30/65	384	276	108
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
415	315	1,114	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	88	355
Participants . . . . .	79	60
Commodities . . . . .	-	-
Other Costs . . . . .	-	-
Total Obligations . . . . .	167	415

  

Obligations By Method of Financing		
	Estimated FY 65	Proposed FY 66
Direct AID Costs . . . . .	105	92
Other Agency . . . . .	62	43
Contract . . . . .	-	280

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	393*	* -

**Project Objective and Description:** This project helps the ROKG develop its transportation system on a sound and cost-minimizing basis to adequately support the overall Korean economic development effort and meet the country's defense needs. The project aims to maximize use of all forms of transportation through advisory services and training in such technical fields as:

(a) highway foundation and paving, bridge construction and maintenance; (b) railway operations, including yard design and lube oils analysis and control; (c) civil aviation flight operations, safety and inspection; (d) harbor engineering; and (e) navigational aids for both air and marine transportation.

Since the Korean War devastation, dramatic progress has been made in many areas due to large-scale Korean efforts, U.S. loan and grant assistance, an IDA loan, and various European and Japanese credits. Highways and bridges have been rebuilt and railroad mileage extended. Dieselization of the railroads and modernization of rolling stock is underway. Advice has been provided in railroad accounting and financial management. Port facilities and harbors have been rehabilitated and are being expanded to meet the needs of the rapidly growing maritime industry. U.S. Civil Aviation Advisory Group assistance since 1955 has greatly improved and expanded civil air transport.

Continued project assistance is needed to: (a) strengthen the highway organization under the Ministry of National Construction; (b) improve road and railroad equipment maintenance and spare parts acquisition; and (c) accelerate improvements in Bureau of Civil Aviation staff capacity to handle operations at airports for which it is newly responsible.

Two studies will help determine the priorities of additional technical assistance: (a) the Loy Report under which a specific recommendation is being developed on aviation assistance; and (b) an overall transportation survey.

**FY 1966 Program:** To accomplish the above objectives, FY 1966 funds are requested to finance one highway technician, one civil aviation group chief plus a flight safety advisor, and possibly other specialists from the Federal Aviation Agency; 23 participants in highway, rail, marine, and air transportation; and contract services to cover the overall transportation survey which A.I.D. is scheduling for FY 1966.

\* Since 1963, counterpart has been allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Vocational, Technical and In-Service Training, 489-15-610-602			
Prior Reference: Page 75, FY 1965 CP			
Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1967			
<b>U.S. DOLLAR COSTS</b>			
Through 6/30/64	Obligations 3,568	Expenditures 3,154	Unliquidated 414
Estimated FY 65	115	447	XXXXXXXXXXXX
Estimated through 6/30/65	3,683	3,601	82
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
56	42	3,781	
<b>Obligations</b>			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians	93	39	
Participants	12	12	
Commodities	10	5	
Other Costs	-	-	
Total Obligations	115	56	
<b>Obligations By Method of Financing</b>			
Direct AID Costs	115	56	
Other Agency	-	-	
Contract	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,151*	*

technical instruction in existing schools, improving facilities for such instruction, assuring a continuing supply of competent instructors and re-orienting educators at individual schools, as well as at national and provincial levels. Particular emphasis is on curriculum revision for the shop teacher training demonstration centers at Seoul Technical High School and Suwon Agricultural High School.

The project has rebuilt and equipped 60 shops in 27 technical high schools. By the end of 1964, over 90% of this equipment was in place and in use from 3 to 12 hours per school day. It has also trained 73 participants who are increasingly effective as they gain seniority in the school system. It is planned that institutional changes and improved administrative procedures will have been developed by FY 1967 so that the ROKG can, thenceforth, assume full responsibility for carrying on the entire vocational education program.

Korean government self-help has included: (a) passage and implementation of a national law for trade training patterned on the Smith-Hughes Law; and (b) continuing budgetary support for vocational education, reduced somewhat in 1964 (\$515,600) as a result of an extremely tight fiscal policy.

The AFAK program (U.S. Armed Forces Assistance to Korea) provides building materials for some technical and agricultural high schools. UNESCO has provided equipment and two trades experts at Inha Technical Institute, where West Germany has also provided four technical advisors since 1962 to train apprentices in certain trades.

FY 1966 Program: FY 1966 funds will finance 2 technicians, a teacher education advisor and a vocational education policy advisor; 2 participants for 12 months each in the U.S.; and equipment such as machine accessories, teaching aids, etc.

**Project Objective and Description:** This project's aim is to improve and expand vocational training to help provide an adequate supply of well-trained workers for Korea's industrial growth and agricultural development.

It seeks to overcome the shortage of middle-level technicians by up-grading the quality of

\* Since 1963, counterpart has been allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **KOREA**

Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Economic Planning, 489-11-720-587**

Prior Reference: **Page 126, FY 1963 CP**  
Initial Obligation FY: **1958** Scheduled Final Obligation FY: **1971**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,080	332	748
Estimated FY 65	110	370	xxxxxxxxxxxx
Estimated through 6/30/65	1,190	702	488
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
165	425	1,780	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	90	135
Participants . . . . .	20	30
Commodities . . . . .	-	-
Other Costs . . . . .	-	-
Total Obligations . . . . .	110	165

Obligations By Method of Financing		
Direct AID Costs . . . . .	20	30
Other Agency . . . . .	-	-
Contract . . . . .	90	135

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	*	*

Project Objective and Description: This project aims to: (a) increase knowledge and understanding of the Korean economy and (b) advise the Economic Planning Board and other Korean government agencies on methods and policies necessary to design and carry out an efficient economic development program.

Previous A.I.D. assistance led to the creation

of a three-year plan and then to the first five-year economic plan (1962-66). This plan, based more on political expediency than on economic reality, is a collection of goals more than a plan for achievement. It has been revised several times in the direction of greater realism. A. D. Little and Company in FY 1962 under an A.I.D. contract, investigated the need for technical assistance in development planning. In late 1963 the Robert R. Nathan Associates were accepted as contract advisors in this area and in May of 1964 the first team members arrived in Korea.

Analysis of the Korean economy under this project will include studies of demographic patterns, industrial structure, money markets and monetary institutions, past and current investment and savings patterns including investment criteria for foreign capital, import and export patterns, overall growth patterns including models of development, relations between agriculture and industry, tax structure, government controls over markets, and monopoly practices and regulation. Such analysis will lead to policy recommendations for promoting growth.

The Nathan contract and other experts funded by the project will provide specific assistance to the ROKG in programming and drafting the second five-year plan (1967-71), industrial investment programs, selected fiscal and monetary policies, and input-output analyses by the Bank of Korea.

FY 1966 Program: In furthering the aims mentioned above, FY 1966 funds will finance: (a) 7 participants in various economic fields for 6-12 months training in the U.S., and (b) contracts for 2 short-term consultants in taxation (6-9 months) and project planning and evaluation (12 months), and for consultants in financial institutions analysis, exchange rate analysis, and economic growth models.

\* Since 1963, counterpart has been allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funcs: TECHNICAL COOPERATION

**Project Title and Number:** Improved Administration of Banking and Credit, 489-15-750-588  
**Prior Reference:** Page 77, FY 1965 CP  
**Initial Obligation FY:** 1957 **Scheduled Final Obligation FY:** 1969

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,066	598	468
Estimated FY 65	270	532	XXXXXXXXXXXX
Estimated through 6/30/65	1,336	1,130	206
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
108	190	1,634	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	250	90
Participants .....	20	18
Commodities .....	-	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>270</b>	<b>108</b>

Obligations By Method of Financing		
Direct AID Costs .....	64	90
Other Agency .....	-	-
Contract .....	206	18

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	158,272*	16,079*

**Project Objective and Description:** This project is designed to: (a) improve key Korean financial institutions by recommending and helping them to carry out changes in banking and credit practices; and (b) promote the effective mobilization and use of credit for economic development.

Special emphasis is being placed on organization and policies of the Korean Reconstruction Bank (KRB) and the National Agricultural Cooperative Federation (NACF). These institutions have received a substantial amount of A.I.D. technical assistance, and along with the Medium Industry Bank (MIB), have been largely capitalized by loans and grants of A.I.D. counterpart funds.

The KRB has been the recipient of an A.I.D. Development Loan of \$5 million for a program of foreign exchange lending to a broad range of small private industrial, mining, and electric utility projects as well as a large scale housing construction program. A six-months' organization and management survey of the KRB was completed by A.T. Kearney of Chicago on October 31, 1964. The same contractor is expected to provide two-year management advisory services to help the KRB to correct weaknesses revealed by the management survey. An operations audit, also to begin in FY 1965, will round out the technical assistance to the KRB.

NACF loans have greatly expanded livestock development and crop diversification, and encouraged potential export products. Advice to the NACF has increased its effectiveness as an agricultural credit institution, modernizing its credit operations and expanding legal agricultural financing activities particularly crop production loans. The NACF has conducted a successful savings promotion drive.

The MIB Revolving Credit Fund helps to finance small and medium-sized private industries and cooperatives.

In-service training has supplemented the U.S. and third-country participant program. This project also includes studies of the money market and institutions, laws and practices relating to the mobilization and use of capital.

**FY 1966 Program:** For FY 1966, U.S. funds will provide: (a) two banking advisors and 1 agricultural credit advisor, all A.I.D. direct-hire; (b) 5 participants, all for 6-12 months in the U.S., to study loan and capital project administration and public finance; and (c) 3 contract consultants on commercial banks, financial institutions, and credit unions and savings and loan institutions for three months each. Estimates of total expenditure on project have been reduced (and spread over a longer period).

\* Part loan, part grant.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **KOREA**

Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: <b>Technical Assistance to ROKG Activities, 489-11-740-589</b>			
Prior Reference: <b>Page 76, FY 1965 CP</b>			
Initial Obligation FY: <b>1962</b> Scheduled Final Obligation FY: <b>*</b>			
U.S. DOLLAR COSTS			
Through 6/30 64	Obligations 634	Expenditures 513	Unliquidated 121
Estimated FY 65	374	345	XXXXXXXXXXXX
Estimated through 6 30/65	1,008	858	150
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
515	*		*
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians	300	340	
Participants	39	150	
Commodities	35	25	
Other Costs	-	-	
Total Obligations	<u>374</u>	<u>515</u>	
Obligations By Method of Financing			
Direct AID Costs	131	247	
Other Agency	88	88	
Contract	155	180	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30 65	FY 66	Through 6 30 65	FY 66
-	-	**	**

**Project Objective and Description:** This provides high-level advisory assistance and in-service training programs to improve management techniques and operations in the following selected areas of the Korean Government: tax structure and administration, management, per-

sonnel administration, public safety, health, and education. A.I.D. technicians advise the appropriate Ministers and Vice Ministers on the development of sound administrative policies and techniques, influencing decisions made in the areas of their competence.

**Tax Administration:** While U.S. advice has contributed to increased tax collections (an estimated 34 billion won in 1965 as compared to 24.7 billion won in 1963 and 10.3 billion won in 1958), the main effort and success has been in improving tax administration and laws. Two significant tax bills were enacted by the ROK Assembly in December 1964 - a revised luxury commodity tax bill and a petroleum tax bill.

**Personnel Administration:** A.I.D. technicians are helping the Korean Government complete the government-wide position classification survey started in July 1963, to analyze the data collected, and to develop the structure and standards of the classification plan. When completed (Dec. 31, 1965), this will provide the basis for reforms in recruitment, in-service training, compensation, and performance evaluation.

**Government Administration:** Continuing efforts are being made to develop and install more rational systems of planning, budgeting, and organizational structure.

**Public Safety and Health:** U.S. technicians provide technical assistance in these fields and help procure excess property for the Korean National Police. The Korean Government has greatly expanded its Family Planning Program in 1964 with aid from the Population Council.

**Education:** A.I.D. seeks to improve the quality and relevance of Korean higher education, improve the administrative organization of the Ministry of Education and improve high school science instruction. In carrying out the objectives of this project, FY 1966 funds will finance 6 technical advisors and 32 participants who will study from 6 to 12 months in the U.S. (29) and third countries (3). \$25,000 is also to be provided to procure demonstration equipment, books, and related materials. Funds include about 8 consultants under contract.

\* Continuing.  
\*\* Since 1963, counterpart has been allocated on a sector rather than project basis.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: KOREA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Civic Action, 489-16-990-610  
**Prior Reference:** Page 78, FY 1965 CP  
**Initial Obligation FY:** 1962      **Scheduled Final Obligation FY:** 1964

The project was started and jointly funded by A.I.D. and MAP to improve Korean military-civilian relationships and to utilize ROK Army-trained manpower. Activities were planned jointly by the Country Team and the ROKG Minister of National Defense (MND). They are implemented by the MND on a calendar year basis, and are monitored and audited by the U.S. Government.

A.I.D.'s contributions in CY 1962 and 1963 were made by a direct transfer of funds to the U.S. Department of the Army for the Civic Action projects. Projects included: (a) provision of materials for a decentralized road maintenance system; (b) highway and bridge improvement; (c) training facilities for teaching scientific farming to reservists going back to their villages; (d) spraying materials for use against encephalitis; (e) rural school construction materials; and (f) materials for similar activities. FY 1964 A.I.D. funds were allocated for classroom construction, rural medical facilities, bridges and flood control. MAP funds (\$1,357,000) supplemented these Civic Action projects through FY 1964.

Beginning in FY 1965 USOM dollar support for Civic Action will cease. A working fund in local currency will be established within the Korean Ministry of National Defense (MND) to buy all the materials and pay all the needed civilian labor used in Civic Action construction projects. When the projects have been completed, the appropriate Korean Government ministries will reimburse the fund for the material and labor costs incurred in executing the projects undertaken for the benefit of, and in coordination with, the individual ministries. In this way the MND working fund will be continuously replenished.

Dollar-funded materials now in the pipeline will be used to complete planned projects. FY 1964-funded materials will be available for use in FY 1965 projects that also employ local currency from the newly created MND fund.

**FY 1966 Program:** No dollar costs. U.S. support for Civic Action will consist of local currency allocations to the several ministries who will be replenishing the MND fund. Counterpart will also be used to establish the MND working fund. USOM anticipates an approximate requirement of 75 million won (about \$300,000) in FY 1965 and 125 million won (about \$500,000) in FY 1966.

\* From the Economic Development Special Account.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,416	1,739	1,677
Estimated FY 65	-	1,677	xxxxxxxxxxxx
Estimated through 6/30/65	3,416	3,416	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	3,416	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....		
Participants .....		
Commodities .....		
Other Costs .....		
<b>Total Obligations .....</b>		

Obligations By Method of Financing	
Direct AID Costs .....	
Other Agency .....	
Contract .....	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	300 *	500 *

**Project Objective and Description:** This project was designed to use the manpower and technical skills available in the ROK military forces for projects that would directly advance the economic and social well-being of the civilian populace.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: KOREA

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Technical Support, 489-15-990-000			
<b>Prior Reference:</b> Page 79, FY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 21,191	Expenditures 20,984	Unliquidated 207
Estimated FY 65	948	1,016	xxxxxxxxxxxx
Estimated through 6/30/65	22,139	22,000	139
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,026	*	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	698	800	
Participants .....	-	-	
Commodities .....	220	196	
Other Costs .....	30	30	
<b>Total Obligations .....</b>	<b>948</b>	<b>1,026</b>	
Obligations By			
<b>Method of Financing</b>			
Direct AID Costs .....	948	1,026	
Other Agency .....	-	-	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	5,992**	**

Specifically, the U.S. contribution includes: (a) salaries and allowances of program technicians whose services relate to more than one project; (b) a proportionate share of office overhead chargeable to program operations; and (c) local currency costs from the Trust Fund chargeable to program activities, including salaries of Korean employees. Increased technician costs reflect a shift to this project of technicians working on completed projects in fields such as electric power, where some technical assistance is still required.

This project provides logistic support 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 1966 Program: 33 direct-hire A.I.D. technicians and 9 secretaries, \$196,000 for program commodities, and other costs are proposed for FY 1966.

\* Continuing.

\*\* Since 1963, counterpart has been allocated by sector rather than on a project basis.

**Project Objective and Description:** This project provides support for program activities not chargeable to individual projects.

STATUS OF DEVELOPMENT LOANS  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: KOREA

Borrower: ORIENTAL CHEMICAL INDUSTRY CO., LTD. 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 12/31/64	Loan Terms
Amount	Duration . . . . . 15 years
Authorized . . . . . \$5,600	Two-Step . . . . . 40 years
Disbursed . . . . . 289	Grace Period . . . . . 3 years
Repayments . . . . . -	Two-Step . . . . . 10 years
Interest Collected . . . . . 41	Interest Rate . . . . . 5-3/4%
	Two-Step 1% 10 yrs. 2 1/2%
	30 yrs.
	Currency of Repayment . . . . . Won
	Two-Step . . . . . U.S. \$

of the Korean currency, and questions concerning the modernity of the plant. These have required study and change in plans. A.I.D. has now reviewed a wealth of economic, financial, and technical data submitted by the borrower and consulting engineers and determined that the project is feasible, but on a somewhat revised basis. Disbursements will be resumed shortly. Interest payments have been made on time.

**Host Country Contribution, Procurement:** The Korean Government will assume responsibility for repayment of the loan in dollars. The Korean private stockholders will invest 1,150 billion won (\$4.5 million) to cover local currency requirements for construction and working capital. This compares with the earlier equity of 250 million won, and reflects increased possibilities for procurement in Korea as well as the results of inflation and devaluation of the Korean won. Procurement under the A.I.D. loan is limited to free world sources.

**Comments on Implementation:** Appraisal of the project's soundness was complicated by changing economic and financial circumstances, on the one hand, and developments in manufacturing technology on the other. In the spring of 1964, A.I.D. was of the opinion that the project's economic and financial feasibility had been satisfactorily demonstrated. However, question was raised as to the modernity of the plant's design and A.I.D. engaged an American consulting firm of international reputation in the soda ash field to review the design and project plans and to update cost estimates. The results of this study required a new review of the entire project, which led to the decision to lift the suspension of disbursements, on the basis of certain revisions. These include a strengthened financial structure and technical modifications of the plant design. The review also confirmed the basic feasibility and desirability of the project.

**Purpose of Loan:** This loan to a private firm will finance the foreign exchange costs of equipment, supplies and services for the establishment of a chemical plant at Inchon, Korea, to produce soda ash, caustic soda, sodium bicarbonate, and calcium chloride. The borrower, Oriental Chemical Industry Company, Limited, was organized in 1958 by prominent businessmen to carry out this project. The chemicals are of basic types needed by many Korean industries. Their manufacture in Korea, using materials available within the country, will permit substantial foreign exchange savings.

**Physical Status:** Engineering design and site preparation have been undertaken. The work has come to a halt, however, for the reasons explained in the following paragraphs.

**Financial Status:** Disbursements under this loan commenced in January 1962, following delays caused by prolonged negotiations over the selection of a consulting engineering firm and by subsequent Korean political difficulties. In May 1962, disbursements were halted by A.I.D. due to concern over the financial capability of the borrower and a request by the borrower to approve a change of site for the project. Since that time a number of factors have delayed implementation and required restructuring of the project: change of site, change of sponsors, inflation, devaluation

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: KOREA

Borrower: KOREAN RECONSTRUCTION BANK

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Development Bank, 489-A-007		Amended: December 9, 1963	
Date Authorized: June 17, 1959		Date Signed: April 12, 1960	
Loan Status as of 12/31/64		Loan Terms	
	Amount		
Authorized .....	\$5,000	Duration .....	10 Yrs.
		Two-Step	40 Yrs.
Disbursed .....	510	Grace Period .....	1 Yr.
		Two-Step	10 Yrs.
Repayments .....	2	Interest Rate .....	5%
		Two-Step	3/4%
Interest Collected .....	23	Currency of Repayment ..	Won
		Two-Step	U.S.\$

**Physical Status:** At the time disbursements were stopped in 1962, only six sub-loans had been made. All of these have been completed. Applications for sub-loans from the remaining funds are being reviewed in the light of the new criteria, and 15 loans totaling \$1.2 million had been approved for implementation at December 31, 1964.

**Financial Status:** Disbursements under this loan have been slow because of the interruption in A.I.D. financing. The more detailed review of applications for new sub-loans has delayed the progress of disbursements. More rapid approval and implementation of sub-loan projects can be expected as the Bank gains experience in working with the new criteria. Repayments have been according to schedule and no difficulty in collecting the loan is anticipated.

**Host Country Contribution, Procurement Source:** As specifically agreed, sub-loan borrowers must have substantial equity in the costs of their projects. Primarily the sponsors' funds are reflected in construction and working capital costs. A.I.D. funds for sub-loans applied for after the reopening will finance goods and services originating exclusively in the U.S.

**Comments on Implementation:** A.I.D. places a high priority on assistance to small industrial units in the private sector. KRB is a principal source of financing for such units, and A.I.D. is also providing a two-stage technical assistance program involving a management survey, which was completed in the fall of 1964, and an advisory contract, to upgrade KRB's performance in handling both local currency loans and dollar sub-loans under this project.

**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, an agency of the Korean Government, foreign exchange is made available to small-sized industrial companies for the production of commodities in a variety of industries. The loan thus makes possible the importing of capital goods and services for private projects too small to apply for individual Development Loans and yet which will produce commodities essential for the expanding Korean economy.

The administration of this "sub-loan" program by the Bank is under the close scrutiny of A.I.D. personnel. Departures from sound lending practices in 1962 necessitated A.I.D. stopping disbursements until agreement could be reached on new loan procedures and criteria. These differences have now been settled. An A.I.D. banking adviser has been assigned to monitor the loan, and activities are underway again with more specific guidelines for the Bank.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Pusan Thermal Electric Power Project, 489-H-014	
<b>Date Authorized:</b> December 18, 1961 <b>Date Signed:</b> April 4, 1962	
Loan Status as of 12/31/64	Loan Terms
<b>Amount</b>	Duration . . . . . 22 Yrs.
Authorized . . . . . \$20,311	Two-Step . . . . . 40 Yrs.
Disbursed . . . . . 18,964	Grace Period . . . . . 2 Yrs.
Repayments . . . . . -	Two-Step . . . . . 10 Yrs.
Interest Collected . . . . . 222	Interest Rate . . . . . <del>3 1/2%</del>
	Two-Step . . . . . 3/4%
	Currency of Repayment . . . Won
	Two-Step . . . . . U.S.\$

**Host Country Contribution, Procurement Source:** The Korean Reconstruction Bank (KRB) provided \$200,000 and KRB and KECO jointly provided local currency costs in the equivalent of \$5.1 million.

A.I.D. loan funds were used for procurement in the United States. A portion of the foreign exchange costs for the IGE-financed portion of the project are being purchased from other Free World sources.

**Purpose of Loan:** This A.I.D. project loan has financed a major portion of the foreign exchange costs of equipment, materials and services necessary to construct and place in operation a 132 megawatt thermal power plant and ancillary facilities near Pusan, Korea. The plant has been completed and is being operated by the Korea Electric Company (KECO), the country's only power company. It consists of two 66 megawatt turbo generators plus necessary interconnecting facilities. As part of the overall power development plan, this plant will assist in removing existing bottlenecks in power generation, which have slowed down and disrupted industrial production and economic progress in Korea.

**Physical Status:** Construction and installation work were completed in July 1964 and satisfactory performance tests were concluded during August. Both generators are in commercial operation and are performing at rated capacity.

**Financial Status:** All interest payments under this loan have been made. The contractor, International General Electric, has provided \$3,500,000 to KECO in the form of a credit repayable in eight years.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: **KOREA**

Borrower: **HYUN-DAI CONSTRUCTION CO., LTD.** Funds: **DEVELOPMENT LOANS**

Title and Number of Loan: <b>Hyun Dai Cement Project,</b> <b>489-H-015</b>	
Date Authorized: <b>February 21, 1962</b> Date Signed: <b>July 13, 1962</b>	
Loan Status as of 12 31/64	Loan Terms
Amount	Duration . . . . . 12 Yrs.
Authorized . . . . . \$4,250	Two-step . . . . . 40 Yrs.
	Grace Period . . . . . 2 Yrs.
Disbursed . . . . . 3,459	Two-step . . . . . 10 Yrs.
	Interest Rate . . . . . 5 3/4%
Repayments . . . . . -	Two-step . . . . . 3/4%
	Currency of Repayment . . Won
Interest Collected . . . . . 6	Two-step . . . . . U.S.\$

gaged an American engineering firm to investigate the reserves and suitability of the limestone deposits located near the site of the proposed cement plant. The application itself contained comprehensive engineering plans. An American consulting engineer was hired under the loan to perform the necessary engineering services for the project. Host Country Contribution, Procurement Source: The Borrower is providing the equivalent of approximately \$1,500,000 in both foreign exchange and won costs. The A.I.D. loan funds are being expended for procurement in the United States.

Purpose of Loan: This A.I.D. project loan was made to a private firm, the Hyun-Dai Construction Company, Ltd., Seoul, to assist in financing the foreign exchange costs of equipment, materials, and services necessary to construct and place in operation a cement plant 12 miles north of Tanyang in central Korea. The plant was designed to have an output of 150,000 metric tons of cement per year. The project is helping Korea meet its expanding cement requirements from domestic production and thus obviating what in recent years have been substantial foreign exchange expenditures for this essential building material. Recent German supplier credits have also expanded Korea's cement production capacity.

Physical Status: The plant was completed on schedule in August 1964. Operations have been very successful and it appears that in its first year of operation it will turn out one third more cement than the rated capacity. One final item of procurement remains, that of a diesel generator to provide an assured and steady flow of power to the plant. This purchase will be completed early in 1965.

Financial Status: It is anticipated that disbursements will be completed in 1965 and that the Borrower and the ROKG will meet their payment obligations in a timely manner.

Before making its loan application, the Borrower en-

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

STATUS OF DEVELOPMENT LOANS  
(In thousands of dollars and equivalent)

TABLE IV

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: <b>Changsong Coal Mine District, 489-H-018</b>	
Date Authorized: <b>May 29, 1963</b>	Date Signed: <b>December 7, 1963</b>
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 22 Yrs.
Authorized . . . . . \$9,500	Two-step . . . . . 40 Yrs.
	Grace Period . . . . . 4 Yrs.
Disbursed . . . . . 19	Two-step . . . . . 10 Yrs.
	Interest Rate . . . . . 5 3/4%
Repayments . . . . . -	Two-step . . . . . 3/4%
	Currency of Repayment . . Won
Interest Collected . . . . . -	Two-step . . . . . U.S. \$

project, without using the loan, provided such equipment is offered on terms at least as lenient as 20 years and 3% interest.

The Pierce Management Corporation, working in 1960 and the early months of 1961 prepared technical engineering data and extensive economic analysis demonstrating the feasibility and soundness of the project. Their report was completed in March 1961. Resulting from A.I.D.'s analysis of the loan project, a number of financial and accounting conditions have been included in the loan agreement to assure that the corporation will be well managed financially and in a strong position for the servicing of its loan.

Host Country Contribution, Procurement Source: The Corporation will utilize its own funds to provide the \$2.7 million in local currency for construction expense.

Equipment financed under the loan will be of American source.

Comments on Implementation: Work continues on procurement invitations, bid evaluations and contracts.

Purpose of Loan: An assured and continuing supply of domestically-mined coal is essential to Korean power and industrial development. This project loan will finance the fuller exploitation of the major coal deposits in the Changsong mining area, where, in recent years, some 25% of Korea's coal has been produced. The project involves the sinking of shafts below the haulage and drainage level and the construction of related facilities required for depth mining operations. It will be the first time that the shaft-sinking method has been employed in Korea. This step is now necessary at Changsong in order to exploit some 19 million tons of mineable coal which is not accessible, using the conventional slope mining method.

Physical Status: A.I.D.-financed engineering contractors are at work at the project site. More than 90% of the equipment specifications have been drawn up and the major portion of the procurement is now out for bid. Some contracts have been awarded. Excavation and tunneling work is advancing satisfactorily.

Financial Status: Disbursements to date have been small, but will increase rapidly in the first half of 1965 as additional equipment orders are placed and filled. A special feature of the loan agreement permits other than American equipment to be procured for the Changsong

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Kunsan Thermal Power Plant, 489-H-019	
<b>Date Authorized:</b> June 27, 1963 <b>Date Signed:</b> March 9, 1964	
Loan Status as of 12/31/64	Loan Terms
	Duration . . . . . 20 Yrs.
Authorized . . . . . \$12,800	Two-Step . . . . . 40 Yrs.
	Grace Period . . . . . 2 Yrs.
Disbursed . . . . . -	Two-Step . . . . . 10 Yrs.
	Interest Rate . . . . . 5 3/4%
Repayments . . . . . -	Two-Step . . . . . 3/4%
	Currency of Repayment . . . . . Won
Interest Collected . . . . . -	Two-Step . . . . . U.S.\$

In connection with this project, the Korean Government has agreed to establish sound accounting and rate-setting techniques for the power industry.

The loan application was supported by a detailed feasibility study prepared by a U.S. consulting engineer firm. Host Country Contribution, Procurement Source: The local currency equivalent of \$2,173,000 is to be loaned to KECCO for this project by the Korean Reconstruction Bank. An additional local currency equivalent of \$507,000 will be provided by KECCO for the project. Equipment materials and services to be financed under the loan shall be from the United States.

Purpose of Loan: To assist in financing the foreign exchange costs of the equipment, materials and services for the construction and placing in operation of a 66 MW thermal power plant in Kunsan, Korea. The power to be produced by this plant, part of an overall power development plan, will be furnished to existing industry in Southwestern Korea. The Korean development plan calls for the establishment of several additional industrial plants in the Kunsan area, among them a straw pulp plant, a cigarette plant, and a minerals concentrate plant and the development of new coal mines. The proposed power plant will furnish the necessary power for these and other private sector uses.

Physical Status: Signing of the loan agreement and completion of initial legal formalities took longer than anticipated. Delays were involved in the negotiation of self-help provisions in the agreement and in the subsequent implementation of these measures. Among the issues discussed between the Korean Government and A.I.D. were the assumption of additional debt by the power company and the maintenance of adequate power rates in the face of rising costs of production. A.I.D.'s conditions were met by October 1964 and preliminary engineering work is now underway by the American contractor.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Taegu City Municipal Water Works, 489-H-021		<b>Host Country Contribution:</b> Local currency costs equivalent to approximately \$1.3 million for construction and installation of equipment will be made available from the city, the National Government and the Korean Reconstruction Bank.
<b>Date Authorized:</b> May 5, 1964	<b>Date Signed:</b> November 27, 1964	
Loan Status as of 12/31/64	Loan Terms	
	Duration . . . . . 15 Yrs.	
<b>Authorized</b> . . . . . \$2,400	Two-Step . . . . . 40 Yrs.	
	Grace Period . . . . . 3 Yrs.	
<b>Disbursed</b> . . . . . -	Two-Step . . . . . 10 Yrs.	
	Interest Rate . . . . . 5 3/4%	
<b>Repayments</b> . . . . . -	Two-Step - 3/4%-10 Yrs; 2%-30 Yrs.	
	Currency of Repayment . . Won	
<b>Interest Collected</b> . . . . . -	Two-Step . . . . . U.S.\$	

**Purpose of Loan:** The loan is to finance the foreign exchange costs of equipment and services required to establish a new water purification plant and related water intake and transmission facilities at Taegu, Korea's third largest city and a major industrial center. The availability of untreated water at existing plants is extremely limited and the construction of such a new facility at the Nak Tong River is necessary. The nominal capacity of the proposed facility will be 80,000 metric tons per day, or approximately double the present capacity.

**Physical Status:** Procurement of equipment will await completion by the City of Taegu of certain reorganization measures which are stipulations of the A.I.D. loan agreement and are aimed at improving waterworks management. A firm of consulting engineers has been selected, however, and it is anticipated that work will get underway in the spring of 1965.

**Financial Status:** There have been no disbursements under the loan.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Diesel Locomotives (No. 2), 489-H-022	
<b>Date Authorized:</b> March 5, 1964 <b>Date Signed:</b> Unsigned	
<b>Loan Status as of 12/31/64</b>	
<b>Amount</b>	
Authorized .....	\$11,000
Disbursed .....	-
Repayments .....	-
Interest Collected .....	-
<b>Loan Terms</b>	
Duration .....	20 Yrs.
Two-Step .....	40 Yrs.
Grace Period .....	2 Yrs.
Two-step .....	10 Yrs.
Interest Rate .....	5 3/4%
Two-step 3/4-10Yrs; 2%-30 Yrs.	
Currency of Repayment ..	Won
Two-step .....	U.S. \$

a "separate entity" of the Government, with organization, legal status and powers enabling it to manage its affairs in an efficient and business-like manner. While a similar provision had been contained in A.I.D. and International Development Association loan agreements with the Railroad signed in 1962, the action taken by the Government was not regarded by A.I.D. as full compliance. The negotiations have identified the points of disagreement and organizational changes are now being carried out. Financial management of the Railroad will be considerably enhanced.

**Purpose of Loan:** The purpose of this loan is to finance the procurement of 65 diesel electric locomotives, necessary spare parts and consulting services. The provision of these locomotives will bring the number of such locomotives owned by the Korean National Railroad to 190, thereby completing dieselization of the road. It was estimated in the feasibility study carried out by an American firm in late 1962, that the addition of the 65 locomotives would result in annual savings of \$4,700,000 in fuel and lubricating oils alone.

**Physical Status:** Project start-up has been delayed by protracted negotiations as to the terms of A.I.D.'s loan agreement. Upon the signing of the agreement expected during January 1965, the Railroad will submit for A.I.D. approval the name of an American consulting firm to prepare specifications for the locomotives' procurement.

**Host Country Contribution, Procurement Source:** Procurement under the loan is limited to U.S. source. The Railroad will absorb costs of port handling and placing the locomotives in service.

**Comments on Implementation:** Loan agreement negotiation, as indicated above, has retarded implementation of the project. The principal issue during the negotiations was A.I.D.'s stipulation that the Railroad be established as

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Electric Power, Transmission and Distribution, 489-H-023		<b>Host Country Contribution:</b> The costs of installing the A.I.D.-financed equipment will be borne by the Company who will expend approximately \$1,900,000.
<b>Date Authorized:</b> June 9, 1964	<b>Date Signed:</b> December 1, 1964	
Loan Status as of 12/31/64		Loan Terms
	<b>Amount</b>	
Authorized .....	\$7,750	Duration .....
Disbursed .....	-	Two-Step .....
Repayments .....	-	Grace Period .....
Interest Collected .....	-	Two-Step .....
		Interest Rate .....
		Two-Step 3/4%-10 Yrs; 2%-30 Yrs.
		Currency of Repayment ..
		Two-Step ..
		U.S.\$

**Purpose of Loan:** The project is intended to improve the quality of electric power service in Korea by providing equipment and services necessary to install, improve and expand transmission and distribution facilities of the Korea Electric Company. While equipment will be installed in four main areas of the KECCO system, the principal area of construction will be the heavily populated and industrialized Seoul-Inchon area. Rapidly increasing demand for power and the provision 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:** Implementation has not begun, awaiting completion of legal formalities by the Korean Government and the selection of an American engineering contractor. It is expected that these actions will be accomplished in the spring of 1965 and that procurement of equipment will get underway shortly.

**Financial Status:** To date, there have been no disbursements.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: **KOREA** Borrower: **REPUBLIC OF KOREA** Funds: **DEVELOPMENT LOANS**

Title and Number of Loan: <b>Telecommunications Project (No. 2)</b> <b>489-H-024</b>	
Date Authorized: <b>June 29, 1964</b>	Date Signed: <b>December 8, 1964</b>
Loan Status as of 12-31-64	Loan Terms
	Duration . . . . . 20 Yrs.
Authorized . . . . . <b>\$8,400</b>	Two-Step . . . . . 40 Yrs.
Disbursed . . . . . -	Grace Period . . . . . 2 Yrs.
Repayments . . . . . -	Two-Step . . . . . 10 Yrs.
Interest Collected . . . . . -	Interest Rate . . . . . 5 3/4%
	Two-Step 3/4%-10; 2%-30 Yrs.
	Currency of Repayment . . . Won
	Two-Step . . . . . U.S.\$

Financial Status: Disbursements have not begun, but it is expected that procurement will get underway soon, with heavy disbursements expected to start during the summer months. Host Country Contribution: 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.

Purpose of Loan: The purpose of the loan is to expand and improve Korea's toll network telephone system by providing microwave equipment and interconnecting facilities; to establish radio relay facilities; and to expand 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: While commencement of procurement awaits completion of specifications for the microwave equipment, a preliminary draft has been drawn up by the Ministry of Communications in cooperation with U.S. and ROK Army units in Korea. Procurement of the MOC's microwave equipment will be carried out by the U.S. Army Materiel Command in conjunction with the procurement of similar equipment for the ROK Army under the U.S. Military Assistance Program. This joint procurement procedure is expected to realize substantial savings in overall cost to the U.S. Government.

PREVIOUS PAGE BLANK

CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: LAOS

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	-
Tech. Coop./D.G. . . . .	8,275	10,400	8,000
Supporting Assistance . . . . .	24,083	35,300	37,000
Contingency Fund . . . . .	8,850	XXX	XXX
<b>Total . . . . .</b>	<b>41,208</b>	<b>45,700</b>	<b>45,000</b>

Nature and Scope of the A.I.D. Program

The objective of the A.I.D. program in Laos is to promote popular support for the present government in opposition to the Pathet Lao by maintaining economic stability, raising rural standards of living and otherwise furthering development. As almost 90% of the population of Laos is rural, the primary concern of the project program is rural development. The rural development effort encompasses a large part of the education, public works, health and transportation projects as well as the agriculture and development of rural economy projects. Providing relief for refugees and other victims of insecurity, largely in rural areas, also continues to be a major task. Over 50,000 refugees have been helped to resettle and resume their former self-supporting status. Due to continued hostilities, however, new refugees have been added to the rolls almost as fast as the old could be resettled. Import financing and other foreign exchange assistance is necessary to prevent runaway inflation and the consequent political instability which would otherwise result from large defense expenditures by the Lao Government.

Achievements

Rural development efforts have been concentrated in twelve selected clusters of villages in strategic areas. The objective of the program is to develop combined services to meet priority needs in education, health, agriculture, public works, and transportation in existing village groups or clusters.

Nearly 3,000 facilities such as bridges, wells, schools, dispensaries, village access roads, markets and air strips have been constructed since FY 1959 under the rural self-help program with villagers contributing 50% or more of the cost in labor, land and local materials.

The A.I.D. program has also helped to establish Teacher Training Centers with a current enrollment of over 1,300 students. These centers are preparing the students for teaching in rural schools by emphasizing training in agriculture and community development techniques.

The health program also goes beyond the village clusters in that it not only helps to build dispensaries, supply them with drugs and train Lao medical technicians to man them, but supports Operation Brotherhood (Filipino-staffed) hospitals in six Lao towns and provides field hospitals near the fighting fronts.

Similarly, while road building efforts are concentrated on constructing and improving feeder roads in the village clusters, maintenance and repair of the basic Lao road network continues and construction is being completed on a vital 100 km. link in the main north-south route along the Mekong River. These roads will also make it possible to develop better distribution within Laos of agricultural products from areas where there is a modest abundance to those in which shortages exist.

A.I.D. is attempting to increase agricultural self-sufficiency in non-Pathet Lao-controlled areas. With A.I.D. help, the Lao Extension Service has been introducing a vegetable production program and the Lao Agriculture Service has initiated a program to produce improved rice seed.

Another important aspect of the program is to provide relief supplies, medical care, education and other facilities for resettlement of the refugees from Communist-held areas of Laos, particularly the hilltribe people of the North.

The major achievement of the A.I.D. non-project assistance has been its contribution to the relatively stable economic conditions that have been obtained in recent months. The accelerating inflation which existed during most of 1963 has been arrested as a result of a stabilization program which went into effect in January 1964. Under the terms of the Stabilization Agreement the Lao Government agreed to limit budgetary expenditures and commercial credit and to adopt measures to increase central government revenues. This program has thus far been successful. The Lao Government has adhered to the terms of the agreement; and economic assistance from the United States, the United Kingdom and Australia, part of which has been channeled through the multinational Foreign Exchange Operations Fund (FEOF) established following recommendations by the International Monetary Fund, has provided foreign exchange needed to dampen inflationary pressures.

CONFIDENTIAL

CONFIDENTIAL

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

Country: LAOS

The U.S., France, the U.K., and Australia contributed to FEOF in 1964 and along with Japan have agreed to contribute in 1965.

FY 1966 Program

Of the \$18 million requested for FY 1966 Supporting Assistance projects, \$12.6 million is required to finance commodities, contract services and U.S. technicians for the following security related activities: placing orders for and arranging for delivery of military materials financed by the Military Assistance Program (MAP) through a civilian staff in the A.I.D. Mission; provision of subsistence consumables to feed the Lao Government armed forces; provision of relief supplies to some 150,000 refugees, most of whom continue to defend themselves actively against the Communists; and air support for transporting relief, military and other essential supplies to isolated areas.

The remaining \$5.4 million for Supporting Assistance and \$8 million for Technical Cooperation projects will finance activities largely associated with the rural development and relief programs described above.

Based on recommendations expected from surveys now underway, A.I.D. will also assist during FY 1966 in the establishment of Lao small businesses, especially for commercial processing of agricultural products, and will support training activities to develop skilled Lao manpower.

U.S. non-project assistance provides general economic support through foreign exchange financing of imports and foreign services. In FY 1966 A.I.D. will continue the direct financing of non-luxury commercial imports \$11 million estimated and reimbursement to the Lao Government for essential foreign exchange expenditures abroad \$3 million estimated for such purposes as higher education, medical treatment and official expenses of the Lao Government in Free World nations. Approximately half of the A.I.D.-financed imported commodities are procured in the United States, with all of the balance procured in the less developed countries. Sales of foreign exchange through FEOF will continue to supplement the U.S., British, and Australian import programs in maintaining economic stability. It is anticipated that a U.S. contribution of \$5 million will be required in FY 1966.

CONFIDENTIAL

**CONFIDENTIAL**

**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: LAOS

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	3,647	2,493	1,154	-	4,819	3,379	1,440	6,724	4,084	2,640
Participants . . . . .	115	109	6	-	306	290	16	494	479	15
Commodities . . . . .	9,347	3,617	3,243	2,487	9,678	4,287	5,391	8,350	1,407	6,943
Other Costs . . . . .	11,291	2,056	2,872	6,363	13,897	2,444	11,453	10,432	2,030	8,402
<b>Total Project Assistance . . . . .</b>	<b>24,400</b>	<b>8,275</b>	<b>7,275</b>	<b>8,850</b>	<b>28,700</b>	<b>10,400</b>	<b>18,300</b>	<b>26,000</b>	<b>8,000</b>	<b>18,000</b>
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	12,985	6,303	4,195	2,487	14,931	7,742	7,189	13,905	4,943	8,962
Other Agency . . . . .	445	445	-	-	840	840	-	834	834	-
Contract . . . . .	10,970	1,527	3,080	6,363	12,929	1,818	11,111	11,261	2,223	9,038
<b>Non-Project Assistance . . . . .</b>	<b>16,808</b>	<b>-</b>	<b>16,808</b>	<b>-</b>	<b>17,000</b>	<b>-</b>	<b>17,000</b>	<b>19,000</b>	<b>-</b>	<b>19,000</b>
<b>Total Other than Development Loan . . . . .</b>	<b>41,208</b>	<b>8,275</b>	<b>24,083</b>	<b>8,850</b>	<b>45,700</b>	<b>10,400</b>	<b>35,300</b>	<b>45,000</b>	<b>8,000</b>	<b>37,000</b>
<b>Total Assistance . . . . .</b>	<b>41,208</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>45,700</b>	<b>XXX</b>	<b>XXX</b>	<b>45,000</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	161	185	188
Participating agency . . . . .	25	36	36
Contractor technicians . . . . .	68	108	118
<b>Total . . . . .</b>	<b>254</b>	<b>329</b>	<b>342</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	158	221	229
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	<b>158</b>	<b>221</b>	<b>229</b>

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: LAOS

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Agriculture Development, 439-11-190-065			
<b>Prior Reference:</b> Page 91, FY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> *			
<b>U.S. DOLLAR COSTS</b>			
Through 6/30/64	Obligations 2,110	Expenditures 1,897	Unliquidated 213
Estimated FY 65	864	666	xxxxxxxxxxxx
Estimated through 6/30/65	2,974	2,563	411
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
957	*	*	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians . . . . .	357	393	
Participants . . . . .	76	89	
Commodities . . . . .	390	414	
Other Costs . . . . .	41	61	
Total Obligations . . . . .	864	957	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .	864	957	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	862	352

extension; (b) irrigation; (c) crop and soils development; and (d) livestock production.

**Project Progress:** Many of the improvements, introduced under this project from FY 1956-1960 deteriorated during subsequent hostilities. Since FY 1963, five Lao crop and soil testing centers and three livestock breeding stations have been restored and improved with U.S. assistance.

The USAID Water Resources Program in Laos has built, and aided self-help construction of, canal systems and diversion dams that have brought a total of 28,000 acres under irrigation since FY 1958. We have provided technical guidance and both in-service and participant training for the staffs of the Lao Agricultural Services. For example, 92 livestock vaccinators of the Lao Veterinary Service have completed in-service training and all 68 employees of the Lao Extension Bureau were trained in general extension procedures, vegetable and rice production techniques and home economics. 20 Lao Irrigation employees are being trained in survey, design and construction techniques. The vegetable production and rice seed multiplication programs begun in FY 1964 are being successfully carried out. Dependence on imported vegetables has been reduced from about 90% to only about 50% in the Vientiane area. Lao farmers have harvested about 300 tons of rice seed from eight tons of improved varieties supplied by USAID. The seed will be distributed to Lao farmers giving priority to cluster areas and reserving a portion for further seed production.

**FY 1966 Program:** U.S. assistance in vegetable production, rice seed multiplication and support and training for the Lao Agricultural Services will continue in FY 1966. An additional 13,000 acres will be brought under irrigation in FY 1966. Increased emphasis will be placed in the cluster areas on the production of feed crops through demonstrations and actual planting of stream beds during the dry season. Plant cookers will be installed at demonstration sites, and farmers will be encouraged to utilize locally available plant material to produce nutritious livestock food.

**Project Objective and Description:** To raise the standard of living of the rural population, to reduce the need for imports of food, and to increase the capacity of the Royal Lao Government to carry on its own agricultural development activities. U.S. assistance under the project will be provided in: (a) agricultural

\* Reviewed annually.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION  
SUPPORTING ASSISTANCE

<b>Project Title and Number:</b> Development Lao National Road System, 439-12-310-010			
<b>Prior Reference:</b> Page 92, FY 1965 CP			
<b>Initial Obligation FY:</b> 1956 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6 30 64 **	Obligations 10,768	Expenditures 9,070	Unliquidated 1,698
Estimated FY 65	2,584	2,085	xxxxxxxxxxxx
Estimated through 6.30.65	13,352	11,155	2,197
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,705	*	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	560	420	
Participants .....	34	40	
Commodities .....	1,443	1,034	
Other Costs .....	547	211	
<b>Total Obligations .....</b>	<b>2,584</b>	<b>1,705</b>	
Obligations By			
<b>Method of Financing</b>			
Direct AID Costs .....	1,528	1,122	
Other Agency .....	560	420	
Contract .....	496	163	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,546	870

**Project Objective and Description:** To build feeder roads and maintain a basic Lao road network thereby: (a) affording the Lao Government better access to rural areas, in order to promote the allegiance of the rural population to the Government, and for military purposes; and (b) giving Lao farmers better outlets for farm products. The project also develops the capacity of

the Royal Lao Government in road construction and maintenance.

The U.S. Bureau of Public Roads (BPR) provides the entire staff of the A.I.D. Mission's transportation division and supervises project activities.

**Project Progress:** Specific major accomplishments are as follows: The Thadeua Ferry completed in FY 1959 and the 19 km. Vientiane-Thadeua road constructed in FY 1963 continue in use as the major supply route between Laos and the rest of the Free World. A National Equipment Repair Park, improved annually under a BPR staff since FY 1960, now has the capacity to repair and maintain all road construction equipment, and serves as a training center for Lao mechanics.

During FY's 1963 and 1964, USAID completed 666 km. of new construction and general road improvement, and built or improved 126 bridges and culverts. Emphasis has, since the first half of FY 1964, been placed on road and bridge construction in the village clusters, selected for intensive rural development. Cluster roads completed total 166 km. with 6 additional roads under construction in village clusters. Fifteen bridges have been completed in these same areas. **FY 1966 Program:** The major emphasis under this project will continue to be placed on building access and feeder roads to and within village clusters. The commodity support herein is no longer limited to the technical assistance goals of this project. Therefore, in FY 1966, Supporting Assistance funds are proposed to finance the commodity component of this project, including new equipment to replace uneconomical equipment now in use and to allow additional items to be placed on high priority sub-projects. The remaining components of the project continue to be funded under Technical Cooperation funds in line with the function of the BPR technicians to develop and train an efficient Lao public works organization. In FY 1966, twenty-five Lao participants will be sent to Thailand for 6 months' training in automotive mechanics at Bangkok Technical Institute, and 6 Lao engineers are to take a full four-year course in Highway Engineering.

- \* Reviewed annually.
- \*\* Excludes Nam Cadinh-Nam Hin Boun Road, which is reported separately.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

**Project Title and Number:** Nam Cadinh-Nam Hin Boun Road,  
439-12-310-059  
**Prior Reference:** Page 93, FY 1965 CP  
**Initial Obligation FY:** 1960 **Scheduled Final Obligation FY:** 1960

**Project Progress:** Funds for the road were obligated in FY 1960 and invitations to bid on the construction were issued the same year. However, after the coup d'etat of August 1960, it was necessary to postpone the bidding several times. After the issuance of bid invitations in February 1963 under U.S. Bureau of Public Roads' supervision, the contract was awarded to an American contractor, Grove-Jones, in April 1963.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	8,450	3,847	4,603
Estimated FY 65	-	4,153	xxxxxxxxxxxx
Estimated through 6/30/65	8,450	8,000	450
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	8,450	

By November 1964 the highway project was approximately 59% complete. The French have built the major bridges required for this road and eight smaller bridges. They have also agreed to complete by October 1965 the remaining bridges at an estimated cost of \$600,000.

A.I.D.-financed construction was originally scheduled to be completed by mid-January 1965. However, in November 1964, the presence of a Pathet Lao patrol near one of the contractor's construction camps required the closing of the camp until a security sweep could be made by the Lao Army. Although some time was thus lost, the contractor still hopes to complete the project in April 1965 before the advent of the rainy season.

**FY 1966 Program:** A.I.D.-financed construction should be completed in FY 1965. If this proves to be impossible because of the rainy season, some final construction work may remain to be done after the start of the next dry season in November 1965. In any event, since the project was fully funded in FY 1960, no new funds will be required.

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....		
Participants .....		
Commodities .....		
Other Costs .....		
Total Obligations .....		

Obligations By Method of Financing	
Direct AID Costs .....	
Other Agency .....	
Contract .....	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	162	-

**Project Objective and Description:** To construct an economically important 100 kilometer segment of the all-weather road linking the capital, Vientiane, to southern Laos. This is the only remaining gap in the road connecting most of the country's significant cities. Until this section is completed Laos must depend largely on costly U.S.-funded air transport.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION  
SUPPORTING ASSISTANCE

Project Title and Number: Public Health Development, 439-11-590-066			
Prior Reference: Page 94, FY 1965 CP			
Initial Obligation FY: 1957 Scheduled Final Obligation FY: *			
<b>U.S. DOLLAR COSTS</b>			
Through 6/30/64	Obligations 4,654	Expenditures 3,516	Unliquidated 1,138
Estimated FY 65	1,976	1,537	xxxxxxxxxxxx
Estimated through 6/30/65	6,630	5,053	1,577
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,191	*	*	
<b>Obligations</b>			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	182	182	
Participants .....	29	39	
Commodities .....	1,068	1,272	
Other Costs .....	697	698	
Total Obligations .....	1,976	2,191	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	1,326	1,541	
Other Agency .....	-	-	
Contract .....	650	650	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	1,734	726

constructed under the Rural Development Project. In addition, under contract with A.I.D., Operation Brotherhood, a Filipino non-profit organization, supplies over 120 Filipino doctors, nurses and technicians for this project. Operation Brotherhood (OB) operates 6 installations ranging in size from a 100-bed hospital in Vientiane to a 15-bed hospital in Keng Kok (one of the village clusters selected for intensive rural development).

**Project Progress:** During FY 1964, OB hospitals treated 92,837 patients. 18 OB village clinics were established, treating 21,007 cases and delivering 252 babies. Three OB farms produced food for hospital patients and OB ran nursery classes for 192 children in addition to home improvement classes and assisting rural youth clubs and boy scout units.

Apart from the OB facilities in the relatively secure Mekong Valley, the USAID also supports health facilities, caring for 280,000 people near combat areas. These facilities are operated by 209 locally-trained Lao medics, many of whom were trained by OB. During one month, August 1964, 759 patients were hospitalized and 90,905 out-patient visits were made at these rural health centers.

The Village Health program has improved RIG relations with the villagers and in many hill tribe areas has given a crucial psychological boost to those who are resisting PL/VM military encroachments. **FY 1966 Program:** Since the commodity support on this project is no longer limited to the project's technical assistance goals, Supporting Assistance funds are proposed in FY 1966 for the commodity component. In other respects, the project will involve almost the same costs and activities as in this fiscal year.

\* Reviewed annually.

**Project Objective and Description:** To increase support for the Royal Lao Government by extending health services in areas under non-communist control. The U.S. provides technical assistance and commodity support to the Royal Lao Government in order to ensure proper stock-stopping, staffing and supplies for more than 100 village dispensaries and rural health centers

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Education Development, 439-11-690-064			
Prior Reference: Page 95, FY 1965 CP			
Initial Obligation FY: 1956      Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 4,037	Expenditures 2,595	Unliquidated 1,442
Estimated FY 65	1,154	955	xxxxxxxxxxxx
Estimated through 6/30/65	5,191	3,550	1,641
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,729	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	374	1,069	
Participants .....	151	311	
Commodities .....	464	257	
Other Costs .....	165	92	
Total Obligations .....	1,154	1,729	
Obligations By			
Method of Financing			
Direct AID Costs .....	888	691	
Other Agency .....	-	-	
Contract .....	266	1,038	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,457	1,312

U.S. assistance under the project will be in teacher training, elementary education in the village, administration and education materials production.

**Project Progress:** The National Education Center (NEC) in Vientiane, which opened in 1960, and three regional teacher training centers which opened in 1963 and 1964, were constructed with U.S. dollar assistance and counterpart. They currently have a combined enrollment of over 1,300 teacher trainees. Support of this activity makes it possible to exert U.S. influence at the most basic level.

Teacher training curricula have been changed to include practical skills such as agriculture, animal husbandry, carpentry and health. Faculty and advisors for these courses are supplied under a contract with International Voluntary Services. Training manuals and improved teaching materials have been produced for the Lao by well qualified Thai educators also under a U.S.-financed contract.

During FY 1964 220 Lao teachers attended weekend and summer session in-service training courses. Twenty-three rural craft schools have been established and staffed since 1963.

**FY 1966 Program:** A.I.D. assistance will continue to expand Lao training facilities to permit enrollment of 1,750 teacher trainees by the end of FY 1966. Close U.S.-Lao coordination is being effected to assure adequate supplying and staffing of schools in the village clusters selected for intensive rural development. The IVS contract is being expanded to provide 37 volunteers including 15 English language teachers who will be assigned to Lao secondary schools throughout the country. Based on an educational survey being undertaken to reassess overall needs and priorities, it is planned in FY 1966 to contract with an American University to furnish Lao teacher and vocational training schools with advisory and instructional services. The exact scope and nature of this contract will depend on the recommendations of the forthcoming educational survey and agreements reached with the Lao Government.

**Project Objective and Description:** To increase popular support for the Royal Lao Government by providing elementary and secondary school teachers, improving education facilities, assisting in the development of provincial and village responsibility for schools, and increasing the capability of the Royal Lao Government to carry on its own educational development activities.

\* Reviewed annually.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **LAOS**

Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**

Funds: **TECHNICAL COOPERATION**

<b>Project Title and Number:</b> Customs Development, 439-11-740-067			
<b>Prior Reference:</b> Page 96, FY 1965 CP			
<b>Initial Obligation FY:</b> 1964 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 136	Expenditures 69	Unliquidated 67
Estimated FY 65	142	168	xxxxxxxxxxxx
Estimated through 6/30/65	278	237	41
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
109	*	*	
Obligations-			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	114	104	
Participants .....	-	-	
Commodities .....	23	-	
Other Costs .....	5	5	
<b>Total Obligations .....</b>	<b>142</b>	<b>109</b>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	142	5	
Other Agency .....	-	104	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	16	4

U.S.-financed goods imported into Laos are inspected by USAID Customs Advisors to insure that the goods conform to the importer's certification in connection with his application for A.I.D. financing.

The Lao Customs Service is being developed through A.I.D.-furnished technical advice and training and related commodities. **Project Progress:** As a result of inspections by U.S. Customs Advisors, irregular transactions involving U.S.-financed goods have been minimized. A project agreement was signed with the RIG in July 1964 for a more effective Customs Enforcement Program.

The RIG is establishing a 24 hour-a-day departure control system including road barriers, observation towers, jeep patrols and river patrol boats needed for expanded control of road and river traffic between Laos and Thailand, particularly along the Mekong. The necessary commodities needed for the new system are being procured and a training program is being devised for the Lao Customs personnel involved. Preliminary negotiations for a joint Laos-Thai river patrol are underway.

**FY 1966 Program:** USAID inspection of U.S.-financed imports will continue in FY 1966 as will the provision of technical assistance to the Laos Customs Service. The expanded Customs Enforcement Program should be fully in effect in the Vientiane area and the USAID will help the RIG to expand it to the Pakse and Savannakhet areas.

\* Reviewed annually.

**Project Objective and Description:** (a) to inspect U.S.-financed goods imported into Laos to assure that these goods actually enter the country in the stated value and amount; and (b) to help develop, through advice and training, a more effective Lao Customs Service.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: COMMUNITY DEVELOPMENT,  
SOCIAL WELFARE AND HOUSING

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Development of Rural Economy, 439-11-810-062			
Prior Reference: Page 97, FY 1965 CP			
Initial Obligation FY: 1956 Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6/30/64 **	Obligations 8,399	Expenditures 6,136	Unliquidated 2,263
Estimated FY 65	2,145	2,015	xxxxxxxxxxxx
Estimated through 6/30/65	10,544	8,151	2,393
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
3,145	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	634	1,808	
Participants . . . . .	16	15	
Commodities . . . . .	1,153	971	
Other Costs . . . . .	342	351	
Total Obligations . . . . .	2,145	3,145	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	2,034	2,104	
Other Agency . . . . .	-	-	
Contract . . . . .	111	1,041	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	631

concentrated in order to demonstrate forcefully to the rural population as a whole the benefits of U.S. and RIG presence. The main types of activity under the project are: (a) rural self-help, in which at least fifty percent of the cost is met by villagers; (b) rural public works for facilities requiring a larger than fifty percent U.S. contribution; (c) well drilling where hand-dug wells are not feasible; and (d) technical assistance and training of Lao officials. Also, activities under the agriculture, education, health, public works, and transportation projects are coordinated under this project to achieve the maximum impact.

Project Progress: The favorable impact of the cluster program is evidenced by the increased participation of villagers in self-help construction and interest expressed by local, provincial and national Lao officials. Lao-speaking International Voluntary Service volunteers and A.I.D. Community Development advisors under this project have developed an excellent rapport with local leaders and villagers.

Development plans, based on IVS field surveys, have been prepared for each of the clusters. Demonstration centers have been established at six clusters for vegetable gardens and fruit trees. Livestock, swine, poultry and compost projects are underway at five clusters, fishpond projects at three clusters and five cluster airstrips have been completed through CY 1964. Fifteen schools are under construction or repair, and 15 special classes are being held in sewing, English and handicrafts.

FY 1966 Program: Four new cluster villages are to be established during FY 1966 for a total of 16. It is planned to phase down assistance to the central villages in each existing cluster, completing projects begun in FY 1964. However, other cluster activities will be extended outward from the center. \$940,000 in FY 1966 funds will forward fund the IVS contract. Seventy-two IVS volunteers are programmed for FY 1966.

Project Objective and Description: To increase support for the Royal Lao Government (RLG) and strengthen determination to resist Communist domination or infiltration among the rural population. This objective is pursued by concentrated development efforts in clusters of villages selected on strategic, development potential, population density and other grounds. Project activities are thus

- \* Reviewed annually.
- \*\* Includes prior year obligations for predecessor Community Development and National Development projects, except for relief and air support elements, which are presented as separate projects.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND HOUSING

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Relief, 439-11-820-063			
Prior Reference: Page 98, FY 1965 CP			
Initial Obligation FY: 1962 Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	5,415	3,761	1,654
Estimated FY 65	1,977	1,768	xxxxxxxxxxxx
Estimated through 6 30/65	7,392	5,529	1,863
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,431	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	104	130	
Participants . . . . .	-	-	
Commodities . . . . .	1,855	1,283	
Other Costs . . . . .	18	18	
Total Obligations . . . . .	1,977	1,431	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	1,977	1,431	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	345	140

**Project Progress:** Over 50,000 refugees who have received U.S. aid since 1960 have been helped to resettle and resume their former self-supporting status. However, due to continued hostilities, new refugees have been added to the rolls almost as fast as the old could be resettled.

The July-August 1964 operations by Lao Government forces in clearing Pathet Lao forces out of the area between the administrative capital of Vientiane and the royal capital of Luang Prabang were immediately followed up by USAID relief activities which have had a favorable effect on the population. Temporary aid is also required for over 500 defectors from the Pathet Lao, who have deserted their communist-led units, since July 1964.

Progressive reduction of relief operations is planned on the following basis during FY 1965 and FY 1966 for the 150,000 refugees cited above: (a) 60,000 hill tribes people will require continued emergency relief; (b) 51,500 temporarily relocated can become self-supporting if security remains good; and (c) 38,500 are candidates for permanent resettlement.

Efforts are also being made to transport relief supplies by barge, mule-trains, or trucks wherever possible to reduce costly air transport requirements.

Nearly \$800,000 in refugee relief assistance was furnished during FY 1964 by France, the U.K., Australia and Thailand.

**FY 1966 Program:** The reduced funding proposed for FY 1966 is based on plans to reduce the number of refugees. With good weather it is expected that 18,500 of the 51,500 refugees located in secure areas can become fully self-supporting by the end of FY 1965. Of the 38,500 resettlement candidates, 12,500 are to be resettled during FY 1965. However, with the onset of the current dry season the Pathet Lao/Viet Minh have mounted attacks on non-communists in the Sam Neua area confirming the above estimate that the 60,000 Meo and other Lao in the northern mountain areas will continue to be dependent on USAID emergency relief assistance.

\* Reviewed annually.

**Project Objective and Description:** To furnish the necessities of life to some 150,000 refugees and others who have been prevented from sustaining themselves by recent hostilities. Some of the most effective opposition to the pro-communist Pathet Lao is among those groups receiving U.S. relief assistance.

CONFIDENTIAL

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

<b>Project Title and Number:</b> Military Technical Support - Requirements Office, 439-11-990-068			
<b>Prior Reference:</b> Page 99, FY 1965 CP			
<b>Initial Obligation FY:</b> 1964 <b>Scheduled Final Obligation FY:</b> *			
<b>U.S. DOLLAR COSTS</b>			
	<b>Obligations</b>	<b>Expenditures</b>	<b>Unliquidated</b>
Through 6/30/64	532	490	42
Estimated FY 65	654	630	xxxxxxxxxxxx
Estimated through 6/30/65	1,186	1,120	66
<b>Estimated FY 66 Obligations</b>	<b>Future Year Obligations</b>	<b>Estimated Total Cost to Complete</b>	
649	*	*	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	572	572	
Participants .....	-	-	
Commodities .....	-	-	
Other Costs .....	82	77	
<b>Total Obligations .....</b>	<b>654</b>	<b>649</b>	
<b>Obligations By Method of Financing</b>			
Direct AID Costs .....	654	649	
Other Agency .....	-	-	
Contract .....	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
<b>Obligations of U.S. Owned</b>		<b>Commitments of Country Owned (Counterpart)</b>	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

placing orders for and arranging delivery of military assistance materiel and arranging training of Lao troops outside of Laos. Military materiel has been requested by the Lao Government and may be supplied under the Geneva Accords. This project provides for a special classified section of the A.I.D. Mission, staffed by 22 civilians, which conducts the above described logistic and training operations.  
FY 1966 Program: Barring radical change in the situation in Laos, the project will continue at approximately its present level in FY 1966.

\* To be reviewed annually.

**Project Objective and Description:** Since the 1962 Geneva Accords, establishing the neutrality of Laos, prohibits the stationing of U.S. military personnel in Laos, the A.I.D. Mission is charged with preparing the Military Assistance Program submission for Laos,

CONFIDENTIAL

CONFIDENTIAL

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

<b>Project Title and Number:</b> Air Technical Support, 439-11-990-069			
<b>Prior Reference:</b> Page 100, FY 1965 CP			
<b>Initial Obligation FY:</b> 1962		<b>Scheduled Final Obligation FY:</b> *	
U.S. DOLLAR COSTS			
Through 6/30/64 **	Obligations 18,605	Expenditures 14,430	Unliquidated 4,175
Estimated FY 65	11,141	10,588	xxxxxxxxxxxx
Estimated through 6/30/65	29,746	25,018	4,728
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
8,086	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	130	130	
Participants .....	-	-	
Commodities .....	-	-	
Other Costs .....	11,011	7,956	
Total Obligations .....	11,141	8,086	
Obligations By			
Method of Financing			
Direct AID Costs .....	141	89	
Other Agency .....	-	-	
Contract .....	11,000	7,997	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

Services are provided under contract with two American corporations, Air America, Inc. and William Bird and Sons. **Project Progress:** Costs of this activity are being reduced by gradual substitution of Lao maintenance and flight crews. However, there are only a few Lao who are capable of flight training, particularly in view of the high degree of skill required for airdrops sometimes under ground fire in rugged mountains.

It is largely due to this project that the U.S. A.I.D. program in Laos has succeeded in supplying American technicians and IVS volunteers operating in 21 regular locations throughout government controlled areas of Laos. This project has also made it possible to maintain dispensaries and rural health facilities in many hill tribe areas, providing a crucial psychological boost to those who are resisting Pathet Lao/Viet Minh (PL/VM) encroachments.

During FY 1964, twenty to thirty aircraft at a time (ranging in size from the small, single-engine helicourier, a short take-off and landing plane to large four-engine cargo aircraft, (C-123) flew approximately 3,000 hours a month carrying a monthly average of 5 to 7 million pounds of cargo.

**FY 1966 Program:** Air costs vary from month to month depending on the need to cope with new influxes of refugees and other emergencies. The FY 1966 funding figure is thus only an approximation based on the reduced relief requirements anticipated in FY 1966, and the fact that recent rates of use have come down considerably from the high levels of June-August 1964.

Apart from the two air services contractors mentioned above, 5 Americans and 3 third country nationals are, in cooperation with Lao officials, responsible for the complex daily air operations.

The June 30, 1965 estimated pipeline represents minimal 60-day forward funding required by the contracts and unexpended balances against services performed during the fiscal year for which processing of billings had not been completed by June 30.

**Project Objective and Description:** This project provides necessary air transportation for all U.S.-supported activities in Laos. Due to insecure conditions, the limitations on surface transportation and the emergency nature of many requirements, a large airlift capacity is required to deliver military, relief, and project supplies to and within Laos.

- \* Reviewed annually.
- \*\* Includes air services costs obligated in prior years under separate projects for relief, military and general technical support.

CONFIDENTIAL

CONFIDENTIAL

PROJECT DATA  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Military Technical Support - Consumables, 439-11-990-070  
Prior Reference: Page 101, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: \*

consumables needed by the forces are supplied under this project. The need for this financing will continue until security conditions improve and increased production can be brought about.  
FY 1966 Funding: Funding requirements are based upon the food supply situation from year to year. Thus these requirements are under constant reevaluation in the light of changing conditions.

NOTE: This assistance is provided at the request of the Lao Government.

\* To be reviewed annually.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,588	1,844	1,744
Estimated FY 65	2,383	1,936	xxxxxxxxxxxx
Estimated through 6/30/65	5,971	3,780	2,191
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,383	*	*	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	-	-
Participants . . . . .	-	-
Commodities . . . . .	2,383	2,383
Other Costs . . . . .	-	-
Total Obligations . . . . .	2,383	2,383
Obligations By Method of Financing		
Direct AID Costs . . . . .	2,383	2,383
Other Agency . . . . .	-	-
Contract . . . . .	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

Project Objective and Description: This project provides U.S. financing for necessary food imports, principally rice, for the non-communist forces. Such financing is necessitated by a shortage of domestically produced food resulting from the dislocations of war and bad weather. Some 50% of the subsistence

CONFIDENTIAL

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: LAOS

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> General Technical Support, 439-11-990-000			
<b>Prior Reference:</b> Page 102, FY 1965 CP			
<b>Initial Obligation FY:</b> 1955 <b>Scheduled Final Obligation FY:</b> a/			
<b>U.S. DOLLAR COSTS</b>			
	<b>Obligations</b>	<b>Expenditures</b>	<b>Unliquidated</b>
Through 6/30/64      c/	19,180	16,495	2,685
Estimated FY 65	3,680	4,397	xxxxxxxxxxxx
Estimated through 6/30/65	22,860	20,892	1,968
<b>Estimated FY 66 Obligations</b>	<b>Future Year Obligations</b>	<b>Estimated Total Cost to Complete</b>	
3,615	b/	b/	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	1,792	1,916	
Participants .....	-	-	
Commodities .....	899	736	
Other Costs .....	989	963	
<b>Total Obligations .....</b>	<u>3,680</u>	<u>3,615</u>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	2,994	2,933	
Other Agency .....	280	310	
Contract .....	406	372	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
<b>Obligations of U.S. Owned</b>		<b>Commitments of Country Owned (Counterpart)</b>	
Through 6/30/65	<b>FY 66</b>	Through 6/30/65	<b>FY 66</b>
-	-	2,190	1,489

personnel (housing, utilities, transportation, etc.); (c) local currency costs, including salaries of local staff.  
**FY 1966 Program:** This project will continue to provide dollar and local currency support for program activities as stated above.

- a/ Project will continue annually in support of A.I.D. programs.
- b/ Reviewed annually.
- c/ Excludes amounts obligated under this project in previous years for air and other technical support activities which are now presented as separate projects.

**Project Objective and Description:** To provide for support of activities not chargeable to a particular project or activities relating to more than one project, specifically: (a) salaries and allowances of program technicians; (b) logistic support for all U.S. program

PREVIOUS PAGE BLANK

Philippines

CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: PHILIPPINES

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	0-20,000
Tech. Coop./D.G. . . . .	3,452	3,530	3,000
Supporting Assistance . . . . .	-	-	-
Contingency Fund . . . . .	-	XXX	XXX
<b>Total . . . . .</b>	<b>3,452</b>	<b>3,530</b>	<b>3,000 23,000</b>

Nature and Scope of the A.I.D. Program

The Philippines is in the forefront among Asian nations seeking to achieve progress and security under freedom. It cooperates with the United States in seeking to further Free World objectives.

U.S. Technical Cooperation programs support the efforts of the Philippine Government to develop the industrial base through stimulation of private sector initiative and investment; increase agricultural productivity to provide jobs, raise rural income and meet the needs of an expanding population presently increasing at an annual rate of 3.3 per cent. Substantial support has also been rendered by international institutions and private foundations. A World Bank technical team has been assisting in development planning and stands ready to make capital loans to worthwhile projects; the U.N. is providing help in many areas such as statistical collation, plant research and housing; the Ford and Rockefeller Foundations have been contributing significantly toward making the University of the Philippines into a major regional institution.

Achievements

As a result of A.I.D. activities over the past 13 years, an institutional base has been built in key areas. Illustrative of such activities are the following: the establishment of the Bureau of Agricultural Extension and assistance to the University of the Philippines College of Agriculture. Since 1951 nearly 200-man years of U.S. technician services have been devoted to the development of a professional approach in agriculture and hundreds of agricultural extension officials have received training abroad to upgrade their skills in this field. An agricultural extension service has been organized which covers all of the islands supported by an annual appropriation of approximately \$50 million.

In the field of education, advisory services (including contracts with the University of Michigan, Cornell, Stanford, and Syracuse) participant training and commodity assistance provided at all educational levels have stressed the raising of educational standards, extending education to minority groups and improving the use of English.

In the field of Health and Sanitation some 65 city, provincial and emergency hospitals have been improved and re-equipped. Rural health units have been established; seven medical schools are being assisted and doctors and nurses trained. A nationwide Malaria Eradication program was organized and has resulted in the establishment of 32 eradication units spraying 1.5 million houses annually which protects 7 million people in malarious areas.

Self-help projects, such as road building, bridge repair and training in civic affairs were instituted under the Community Development program. The 28,000 barrios have been helped with over 250,000 of the elected barrio officials receiving training. Additionally over 40,000 community projects such as small irrigation systems, oyster beds, improved poultry and swine breeds, salt ponds, community social centers, water systems and spraying development projects were initiated. In the case of Mindanao, an island-wide network of highways has opened up a vast tract of virgin territory to development of agriculture and lumbering, and made possible the great increase in immigration to Mindanao over the past few years.

In the field of Public Administration assistance has been provided for reorganizing government departments, modernizing budgetary practices, streamlining purchasing procedures and extending statistical data collections.

FY 1966 Proposed Program

The FY 1966 A.I.D. program proposes \$3 million in technical cooperation primarily to aid in the solution of social and managerial problems impeding rural and industrial growth.

Technicians experienced in crime prevention and law enforcement will be provided in response to a request by the Mayor of Manila for help in carrying out the recommendations of a recent A.I.D. study of the Manila Police.

A.I.D. technicians will work through the Land Reform Districts to help raise agricultural productivity and increase the practical use of agricultural credit and cooperatives. Assistance will also be given in aerial photography, essential to proper land redistribution.

CONFIDENTIAL

**CONFIDENTIAL**

**Country:** PHILIPPINES

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

A new private Philippine Foundation for Economic Development will receive assistance through local currency loans. There will also be a contract with a private U.S. firm for the Foundation's program of helping Filipino investors recognize opportunities and assess the factors that go into project preparation, and thus take greater advantage of available foreign and domestic credit sources.

The availability of information collected under A.I.D.-sponsored surveys of water resources and electric power requirements will help in the development of capital projects for potential lenders such as the World Bank, the Export-Import Bank and private U.S. and foreign investors.

A.I.D. itself will consider loans for sound projects which are critically needed for development, but whose prospects for immediate return are such as to deny them immediate financing from other sources. These would include activities such as rural electrification, irrigation and potable water projects connected with implementation of land reform. It is anticipated that as much as \$20 million may be required in FY 1966 for these purposes, particularly if, following the Philippine Presidential election in November, 1965, adequate domestic resources are budgeted in support of development.

**CONFIDENTIAL**

**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: PHILIPPINES

TABLE II

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	0-20,000	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	1,706	1,706			2,048	2,048		1,585	1,585	
Participants . . . . .	467	467			704	704		285	285	
Commodities . . . . .	1,279	1,279			778	778		1,130	1,130	
Other Costs . . . . .	-	-			-	-		-	-	
<b>Total Project Assistance . . . . .</b>	<b>3,452</b>	<b>3,452</b>			<b>3,530</b>	<b>3,530</b>		<b>3,000</b>	<b>3,000</b>	
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.i.D. . . . .	2,626	2,626			2,495	2,495		2,470	2,470	
Other Agency . . . . .	423	423			301	301		180	180	
Contract . . . . .	403	403			734	734		350	350	
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total Other than Development Loan . . . . .</b>	<b>3,452</b>	<b>3,452</b>			<b>3,530</b>	<b>3,530</b>		<b>3,000</b>	<b>3,000</b>	
<b>Total Assistance . . . . .</b>	<b>3,452</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>3,530</b>	<b>XXX</b>	<b>XXX</b>	<b>3,000</b> <b>23,000</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.i.D. employed . . . . .	51	52	47
Participating agency . . . . .	16	14	7
Contractor technicians . . . . .	13	15	15
<b>Total . . . . .</b>	<b>80</b>	<b>81</b>	<b>69</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	102	152	125
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	<b>102</b>	<b>152</b>	<b>125</b>

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **PHILIPPINES**      Activity: **AGRICULTURE AND NATURAL RESOURCES**      Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Agricultural Productivity, 492-11-110-029**  
 Prior Reference: **Page 105, FY 1965 CP**  
 Initial Obligation FY: **1951**      Scheduled Final Obligation FY: **1967**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,375	1,372	3
Estimated FY 65	190	128	xxxxxxxxxxxx
Estimated through 6 30 65	1,565	1,500	65
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
85	58	1,708	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	104	85
Participants	-	-
Commodities	-	-
Other Costs	86	-
Total Obligations	190	85

Obligations By		
Method of Financing		
Direct AID Costs	104	85
Other Agency	-	-
Contract	86	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
385	-	52	43

**Project Objective and Description:** To assist the Philippine Government implement its agrarian reform program. The goal of agrarian reform, as defined in the Agricultural Land Reform Code of August 1962, is increased agricultural productivity and the establishment of

a more equitable and socially acceptable land tenure system through the provision of materials, credit and legal and technical advisory services, and the substitution of farmer land ownership for share tenancy arrangements.

**Project Progress:** Prior to FY 64 the primary concern of the project was development of extension services nationwide. Beginning in FY 64 the project has been reoriented to support of GOP programs in several fields implementing Agrarian Reform Legislation with geographic concentration on areas designated by the GOP as Land Reform Districts. Three such Districts have been declared, in Central Luzon, and additional Districts are in preparation.

A.I.D. technicians are working with the National Land Reform Council - the Philippine Government organization having overall responsibility for the program - and with integrated teams from Government agencies operating under the Land Reform Code in areas such as agricultural extension, legal aspects of land ownership and transfer, farm credit, irrigation, agronomy, plant protection, etc.

Prior U.S. assistance was instrumental in establishing the GOP's extension services which provide the institutional framework for development of agriculture. Of 153 participants trained by the U.S., 140 are now working for the responsible agency in this field, the Commission on Agricultural Productivity (CAP). Most of CAP's top officials, including all of the department chiefs and five of the eight Regional Directors, received training under that project. During FY 1964, the CAP gave on-the-job training, including "land reform" training, to 1,500 new personnel. CAP personnel have been assigned a key role in implementing the land reform effort.

For CAP's activities in FY 1964 and FY 1965, the Philippine Government has appropriated a total of 20,624,991 pesos - approximately \$5.3 million equivalent - for each year.

**FY 1966 Program:** Three U.S. advisors - agricultural extension, irrigation and photogrammetry - will work directly with the reform district project teams. Two U.S. contract specialists in cooperatives and cooperative marketing and supply, funded in FY 1965, will work with cooperatives established in the new Land Reform Districts.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Farm Management, 492-11-140-166

Prior Reference: None

Initial Obligation FY: 1965 Scheduled Final Obligation FY: 1968

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	-	-	-
Estimated FY 65	145	70	XXXXXXXXXXXX
Estimated through 6/30/65	145	70	75
Estimated FY 66 Obligations	15	Future Year Obligations	Estimated Total Cost to Complete
	150		310

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	125	-
Participants .....	12	12
Commodities .....	8	3
Other Costs .....	-	-
Total Obligations .....	145	15

Obligations By Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs .....	20	15
Other Agency .....	-	-
Contract .....	125	-

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	19	22

**Project Objective and Description:** This activity is directed toward increasing agricultural productivity through assistance in solving two major agricultural problems: the lack of farm management knowledge and the lack of skill in the use of farm credit.

A.I.D.'s agriculture assistance activities in the past have centered on research and have emphasized

improved production practices and the mechanical skills rather than the management decision-making skills needed to attack these basic problems. Under this four-year project, A.I.D. will help the University of the Philippines College of Agriculture establish: (a) a long-range multiphased program to train individuals who can bridge the gap between the farmer and the lending institution; and (b) short-term training courses to start to fill the immediate farm management need.

500 to 700 farm managers and farm management extension advisors will be trained. A preliminary training course for 250 farm management credit supervisors will be provided. A cadre of instructors will be developed to carry on the training program following termination of A.I.D. assistance. Trainees will come mainly from agencies serving the Agrarian Reform Program, e.g., the Agricultural Credit Administration (ACA).

**Project Progress:** Training will have three distinct phases, with satisfactory completion of each phase a prerequisite for participation in the next, as follows: (a) farm management training (farm planning, budgeting, appraisal, etc.) of approximately nine months, intended primarily for extension workers; (b) intensive credit supervision training (loan policy, applications, etc.) of approximately three months; and (c) six-month on-the-job probationary training, with the trainees employed by the lending institutions. The emphasis in this final phase is on the trainees ability to perform under actual operating conditions.

The College of Agriculture will provide the necessary physical facilities as well as the nucleus of the training cadre. The National Economic Council will contribute other local cost requirements. ACA and other sponsoring agencies will continue to pay trainees salaries and provide living expenses. It is anticipated that training will commence early in FY 1966.

**FY 1966 Program:** The three contract technicians who will supervise training -- Farm Management, Land Use Training, and Agricultural Prices and Marketing -- are funded through FY 1966. Two participants will be trained in the U.S. in land use management and farm financing.

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Rural Industrial Development  
492-11-950-191  
**Prior Reference:** None  
**Initial Obligation FY:** 1965 **Scheduled Final Obligation FY:** 1971

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	-	-	-
Estimated FY 65	300	20	xxxxxxxxxxxx
Estimated through 6/30/65	300	20	280
Estimated FY 66 Obligations		Future Year Obligations	Estimated Total Cost to Complete
-	600		900

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	300	
Participants .....	-	
Commodities .....	-	
Other Costs .....	-	
Total Obligations .....	300	

Obligations By Method of Financing		
Direct AID Costs .....	-	
Other Agency .....	-	
Contract .....	300	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	25	25

**Project Objective and Description:** This activity is part of a larger program of rural development and has as its focus a "grass-roots" approach to stimulate local interest in developing new small and medium local industries. Latent local technical know-how and capital resources will be mobilized by offering the local business community direct participation and experience in various aspects of entrepreneurship, such as

capital formation, corporate structure, marketing, etc.

A.I.D. assistance in the past to Philippine industrial development has been on a national or regional basis, largely with governmental or quasi-governmental agencies, e.g., the Industrial Development Corporation (now the Economic Development Foundation) which offered financial, statistical and general management advisory services to private industry, and through P.L. 480 generated local currency loans to private industry.

This project is being undertaken through a university to university technical assistance program. Faculty and graduate students in various disciplines (including engineering and business) from U.S. and Philippine universities will work as teams with members of the local business community to identify, evaluate, promote, build and operate new industrial projects. (This type of aided self-help approach has been used successfully on a trial basis by a University of California team in Northeast Brazil. The joint teams worked directly with local businessmen, with a minimum of government intervention or participation).

**Project Progress:** In FY 1965, a contract was signed with the University of Illinois for three of its faculty members to undertake a two-week reconnaissance in the Philippines. The team will establish contact with members of the University of the Philippines, the Philippine Government, and USAID personnel to lay the groundwork for the organization of a counterpart team, select promising localities, and initiate the collection of pertinent data.

If the reconnaissance report is favorable, the University of Illinois will send its team of faculty and graduate students to take up residence in the selected areas and commence operations in June 1965.

**FY 1966 Program:** No funds required. The university contract would be funded in FY 1965 through FY 1966.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Economic Development Foundation, 492-11-270-178

**Prior Reference:** None

**Initial Obligation FY:** 1965      **Scheduled Final Obligation FY:** 1967

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	-	-	-
Estimated FY 65	50	25	xxxxxxxxxxxx
Estimated through 6/30/65	50	25	25
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
70	300	420	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	30	50
Participants .....	20	20
Commodities .....	-	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>50</b>	<b>70</b>

Obligations By Method of Financing		
Direct AID Costs .....	20	20
Other Agency .....	-	-
Contract .....	30	50

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
769	-	77	15

(c) provide a center for statistics and information relating to trends in industry and marketing.

The EDF has absorbed many of the functions previously undertaken by the quasi-governmental Industrial Development Corporation (IDC) which ceased operations in FY 1965. A.I.D. had furnished technical assistance and financial support to the IDC whose program covered two broad areas: (a) assistance to existing concerns in improving management techniques; and (b) assistance in development of industrial opportunities.

**Project Plan:** The Philippine Government's National Economic Council (NEC) has requested A.I.D.'s assistance in supporting the new Foundation. Planned A.I.D. assistance is as follows: (a) in agreement with the NEC, the services of a fiscal and industrial management team, originally assigned to the NEC and the now extinct IDC, will be transferred to the Foundation; (b) upon the confirmation that the private business community had made an initial contribution of at least 300,000 pesos (approximately \$75,000 equivalent), NEC, with the Mission's concurrence, signed a loan agreement for the transfer of 3 million pesos (approximately \$750,000 equivalent) from PL 480 104(g) funds as an endowment to support the operations of the EDF; (c) furnishing of additional advisory services of short-term consultants in management training and specialized industrial investment and related fields; and (d) provision of participant training in the U.S.

It is anticipated that by FY 1968 the EDF should become self-supporting from: (a) the investments of a capital fund created from membership fees, gifts or endowments; (b) return on the investment of a long-term, low interest rate loan; and (c) fees for consultant and training services.

**FY 1966 Program:** \$50,000 for three senior industry and management advisors, and \$20,000 for ten participants to be trained in the U.S. in specialized industry and management fields. Funds for the management contract ((a) above) are programmed for FY 67.

**Project Objective and Description:** To help develop and expand the industrial sector of the Philippine economy through assistance to the Economic Development Foundation (EDF). The Foundation is a private non-profit organization created by private businessmen to: (a) furnish qualified specialists to identify and develop new industrial opportunities; (b) train managers and supervisors; and

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Transportation Survey,  
492-11-390-193  
Prior Reference: None  
Initial Obligation FY: 1966 Scheduled Final Obligation FY: 1966

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	-	-	-
Estimated FY 65	-	-	xxxxxxxxxxxx
Estimated through 6/30/65	-	-	-
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
100	-		100

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .		100
Participants . . . . .		-
Commodities . . . . .		-
Other Costs . . . . .		-
Total Obligations . . . . .		100

Obligations By Method of Financing	
Direct AID Costs . . . . .	-
Other Agency . . . . .	-
Contract . . . . .	100

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	25

**Project Objective and Description:** To assist the Philippine Government update data on the domestic transportation system. Such data is needed for the development of recommendations - legislative, administrative, and financial - designed to improve the transportation sector and enhance its contribution to the country's economic growth. Transportation is one of the highest

priority areas in Government infrastructure development. **Project Progress:** In January 1957, a Stanford Research Institute (SRI) team financed jointly by the International Cooperation Administration and the GOP completed a comprehensive study of the Philippine transportation system. This study is now badly out of date, and its recommendations of questionable value.

During FY 1966 a team of high-level transportation experts with Filipino assistance will undertake a re-examination of the Philippine domestic transportation system. The team will update the basic information in the 1957 SRI report and revise and modify its recommendations as appropriate. Particular emphasis will be given to the degree of utilization of basic data and the implementation of recommendations as set forth in the original report.

It is anticipated that the team's services will be required for no longer than a one-year period.

The Philippine Government will provide the services of transportation experts, as required by the team, as well as logistical and administrative support.

**FY 1966 Program:** \$100,000 will be required for a contract team to undertake the proposed survey.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **PHILIPPINES**

Activity: **HEALTH AND SANITATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Medical Education Improvement, 492-11-540-004**  
 Prior Reference: **Page 112, FY 1965 CP**  
 Initial Obligation FY: **1962** Scheduled Final Obligation FY: **1966**  
**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,516	1,241	275
Estimated FY 65	170	244	xxxxxxxxxxxx
Estimated through 6/30/65	1,686	1,485	201
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
60	-		1,746

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	80	16
Participants	90	44
Commodities	-	-
Other Costs	-	-
Total Obligations	170	60

Obligations By Method of Financing		
Direct AID Costs	110	60
Other Agency	-	-
Contract	60	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	161	20

**Project Objective and Description:** To improve the caliber of Philippine medical education by training basic science instructors in the United States, and by upgrading medical school libraries, laboratories, and other facilities.

In the post war period the quality of Filipino medical education declined due to weakness in basic

science instruction; deterioration of teaching facilities; and student over-enrollment in inadequately staffed and poorly equipped institutions. To remedy this situation, the Philippine Congress passed legislation in 1959 creating a Board of Medical Education empowered to set minimum standards for admission, faculty qualifications, teacher/student ratios and medical school and teaching hospital facilities. A.I.D. has assisted seven schools in this upgrading effort by furnishing equipment and, more importantly, by faculty improvement measures.

**Project Progress:** Total enrollment of first year students in the 7 participating schools has been reduced from 2,498 at the beginning of the project in July 1961, to 1,495 in August 1964. This has enhanced the impact of A.I.D.-assisted improvements in faculty and facilities described below.

Of the 48 basic science instructors (anatomy, pathology, biochemistry, etc.) scheduled under the project for two years' training in the U.S., 9 have completed training and resumed their faculty positions. Fifteen others will complete their training this year. An additional 12 instructors commenced training in September 1964. Eight others will begin in September 1965 and the remaining 4 the following September.

Delivery of the originally planned \$1 million of scientific and laboratory equipment, books and journals for the 7 schools is virtually complete.

The Philippine contribution to the project includes normal ministry and Board of Medical Education budget funds, as well as counterpart allocated to the schools. Faculty salary increases and hospital equipment procurement and matching funds for participants' salaries are budgeted in special accounts controlled by the medical schools. For FY 1965-1967, the total of GOP and Medical School contributions to the project are estimated at \$465,000 equivalent. After the termination of U.S. aid to this project in FY 1966, training of medical school instructors will be done at the University of the Philippine School of Medicine with assistance from the Rockefeller Foundation. There is also a possibility that substantial support from the Ford Foundation for a Science Teaching Center will be provided.

**FY 1966 Program:** Services of a U.S. hospital administration advisor, and \$44,000 for 2-year U.S. training for the final four participants in anatomy, biochemistry, physiology, and pathology.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Malaria Eradication,  
492-11-510-013  
**Prior Reference:** Page 111, FY 1965 CP  
**Initial Obligation FY:** 1953      **Scheduled Final Obligation FY:** 1969

U.S. DOLLAR COSTS			
Through 6 30 64	Obligations	Expenditures	Unliquidated
	5,958	5,775	183
Estimated FY 65	555	722	xxxxxxxxxxxx
Estimated through 6 30 65	6,513	6,497	16
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
575	600	7,686	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	20	22
Participants	-	-
Commodities	535	553
Other Costs	-	-
<b>Total Obligations</b>	<b>555</b>	<b>575</b>

Obligations By Method of Financing		
Direct AID Costs	555	575
Other Agency	-	-
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30 65	FY 66	Through 6 30 65	FY 66
-	-	824	5

**Project Objective and Description:** To eradicate malaria from the 25 percent of the Philippines which remains malarial, and to develop a long-range program of surveillance which the Philippine Government can maintain with its own resources.

This project was begun in FY 1953 as part of the World Health Organization's (W.H.O.) world-wide campaign

to eradicate malaria. The program has high priority in the Philippine Government's health program since malaria eradication is a precondition for permanent land settlement in areas such as Luzon's Cagayan Valley, and Mindanao, where the agricultural population is expanding into the island interiors.

**Project Progress:** To date under the project, malaria has been eliminated from 75 percent of the country. Although once the number one cause of death in the Philippines, malaria is no longer among the top ten. Eradication in the remaining 25 percent will be difficult to achieve. A network of thirty-two administrative eradication units has been established in the remaining malarious areas in an accelerating campaign under which 20 percent more houses are being sprayed each year. During FY 1965 and FY 1966, plans call for twice yearly spraying of all inhabited buildings in areas where there is more than one case of malaria per 1,000 population per year, as well as continued canvassing of those areas for recent fever cases. In addition, a combined spraying and drug distribution program will be carried out in problem areas, such as Palawan.

During April 1964, in an effort to correct various administrative problems hampering the project, the GOP Malaria Services was reorganized to establish an authoritative, direct line of command to the field operating units.

W.H.O. assistance has totalled over \$1,100,000: an average of three technicians yearly plus training fellowships. The GOP provides personnel, maintenance and operational costs in accordance with the joint operational plan. Their direct, regular budget support has increased steadily from \$1.3 million equivalent in FY 1963 to an estimated \$2.0 million equivalent in FY 1965.

The project is scheduled to terminate in FY 1969, after having been delayed by development of resistance in the vector mosquito to insecticide, by population migrations between controlled and uncontrolled areas, and by administrative difficulties.

**FY 1966 Program:** \$22,000 for one malaria advisor and \$553,000 for insecticides, spray equipment and anti-malarial drugs not available in the Philippines. After completion of spraying operations in FY 1967, commodity support will consist primarily of anti-malaria drugs for the cure of residual malaria cases during the consolidation phase.

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Textbook Production, 492-11-670-096			
<b>Prior Reference:</b> Page 114, FY 1965 CP			
<b>Initial Obligation FY:</b> 1960 <b>Scheduled Final Obligation FY:</b> 1966			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 1,162*	Expenditures 534	Unliquidated 628
Estimated FY 65	20	500	xxxxxxxxxxxx
Estimated through 6 30/65	1,182	1,134	48
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
470	-	1,652*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	20	20	
Participants .....	-	-	
Commodities .....	-	450	
Other Costs .....	-	-	
Total Obligations .....	20	470	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	20	470	
Other Agency .....	-	-	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
2,436	-	4,075	513

**Project Objective and Description:** To help overcome the shortage of elementary and secondary textbooks in Philippine public schools, mainly in rural areas, through provision of paper and expansion of indigenous publication capacity. In 1959, the U.S. agreed, subject to the availability of funds, to provide sufficient paper, paper products and related advisory services for 25,000,000

textbooks, approximately 80 percent of total requirements for the Philippine public schools. The GOP prepares and selects texts and contributes to printing and other local costs. When this project is completed, textbooks will be available for each of the 30,000 public primary and secondary schools reaching nearly every Filipino family group. The Bureau of Public Schools intends to finance future textbook requirements from regular budget and receipts from rental of books to students at a nominal fee.

**Project Progress:** By the end of FY 1964, 15.6 million books had been printed. While there have been delays in procurement of paper products, production of an additional 8 million books is now under contract. These books will probably utilize the full 1965 capacity available for textbook production, printing and distribution. For this reason, obligation of funds for the balance of commodity requirements will probably be deferred from FY 1965 to FY 1966. No U.S. dollar or local currency contributions will be made after that year. The GOP is budgeting adequate amounts each year for the project (5 million pesos in 1965; 5.6 million in 1966 from regular budgets) and will provide for all local and imported requirements of the continuing schoolbook program.

Development of a local printing capability has been achieved. Six of the printers who have received contracts under the project have made a 100% expansion of their physical plants; an expansion of facilities sufficient to meet present and future textbook needs.

**FY 1966 Program:** Funds required for a U.S. textbook advisor and paper and paper products.

Expanded production and printing facilities and administrative improvements in distribution operations now being instituted make it reasonable to predict the completion of 95% of the operations of this project in 1966.

\* Excludes \$1 million non-project assistance in FY 1961.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: <b>Human Resources Development, 492-11-690-194</b>			
Prior Reference: None			
Initial Obligation FY: 1966		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations	Expenditures	Unliquidated
	-	-	-
Estimated FY 65	-	-	xxxxxxxxxxxx
Estimated through 6/30/65	-	-	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
200	300	500	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .		200	
Participants . . . . .		-	
Commodities . . . . .		-	
Other Costs . . . . .		-	
Total Obligations . . . . .		200	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .		-	
Other Agency . . . . .		-	
Contract . . . . .		200	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	25

**Project Progress:** During FY 1966 a team composed of high-level U.S. economists, educators and planners with appropriate Filipino participation will: (a) survey and forecast Philippine manpower needs in various occupations between 1967 and 1980; (b) evaluate the ability of the Philippine educational and training system to provide such manpower (qualitatively and quantitatively), and (c) identify educational policy and planning decisions required if manpower requirements are to be met. This study represents the first serious attempt at basic educational planning in the Philippines and should result in a reappraisal and redirection in the operations of the Philippine educational system.

Following the team's assessment, assistance will be required over a three-year period in the form of contract services between a U.S. university or research institution and the Philippine Government. An organization and methods survey of the Department of Education will be conducted and studies in depth of the Philippine secondary and higher education systems undertaken to evaluate the Philippine capacity to meet projected manpower requirements of a growing economy. It is anticipated that the Philippine agencies concerned will be capable of undertaking human resource planning on their own after the initial three-year period of A.I.D. support.

**FY 1966 Program:** Funds are required for one year services of the manpower and education team (\$50,000) and for a university or research institution contract to help carry out the team's recommendations (\$150,000 for one year).

**Project Objective and Description:** To assist the Philippine Government assess the country's human resource requirements for national development, identify educational priorities, and undertake educational planning for the most effective utilization of human resources.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Public Administration Improvement, 492-11-790-079  
**Prior Reference:** Page 117, FY 1965 CP  
**Initial Obligation FY:** 1952      **Scheduled Final Obligation FY:** 1967

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,108	1,078	30
Estimated FY 65	225	209	xxxxxxxxxxxx
Estimated through 6/30/65	1,333	1,287	46
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
175	97		1,605

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	145	125
Participants .....	75	50
Commodities .....	5	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>225</b>	<b>175</b>

Obligations By Method of Financing		
Direct AID Costs .....	225	175
Other Agency .....	-	-
Contract .....	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	441	72

to manage its own resources through increased revenues and improved fiscal and personnel management. The U.S. is providing advisory services and participant training toward the following current goals: (a) to develop a control system for cash budget transactions; (b) to improve the administration and collection of customs and taxes; (c) to implement FY 1964 reform legislation, consolidating powers over personnel administration under the Director of Civil Service; and (d) to establish a modern system of national accounts. These are areas in which the U.S. is especially qualified to furnish assistance because of the similarities in structure between the Philippine and U.S. Governments.

**Project Progress:** In addition to progress reported in the last year's Presentation, recent instances are cited: In the customs area plans have been completed and approval secured for establishment of a Bonded Warehouse Division, including necessary controls to safeguard warehoused merchandise. In taxation, planning and implementation of a crash program for development of information on the tax base has been completed. In accounting, mechanization feasibility studies were completed for the Bureau of Posts. A Civil Service reform law was enacted, and four regional offices established. The new Civil Service Director has established policies designed to institute merit system reforms.

Participant training in the U.S. has proved of great value. Former participants hold high positions in the Government and in the private sector, including, for example, the Commissioner of the Budget, the Deputy Commissioner of Internal Revenue, the Chief of the Budget Operations Service, the Chief of the Management Service and the Deputy Commissioners of Customs and Civil Service.

**FY 1966 Program:** \$125,000 for 7 resident U.S. advisors in finance, budget, tax, customs, accounting, and personnel, and \$50,000 for training 18 participants in the U.S.

For FY 1966, as in previous years, participant training includes so-called "impact teams" of high level officials, as well as individual training. (The impact team for FY 1965 included 12 key officers from the Bureaus of Customs, Internal Revenue and Treasury sent to the U.S. for five weeks to observe the overall administration and operations of their respective counterpart agencies in the U.S. Government.) Individual training programs for FY 1966 are planned in the areas of tax return examination, treasury law enforcement, and personnel administration.

**Project Objective and Description:** To help the GOP carry out administrative reforms and improvements, in budget and accounting, personnel administration and revenue collection, essential to implementing its 5-Year integrated program for socio-economic development.

Success in carrying out its development program depends to a large extent on the ability of the GOP

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: PHILIPPINES

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Public Safety, 492-11-710-090			
Prior Reference: Page 116, FY 1965 CP			
Initial Obligation FY: 1957 Scheduled Final Obligation FY: 1968			
<b>U.S. DOLLAR COSTS</b>			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,000	926	74
Estimated FY 65	115	135	XXXXXXXXXXXX
Estimated through 6/30/65	1,115	1,061	54
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
170	185	1,470	
	<b>Obligations</b>		
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians . . . . .	60	90	
Participants . . . . .	25	30	
Commodities . . . . .	30	50	
Other Costs . . . . .	-	-	
Total Obligations . . . . .	115	170	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .	115	170	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	249	47

for Filipino personnel.

**Project Progress:** U.S. assistance has included provision of technical advisors, training and demonstration commodities, and training in the U.S. and third countries for 51 members of the NBI in various sectors of law enforcement. In addition, 33 members of municipal and city police agencies have been trained in police administration, flood control and emergency operations, traffic enforcement, and criminal investigation. With U.S. training and scientific commodity assistance, the NBI has developed one of the foremost scientific crime laboratories in Southeast Asia. The NBI's radio network now encompasses the country's major population centers. Under joint U.S./NBI training programs, over 5,500 Filipino law enforcement personnel have received training in law enforcement techniques, communications, etc. Under the project, police training in the Philippines has also been provided for Thais, Cambodians, Laotians, Indonesians, Vietnamese, and Koreans.

During the final three years of the project, A.I.D. assistance will be directed toward: (a) helping the NBI modernize the operations of three divisions - Identifications and Records, Photography and Publications, and Electronics and Communications; (b) building up the NBI's training capacity to help professionalize local police forces throughout the country; (c) assisting police departments which show a willingness through self-help actions to effect improvements in specific technical areas of police functions; and (d) advising the GOP in the training programs of A.I.D.-supported internal security and civil police participants sent to the Philippines from other Southeast Asian countries.

The NBI plans to undertake training in scientific criminal investigation and police work in its newly established Police Academy at Tagaytay City. The GOP has increased the NBI budget from \$231,000 equivalent in FY 1957 to \$1,440,000 equivalent in FY 1964. **FY 1966 Program:** Four technicians - a public safety advisor, two training advisors (riot control and advisor to the NBI Academy), and an electronics and communications technician to install and help provide training in the \$1,700,000 of radio and electronics equipment programmed under the Japanese reparations agreement. Participant training in the U.S. for NBI and regional police personnel in tele-communications, penology, etc., will be continued, as well as provision of commodities, mainly records and identification equipment and training aids.

**Project Objective and Description:** The project is designed to: (a) assist the GOP in strengthening internal security by increasing the effectiveness of the National Bureau of Investigation (NBI) and municipal and local police departments; and (b) provide training in the Philippines for police personnel from other Southeast Asian countries; and (c) improve local training programs

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **PHILIPPINES**      Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**      Funds: **TECHNICAL COOPERATION**

Project Title and Number: <b>Police Improvement (MPD),</b> <b>492-11-710-177</b>			
Prior Reference: <b>None</b>			
Initial Obligation FY: <b>1965</b> Scheduled Final Obligation FY: <b>1969</b>			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30/64	-	-	-
Estimated FY 65	105	80	xxxxxxxxxxxx
Estimated through 6/30/65	105	80	25
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
210	590	905	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	54	155	
Participants .....	21	26	
Commodities .....	30	29	
Other Costs .....	-	-	
Total Obligations .....	105	210	
Obligations By Method of Financing			
Direct AID Costs .....	105	210	
Other Agency .....	-	-	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30/65	FY 66	Through 6/30/65	FY 66
-	-	39	66

**Project Objective and Description:** To improve the effectiveness of the Manila Police Department (MPD) and through demonstrated improvements in the MPD stimulate similar improvements in other population centers throughout the Philippines. Specifically the target

is to secure implementation by Manila officials of the recommendations contained in a FY 1965 survey by A.I.D. specialists of the MPD.

A.I.D. public safety advisory activities to date have concentrated on the NBI. Because of the proliferation of police departments it was felt that more impact could be made by attempting to upgrade the small NBI and build it into a prime agency. An attempt is now being made to improve law enforcement through direct assistance to the MPD. Since Manila is the center of population, business and commerce, a good start made in this metropolitan area of 3 million people could catalyze security improvements in the remainder of the country.

**Project Progress:** The survey of the MPD, undertaken at the Mayor of Manila's request, was completed in mid-FY 1965. It contained some 170 recommendations, nearly half of which can be implemented through administrative action without expenditure of funds. Some 54 of these recommendations have already been put into effect by the Mayor. Additionally some 21,700,000 pesos (approximately \$5.6 million equivalent) were recommended as being required to adequately improve the MPD in all its operations. If the Mayor, City Council and MPD demonstrate their sincerity to improve the police by funding a significant portion of these requirements, and in other ways further implementing the survey recommendations, then A.I.D. plans to assist by providing public safety advisors, participant training, and high-impact commodities.

The survey team has recommended a program of A.I.D. assistance covering a period of four and one-half years, phasing out in FY 1969. The program is illustrative, and as discussed above, the scale and scope of future A.I.D. support will depend on Philippine performance. A better evaluation of this will be possible after the FY 1965 advisors are on board.

**FY 1966 Program:** Funds required for: (a) five direct-hire public safety advisors (records and identification, training, supply and equipment maintenance, organization and administration, traffic regulations); (b) training in the U.S. for 12 participants (identification, criminal investigations, accident investigation, etc.); and (c) commodities such as communication equipment, ammunition, and vehicles.

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

Funds: TECHNICAL COOPERATION

Project Title and Number: **Community Development,**  
492-11-810-077  
Prior Reference: Page 118, FY 1965 CP  
Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1967

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,910	1,861	49
Estimated FY 65	95	133	xxxxxxxxxxxx
Estimated through 6/30 65	2,005	1,994	11
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
85	45	2,135	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	58	47
Participants .....	37	38
Commodities .....	-	-
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>95</b>	<b>85</b>

Obligations By Method of Financing		
Direct AID Costs .....	92	85
Other Agency .....	-	-
Contract .....	3	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6. 30 65	FY 66	Through 6 '30/65	FY 66
10,025	203	362	25

**Project Objective and Description:** To help develop the 28,000 elected Barrio (village) Councils into viable institutions capable of effective local self-government, thereby broadening the country's democratic base and providing local channels through which agrarian and other rural reform activities can be initiated and implemented.

Following the GOP's suppression of the Communist-

inspired Hukbalahap insurgency in the early 1950's, the office of the Presidential Assistance for Community Development (PACD) was established to coordinate a program to reduce or eliminate causes of rural discontent.

**Project Progress:** In support of PACD efforts, the U.S. has provided assistance in agricultural production, rural credit and community organization, as well as training for over 300 participants in local government administration, agriculture and adult education. Some 2,700 barrio workers have pursued eight-month training courses followed by in-service training with PACD. In turn, they have trained more than 340,000 barrio people in a variety of leadership and skill courses.

One of the most encouraging aspects of the Community Development (CD) effort, emphasizing its growing acceptability and value to the Filipino people has been the rise in self-help activity -- local and provincial funding of CD projects and training programs amounting to \$7.6 million (approximately \$2 million equivalent) in FY 1964, not counting the value of services contributed by the barrio people. More than 40,000 of these community projects such as small irrigation systems, oyster beds, improved poultry and swine breeds, salt ponds, community social centers, and water systems have been initiated.

PACD is playing an active role in the implementation of the Land Reform Code enacted in 1963. The full participation and cooperation of the barrio councils is required if the land reform program is to be a success.

During FY 1966, training will continue for government and barrio personnel and Barrio Council members. Participant training activities in fields such as mass communication are an essential part of the CD program, designed to build into PACD a capacity which will enable it to fulfill its role without further external assistance. U.S. assistance to this project will terminate in FY 1967.

The PACD has 2,800 personnel and an annual budget of \$4.5 million equivalent. The GOP has budgeted increasing funds for this activity, and U.S. assistance has declined commensurately.

**FY 1966 Program:** Two CD specialists to provide advisory services, training in the U.S. for 5 participants in mass communications and local government, and one-month training in Malaysia for a 12-person Rural Development Team.

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

**TABLE III**

Country: PHILIPPINES

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Water Resources Survey,  
492-11-990-159  
**Prior Reference:** Page 120, FY 1965 CP  
**Initial Obligation FY:** 1962 **Scheduled Final Obligation FY:** 1967

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	1,208	1,023	185
Estimated FY 65	380	450	XXXXXXXXXXXX
Estimated through 6/30/65	1,588	1,473	115
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
270	45	1,903	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	227	205
Participants . . . . .	28	65
Commodities . . . . .	125	-
Other Costs . . . . .	-	-
<b>Total Obligations . . . . .</b>	<b>380</b>	<b>270</b>

Obligations By Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs . . . . .	153	90
Other Agency . . . . .	227	180
Contract . . . . .	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	118	35

**Project Objective and Description:** To obtain required data and provide technical advice and training for a multi-purpose water development program covering the seven major river basins in the Philippines.

The results of the several surveys planned under this activity (Central Luzon, Cagayan River Basin, etc)

will enable the Philippine Government to assign priorities to development projects it will finance and to prepare loan applications for submission to international lending organizations such as the IBRD. The data also will be made available to the International Atomic Energy Agency for their study of the feasibility of nuclear power in the Philippines.

**Project Progress:** A.I.D. has contracted through a PASA with the U.S. Bureau of Reclamation (BUREC) for most of the services required for the project, including an aerial mapping survey sub-contracted to a private firm. Over \$250,000 worth of hydrologic equipment for the surface and groundwater studies has been furnished and is in use. Specifications have been issued for the purchase of \$125,000 additional commodities obligated during FY 1964.

During the first quarter of FY 1965, the design of major structures (dams and reservoirs) in the Central Luzon area continued; all aerial photography was completed; various studies were underway leading to the formulation of a water development plan for the Central Luzon area; and an engineer-geologist team inspected the Cotabato Basin dam sites. Because it had become evident that the original program could not be met within the established time schedule, it was jointly agreed by the GOP and A.I.D. to extend the BUREC team activities through FY 1966.

The BUREC team will complete its assignments relative to planning in the first two river basins and the collection of data in the other five river basins by May 31, 1966. By that time the team will also have completed reports of its activities regarding investigations, recommendations and plans. Participant training is scheduled so that all training should be completed and the last participant returned to the Philippines no later than CY 1966.

During FY 1963 and FY 1964, the Philippine Government contributed 3,702,700 pesos (approximately \$950,000 equivalent) in direct support of this project.

**FY 1966 Program:** Eight BUREC technicians - planning, flood control, design, irrigation and power planning engineers, a geologist, hydrologist, agricultural economist and an administrative officer. Training will be provided for twelve participants in the U.S. - flood control, river basin development planning, etc.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: PHILIPPINES

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 492-11-990-000  
 Prior Reference: Page 121, FY 1965 CP  
 Initial Obligation FY: 1951 Scheduled Final Obligation FY: \*

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,057	3,057	-
Estimated FY 65	460	460	xxxxxxxxxxxx
Estimated through 6/30/65	3,517	3,517	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
515	*	*	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	420	470
Participants . . . . .	-	-
Commodities . . . . .	40	45
Other Costs . . . . .	-	-
<b>Total Obligations . . . . .</b>	<b>460</b>	<b>515</b>

Obligations By Method of Financing		
Direct AID Costs . . . . .	460	515
Other Agency . . . . .	-	-
Contract . . . . .	-	-

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	7,470	684

Project Objective and Description: To provide personnel and logistic support for program activities not chargeable to any specific project.

Technical support requirements comprise: (a) salaries and allowances of program technicians whose services relate to more than one project, or to activities not covered by the project program; (b) logistic support for these personnel (housing, utilities, transportation, etc.); and (c) proportionate share of office overhead chargeable to program activities.

The U.S. technicians included under this project are responsible for assisting and coordinating activities of various divisions of the USAID with the Philippine Program Implementation Agency (PIA), National Economic Council (NEC), and Bureaus and Departments of the Philippine Government in the planning and implementation of the joint GOP-A.I.D. program.

The Philippine contribution, totalling \$684,000 equivalent for FY 1966, consists of local support costs for U.S. technicians, and operational support costs of the Mission. This contribution is derived from counterpart funds and administered through a Trust Fund arrangement. Included are salaries and wages of local employees, local transportation and per diem, quarters allowance, printing and reproduction, rental, etc.  
 FY 1966 Program: \$470,000 required to finance the costs (as described above) of 22 technicians, including among others, chiefs of the Mission's technical divisions, training officers, program and capital project officers, and supporting secretarial staff. Commodity costs include items necessary for the support of the program including paper and paper products, electrical apparatus and parts, motor vehicles and spare parts, books, maps, and miscellaneous office supplies.

\* Project will continue annually in support of A.I.D. programs.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: PHILIPPINES

Borrower: CENTRAL BANK OF THE PHILIPPINES

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Small Industry Loan, 492-A-004	
<b>Date Authorized:</b> January 16, 1959 <b>Date Signed:</b> May 6, 1959	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 7 Yrs.
Authorized . . . . . \$2,691	Grace Period . . . . . 1 Yr.
Disbursed . . . . . 2,582	Interest Rate . . . . . 5 1/4%
Repayments . . . . . 1,562	Currency of Repayment . . U.S.\$
Interest Collected . . . . . 99	

**Host Country Contribution, Procurement Source:** Supporting local currency funds for sub-projects have been contributed from private sources or from host government lending institutions. The majority of the procurement under the loan was non-U.S. procurement although a U.S. procurement requirement was applied in December 1962 by A.I.D.

**Comments on Implementation:** When the final accounting of disbursements under the loan through December 1965 is obtained, it is anticipated that an additional \$110,000 will be de-obligated. This action will complete implementation action on this loan.

Closeout of this loan at a level below the authorized amount is a result of both a change in economic conditions and the establishment of an alternate institution to assume the function of providing financing to small industries. De-control of the Philippine peso in 1962 allowed private borrowers direct access to foreign exchange and the establishment of a private development bank in late 1963, provided an alternate course of foreign exchange and local currency financing.

**Project Objective and Description:** To assist small industries by providing the means whereby they may obtain foreign exchange on reasonable terms to purchase goods and services required to establish plants or expand and improve their operations. Sub-loans have been made for a variety of projects including logging and milling firms, ceramic plants, fishing projects and miscellaneous manufacturing and cottage industries.

**Physical Progress:** As of December 1964, \$2.582 million had been disbursed for 21 sub-loans. To date, all sub-borrowers from the Central Bank have operated satisfactorily and met their commitments to the Central Bank. Operations of the Central Bank have been in conformity with the terms of the loan agreement.

**Financial Status:** An amendatory agreement was executed on August 19, 1964 providing for the reduction of the loan from \$5 million to \$2.691 million. The reduction was effected after a joint review by A.I.D. and the Central Bank of all pending applications and in light of disappointing utilization of this line of credit.

Payments of principal and interest by the Central Bank are current.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: **PHILIPPINES** Borrower: **REPUBLIC OF THE PHILIPPINES** Funds: **DEVELOPMENT LOANS**

Title and Number of Loan: <b>Roads and Bridges Rehabilitation, 492-A-005</b>	
Date Authorized: <b>January 30, 1959</b> Date Signed: <b>June 29, 1959</b>	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 12 years
Authorized . . . . . \$15,250	Grace Period . . . . . 2 years
Disbursed . . . . . 7,493	Interest Rate . . . . . 3-1/2%
Repayments . . . . . 3,842	Currency of Repayment . . . . . Peso
Interest Collected . . . . . 338	

road and bridge projects. Substantial improvement has been achieved in the equipment rehabilitation program and disbursement of funds for spare parts has been continued.

It is anticipated that the majority of the remaining funds for this project will be disbursed in 1965 and physical completion of the last projects should be in 1967. Despite the reduction of the loan, it is anticipated that all the originally planned projects will be completed.

No problems on repayment have been encountered.

Host Country Contribution, Procurement Source: The Philippine Government provides from its budgetary revenues for local costs of the highway and bridge program.

Under this loan, world-wide procurement was authorized, but the loan has been converted to primarily U.S. procurement.

Purpose of Loan: This loan is designed to assist the Government in carrying out a program to improve and expand the Philippine Highway System. The lack of sufficient feeder roads to and from Manila and the poor condition of bridges on the road network are impediments to economic growth. The development of industrial and manufacturing capacity has progressed ahead of transportation facilities. As originally proposed, the loan provided \$9 million for the procurement of spare parts and \$9.750 million for bridge building equipment and necessary materials for 110 bridges, highways, and two feeder roads.

Implementation and Physical Status: Prior to 1964 disbursements had been made for spare parts and a portion of the roads and bridge projects. However, political and economic conditions, problems in public management, and reconsideration of programmed priorities resulted in serious delays on some of the projects involved. As a result, agreement in principle was reached in 1964 on the modification and extension of the loan. \$ 3.5 million was deobligated on the basis of a re-evaluation of the project.

Disbursement of loan funds was resumed in 1964 and at present construction activity is underway on all major

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: **PHILIPPINES** Borrower: **BATAAN PULP AND PAPER MILLS** Funds: **DEVELOPMENT LOANS**

Title and Number of Loan: <b>Bataan Pulp and Paper Mills, 492-A-006</b>	
Date Authorized: <b>May 1, 1959</b>	Date Signed: <b>July 10, 1959</b>
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . <b>10 years</b>
Authorized . . . . . <b>\$5,400</b>	Grace Period . . . . . <b>1 year</b>
Disbursed . . . . . <b>5,360</b>	Interest Rate . . . . . <b>5-3/4%</b>
Repayments . . . . . <b>20</b>	Currency of Repayment . . <b>U.S.\$</b>
Interest Collected . . . . . <b>140</b>	

talized it does not show prospects of providing sufficient return to the stockholders.  
**Financial Status:** The losses incurred since plant start up have equalled the total equity investment to date. In addition the company has been unable to service its debt outstanding to A.I.D. and the Philippine Government.

The May 1964 agreements called for a two-year program of capital input and plant improvement. The funds required in 1964 were acquired. However, the existing stockholders have indicated that they are unable to contribute their portion of the required funds for the second stage of the plant improvement.

Negotiations for the acquisition of the required funds and continued operation of the plant by Boise Cascade are underway at present.

**Economic Benefits:** At full production this plant will provide foreign exchange savings of \$4.5 to \$5 million annually. The plant employs 280 people, is the largest paper mill in the Philippines, and the only integrated pulp and paper operation of any size in the Philippines.

**Host Country Contribution, Procurement Source:** Approximately \$3,100,000 equivalent (at the current rate of exchange) has been supplied by about 3,000 Philippine stockholders since the company's organization. The source of goods and services procured under this loan was primarily the U.S.

**Purpose of Loan:** This loan was used to finance the foreign exchange costs of imported equipment for use in the establishment of an integrated pulp and paper plant with an anticipated daily production capacity of 55-to-60 short tons of paper, or approximately 17,500 short tons annually. The plant intended to utilize bamboo, native to the peninsula of Bataan where the plant is located, as a base raw material.

**Physical Status:** This plant commenced operations in July 1962. Due to management problems, several months elapsed before saleable paper was produced. Output has never reached rated capacity.

As a result of operating problems, the company had exhausted its cash resources by 1964. In May 1964 agreements were concluded for the acquisition of an additional 4.0 million pesos from the Philippine Government and 2.5 million pesos of new equity. A management contract was concluded with Boise Cascade Corporation of Idaho.

While operations in the latter eight months of 1964 under the new management were improved, profitable operations still have not been achieved. Losses are expected to continue for a portion of 1965. Boise Cascade has indicated that this mill can generate sufficient funds to retire the debt in the long run but as presently capi-

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: PHILIPPINES

Borrower: MINDANAO PORTLAND CEMENT CORP.

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Cement Plant, 492-A-007	
<b>Date Authorized:</b> June 30, 1959	<b>Date Signed:</b> October 26, 1959
<b>Loan Status as of 12/31/64</b>	
<b>Amount</b>	
Authorized .....	\$3,700
Disbursed .....	3,580
Repayments .....	-
Interest Collected .....	96
<b>Loan Terms</b>	
Duration .....	9 Yrs.
Grace Period .....	3 Yrs.
Interest Rate .....	5 3/4%
Currency of Repayment ..	U.S.\$

be provided to make corrections to the plant, procure additional equipment and provide working capital. Forty percent of these funds will be provided by the U.S. firm and the balance from Philippine sources. The U.S. firm will have an option to purchase new shares in the amount of \$3,000,000 or 60 percent of the common stock. Extension of the A.I.D. loan schedule is under consideration.

Host Country Contributions, Procurement Source: Approximately \$3,000,000 equivalent in pesos, at the then prevailing rate of exchange, were made available for local costs of the plant through equity participation.

The source of imported goods and services procured by the loan was primarily the U.S.

Purpose of Loan: To assist in financing the foreign exchange costs of acquiring equipment, materials and services for the establishment of a cement plant near Iligan on Mindanao Island with a capacity of 150,000 tons a year. When in full production, this plant is expected to save \$1.9 million in foreign exchange per year.

Physical Status: Production of cement has still not been achieved and negotiations have continued in an effort to acquire new management and additional financing. Additional studies were completed in 1964 on all aspects of this plant including engineering studies on necessary corrections to the foundations.

Agreement was reached in December 1964 between the borrower and a U.S. cement firm for the provision of management and a portion of the funds required. Negotiations are continuing toward conclusion of this arrangement. If the present schedule is adhered to, final agreement will be concluded by March 1, 1965 and production will commence in August 1965.

Financial Status: The delays in placing this plant into operation have resulted in a financial deterioration of the company and the company has been unable to make payment of principal and interest to A.I.D.

Under the present proposed solution, \$1,250,000 will



CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: THAILAND

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	15,000	10,000- 15,000
Tech. Coop./D.G. . . . .	6,118	6,960	6,300
Supporting Assistance . . . . .	6,543	5,455	4,000
Contingency Fund . . . . .	263	XXX	XXX
Total . . . . .	12,924	27,415	20,300- 25,300

Nature and Scope of the A.I.D. Program

U.S. economic assistance is concerned with helping Thailand meet the threat to its internal security, solidify Thai-U.S. cooperation and maintain a satisfactory rate of economic growth. A basic objective is accelerated economic and social progress in the more backward rural areas, particularly those bordering Laos, to combat potential insurgency.

The U.S. policy of using its influence and economic aid to attract Thai resources into areas threatened by Communist subversion and aggression will continue in FY 1966. In addition to security-oriented programs, the U.S. will provide selective technical assistance in education, government management, feasibility surveys and industrial development to help Thailand sustain economic expansion and to attract private investment and public capital from abroad. Development loans will be considered for urgent capital projects having a combined security and economic purpose.

Achievements

U.S. economic and military assistance has helped Thailand improve its military and para-military capabilities; make important investments in transportation, communications, irrigation and power; modernize education and health facilities; and improve the competence and effectiveness of key government agencies. Over recent years, Gross National Product (GNP) has averaged about 6 1/2% annual growth while per capita GNP has increased at an average rate of 3% annually. Agricultural production is estimated to be increasing faster than population growth. An important degree of agricultural diversification has been achieved in the last five years. Higher growth rates have been achieved in manufacturing, power, and communications, from a modest initial base. Administrative and regulatory reforms, to

a large degree stimulated by U.S. advisers, have led to doubling of government revenues in the last decade. 1964 was a record year for Thai export earnings.

Thailand has been considered a good risk by the Export-Import Bank and non-U.S. sources, both government and private. In 1963-64, World Bank loans totalled \$56.1 million; Export-Import Bank, \$19 million; and German loans and credits \$23 million. By mid-1964, the Thai Government had drawn down nearly \$175 million of an approximate \$400 million of contracted foreign credits total.

Economic expansion has been unevenly distributed within the country. Incomes in the Northeast are estimated to be only 2/3 of the national rural average. Investments in power, transportation and irrigation until recently tended to favor Bangkok and the Central Plains region. General economic expansion is only indirectly and inadequately affecting the remote and vulnerable areas of the North and Northeast.

Thailand's attitude toward its remote areas has changed. This is reflected by significant commitments of trained manpower and budget support, strengthened Northeast farm extension services and the establishment of a Northeast agricultural research center.

The Thai Government has also demonstrated a growing concern with potential insurgency in the exposed areas. Under the leadership of the armed forces, teams of rural development and psychological warfare specialists - called Mobile Development Units (MDUs) - have been sent to sensitive areas of the Northeast and the extreme South. In addition, in May 1964, Thailand entered into an agreement with the U.S. to undertake an "Accelerated Rural Development Program" in the six Northeast provinces bordering on Laos. This program will enable the Northeast governors to carry out rural development projects directly such as village roads, wells, ponds, and small irrigation systems.

FY 1966 Proposed Program

A major portion of the U.S. assistance requested for FY 1966 will be directed toward the internal security threat. The U.S. will follow-up on the beginnings achieved in 1964 toward greater decentralization of administrative responsibility. Some 30 U.S. technicians and advisers will be stationed in the remote areas to help plan and guide the joint effort. A joint field review and evaluation of both the MDU and ARD have been scheduled for spring of 1965. If the results are favorable, it is planned to expand

CONFIDENTIAL

**CONFIDENTIAL**

Country: THAILAND

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

the rural development program into selected remote provinces of the North and possibly into additional provinces of the Northeast. As in previous years, A.I.D. plans to carry on the successful use of U.S. Seabee Technical Assistance Training Teams to provide training of Thai technicians for the ARD program.

In FY 1966, A.I.D. will strengthen the rural development program in content as well as in scope. Support will be given to Thai efforts at improving the economic position of the farmers of the Northeast through practical agricultural research, a strengthened extension service, improved soil and water conservation practices and farm management planning. Studies will identify means of establishing small, light industry in the Northeast and of mobilizing local capital and entrepreneurship. Feasibility studies, based on a reconnaissance survey carried out by the Bureau of Reclamation in FY 1965, will analyze the developmental potential of the two major river basins of the Northeast and provide the basis for possible loan applications to foreign lenders for irrigation and flood control projects. Training programs for nearly 3,000 local officials and village teachers are planned. 500,000 elementary school students in the six border provinces of the Northeast will be provided with improved textbooks. Community Development and Village Health programs will continue to be concentrated in the Northeast with both activities scheduled for completion in FY 1966 as project goals are met.

To strengthen counter-insurgency capability, training and equipment will continue to be furnished to the provincial police and the mobile 6300-man Border Patrol whose civic action programs provide one of the few links between the Central Government and the hilltribes of the North.

In accordance with a 1963 assessment carried out by A.I.D. and the World Health Organization, the Malaria Eradication program has been stepped up with more frequent spraying to assure the success of work carried out to date. The United States will continue to finance a contract with the University of Illinois providing for assistance to the Chiangmai Medical School, which is training badly needed doctors. The school will stress service in the rural areas of the North and Northeast.

A.I.D. is also providing technical assistance addressed to key institutional problems which are impeding Thailand's economic growth. One of these is government management. A.I.D.-financed advisers will be helping such agencies as the Highway Department, the Bureau of the Budget and the Ministries of Finance, Education and Agriculture to increase their operational effectiveness.

Similar help to the Civil Service Commission in personnel administration is contemplated. Advisory assistance to the National Statistical Office and the National Economic Development Board, the Thai Planning Agency, will continue.

In the field of human resource development, A.I.D. will follow up on the 1963 manpower requirements study by giving technical help to the newly-established Educational Planning Office and to the Manpower Planning Office to enable these units to coordinate educational policy with manpower needs.

To promote industrial investment and improve the climate for private enterprise, consultants will be provided to the Thai Investment Promotion Agency. A study looking to the disposal of government-owned enterprises is contemplated. Maximum use will be made of the newly-established International Executive Service Corps to provide high-level managerial skills for Thai enterprises. The investment survey and guaranty programs will be continued.

Thailand's ability to absorb increased capital effectively is limited by its difficulty in defining and implementing projects. Thailand will be in a good position to borrow additional funds at conventional or medium terms for at least the next few years. To assist in preparing projects for external financing, A.I.D. will finance feasibility studies for sound projects. As in the past, many of these will serve as a basis for other Free World assistance. Priority for A.I.D. Development Loans will be given to projects having a combined security and developmental purpose when timely Free World financing is not available on reasonable terms. One such project contemplated for FY 1966 is a 130-kilometer proposed highway from Lomsak to Chum Phae for which a feasibility study is being initiated in FY 1965. Because it will form a final link between the North and Northeast regions of the country, this project enjoys a high strategic priority and will probably result in economic benefits. Foreign exchange costs for engineering and construction are estimated at about \$10 million.

**CONFIDENTIAL**

**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: THAILAND

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	15,000	XXX	XXX	10,000 - 15,000	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	3,392	2,702	690	-	3,780	2,343	1,437	3,405	2,289	1,116
Participants . . . . .	645	622	23	-	575	528	47	646	602	44
Commodities . . . . .	7,780	2,430	5,350	-	6,455	3,034	3,421	5,310	2,818	2,492
Other Costs . . . . .	1,107	364	480	263	1,605	1,055	550	939	591	348
<b>Total Project Assistance . . . . .</b>	<b>12,924</b>	<b>6,118</b>	<b>6,543</b>	<b>263</b>	<b>12,415</b>	<b>6,960</b>	<b>5,455</b>	<b>10,300</b>	<b>6,300</b>	<b>4,000</b>
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	10,720	4,735	5,985	-	9,166	4,916	4,250	8,150	4,722	3,428
Other Agency . . . . .	924	436	225	263	1,223	600	623	405	213	192
Contract . . . . .	1,280	947	333	-	2,026	1,444	582	1,745	1,365	380
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other than Development Loan . . . . .</b>	<b>12,924</b>	<b>6,118</b>	<b>6,543</b>	<b>263</b>	<b>12,415</b>	<b>6,960</b>	<b>5,455</b>	<b>10,300</b>	<b>6,300</b>	<b>4,000</b>
<b>Total Assistance . . . . .</b>	<b>12,924</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>27,415</b>	<b>XXX</b>	<b>XXX</b>	<b>20,300 - 25,300</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	128	128	141
Participating agency . . . . .	12	82*	24*
Contractor technicians . . . . .	58	45	49
<b>Total . . . . .</b>	<b>198</b>	<b>255</b>	<b>214</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	273	321	301
Contract . . . . .	11	4	4
<b>Total . . . . .</b>	<b>284</b>	<b>325</b>	<b>305</b>

\* Includes STAT and ECAD team personnel.

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **AGRICULTURE AND NATURAL RESOURCES**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: <b>Agricultural Extension,</b> 493-11-110-086			
Prior Reference: <b>Page 129, FY 1965 CP</b>			
Initial Obligation FY: <b>1952</b> Scheduled Final Obligation FY: <b>1968</b>			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 1,790	Expenditures 1,349	Unliquidated 441
Estimated FY 65	352	442	xxxxxxxxxxxx
Estimated through 6 30/65	2,142	1,791	351
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
320	651	3,113	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	82	123	
Participants . . . . .	70	72	
Commodities . . . . .	200	125	
Other Costs . . . . .	-	-	
Total Obligations . . . . .	352	320	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	352	320	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,295 *	410**

**Project Objective and Description:** To establish an effective agricultural extension service, concentrating attention on the problems and requirements of the Northeast. This activity is an important element of Thai-U.S. efforts to improve economic and social conditions in the security-sensitive areas of the North and N.E. It builds upon earlier assistance programs

to strengthen the Thai extension service, and focuses on those areas where the need to demonstrate RTG concern for village welfare is the greatest.

**Project Progress:** Since 1951, A.I.D. has assisted the RTG in establishing nine regional centers, training Thai extension officers, establishing farmers' and 4-H clubs, and distributing extension information materials.

Beginning in FY 1963, attention has been concentrated on the N.E. The Northeast Regional Extension Headquarters and the Northeast Agricultural Research Center have been located at Khonkaen. About 100 Thais have been trained and assigned as extension officers in the six security-sensitive N.E. provinces. In FY 1964 membership in farmers' clubs in this area increased from about 12,000 to 16,000 and 4-H clubs from 13,000 to over 18,000. Weekly extension radio broadcasts for the N.E. were begun in FY 1964. The same year, 800 tons of fertilizer were applied to promotional demonstration plots on over 30,000 farms in the N.E. and each plot was planted with improved seed developed under the research seed improvement program.

In FY 1966, the RTG will provide \$410,000 from counterpart, and \$800,000 from their regular budget. About 100 new Thai extension officers will be assigned during each year, so that by 1968 there will be one officer per 2,100 farms in the target area.

The project in the future will continue to be responsive to changing needs in security-sensitive areas, and flexible planning is, therefore, required.

**FY 1966 Program:** In FY 1966, activities will continue in the six security-sensitive N.E. provinces, with emphasis on extending activities into areas not heretofore covered, particularly those areas opened by roads constructed with ARD assistance. In FY 1966, it is proposed to fund: (a) 8 U.S. direct-hire agricultural extension advisers who will provide technical assistance and guidance for the overall farm extension program in the target areas; (b) participant training for 88 Thai extension officers (8 in U.S., 80 in 3rd country); and (c) commodities to support extension services (seed, farm equipment, vehicles, and office equipment).

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **AGRICULTURE AND NATURAL RESOURCES**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Applied Crop and Livestock Research - Northeast, 493-11-110-135**  
 Prior Reference: **Page 130, FY 1965 CP**  
 Initial Obligation FY: **1963** Scheduled Final Obligation FY: **1969**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	337	227	110
Estimated FY 65	440	319	XXXXXXXXXXXX
Estimated through 6/30/65	777	546	231
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
376	612		1,765

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	224	143
Participants . . . . .	66	50
Commodities . . . . .	150	130
Other Costs . . . . .	-	53
Total Obligations . . . . .	440	376

Obligations By Method of Financing		
Direct AID Costs . . . . .	260	205
Other Agency . . . . .	-	-
Contract . . . . .	180	171

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	933*	400**

**Project Objective and Description:** As part of Northeast rural development, this project will establish an agricultural research center in the Northeast to develop practical information for use by farmers of the area.

Technical information for practical use by the farmers of the Northeast is not sufficiently

developed to permit the extension service to work effectively in the area. To remedy this short-coming, the Thai Ministry of Agriculture requested assistance in the establishment of an applied agricultural research program in the Northeast to conduct crop experimentation and demonstration activities aimed at increasing productivity and farm incomes.

**Project Progress:** In 1963 a USDA consultant team recommended the establishment of a research center to integrate and administer agricultural research in the Northeast. In FY 1964 the Thai Government appropriated funds for the physical plant for the Northeast Agricultural Research Center at Khon Kaen, which will be ready for occupancy in April 1965. A.I.D. plans to assist in establishing a coordinated research program in this Center through a contract with a U.S. agricultural university. Work will be conducted at the Center, on experiment stations, seed farms, and on private farms throughout the N.E. Emphasis will be placed on the solution of farm problems in security-sensitive provinces. It is expected that U.S. support will be required for three to four years after the Center is established. The Thais then should be able to carry forward research activities on their own.

The Ministry of Agriculture plans to staff the Center with its outstanding specialists, many of whom have been trained in the U.S. In addition to providing land and buildings for the Center, in FY 1966 the Thai Government plans to provide \$400,000 equivalent from counterpart and \$700,000 from their regular budget. During FY 1966-70 the Thai local currency contribution will amount to \$5.3 million. The Thai Government has also submitted proposals to the Rockefeller Foundation, FAO and DAC countries for aid to agricultural research. A.I.D. is encouraging other countries, international organizations and private foundations to supplement U.S. aid to the Center.

**FY 1966 Program:** The proposed funds cover the costs of: (a) two U.S. direct-hire agricultural research specialists; (b) a one-year extension of the university contract to provide five agricultural technicians; (c) twelve participants (7 U.S., 5 third country); and (d) commodities for the Center (laboratory equipment and supplies, agricultural equipment, tractors, vehicles, and library and office supplies.)

\* Counterpart plus special RTG project contribution.  
 \*\* RTG special Project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Soil and Water Development and Management, 493-11-120-136  
 Prior Reference: Page 131, FY 1965 CP  
 Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1968

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	679	132	547
Estimated FY 65	193	350	xxxxxxxxxxxx
Estimated through 6/30 65	872	482	390
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
174	267	1,313	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	68	82
Participants	35	37
Commodities	90	55
Other Costs	-	-
Total Obligations	193	174

Obligations By Method of Financing		
Direct AID Costs	145	92
Other Agency	48	82
Contract	-	-

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	1,241*	340**

**Project Objective and Description:** To provide assistance to the RTG in the development of services to assure the proper management and conservation of the soil and water resources in the Northeast.

This project will assist the Thai Government to complete basic land classification surveys in the security-sensitive provinces of the N.E. The project

strengthens local services by establishing regional soil conservation centers, thus furthering the decentralization of the Department of Land Development of the Ministry of National Development.

**Project Progress:** Since the project began in FY 1963, detailed land classification and soil surveys have been carried out on 72,420 acres, and detailed reconnaissance on 4.4 million acres. All soil survey work is being closely coordinated with the Pa Mong program carried out by the Bureau of Reclamation as a part of the Mekong River Basin Program.

Improved soil conservation and management practices have been begun on about 30,000 acres. Construction of irrigation distribution systems from existing reservoirs has continued. This work includes the construction of secondary and tertiary ditch systems, installation of water control structures, the lining of main canals and the construction of access roads. About 1,300 farm families have benefitted from irrigation improvements made during FY 1963-64. Farmers' irrigation associations are being formed to take an active part in the management of these distribution systems.

Beginning in FY 1966 three USDA Soil Conservation Service technicians under a PASA with A.I.D. will work with the Department of Land Development in: (a) soil survey and land classification in areas adjacent to 43 tanks already constructed in the Northeast, and in other areas in response to the requirements of the accelerated Rural Development program; and (b) soil and water conservation activities which will emphasize area planning, individual farm development, and the establishment of new regional conservation centers. The RTG will support this project in FY 1966 with \$340,000 in counterpart and \$400,000 from their regular budget.

**FY 1966 Program:** It is proposed that FY 1966 funds finance: (a) three USDA/SCS soil technicians; (b) ten participants to be trained in the U.S.; and (c) commodities, such as survey field equipment, vehicles, tractors, and laboratory equipment.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATJRAL RESOURCES

Funds: TECHNICAL COOPERATION

**Project Title and Number:** Agricultural Economics and Farm Management Planning, 493-11-140-137  
**Prior Reference:** Page 132, FY 1965 CP  
**Initial Obligation FY:** 1963 **Scheduled Final Obligation FY:** 1968

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	239	122	117
Estimated FY 65	78	90	xxxxxxxxxxxx
Estimated through 6/30/65	317	212	105
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
53	100	470	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	33	18
Participants .....	27	21
Commodities .....	18	14
Other Costs .....	-	-
<b>Total Obligations .....</b>	<b>78</b>	<b>53</b>

Obligations By Method of Financing		
Direct AID Costs .....	63	53
Other Agency .....	-	-
Contract .....	15	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	316*	125**

**Project Objective and Description:** To develop the Ministry of Agriculture's capacity to collect reliable data, and undertake economic analysis and planning.

This project is assisting the Ministry of Agriculture in undertaking national economic analysis of key agricultural problems such as production costs and income and market prospects for major farm commodities.

The A.I.D. Rural Affairs program helps the Ministry of Agriculture develop its farm management program in the N.E.  
**Project Progress:** In August 1963, a survey was made on 825 farms in three N.E. provinces to determine basic incomes, inventories, and the general condition of farms in that area. Information gained from the survey was used to develop a farm management demonstration activity in each of the provinces. Limited amounts of credit and supplies were made available to farmers to help start improved farm management practices quickly.

Sixteen participants have been sent to the U.S. and third countries. Research was begun in FY 1964 to study marketing margins and channels in the N.E.

In FY 1966, 120 farmers will receive special assistance in farm management. Their farms will be used as pilot demonstrations of recommended practices. Improved farm plans will be developed and extended to demonstration farms in other N.E. provinces. Limited credit and supplies will be made available to selected farmers from counterpart funds.

The Ministry of Agriculture will be assisted in undertaking an analysis of key nationwide agriculture problems which include production costs and outlook, farm incomes, land use, and the marketing of major farm commodities. These studies will be used in developing effective planning in the field of agricultural production and marketing. In FY 1966: (a) domestic and foreign commodity marketing studies will be made in consultation with the Ministry of Economic Affairs; (b) a market news service, developed in the N.E. in FY 1965, will be enlarged; and (c) five participants will be trained in the U.S. and third countries.

The RTG will support this project in FY 1966 with \$125,000 in counterpart and \$500,000 from their regular budget.

**FY 1966 Program:** Funds requested for FY 1966 cover: (a) one U.S. direct-hire agricultural economist; (b) five participants, 3 in U.S., 2 in Taiwan; and (c) commodities including vehicles, fertilizers, insecticides, plants and seeds to support farm management activities.

\* Counterpart plus special RTG project contribution.  
 \*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **INDUSTRY AND MINING**

Funds: **SUPPORTING ASSISTANCE**

Project Title and Number: <b>Portable Radio Transmitter, 493-12-220-150</b>			
Prior Reference: <b>Page 134, FY 1965 CP</b>			
Initial Obligation FY: <b>1963</b> Scheduled Final Obligation FY: <b>1966</b>			
<b>U.S. DOLLAR COSTS</b>			
Through 6 30 64	Obligations <b>462</b>	Expenditures <b>462</b>	Unliquidated
Estimated FY 65	302	302	xxxxxxxxxxxx
Estimated through 6/30/65	<b>764</b>	<b>764</b>	
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
100		864	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians . . . . .	-	-	
Participants . . . . .	-	-	
Commodities . . . . .	-	-	
Other Costs . . . . .	302	100	
Total Obligations . . . . .	302	100	
<b>Obligations By Method of Financing</b>			
Direct AID Costs . . . . .	-	-	
Other Agency . . . . .	302	100	
Contract . . . . .	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-		

the number of radio broadcasts beamed at this security sensitive area from North Vietnam and China. The Australians had agreed to provide the RTG with two transmitters capable of countering the communist propoganda offensive. However, these units were not scheduled to become operational until the end of CY 1964.

Rather than permit the communist propoganda to go unchallenged, the U.S. agreed to provide the Thai Government with the use of a U.S. Army portable transmitter to fill the gap until the Australian units became operable. The Thai Government agreed to provide the site and access roads for the transmitter as well as fuel for its operation. The transmitter is now in operation and is being run by a U.S. Army Signal Corps team. Programming is being handled jointly by the Prime Minister's office and USIA. USIA surveys of Northeast villager listening habits reveal that this station has a greater listening audience than any other station broadcasting in or to the Northeast. The reason behind this success is the combination of a strong signal and effective programming. A large percentage of the programs broadcast over the 50 KW portable transmitter are produced locally using material of regional interest, and are broadcast in the Northeast Thai dialect. Others feature "Mohlam", traditional folk ballads peculiar to the Northeast which are especially popular with the villagers.

Due to delays in the delivery of equipment for the Australian project the target "on the air" date for the Australian transmitters has slipped from late 1964 to mid-1965. As soon as the Australian units become operational, the U.S. Army portable will be returned to the U.S. and this project will be concluded. **FY 1966 Program:** To finance the operation and maintenance costs of the transmitter, support of a portion of the expenses of the U.S. Signal Corps team, and the cost of returning the transmitter and operating personnel to the United States.

**Project Objective and Description:** To provide an emergency radio facility capable of countering communist propoganda broadcasts beamed at the Northeast from Hanoi and Peking.

In May 1963, the communists stepped up their propoganda offensive in the Northeast by increasing

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Private Enterprise - Industrial Development, 493-15-290-161  
 Prior Reference: Page 135, FY 1965 CP  
 Initial Obligation FY: 1957 Scheduled Final Obligation FY: 1969

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	277	266	11
Estimated FY 65	117	107	xxxxxxxxxxxx
Estimated through 6 30 65	394	373	21
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
213	490	1,097	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	92	188
Participants	25	25
Commodities	-	-
Other Costs	-	-
Total Obligations	117	213

**Obligations By**

**Method of Financing**

Direct AID Costs	73	89
Other Agency	-	-
Contract	44	124

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	125*	23**

**Project Objective and Description:** To stimulate and assist private domestic and foreign investment in the industrial sector of the Thai economy. The program includes the following elements:

**Investment Guaranties:** The implementation of the Specific Risks Investment Guaranties Program in-

cludes the application in Thailand for over \$100 million of guaranties plus a \$5 million Extended Risk Guaranty for a housing construction project which is under consideration. Large new enterprises with U.S. participation in such fields as tin smelting, rubber products manufacturing, milk processing, oil refining, and hotel building, have resulted.

**Important Surveys:** Twelve Investment Survey Grants (50/50) have been made and there is likelihood of affirmative investment decisions in several cases.

**Improving the Investment Climate:** A.I.D.-Thai consultations on a program by which the Government would divest itself of some of its 150 state-owned industrial enterprises are continuing with a view to initiating this activity in late FY 1965 or early FY 1966.

**Investment Promotion:** A program is planned under which U.S. consultants will assist in strengthening the Board of Investment, an agency which encourages new enterprises. This plan was the result of a review by a two-man team of consultants sent to Thailand in December 1964 to develop a program to increase the Board's effectiveness.

**Private Enterprise Training:** A modest private enterprise participant training program is planned for initiation in FY 1965 to send Thai business executives abroad to increase their managerial and technical competence.

**International Executive Service Corps:** A.I.D. will assist in founding a pilot program utilizing U.S. managerial and technical personnel in selected Thai enterprises through the IESC.

**FY 1966 Program:** Consulting services of a U.S. firm will be provided to assist the Board of Investment if Thai self-help actions on organization and staffing are forthcoming. Funding also covers the contract services to develop the plan to help the Thai Government withdraw from manufacturing and processing businesses. Three advisors and the training of eight participants will also be financed.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **TRANSPORTATION**

Funds: **SUPPORTING ASSISTANCE**

Project Title and Number: **Security Roads Program**  
493-12-310-139  
Prior Reference: Page 136, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	5,542	452	5,090
	18	3,984	
Estimated FY 65			xxxxxxxxxxxx
Estimated through 6/30/65	5,560	4,436	1,124
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
6			5,566

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	18	6
Participants .....	-	-
Commodities .....	-	-
Other Costs .....	-	-
Total Obligations .....	18	6
<b>Obligations By</b>		
<b>Method of Financing</b>		
Direct AID Costs .....	18	6
Other Agency .....	-	-
Contract .....	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	5,322 *	

**Project Objective and Description:** To reduce the vulnerability to subversion and insurgency of remote areas in Northeast and North Thailand near the Laos border, by opening them up to uninterrupted communication with the rest of Thailand through the construction of all-weather access roads.

Internal security in Thailand depends upon the success of the RTG in securing the allegiance of the people of these border areas. The problem is further complicated because most of those in the Northeast are of Lao ethnic origin. Isolation of these areas contributes greatly to the low level of social and economic development, which in turn provides fertile ground for subversion. Roads connecting these areas with the existing Thai highway system will end the isolation of these areas, contribute to economic development, stimulate increased communication with central areas of Thailand, and facilitate access to the area by RTG security forces.

Discussions placing great priority on construction of two such roads began early in 1962 with the RTG. These roads, one in the Northeast and the other in the North, are to cover 195 miles. The Officer in Charge of Construction, Southeast Asia (OICC) of the Navy Bureau of Yards and Docks has been given implementing responsibility through a PASA for these undertakings.

An American engineering firm completed the design and developed construction specifications. Six contracts were let to Thai construction firms between February and June 1964 for construction of bridges, and to an American contractor in June 1964 for construction of both roads and a number of bridges in the Northeast. All contracts provide for maintenance of traffic, for all weather utility of the roads by January 1965, and completion by August 1965. As of December 31, 1964, it was expected that deadlines would be met by all contractors.

**FY 1966 Program:** Additional funding in 1966 is required only to provide for a single A.I.D. technician to provide liaison between the Thai Government, OICC and AID/W. Current construction contracts are within earlier estimates and no future funding is anticipated.

\* Counterpart plus controlled special RTG project contribution

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: THAILAND

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Malaria Eradication,  
493-11-510-107  
Prior Reference: Page 140, FY 1965 CP  
Initial Obligation FY: 1951 Scheduled Final Obligation FY: 1972

malaria was reduced by 99% and the malaria mortality rate from 183 to 25 deaths per 100,000 persons.

The principal features of the program include a residual spraying campaign to cover all the houses in the malarious areas, and a campaign to find and treat cases to insure that malaria transmission is permanently stopped. These activities are carried out by the Malaria Eradication Service of the Thai Ministry of Health with advice and assistance from eight USOM and two WHO technicians. Fourteen Peace Corps volunteers are currently working with the project as assistants to Thai zone chiefs. Twenty-two additional Peace Corps volunteers have been requested for FY 1966 to provide similar assistance.

**Project Progress:** The course of action of this project has been planned in accordance with an A.I.D./WHO assessment report of 1963. Populations under spraying coverage and surveillance coverage were increased in FY 1964-65, with the initiation of two cycles of spraying per year in malarious areas. The two cycle spraying will be continued throughout FY 1966-67.

During FY 1965, spraying operations will cover a population of 20.6 million, and surveillance activities will cover 17.3 million. During FY 1966 spraying will cover a population of 24.0 million and surveillance will be extended to 25.9 million.

The RTG planned contribution to the Malaria Eradication project for the eight year period 1965-1972 is \$29.5 million.

With the exception of U.S. training in epidemiology and vehicle maintenance, all participant training will be restricted to third countries (at the Malaria Eradication Center in Manila, as well as observation of malaria eradication programs in India, Ceylon or Pakistan).

**FY 1966 Program:** In FY 1966 it is proposed to fund: (a) eight malaria specialists; (b) third-country training of 33 participants; and (c) commodities consisting of DDT insecticide (90%), laboratory equipment, spray equipment, and motor vehicles in support of increased field operations.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	5,722	5,366	356
Estimated FY 65	2,226	2,170	xxxxxxxxxxxx
Estimated through 6 30/65	7,948	7,536	412
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,140	6,381	16,469	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	120	120
Participants .....	40	15
Commodities .....	2,066	1,997
Other Costs .....	-	8
Total Obligations .....	2,226	2,140

Obligations By Method of Financing		
Direct AID Costs .....	2,226	2,140
Other Agency .....	-	-
Contract .....	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	12,630 *	4,756 **

**Project Objective and Description:** The basic objective of this project is to eradicate malaria in Thailand by 1972. Malaria has been Thailand's greatest cause of sickness, debility and death. Initiated in 1951 as a control program, this project was redirected in 1961 toward the broader goal of total eradication. During the ten years of the control phase the incidence of

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Medical Education, 493-11-540-108			
<b>Prior Reference:</b> Page 142, FY 1965 CP			
<b>Initial Obligation FY:</b> 1951 <b>Scheduled Final Obligation FY:</b> 1967			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations 4,531	Expenditures 2,535	Unliquidated 1,996
Estimated FY 65	183	999	xxxxxxxxxxxx
Estimated through 6 30/65	4,714	3,534	1,180
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
500	450	5,664	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	15	290	
Participants .....	48	60	
Commodities .....	-	75	
Other Costs .....	120	75	
<b>Total Obligations .....</b>	<b>183</b>	<b>500</b>	
Obligations By Method of Financing			
Direct AID Costs .....	48	60	
Other Agency .....	135	15	
Contract .....	-	425	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	6,928*	112**

**Project Objective and Description:** To assist in the improvement of medical education in Thailand and in the development of facilities to increase the number of doctors, nurses and auxiliary health personnel. The shortage of medical and para-medical school graduates is a deterrent to improved health in Thailand. U.S. assistance under earlier completed programs

was focused on strengthening medical schools and related institutions in Bangkok. Concern with the North and Northeast regions of Thailand has resulted in an effort to improve the economic and social well-being of the rural population. Assistance will be directed toward the development of a third medical school, at Chiangmai in the North, to serve as a model for schools which will give particular attention to serving the medical needs of rural Thailand.

**Project Progress:** This assistance to the Chiangmai Medical Center is provided through a contract with the University of Illinois. Effective in August 1962 the contract currently carries a termination date of May 31, 1966. It is anticipated that two additional years will be necessary to fully establish the school as a viable institution capable of maintaining high professional standards and continuing development. Roughly divided into a three-phase work plan of 2 years each, the project has completed phase one by solving immediate problems, strengthening existing programs and providing a foundation for long range operations. Phase two will consolidate and extend current accomplishments and give particular attention to basic long range programs emphasizing organization and administration. Project activities to date have included curriculum revision, applied research on health problems, patient care, clinical teaching programs, and establishment of student assistantship and graduate study programs. The first class graduated in April 1964 with outstanding academic achievements. Thai staff of the Division of Preventive Medicine and Public Health has been increased and plans have been approved for the establishment of a health center on the medical school campus to serve as a nucleus for teaching and demonstration in preventive medicine and community health.

**FY 1966 Program:** \$425,000 is to be provided under the FY 1966 program for advisory services and equipment under the Illinois Contract. \$60,000 will be provided to train participants in coordination with contract activities. \$15,000 will provide for the services of one nursing educator under a PASA with U.S. Public Health Service.

\* Counterpart plus a special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Village Health and Sanitation,  
493-11-520-109  
Prior Reference: Page 141, FY 1965 CP  
Initial Obligation FY: 1960 Scheduled Final Obligation FY: 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,679	1,290	389
Estimated FY 65	190	285	xxxxxxxxxxxx
Estimated through 6 30 65	1,869	1,575	294
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
94			1,963

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	40	34
Participants	5	5
Commodities	145	55
Other Costs	-	-
Total Obligations	190	94

Obligations By Method of Financing		
Direct AID Costs	190	94
Other Agency	-	-
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	1,449 *	248 **

Project Objective and Description: To assist the Thai Government in establishing a village health and sanitation program covering the Northeast villages by the end of 1966 and 6,000 villages outside the Northeast by the end of 1965.

Diseases associated with poor sanitation are Thailand's most serious health problem in 42,000

villages where 85% of the population lives. The village health and sanitation program focuses on: (a) installation or protection of safe drinking water supplies; (b) construction of sanitary privies and; (c) general cleanliness. Thai sanitarians work directly with the villagers through health committees organized at the village level. Basic health and hygienic practices are introduced to the villages through these health committees. Community action is then organized to construct such facilities as cement water-seal privies, protected water supplies, (usually wells with hand pumps) and adopt community sanitation programs. Because of the self-help feature, the program acts as a stimulus to further community development activities and contributes to the development of effective and responsible local organization.

Project Progress: Since 1960, village health and sanitation programs have been started in 4,000, or more than 10% of the Thai villages. 108,000 sanitary privies and 4,700 sanitary wells have been constructed. Project research has recently developed a hand pump design, which local manufacturers can produce with local materials. Last year occasioned by the need for government services in the security-sensitive areas, the project was expanded, accelerated and extended for an additional year (through FY 1966). Three hundred additional Northeast villages were reached by the program in 1964 and 150 new village sanitarians began training. Construction of the N.E. Sanitarian Training Center was completed.

In 1965, 2,100 villages in the security-sensitive areas will be added to the program. Two hundred more sanitarians will begin pre-service training. At the close of FY 1966, when U.S. assistance to this project phases out, the Thai Government will have a sufficient number of trained personnel to expand this project to the remaining Thai villages without assistance.

FY 1966 Program: In FY 1966 three field sanitarians, third country training for 7 Thai sanitarians, and \$55,000 in commodities will be provided. These commodities include \$30,000 for hand pumps, pipe and pipe fittings, and \$18,000 for project pick-up trucks and motorcycles.

\* Counterpart plus special RTG contribution.  
\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Human Resources Development,  
493-11-690-142  
Prior Reference: Page 145, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1967

**Project Progress:** This project continues the work which began in 1963 when a Joint Task Force, composed of Thai and U.S. economists, educators and planners, undertook an assessment of Thai human resources development. Responding to the recommendations contained in the Task Force Report, the Thai Government has established an Educational Planning Office in the Ministry of Education and a Manpower Planning Office in the NEDEB, the national planning agency. The staffs of these new offices have begun for the task of coordinating educational policy with the country's manpower requirements for continued economic growth. At the request of the Thai Government, A.I.D. is assisting these offices to carry out their new responsibilities effectively. Under an A.I.D.-financed contract, Michigan State University (MSU) is helping the Educational Planning Office to mount a study in depth of the entire secondary education system in Thailand. MSU is also assisting the National Education Council of the Prime Minister's office to more effectively discharge its role as the coordinating agency for higher education. In addition, A.I.D. will render help through contract services to the Manpower Planning Office to enable it to carry out its responsibilities for forecasting manpower demand and for improving the utilization of existing manpower. Finally, as part of the Thai Government's effort at modernizing and increasing the administrative effectiveness of its educational system, a re-organization of the Ministry of Education will be initiated with the help of A.I.D.-financed organization and management advisors made available under the Personnel and Management Improvement project.

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6 30 64	499	69	430
Estimated FY 65	125	273	XXXXXXXXXXXX
Estimated through 6/30/65	624	342	282
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
300	120	1,044	

Obligations

Cost Components	Estimated FY 65	Proposed FY 66
U.S. Technicians	105	230
Participants	-	15
Commodities	-	-
Other Costs	20	55
Total Obligations	125	300

Obligations By

Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs	50	55
Other Agency	-	-
Contract	75	245

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	153*	86**

**Project Objective and Description:** To assist the government to: (a) assess Thailand's human resource requirements for national development; (b) identify educational priorities; and (c) undertake educational planning for most effective development of human resources.

**FY 1966 Program:** FY 1964 and prior year funds provided for the initial two years of the MSU contract. FY 1966 funds provide for a third year of operations. Contract Advisory services in manpower planning will be provided in FY 1966 as in FY 1965. There will be three direct hire technicians in FY 1966, including a senior level general educational planning advisor and two advisors in vocational education, a major area of emphasis in the secondary education study.

\* Counterpart plus special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Rural Education - Materials Development, 493-11-640-162  
 Prior Reference: Page 144, FY 1965 CP  
 Initial Obligation FY: 1964 Scheduled Final Obligation FY: 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	63	20	43
Estimated FY 65	55	61	XXXXXXXXXXXX
Estimated through 6 30 65	118	81	37
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
31		149	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	21	21
Participants	-	-
Commodities	34	10
Other Costs	-	-
Total Obligations	55	31

Obligations By Method of Financing		
Direct AID Costs	55	31
Other Agency	-	-
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30 65	FY 66	Through 6/30/65	FY 66
-	-	114*	31 **

Project Objective and Description: In Thailand, the village school and the local teacher are two of the most immediate and meaningful symbols of government concern for the welfare of rural communities. However, a major problem encountered in the elementary schools of Thailand, especially in the depressed Northeast region, is the shortage of even the most rudimentary

teaching materials and textbooks, which are suitable for effective teaching. This project will make an initial attack on the problem by assisting the Ministry of Education in preparing and supplying more effective teaching materials and textbooks for Northeast elementary schools. The program will provide to 2,000 schools and eventually to 4,000 schools (grades 1-4) in the six security sensitive changwads a minimum of two readers and one arithmetic per student, and related teaching materials. In total, 1,285,000 readers, 500,000 arithmetics and 24,000 sets of supplementary and drill materials will be tested and distributed by the Educational Materials Center in Bangkok and by regional branches of the Center in the Northeast for the 1966 school year.

Project Progress: The Educational Materials Center was completed in June 1963 and personnel, materials and functions initiated under an earlier A.I.D. project were concentrated in this facility. A regional branch has been established at Udorn, another is scheduled at Ubol in CY 1965 and another in CY 1966 to supplement the Bangkok Center in planning, evaluation and training. A training program for key rural teachers will be conducted during FY 1965. Preparation of readers and arithmetics for grades 1 and 2 has been completed with publication of 375,000 books scheduled to be distributed before the 1965 school term begins. The remaining 1,410,000 books and related teaching materials will be planned, produced and distributed by the 1966 school year.

FY 1966 Program: An educational materials specialist will advise the Department of Educational Techniques to help develop the program and to carry out the experimental work with prototype and revised materials. Commodity funds include the cost of high quality newsprint, required for textbook printing and not produced in Thailand, as well as training and duplicating equipment and materials for the centers. Substantial remodeling and refurbishing of the Udorn branch has been provided by the Ministry. In addition to the RTG-contributed counterpart, the Thai FY 1966 contribution in cash and kind will total \$16,000.

\* Counterpart plus special RTG project contribution.  
 \*\* RTG special project contribution, jointly controlled.

**CONFIDENTIAL**

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

**TABLE III**

Country: THAILAND

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Civil Police Administration, 493-11-710-119			
Prior Reference: Page 146, FY 1965 CP			
Initial Obligation FY: 1957		Scheduled Final Obligation FY:	
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 11,112	Expenditures 8,732	Unliquidated 2,380
Estimated FY 65	2,378	3,514	xxxxxxxxxxxxx
Estimated through 6/30/65	13,490	12,246	1,244
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,767	3,346	18,603	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	507	433	
Participants . . . . .	47	44	
Commodities . . . . .	1,684	1,150	
Other Costs . . . . .	140	140	
Total Obligations . . . . .	2,378	1,767	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	2,138	1,627	
Other Agency . . . . .	-	-	
Contract . . . . .	240	140	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned	Commitments of Country Owned (Counterpart)		
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,962*	477**

**Project Objective and Description:** To increase the security of Thailand's border areas and rapidly develop the counter-insurgency capability of the Thai Civil Police. The U.S. is assisting the two major elements of the Thai police and a number of the smaller specialized police units in increasing their effectiveness in coping with current subversion and potential insurgency.

The 6,300 man Border Patrol Police, one of Thailand's best internal defense forces, is responsible for protecting Thailand's borders against smuggling, infiltration and banditry. The BPP also operates an effective civic action program which brings educational, medical and agricultural assistance to the hill tribe minorities living in remote border areas. The U.S. is assisting the Thais improve BPP capability with technical advice, counter-insurgency training, air support, and equipment. Each BPP member has completed a second cycle of retraining lasting four weeks. A third cycle is presently underway. Counter-insurgency training was also provided for 325 young BPP replacements drawn from the Provincial Police.

The project is continuing the program of re-equipping and re-training field forces of the 28,000-man Provincial Police force. This unit is responsible for maintaining law and order in the rural areas. It has received technical advice, training, weapons, plus transportation and communications equipment. In FY 1964, five thousand Provincial Police received an intensive six weeks of counter-insurgency training and an additional five thousand are scheduled for such training in FY 1965.

The project also provides the Bangkok Metropolitan police with training in raid and arrest techniques and crowd control, and the Special Branch (CID) with counter-insurgency and counter-espionage training.

In FY 1965 the Thai Government is scheduled to provide the equivalent of \$477,000 from a special account to support the project's local expenses.

**FY 1966 Program:** 24 police advisors will assist in all phases of the police training programs. Ten participants will be trained in the U.S. at the International Police Academy and at the FBI Academy. Four participants will receive police communications training in the U.S. Commodities include \$750,000 for communications equipment and \$320,000 in weapons and ammunition for the provincial police. In addition, the U.S. will provide air support for BPP operations in the remote border areas at an estimated cost of \$140,000.

\* Includes counterpart plus special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

**CONFIDENTIAL**

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Government Statistical Services, 493-11-780-124  
 Prior Reference: Page 149, FY 1965 CP  
 Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1966  
 U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6 30 64	626	516	110
Estimated FY 65	147	177	xxxxxxxxxxxx
Estimated through 6 30 65	773	693	80
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
123		896	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	121	95
Participants	26	28
Commodities	-	-
Other Costs	-	-
Total Obligations	147	123

Obligations By Method of Financing		
Direct AID Costs	26	28
Other Agency	121	95
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	242 *	28 **

Project Objective and Description: To assist the Thai Government in developing a national statistical organization capable of providing the basic information necessary for effective economic planning and government management.

Under a Participating Agency Agreement with the Bureau of the Census, the U.S. has been assisting

the Central Statistical Office since FY 1960 to improve its capability to compile basic statistics, and to complete: (a) the 1960 national population census and the publication of all basic data; (b) a survey of textile industry for the Thai Board of Investment (1962); (c) a nationwide agricultural census (1963); and (d) a survey of family income and expenditures in the Bangkok metropolitan area (1963).  
 Project Progress: Field work has been completed for Household Expenditure Surveys in six regions covering the whole of Thailand. Labor force surveys to measure employment and unemployment have been conducted in the municipal areas of Thailand in 1963-64. A pilot industrial census in the Bangkok Thonburi metropolitan area was conducted in June 1963, and work has begun on an industrial census for all of Thailand. A statistical computing center has been established at Chulalongkorn University, and an IBM 1620 computer has been installed. Programs are underway to coordinate statistical standards for all Thai ministries and to improve the quality of statistical instruction offered at Thai universities.

During FY 1966, technical advice and assistance will be provided through the Thai National Statistical Office to: (a) complete processing and publication of the 1963 Census of Agriculture, the Industrial Census, and the Household Expenditure Survey; (b) establish a system of basic surveys to provide complete and accurate vital statistics; and (c) continue efforts to improve the quality of statistical education for in-service training and at Chulalongkorn University. Technical assistance will be provided to the National Economic Development Board to establish a system for the collection and evaluation of national accounts data which will provide reliable estimates of the GNP and its components.

U.S. assistance is expected to end in FY 1966, when the statistical office should have enough trained statisticians to conduct statistical surveys without outside assistance. The RTG will contribute the equivalent of \$28,000 to this project in FY 1966 from a jointly controlled special account.

FY 1966 Program: Requested funds for FY 1966 will finance: (a) six public administration advisors provided through a PASA with the U.S. Bureau of the Census; and (b) five Thai statisticians to be trained in the U.S.

\* Counterpart plus special RTG project contribution  
 \*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Personnel and Management Improvement, 493-11-730-144			
Prior Reference: Page 147, FY 1965 CP			
Initial Obligation FY: 1962 Scheduled Final Obligation FY: 1967			
<b>U.S. DOLLAR COSTS</b>			
Through 6 30 64	Obligations 913	Expenditures 328	Unliquidated 585
Estimated FY 65	251	387	xxxxxxxxxxxx
Estimated through 6 30 65	1,164	715	449
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
152	65	1,381	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	127	-	
Participants .....	84	152	
Commodities .....	-	-	
Other Costs .....	40	-	
Total Obligations .....	251	152	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs .....	101	152	
Other Agency .....	10	-	
Contract .....	140	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	368 *	47 **

**Project Objective and Description:** To establish a capacity in the Thai Government to perform management studies for the purpose of increasing administrative efficiency.

The capacity of Thai ministries to administer various programs effectively is hampered by weaknesses in organizational structure and by lack of managerial skills. This project was proposed to

correct some of the obvious deficiencies in key ministries and to develop the capacity within the Thai Government for improving the operations and management of the various ministries.

Assistance is provided in cooperation with the RTG Bureau of the Budget to the Highway Department of the Ministry of National Development, the Ministry of Agriculture, the Ministry of Education and the Revenue Department of the Ministry of Finance, through a contract with the Public Administration Services (PAS), a non-profit U.S. public administration consulting firm.

**Project Progress:** As a result of a study of the Highway Department a complete reorganization is now being carried out with the help of PAS and Thai Budget Bureau specialists. A survey of the Revenue Department produced recommendations for organizational and administrative changes which together with a draft revenue code have been submitted to the Cabinet. These changes would increase annual revenue by 7 to 9 per cent.

A Thai capacity to continue these activities is being developed in the Thai Budget Bureau which will be capable of carrying out the necessary studies on its own following project completion scheduled in FY 1967.

Inspired by recent U.S. suggestions the RTG has lately constituted a special commission to recommend and carry out broad reforms of the Thai civil service, and has requested the aid of U.S. specialists in this field.

The RTG will contribute the equivalent of \$47,000 to this project from a jointly-controlled special account.

**FY 1966 Program:** U.S. financing is proposed for participant training only. Thirty-four participants (13 of these are extensions) will be trained in the U.S. in personnel and public administration, revenue administration, tax research and statistics.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Local Government Administration  
493-11-740-145  
Prior Reference: Page 148, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1968

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	232	53	179
Estimated FY 65	161	236	xxxxxxxxxxxx
Estimated through 6 30 65	393	289	104
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
133	212	738	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	36	36
Participants	69	67
Commodities	56	30
Other Costs	-	-
Total Obligations	161	133

Obligations By		
Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs	161	133
Other Agency	-	-
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	454 *	199 **

Project Objective and Description: The possible alienation of the Thai villagers in the remote rural areas through communist subversion is a major concern to the Thai and U.S. Governments. This project aims at strengthening the ties between the central government and the rural areas by improving local and provincial government administration through in-service training of village, district and provincial officials.

U.S. technical advisors are assisting the Thai Ministry of Interior in: (a) establishing an effective and continuous manpower development program for all local and provincial officials; (b) providing management advice and assistance for improving and strengthening Thai local administration.  
Project Progress: Since FY 1963, 5,900 village headmen and township chiefs from the remote areas have received one week each of in-service training. 600 Northeast village teachers have received professional and political training to upgrade their teaching skills and acquaint them with the techniques infiltrators might use in their villages. In addition, 400 provincial technical officers and 500 district officers and deputy governors have been trained in short courses designed to help them become more responsive to village problems.

The project is also helping the Thais establish a District Office Academy. This center will train 45 competitively selected deputy district officers for a twelve month period in the administrative skills and techniques necessary for effective local and provincial government. The Academy director and his instructional staff have been selected and the curriculum developed. Pending the completion of the physical facilities of the Academy (the first building will be completed this year), forty competitively selected students have started their training using temporary space in Bangkok.

In the Government management field, the Thais have been helped to undertake a management study of the Office of the Interior Ministry Undersecretary and the Office of the Governor. The project is also assisting in planning the reorganization of the Community Development Department. The Thais are developing more objective tests to be used in the recruitment and promotion of district and provincial officials.

FY 1966 Program: Two U.S. advisors will assist the government management and in-service training aspects of this project. Four participants will be trained in the U.S. in local government operations. Ten will receive academic and on-the-job training in the operation of in-service training courses. \$30,000 will be used to provide training aids and audio-visual equipment.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

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

PROJECT DATA

(In thousands of dollars and equivalent)  
COMMUNITY DEVELOPMENT, SOCIAL WELFARE

TABLE III

Country: THAILAND

Activity: AND HOUSING

Funds: TECHNICAL COOPERATION

Project Title and Number: Community Development,  
493-11-810-125  
Prior Reference: Page 150, FY 1965 CP  
Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1968

**Project Progress:** The Thai Community Development (CD) program was started in 1954. Modest A.I.D. assistance began in FY 1956. In 1962, a Department of Community Development was established in the Ministry of Interior. Plans were adopted to concentrate project operations in the Northeast and extreme Southern areas. Under this project, Thai village workers who are trained to live and work in the villages, aid in guiding villagers to identify their needs and to organize and undertake self-help community projects. A total of 3,920 Northeast villages are covered by the CD project. In the extreme South, CD programs are underway in 8 project areas covering 615 villages. 376 Thai village workers have been trained. Two regional centers - in the Northeast and South - have been established to help provide for more effective technical backstopping for village self-help activities and to serve as pre-service training centers for village workers. In FY 1965, twelve new project areas in the Northeast and 6 new project areas in the South will be opened. These areas will be staffed by 182 new village workers who are presently being trained.

With the opening of an additional 21 project areas in 1966, staffed by 166 new village workers, the goals originally set for this project will be largely satisfied. However, it has been agreed in response to a Thai request to provide two short-term consultants in FY 1965. One will assist the Thais in planning CD women and youth programs. The second will plan in-service training programs to teach village workers how to design and construct small village access roads using hand tools and local labor. Should the consultants recommend additional technical assistance in these two fields, consideration will be given to revising and extending the CD project for an additional two years (to 1968).

**FY 1966 Program:** In FY 1966, the U.S. will provide 7 direct-hire technical advisers to guide the Thais in village project planning, village leader training and in preparing audio-visual materials. Four participants will be selected for academic training (two in the U.S. and two in the Philippines) to prepare them to assume senior leadership positions in the women and youth programs. Project commodities include jeeps and pick-up trucks for the 18 new project areas and audio-visual equipment and transportation for the women and youth programs.

\* Counterpart and special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6 30 64	984	669	315
Estimated FY 65	242	410	xxxxxxxxxxxx
Estimated through 6 30 65	1,226	1,079	147
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
284	411	1,921	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	124	124
Participants	18	30
Commodities	100	130
Other Costs	-	-
Total Obligations	242	284

Obligations By Method of Financing		
Direct AID Costs	212	278
Other Agency	-	6
Contract	30	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	*986	149**

**Project Objective and Description:** To assist the Thai Government in establishing a national rural community development program which will strengthen government ties with the villages of the Northeast and extreme South of Thailand and accelerate their socio-economic development.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Economic Feasibility and Engineering Surveys, 493-12-990-132			
Prior Reference: Page 152, FY 1965 CP			
Initial Obligation FY: 1961 Scheduled Final Obligation FY: 1967			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 521	Expenditures 72	Unliquidated 449
Estimated FY 65	724	541	xxxxxxxxxxxx
Estimated through 6/30/65	1,245	613	632
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
420	170	1,835	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	59	20	
Participants .....	-	-	
Commodities .....	-	-	
Other Costs .....	665	400	
Total Obligations .....	724	420	
Obligations By			
Method of Financing			
Direct AID Costs .....	20	20	
Other Agency .....	39	-	
Contract .....	665	400	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	490*	53**

**Project Objective and Description:** To assist Thailand obtain increased capital from free-world sources by financing economic and engineering feasibility surveys of projects for the construction of basic facilities such as highways, irrigation systems, etc.

Studies developed under this project will provide the engineering and economic data as a basis for loan applications acceptable to the World Bank, the Ex-Im Bank, to other potential Free World lenders, or to A.I.D. if other financing is not available on reasonable terms or in sufficient time. The surveys will, in effect, supplement Thailand's own modest engineering and economic planning resources. They will not, however, imply a commitment on the part of the U.S. to finance the projects surveyed.

**Project Progress:** Since 1961, surveys and reviews financed by this project have been instrumental in obtaining a \$22 million IBRD loan for an irrigation project on the Greater Mek Long (Kwai) River and a \$11.1 million A.I.D. development loan for three irrigation projects (see Table IV report). In addition the IBRD is considering a loan for a large irrigation/flood control project on the Nan River and A.I.D. is intensively reviewing a \$13 million loan for a highway between Saraburi and Lomsak (following Ex-Im Bank's expression of disinterest.)

Surveys by a U.S. consultant of four ports in southern Thailand have resulted in a Thai decision for staged development without external borrowing. Through a PASA with the Bureau of Reclamation, A.I.D. is also assisting in preparing an irrigation project on the Nam Oon River in the N.E.

Completed surveys initiated in FY 1964 included: (a) a requirements study by the Federal Aviation Agency under an A.I.D. PASA to determine what addition to the existing Bangkok International Airport was necessary; and (b) a reconnaissance investigation by the U.S. Bureau of Reclamation under an A.I.D. PASA of the two drainage basins covering two-thirds of Northeast Thailand to determine what potential river development projects were worthy of feasibility grade investigation. In FY 1965, A.I.D. initiated a survey of the Feasibility of the Lomsak-Chumpae Highway, the last link in an East-West system across North and Northeast Thailand (estimated cost \$182,500).

**FY 1966 Program:** FY 1966 funds are required to finance feasibility studies on streams in Northeast Thailand. \$400,000 is needed for contracts with U.S. engineering firms to perform the surveys and \$20,000 for an A.I.D. technician.

\* Counterpart plus special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: THAILAND

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Accelerated Rural Development in Border Provinces, 493-11-990-163

Prior Reference: Page 153, FY 1965 CP

Initial Obligation FY: 1964 Scheduled Final Obligation FY: 1968

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6 30 64	2,438	203	2,235
Estimated FY 65	2,587	3,482	xxxxxxxxxxxx
Estimated through 6 30 65	5,025	3,685	1,340
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,032	1,326	8,383	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	872	612
Participants	-	-
Commodities	1,607	1,312
Other Costs	108	108
Total Obligations	2,587	2,032

Obligations By Method of Financing		
Direct AID Costs	1,954	1,750
Other Agency	321	72
Contract	312	210

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	837*	554 **

Project Objective and Description: To accelerate rural development activities in the sensitive border areas of North and Northeast Thailand.

Stagnation in the remote villages of the North and Northeast and central government neglect of these regions have left deep-seated economic and social problems, an indifference or even hostility to the

central government, and vulnerability to communist subversion from across the border. The Government is now aware of the need to demonstrate a concern for village problems.

This project enables the provincial governments of six North-east provinces to carry out village public works which will increase the economic potential of the areas concerned and reduce their isolation. These activities include farm to market roads, small dams, irrigation works, and water wells. To build a sense of partnership with the central government, maximum villager participation in the decision-making process and actual construction is encouraged. In FY 1964, the U.S. provided technical training, heavy construction equipment and assorted handtools for 5 provincial construction units, and reallocated previously funded equipment for a sixth unit.

Project Progress: The Thai Government has established a decentralized organization to administer the project. Six special deputy governors with full time responsibility for project management were appointed. All the trainees required to staff the engineering, construction, and maintenance units have been recruited.

Training programs are being carried out by U.S. Navy Seabee teams and American contractors. A regional training and engineering center to provide technical backstopping, and a project coordinations office to assure coordination with other developmental activities in the six provinces have been established at Korat. U.S. rural development technicians are assigned to the Korat Center and to the N.E. border provinces. The Thai Government provides the local costs of the project, about \$2.5 million equivalent in 1965.

A joint Thai-U.S. evaluation will be made in the spring of 1965. FY 1966 Program: Conditional upon satisfactory progress, the project will be expanded to cover three additional provinces probably in the North along the Lao border. Construction equipment will cost about \$1.3 million. There will be 26 direct-hire advisors, engineers, and equipment specialists, the majority at field stations. Under a PASA with the Navy, six two-man Seabee teams will provide in-service training for Thai equipment operators and maintenance mechanics.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: THAILAND

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

<b>Project Title and Number:</b> MDU Planning, Engineering and Construction, 493-11-990-171			
<b>Prior Reference:</b> None			
<b>Initial Obligation FY:</b> 1964 <b>Scheduled Final Obligation FY:</b> 1966			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	1,922		1,922
Estimated FY 65	170	1,885	xxxxxxxxxxxx
Estimated through 6/30/65	2,092	1,885	207
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
95			2,187
	Obligations		
<b>Cost Components</b>	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	40	65	
Participants . . . . .	-	-	
Commodities . . . . .	130	30	
Other Costs . . . . .	-	-	
<b>Total Obligations . . . . .</b>	<b>170</b>	<b>95</b>	
<b>Obligations By Method of Financing</b>			
Direct AID Costs . . . . .	140	45	
Other Agency . . . . .	-	20	
Contract . . . . .	30	30	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	55*	9**

**Project Objective and Description:** To assist the Thai National Security Organization carry out "impact" civic action programs in security sensitive areas, especially in the N.E. where poverty and the inadequacy of government services contribute to indifference and hostility to the Government. While a coordinated rural development program is underway to attack these problems in

the North and Northeast where they are most acute, there is also a need for immediate action to produce the psychological and tangible benefits of simple village projects to counter subversion in the strategic areas.

The Mobile Development Unit program, initiated by the Thai National Security Command, was designed to fill this need. Under NSC supervision, Mobile Development Units are assigned to target areas of from 300-400 villages where they carry out civic action programs. Though organized and led by the military, each unit included agricultural, public health and country development technicians from the various civilian ministries.

**Project Progress:** To date MDU's are at work in eight strategic areas. Seven of the eight MDU areas are in Northeast provinces adjacent to the Laos border. One is located in strategic portions of two Thai-Muslim provinces in the South. The MDU project has enjoyed top-level Thai interest and support. The U.S. considers it the most effective measure the Thais have taken to counter the threat of communist subversion in the remote areas.

Early MDU operations were hampered by a shortage of construction equipment and trained personnel. Late in FY 1964, the Thais organized three MDU construction units using personnel drawn from the Thai army engineers. These units are to be assigned to MDU areas to construct access roads, small irrigation dams, village wells, schools, and other village facilities. The U.S. obligated FY 1964 funds for construction equipment for the new units and training to upgrade the skills of Thai equipment operators, and maintenance, and engineering personnel.

A joint Thai-U.S. evaluation of the program is scheduled for spring of 1965. If the evaluation is positive, some \$170,000 will be provided in FY 1965 for spare parts, tools and shop equipment, and training assistance under contract. If a rapid response is necessary to changed security conditions, this program may be expanded. In FY 1965 the Thai Government will contribute the local currency equivalent of \$757,000 toward construction materials, personnel, equipment, repair and operating costs.

**FY 1966 Program:** The present plan is to provide \$65,000 in FY 1966 for an equipment operator/engineering training program plus \$30,000 for heavy equipment replacement parts. These plans will be reviewed as conditions develop.

\* Counterpart plus special RTG project contribution.

\*\* RTG special project contribution, jointly controlled.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **GENERAL AND MISCELLANEOUS**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Special Training for National Development, 493-11-990-173**

Prior Reference: **None**  
Initial Obligation FY: **1965** Scheduled Final Obligation FY: **1966**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64			
Estimated FY 65	15	5	xxxxxxxxxxxx
Estimated through 6/30/65	15	5	10
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
25		40	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	-	-
Participants . . . . .	15	25
Commodities . . . . .	-	-
Other Costs . . . . .	-	-
<b>Total Obligations . . . . .</b>	<b>15</b>	<b>25</b>

Obligations By Method of Financing		
Direct AID Costs . . . . .	15	25
Other Agency . . . . .	-	-
Contract . . . . .	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	4*	8**

**Project Objective and Description:** To provide academic, on-the-job or observation training opportunities for selected individuals whose training will contribute to U.S. economic development goals in

Thailand, but who are not directly related to other active projects. The program is designed to give the USOM flexibility in responding to "targets of opportunity" and will be directed toward Thai leaders or potential leaders whose training will have a considerable "multiplier effect" on a particular agency or directly contribute to the resolution of key developmental problems.  
**Project Progress:** The project was agreed upon in late FY 1965 and is just getting underway.  
**FY 1966 Program:** Funding for FY 1966 will permit this experimental training program to be continued for a second year. Plans beyond FY 1966 will depend upon the results of the first two years of operation.

\* Counterpart plus special RTG project contribution.  
\*\* RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: **THAILAND**

Activity: **TECHNICAL SUPPORT**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Technical Support, 493-11-990-000**  
 Prior Reference: **Page 155, FY 1965 CP**  
 Initial Obligation FY: **1955** Scheduled Final Obligation FY: **1/**  
**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6 30 64	5,565	5,397	168
Estimated FY 65	960	911	xxxxxxxxxxxx
Estimated through 6 30 65	6,525	6,308	217
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
<b>962</b>	<b>1/</b>	<b>1/</b>	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	680	765
Participants	-	-
Commodities	160	197
Other Costs	120	-
Total Obligations	<b>960</b>	<b>962</b>

Obligations By Method of Financing		
Direct AID Costs	840	947
Other Agency	120	15
Contract	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	8,101*	1,100**

**Project Objective and Description:** To provide for program support and overhead for each of the technical service divisions of the USOM. The project 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: (a) financing the procurement of office supplies and equipment required for USOM operation; (b) financing English language training, testing and medical examination for participants prior to their departure for training; (c) providing communications media support for the entire A.I.D. program in Thailand; (d) monitoring of loan-financed capital projects; and (e) operational research on program problems. Special funds equivalent to \$1,100,000 will be provided by the Thai Government in FY 1966. **FY 1966 Program:** FY 1966 funds requested will be used for costs of 51 technicians and support personnel in the fields of management, secretarial, program, agriculture, public health, public administration, education, communications media, and capital projects. Commodities will include related supplies, equipment and maintenance items. FY 1965 funding includes \$120,000 for PASA/OICC engineering and construction monitoring services incident to Irrigation Loan 493-H-010.

- 1/** This program will continue annually in general support of A.I.D. programs.
- \*** Counterpart plus special RTG project contribution.
- \*\*** RTG special project contribution, jointly controlled.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

Shaded 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: Thailand Irrigation Loan, 493-H-010	
Date Authorized: May 31, 1962	Date Signed: August 31, 1962
Loan Status as of 12 31 '64	Loan Terms
Amount	Duration . . . . . 30 Yrs.
Authorized . . . . . \$11,100	Grace Period . . . . . 5 Yrs.
Disbursed . . . . . 1,016	Interest Rate . . . . . 3%
Repayments . . . . .	Currency of Repayment . . U.S.\$
Interest Collected . . . . . 4	

**Physical Status:** With the guidance of Engineering Consultants Incorporated of Denver, construction is being performed by the Royal Irrigation Department (RID). Engineering services are 40% complete; construction of Lam Pao 17%; Lam Pra Plerng 25%; and Me Tang 35%.

**Financial Status:** After a slow start in meeting the conditions precedent to disbursement of the loan agreement, CY 1964 saw the placement of orders for most U.S. construction equipment which, with the cost of engineering services, accounts for most of the dollar requirement of the projects. Drawdown has accelerated and will reach a peak in the second half of FY 1965 as shipments by manufacturers will result in stepped-up disbursements.

**Host Country Contribution, Procurement Source:** Thai contribution is estimated at \$7.1 million of local costs, principally wages and locally procured materials. All offshore procurement is limited to the United States.

**Comments on Implementation:** The RID has made progress with construction at a rate which, if not measuring up fully to the plan on which the loan was based, shows every indication of resulting in a completely acceptable project to be completed in a reasonable time for a job of this nature.

**Purpose of Loan:** The purpose of this loan is to provide for the financing of all the foreign exchange costs and half the local currency costs within a total of \$11.1 million, of engineering and constructing three irrigation systems in North and Northeastern Thailand. These irrigation systems are designed to play a key role in a Thai development program for economically depressed rural areas, particularly the Northeast, by raising the living standards of the residents of these areas and by integrating them politically with the rest of the country. Three separate projects are involved: (a) Lam Pao near Kalasin in the Northeast; (b) Lam Pra Plerng near Korat in the Northeast; and (c) Me Tang near the Burma border north of Chiangmai in North Thailand. The Lam Pao Project will consist of an earth fill storage dam, which will create a reservoir of 450 million cubic meters of water. When completed, this project will place 28,000 acres of presently cultivated land and an additional 12,000 acres of uplands under continuous irrigation. The Lam Pra Plerng Project will provide an earth fill dam, creating a storage reservoir of 115 million cubic meters, and it will irrigate 24,000 acres of land. The Me Tang Project will feature a diversion dam, and, when in operation, will irrigate 54,000 acres of cultivated land.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: THAILAND

Borrower: METROPOLITAN ELECTRIC AUTHORITY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Bangkok Power Distribution, 493-A-005	
Date Authorized: October 6, 1958	Date Signed: March 6, 1959
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 20 Yrs.
Authorized . . . . . \$20,000	Grace Period . . . . . 6 Mos.
Disbursed . . . . . 17,660	Interest Rate . . . . . 5 $\frac{1}{2}$ %
Repayments . . . . . 90	Currency of Repayment . . Baht
Interest Collected . . . . . 2,587	

supervision and training of MEA technical personnel by J.G. White Engineering Corporation.

Physical Status: Construction work is over 90% complete. The Rogers, Commonwealth and White contracts have been terminated and a single loan-financed U.S. consulting engineer provides continuing advisory assistance and scrutiny of the work still being done. With the availability in mid-1964 of Yanhee power, MEA has experienced a load growth exceeding that predicted in the project studies. This has required the amplification and expansion of distribution facilities. Construction is scheduled to be completed by MEA by December 1965.

Financial Status: Disbursements are expected to continue their normal course as heretofore on this loan. Principal and interest are expected to be timely paid as in the case of past payments.

Host Country Contribution, Procurement Source: RTG undertook to provide 100 million baht (\$5 million) of the project cost. The loan agreement provides for Free World procurement.

Comments on Implementation: This project has been effectively implemented and should achieve the objective of the loan.

Purpose of Loan: The purpose of this loan is 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 hydro project and two 75,000 kw steam 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 essential in accelerating the country's industrialization and enabling it to become a self-sustaining member of the Free World community.

The key features of the distribution system are: (a) a 69,000 volt sub-transmission system emanating from three preliminary step-down termination substations built by the Yanhee Electricity Authority; (b) a 12,000 volt distribution system, including wood poles, distribution transformers and an overhead secondary network system for Bangkok; (c) construction of a completely new secondary system and rehabilitation of certain sections of an existing system; (d) provision of construction machinery and maintenance vehicles and equipment; and (e) nine step-down distribution systems. The loan also funded an engineering design contract with Rogers Engineering Co., Inc., a management consultation and training contract with Commonwealth Services, Inc., and a contract for construction

PREVIOUS PAGE BLANK

CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: VIETNAM

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	-
Tech. Coop./D.G. . . . .	5,939	8,200	11,000
Supporting Assistance . . . . .	121,782	202,000	200,000
Contingency Fund . . . . .	38,026	XXX	XXX
<b>Total . . . . .</b>	<b>165,747</b>	<b>210,200</b>	<b>211,000</b>

Nature and Scope of the A.I.D. Program

To help South Vietnam preserve its national independence against Communist subversion and aggression, A.I.D. is supporting simultaneously a war effort and a political and economic development program of unprecedented intensity. The A.I.D. programs assist the Government of Vietnam at all levels in dealing with issues of vital concern to the peasants, labor, students, local officials and other key groups.

A.I.D.'s program is designed to provide:

1. Under Technical Cooperation, assistance and guidance to the Vietnamese in improving government administrative organization and practices at the central and provincial levels, and in furthering economic and social progress in rural and urban areas.
2. Under Supporting Assistance, essential commodities and technical services necessary to carry out counter-insurgency programs. The objectives are to support projects which clearly show the Government's concern for its people, and to convince them to resist Viet Cong encroachment and align themselves with the central Government. In addition, A.I.D. assists the development of police forces capable of maintaining law and order and controlling subversive elements in areas secured and protected by military forces.
3. Balance of payments support, through Supporting Assistance and PL 480 sales, to prevent serious inflation resulting from the greatly expanded Vietnamese budget required to finance the military effort and expanded economic and social programs.

The main burden of foreign support for the Government of South Vietnam has been and will continue to be borne by the United States for the foreseeable future. However substantial contributions have been provided by France, Japan, Britain, West Germany,

Australia, Canada, and New Zealand in the form of loans, grants and commercial credits. In CY 1964 aid from Free World sources other than the U.S. is estimated at more than \$40 million. Most of the present donors have increased their aid and several other countries have pledged contributions. Twenty-five nations are providing or have agreed to provide aid.

Achievements

Despite its many internal and external problems, years of insurgency, divided leaderships, and a war-weary population, Vietnam has made economic and social progress to which American aid has made a significant contribution. Examples:

**Public Health:** Medical education is being modernized and expanded. The first phase of a teaching center designed ultimately to graduate 200 doctors annually is on schedule; construction of a four-building basic sciences complex will be completed in June 1965. 12,500 village and hamlet health stations have been established and stocked with medicines. Despite VC harrassment, population shifts due to resettlement, refugee and military movement, malaria incidence has been held countrywide to 1.57% and 83% of the population subject to malaria risk is protected.

**Education:** In education a central polytechnic institution and three secondary level polytechnic schools have been constructed and equipped. Six other technical-vocational schools have been re-equipped. Today more than 7,000 students are receiving vocational training. Four normal schools have been built and equipped to train 2,100 prospective elementary teachers per year. A 450 pupil elementary demonstration school has been completed. Two new facilities of Pedagogy each with a demonstration school should be completed in 1965.

**Public Safety:** As of November 1964 the Public Safety program had carried out over 60,000 training missions in basic police training, use of weapons, riot control, and supporting skills. 6,200 communication radios have been installed in a village/hamlet defense network to enable the people to summon reinforcements when attacked. Another 1,400 sets have been installed for security communications by the police and railroads.

**Counter-insurgency:** Two successful counter-insurgency activities are those for inducing Viet Cong defection and encouraging local self-help projects. The Chieu Hoi (returnee) Program, operating since February 1963, has induced about 16,000 defections (through September 1964) from the Viet Cong. The

CONFIDENTIAL

CONFIDENTIAL

Country: VIETNAM

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

Program aims at converting defectors into useful citizens through political rehabilitation, resettlement and vocational training. Most importantly it demonstrates a morally desirable and materially beneficial alternative to continued rebellion.

Under the Self-Help Program, hamlet people select the projects and provide the labor. The Government provides funds for local materials and A.I.D. assists with imported materials and technical services. Over 6,000 projects have been completed, and another 6,000 are underway. These include construction of public meeting places, rice and fish drying platforms, village clinics, and road and bridge repair.

#### FY 1966 Program

Proposed economic assistance in FY 1966 totals \$211 million from A.I.D. and \$57.0 million under PL 480. Emphasis during FY 1966 will be given to rural development, encouraging domestic private industry, needs of the urban population, and further development of crucially needed public administrators at the national and local government levels.

There are three major elements in the FY 1966 program:

(1) Balance of payments support of \$150.0 million in Supporting Assistance funds to finance imports such as fertilizers, pharmaceuticals, chemicals, synthetic fibers, iron and steel products, and industrial machinery needed to maintain the economy of Vietnam. Most of the commodities will be purchased in the United States and less developed countries. Some of these funds will be reserved for an incentive fund to encourage prompt and more effective action by the Vietnamese Government on agreed programs, and to reimburse the Government for part of its expected drawdown of foreign exchange holdings beyond an agreed level. While the major portion of counterpart piaster deposits arising from A.I.D. assistance will go to military budget support, an increased percentage in FY 1965 may be devoted to civil counter-insurgency and development uses.

This assistance will be supplemented by \$40.0 million in sales of agricultural commodities of wheat, flour, evaporated and dried milk, tobacco, and raw cotton under Title I of PL 480. All the piasters generated from sales of PL 480 Title I commodities with the exception of the percentage for U.S. uses (currently 10%) will be contributed to the support of military and paramilitary operations.

(2) Commodities and technical assistance amounting to \$50.0 million for the overall counter-insurgency effort directed, in FY 1966, at rural development, communications, impact public works programs, and strengthening the National Police.

Rural programs will be coordinated with military activities and will be an integral part of the pacification effort. Many of the relief and self-help activities will be supported largely from the Vietnamese budget, involving only limited commodity and technical assistance from A.I.D. These programs assist war refugees, relocation of disaster victims, and Chieu Hoi defectors through the provision of food, clothing, and simple construction materials. The New Life Hamlet self-help program is designed to meet the people's needs quickly by helping construct simple improvements such as market places, schools, health and irrigation facilities. A contract with International Voluntary Services will continue to provide 80 volunteers who will work in the provinces in the fields of agriculture, health and education.

Further, A.I.D. assistance will provide for improved seed, fertilizer and pesticides for distribution to farmers; wells and surface water facilities; repair and maintenance of highways and railroads damaged by the war; dredging of waterways; assistance in rural health service by improving provincial hospital facilities, and increasing the number of rural health workers. The police program will aim in FY 1966 at augmenting the force from a current level of 30,800 to 52,000 by the end of CY 1965 and to 72,000 by the end of CY 1966. In the communications field new programs are being designed to extend the telephone network in Saigon and increase the effectiveness of communications media to combat Viet Cong propaganda.

A.I.D. assistance is supplemented by the distribution of agricultural surplus of corn, bulgar-wheat, vegetable oil, and non-fat milk valued at \$11.0 million under Title II of PL 480. In addition over \$6 million of foodstuffs is to be provided under Title III for distribution by voluntary agencies.

(3) A Technical Cooperation program of \$11 million, primarily to provide technical skills, advice, and training to assist the Vietnamese in developing their ability to govern effectively throughout the country and enhance their capability for self-reliance. In FY 1966 it is planned to double the number of graduates from the National Institute of Administration from a present level of about 80; extend the system of in-service training; and efforts will be made to improve the tax assessment and collection system. Through continuing contracts with Southern Illinois and Ohio Universities, technical advice in all phases of curriculum planning and the development of teaching are planned. In the field of public health the malaria spraying program will continue; and the provision of a teaching hospital is planned. The labor program will concentrate on participant training and providing demonstration and training equipment. In industry, A.I.D. will provide experts to help develop local industries.

**CONFIDENTIAL**

**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 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	7,326	2,229	4,486	611	14,377	4,033	10,344	15,471	4,317	11,154
Participants . . . . .	1,646	966	456	224	1,464	668	796	2,072	1,250	822
Commodities . . . . .	2,722	2,722	-	-	4,837	3,374	1,463	6,455	5,330	1,125
Other Costs . . . . .	2,955	22	2,442	491	3,522	125	3,397	2,302	103	2,199
<b>Total Project Assistance . . . . .</b>	<b>14,649</b>	<b>5,939</b>	<b>7,384</b>	<b>1,326</b>	<b>24,200</b>	<b>8,200</b>	<b>16,000</b>	<b>26,300</b>	<b>11,000</b>	<b>15,300</b>
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	10,280	5,507	3,859	914	13,867	5,834	8,033	16,489	7,920	8,569
Other Agency . . . . .	580	-	580	-	3,065	-	3,065	3,360	-	3,360
Contract . . . . .	3,789	432	2,945	412	7,268	2,366	4,902	6,451	3,080	3,371
<b>Non-Project Assistance . . . . .</b>	<b>151,098</b>	<b>-</b>	<b>114,398</b>	<b>36,700</b>	<b>186,000</b>	<b>-</b>	<b>186,000</b>	<b>184,700</b>	<b>-</b>	<b>184,700</b>
<b>Total Other than Development Loan . . . . .</b>	<b>165,747</b>	<b>5,939</b>	<b>121,782</b>	<b>38,026</b>	<b>210,200</b>	<b>8,200</b>	<b>202,000</b>	<b>211,000</b>	<b>11,000</b>	<b>200,000</b>
<b>Total Assistance . . . . .</b>	<b>165,747</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>210,200</b>	<b>XXX</b>	<b>XXX</b>	<b>211,000</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	316	594	633
Participating agency . . . . .	52	85	114
Contractor technicians . . . . .	166	119	94
<b>Total . . . . .</b>	<b>534</b>	<b>798</b>	<b>841</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	331	374	460
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	<b>331</b>	<b>374</b>	<b>460</b>

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: VIETNAM

Activity: INDUSTRY AND MINING

Funds: SUPPORTING ASSISTANCE

**Project Title and Number:** Telecommunications Development, 430-12-220-029  
**Prior Reference:** Page 162, FY 1965 CP  
**Initial Obligation FY:** 1958      **Scheduled Final Obligation FY:** 1967

**Project Progress:** Television Associates of Indiana, Inc., was employed in 1958 to provide detailed engineering plans, supervise construction, and train telephone technicians. After design of the national network was completed in FY 1962, an agreement was signed with the U.S. Navy's Bureau of Yards and Docks to manage and implement this project. At the same time, a contract was signed at the Federal Electric Corporation for construction of the Southern Toll System, connecting eight cities in the Delta with each other and with Saigon. This system is now in operation. A radio telephone connection between Saigon and Bangkok was installed by Philco in 1963. Because of the security situation, construction of the northern network has been postponed and the requirements in this area have been met by U.S. military facilities.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	8,619	4,938	3,681
Estimated FY 65	2,295	3,039	xxxxxxxxxxxx
Estimated through 6/30/65	10,914	7,977	2,937
Estimated FY 66 Obligations	Future Year Obligations		Estimated Total Cost to Complete
1,680	97		12,691

ITT Export Corporation was awarded a contract in 1963 for the installation of dial exchanges and modernization of telephone systems in 21 provincial cities and 2 in Saigon. Work on this contract has been delayed because of manufacturing problems and completion is now expected in July 1965. In December 1964, Page Communications Engineers completed connection of the Military System and expansion of the outside telephone plant is proceeding in every city where dial exchanges are being installed. Construction of the International Receiver Site in the My-Tho area, which had been postponed due to insurgent activity, is now scheduled for completion in FY 1965.

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .	335	75
Participants . . . . .	10	105
Commodities . . . . .	1,463	1,125
Other Costs . . . . .	487	375
Total Obligations . . . . .	<u>2,295</u>	<u>1,680</u>

**FY 1966 Program:** Due to increasing civil and military communication requirements, the project will be extended and new funding will be required in FY 1965-67 for a contract for Post, Telephone, and Telegraph reorganization; construction of 4,000 lines of switching equipment plus 8,000 outside plant lines in Saigon-Cholon area; installation of dial exchanges in 13 additional provincial cities; construction of a radio monitoring facility; an FCC radio regulatory and frequency allocation specialist. For FY 1966, funding is required for three direct-hire technicians; 19 participants for 10 months' training in the U.S.; and contract costs necessary to complete the new construction activities cited above. Supporting Assistance funds are used because of the contribution of this project to military and security needs.

Obligations By Method of Financing		
Direct AID Costs . . . . .	85	180
Other Agency . . . . .	1,950	1,500
Contract . . . . .	260	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,290	-

**Project Objective and Description:** To assist the Vietnamese in developing an integrated telecommunications network, improved international facilities, plus the managerial and technical capability to maintain the system. The GVN has contributed to this project local currencies equivalent to more than \$2 million.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: VIETNAM

Activity: LABOR

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Labor Institutions, 430-15-410-222			
<b>Prior Reference:</b> Page 165, FY 1965 CP			
<b>Initial Obligation FY:</b> 1960 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations	Expenditures	Unliquidated
	102	20	82
Estimated FY 65	80	102	xxxxxxxxxxxx
Estimated through 6/30/65	182	122	60
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
80	*	*	
Obligations			
<b>Cost Components</b>	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	-	-	
Participants .....	30	30	
Commodities .....	50	50	
Other Costs .....	-	-	
<b>Total Obligations</b> .....	<u>80</u>	<u>80</u>	
<b>Obligations By Method of Financing</b>			
Direct AID Costs .....	80	80	
Other Agency .....	-	-	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned	Commitments of Country Owned (Counterpart)		
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	571	-

political and economic stability of Vietnam is the development of democratic institutions and organizations in the labor field capable of identifying the problems of the working people and initiating programs to ameliorate them. To help bring this about, this project supports a training program for Labor Ministry officials and union leaders to acquaint them with American labor experience, institutions and programs. The GVN is supporting this project by financing local training costs.

**Project Progress:** During 1964 a group of twelve high-level leaders from representative Vietnamese unions came to the U.S. for a 60-day observation tour. In previous years three principal officers of the Ministry of Labor each received nine months training in the U.S., and seventeen other participants received training at the U.S.-assisted Asian Labor Education Center in Manila, at International Labor Organization headquarters in Geneva, and at various Colombo Plan Seminars.

A study recently completed by A.I.D. and the U.S. Department of Labor recommends possible areas of program expansion. These recommendations, still under consideration by the USOM and the GVN, include: greater utilization of the facilities and staff of the Asian Labor Education Center, Manila, both by sending Vietnamese there for training, and by bringing a team from the center to Vietnam; support of the GVN Ministry of Labor Adult Worker's Training Center now under construction; greater emphasis on labor safety, including, if necessary, provision of health and safety testing equipment, preferably through cooperation with U.S. organizations such as the AFL - CIO; and commodity support in the form of surplus office equipment and appropriate printing facilities for trade union materials.

**FY 1966 Program:** Pending results of the above study, current planning provides funding for sending ten participants to the U.S. for nine week study tours of American labor institutions. Also, demonstration and training equipment will be provided for Ministry in-service and other training programs.

\* Reviewed annually.

**Project Objective and Description:** To develop an effective Ministry of Labor able to administer justly and efficiently the Labor Code of Vietnam, including arbitration of disputes, setting safety standards in industrial locations, and an employment service; and to encourage the growth of representative national free labor organizations. A necessary element in the

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: VIETNAM

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Medical Education, 430-12-540-150			
<b>Prior Reference:</b> Page 167, FY 1965 CP			
<b>Initial Obligation FY:</b> 1957 <b>Scheduled Final Obligation FY:</b> 1969			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,040	1,708	1,332
Estimated FY 65	677	1,290	XXXXXXXXXXXX
Estimated through 6/30/65	3,717	2,998	719
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,285	1,960	6,962	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	44	154	
Participants . . . . .	20	123	
Commodities . . . . .	605	1,000	
Other Costs . . . . .	8	8	
<b>Total Obligations . . . . .</b>	<b>677</b>	<b>1,285</b>	
Obligations By Method of Financing			
Direct AID Costs . . . . .	490	1,263	
Other Agency . . . . .	-	-	
Contract . . . . .	187	22	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	2,856	-

**Project Objective and Description:** To help overcome the shortage of physicians aggravated by wartime requirements and improve the level of medical education by: (a) strengthening medical teaching staffs; and (b) assisting in the development of a medical center in Saigon consisting of a basic sciences building and a

clinical sciences building (teaching hospital). Medical specialty training in the U.S. is being provided to Vietnamese doctors who will form, by 1969, an expanded teaching staff at the Center. The GVN donated land in Saigon-Cholon for the Center, and the equivalent of more than \$1.25 million for the basic sciences building. **Project Progress:** Basic sciences building construction will be completed on schedule in June 1965, and the first students will enter in October. The following medical departments have been completed: (a) preventive medicine - microbiology (staffed by 278 returned participants, who entered in October 1964); (b) endoscopy; (c) thoracic surgery; (d) dermatology (laboratory support for biopsy preparation, bacteria and fungus preparations, dark-fields and serologies staffed by Vietnamese); and (e) dentistry. Nine long-term and 11 short-term participants trained in various medical disciplines have returned; training of 15 others continues.

Because of the security situation and reorientation of the A.I.D. program to meet immediate counter-insurgency requirements, a survey (by Drs. Gault and Amberg of the University of Minnesota) was made in the fall of 1964 to determine feasibility of continuing with the clinical sciences building (teaching hospital). As recommended by this survey, A.I.D. will proceed with architectural and engineering studies for this building, provided the GVN carries out certain recommended changes in administration of the medical center. **FY 1966 Program:** To meet immediate, short-term needs for expanded teaching staff, this activity will fund up to three American professors and five other Americans at the instructor or assistant professor level to aid in laboratory development. It is planned that these Americans will be replaced, by 1969, with American-trained Vietnamese doctors. In FY 1966, twelve participants will begin professional medical training in such fields as pharmacology, physiology, clinical pathology, internal medicine, ophthalmology, and neurology; six participants will begin paramedical support training such as building and plant maintenance and electrical equipment engineering. Continued training will be provided for three professional medical and one paramedical support participants. Commodities required for FY 1966 funding are exclusively building materials for the clinical sciences building (teaching hospital).

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **VIETNAM**

Activity: **HEALTH AND SANITATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Health Development (Malaria Eradication), 430-11-590-300**  
 Prior Reference: **Page 166, FY 1965 CP**  
 Initial Obligation FY: 1955 Scheduled Final Obligation FY: 1970

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	7,560	6,907	653
Estimated FY 65	959	917	xxxxxxxxxxxx
Estimated through 6 30/65	8,519	7,824	695
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,235	2,630	12,384	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	160	230
Participants .....	23	10
Commodities .....	766	975
Other Costs .....	10	20
Total Obligations .....	959	1,235

Obligations By Method of Financing		
Direct AID Costs .....	949	1,215
Other Agency .....	-	-
Contract .....	10	20

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	8,353	-

Project Objective and Description: To assist the Vietnamese Government to eradicate and control malaria through a program developed jointly by the GVN, WHO, and A.I.D. and implemented since 1958 by a semi-autonomous GVN organization, the Administration General for Malaria

Eradication. Despite losses to the military draft, this organization now has a well-trained professional staff of 882, plus more than 1,500 sprayers employed on a daily wage basis. With U.S. advisory and commodity assistance, this organization efficiently handles budgeting, direction and control of house-to-house spraying, maintenance of vehicles and equipment, and logistic administration. The GVN provides salaries, gasoline and oil for vehicles, warehousing facilities, local supplies, utilities and other administrative costs. Project Progress: Once the major killer in Vietnam, malaria incidence has been reduced to 1.57% of the population covered by the spraying program, and malaria mortality, as a percentage of all deaths, has dropped from 11.22% in 1958 to 0.77% today. Deliberate Viet Cong terrorism has resulted in 12 malaria workers killed, 58 missing, 2 permanently disabled, and 44 kidnapped but later released (In several kidnapping cases, workers were released as a direct result of pressure on the Viet Cong by villagers convinced of the benefits of the malaria spraying campaign). Nevertheless, in 1964 residual spray protection covered 1,220,761 households or approximately 5.3 million people.

To evaluate the continuing effectiveness of the program in the face of adverse security conditions, four eminent U.S. malariologists from the U.S. Public Health Service and the A.I.D. Malaria Eradication Training Center, Manila have recently completed a detailed study of the Vietnamese operation. This study noted interference of the Viet Cong with timing of operations, but rated GVN administration of the program exemplary, and found that although coverage has fallen from 89% to 83% of the population subject to malarious risk (42% of the total population), the manifest effectiveness of the program and the danger of epidemic malaria under wartime conditions fully justify its continuation.

FY 1966 Program: To provide 13 direct hire malaria advisors, including one each in five operating zones, one epidemiologist, and one entomologist; also one epidemiologist under an individual personal services contract. Ten Vietnamese participants will be sent to the Philippines for two-month training courses. Approximately 60% of funding required for commodities is for DDT used in the spraying program; the balance will be used for additional or replacement vehicles and spray equipment, aerosol bombs, and scientific equipment and supplies for the provincial laboratories.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: VIETNAM

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Vocational Education, 430-11-690-271			
Prior Reference: Page 168, FY 1965 CP			
Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1968			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	4,489	3,250	1,239
Estimated FY 65	630	1,165	xxxxxxxxxxxx
Estimated through 6/30/65	5,119	4,415	704
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
280	475	5,874	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	328	160	
Participants .....	210	120	
Commodities .....	70	-	
Other Costs .....	22	-	
Total Obligations .....	630	280	
Obligations By Method of Financing			
Direct AID Costs .....	410	280	
Other Agency .....	-	-	
Contract .....	220	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	4,529	-

Project Objective and Description: To establish a coordinated system of vocational, engineering and agricultural education institutions capable of providing a continuing supply of skilled technicians required for immediate war time needs and subsequent rehabilitation and economic development. This activity aims at developing a Vocational Education system consisting of:

(a) a newly-completed central polytechnic institution at Phu Tho with a 1,000 student capacity offering advanced instruction in trade-technical, home economics, and business education, and including a pre-service and in-service vocational teacher training program designed to meet all of Vietnam's vocational-instructor needs; (b) three new secondary-level provincial polytechnic schools with 800 students each, offering basic vocational courses; (c) six older technical-vocational schools now being reorganized, expanded and modernized to accommodate a total of 3,150 students; (d) a national engineering college capable of graduating 100 engineers and technicians annually in civil, electrical, mechanical and chemical engineering; (e) a national agricultural college able to graduate 60 agriculturalists a year; and (f) three secondary level agricultural schools with a capacity of 200 students each.

The GVN provides payment of all teacher's salaries, sites, furniture, operational and administrative expenses relative to all phases of project activity. The GVN also installs, maintains and repairs equipment provided under this activity. Project Progress: Approximately 80% of the work required to complete this activity has been accomplished. Most major physical plant construction has now been completed, and the shop machinery tools, laboratory apparatus, and teaching aids are in use or in the pipeline. 91 participants have returned from specialized training in the U.S. and are in teaching or administrative positions.

From now until termination of this project in 1968 the principal U.S. contribution will be technical advisory services. Through 1966 7 Southern Illinois University technical-vocational specialists will advise on curriculum development, trade skills, production techniques, and teaching methods.

FY 1966 Program: No further commodity or contract services funding is programmed. Four new and 21 continuing participants will be funded for training in the U.S.; this reduced number is possible since in-country teacher training developed under this activity will graduate the first group of teachers from a four year training course in June 1966. The principal funding will be for support of 8 U.S. technicians.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **VIETNAM**

Activity: **EDUCATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: **Teacher Education, 430-11-690-272**

Prior Reference: **Page 169, FY 1965 CP**

Initial Obligation FY: **1957** Scheduled Final Obligation FY: **1968**

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6 30 64	6,344	4,882	1,462
Estimated FY 65	1,210	1,276	xxxxxxxxxxxx
Estimated through 6 30/65	7,554	6,158	1,396
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,200	2,950	11,704	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	675	550
Participants .....	330	600
Commodities .....	155	-
Other Costs .....	50	50
<b>Total Obligations .....</b>	<b>1,210</b>	<b>1,200</b>

Obligations By Method of Financing		
Direct AID Costs .....	710	850
Other Agency .....	-	-
Contract .....	500	350

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 65	FY 66	Through 6 30 65	FY 66
-	-	6,125	-

**Project Objective and Description:** To develop within Vietnam's educational system well-qualified professional staffs, effective curriculum and educational philosophy, and adequate physical facilities to meet today's pressing demand for teachers to provide the educational opportunities and resources essential to Vietnam's self-development. Toward this end, the

project assisted in the expansion of teacher training facilities, increasing science education laboratories, improving teaching standards at elementary, secondary and university levels, as well as improving English language instruction. The GVN has gradually assumed a greater share of costs under this program; today all Vietnamese salaries, land, workshop expenses, and administrative costs are paid by the GVN.

**Project Progress:** Since 1956 four normal schools have been built and equipped to train 2,100 prospective elementary teachers per year. A 450 pupil elementary demonstration school has also been completed. A Southern Illinois University contract team provides curriculum advice in elementary education. An in-service center annually operates 4 workshops of 106 people each to upgrade administrative employees and teachers. Two new faculties of pedagogy, each with an attached secondary demonstration school, will be completed in 1965. Secondary education curriculum advice is supplied by a six-man Ohio University team. 1,139 elementary and 120 secondary school classrooms and 37 secondary science laboratories have been built and equipped. Experimental tests of achievement and academic aptitude have been developed and are being standardized; a testing and guidance center is being set up. Through 17 workshop programs, New Rural Life hamlet teachers in 20 provinces receive training; 9 new workshops will serve 14 additional provinces. At the Saigon normal school, a fifty-station language laboratory serves teachers of English, pre-departure participants, GVN officials and Saigon normal students. Two other language laboratories are under construction at Hue and Thu Duc. 79 participants have returned from study in the U.S. and third countries to staff the universities, normal schools, public schools and school administration.

**FY 1966 Program:** U.S. project assistance will concentrate on technical assistance. No commodity funding is programmed. 13 U.S. direct hire technicians are programmed and contract services will fund an 8-man Southern Illinois University elementary education advisory team. Thirty-five new participants and 74 extensions (all but 3 in the U.S.) are programmed.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: VIETNAM

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Civil Administration Improvement, 430-11-790-301  
 Prior Reference: Page 170, FY 1965 CP  
 Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1969

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6/30/64	750	356	394
Estimated FY 65	1,081	1,088	xxxxxxxxxxxx
Estimated through 6/30/65	1,831	1,444	387
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,200	1,969	5,000	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians	903	708
Participants	178	317
Commodities	-	175
Other Costs	-	-
Total Obligations	1,081	1,200

Obligations By Method of Financing		
Direct AID Costs	668	987
Other Agency	-	-
Contract	413	213

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	107	-

Project Objective and Description: To aid the Vietnamese Government develop a governmental structure more responsive to people's needs through maximum political and administrative decentralization and the introduction of citizen participation in government through local elective bodies; an expanded and im-

proved civil administration corps through training and better personnel administration; more responsive administrative and fiscal procedures; more equitable and more effective tax system and the capability through research to adapt the administrative structure to changing conditions.

In FY 1965 and FY 1966 this project combines activities of the FY 1964 project with rural activities previously funded under the Counter-Insurgency Services project.

**Project Progress:** Laws revitalizing village and hamlet government structure have been drafted, and training courses organized for an estimated 8,000 government mobile action cadre, the first government civilian representation in areas being pacified. Through provincial in-service training 25,000 hamlet officials have been exposed to basic administration techniques.

During 1963 the National Institute of Administration graduated 73 professional administrators, all of whom were assigned to District and Provincial offices; in 1964 another 72 expect to graduate. Toward improving the civil service a long overdue pay raise was passed which will provide an increase of about 10% in take home pay.

In the area of fiscal management, budgetary reforms were issued in June 1964, directed toward eliminating useless prior clearances and establishing post-audit procedures.

**FY 1966 Program:** The National Institute of Administration output of professional administrators will be doubled to about 150 per year during FY 1966. Its in-service training program will train 40 Province Chiefs, 160 District Chiefs and over 400 other administrative officers through special training courses. Provincial in-service training centers will train over 26,000 local government officials and pacification cadre.

In taxation a general reorganization and expansion of the tax collection apparatus is planned. An expected reform will require during FY 1966 the provision of auxiliary equipment to prepare collection data for IBM processing.

24 direct-hire advisors, mostly in the fields of local government will provide guidance in areas throughout Vietnam, and 10 contract advisors, in such fields as government structure, taxation, and statistics. 70 participants will receive short or long-term training. Commodities required also include training aids and office equipment.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: **VIETNAM**

Activity: **GENERAL AND MISCELLANEOUS**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: <b>Industrial Development, 430-15-910-170</b>			
Prior Reference: <b>Page 161, FY 1965 CP</b>			
Initial Obligation FY: <b>1963</b> Scheduled Final Obligation FY: <b>1967</b>			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	273	169	104
Estimated FY 65	205	273	xxxxxxxxxxxx
Estimated through 6/30/65	478	442	36
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
200	190	868	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	140	140	
Participants . . . . .	55	50	
Commodities . . . . .	10	10	
Other Costs . . . . .	-	-	
Total Obligations . . . . .	205	200	
Obligations By Method of Financing			
Direct AID Costs . . . . .	205	200	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

time industries. Assistance is given by: analyzing the economic justification of proposals to utilize industrial equipment imported through the U.S. Commercial Import Program in given industrial enterprises; training middle management personnel in improved industrial techniques through the Industrial Development Center; rendering on the job technical assistance through in-plant visits; aiding the Industrial Development Center in dissemination of technical literature to new and established industries.

**Project Progress:** During the period January 1959 through June 1964 the activities listed above under this and predecessor projects helped to establish over 700 factories encompassing about 25 categories of industry such as coal mining, plastics, cement, pharmaceuticals, jute, ceramics, paint and paper; 99% of the factories are in the private sector. During 1964, 12 Vietnamese factory owners observed industrial management techniques in the U.S. and conducted three investment seminars in U.S. cities to attract U.S. investments in Vietnam. Over 1,000 Vietnamese attended management training classes in Saigon conducted by Dr. Skinner of the Harvard School of Business Administration.

**FY 1966 Program:** The principal U.S. contribution in FY 1966 will be U.S. technical advisors. Short term training in the U.S. on industrial management techniques is planned for 12 participants. In addition training films and other demonstration and instructional materials will be supplied.

**Project Objective and Description:** To assist in the development of an economically sound and efficient industrial sector adapted to Vietnam's needs and resources, able to increase support to the war effort while, insofar as possible, laying the foundation for peace

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: VIETNAM

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

<b>Project Title and Number:</b> Counter-Insurgency Services, 430-11-990-264			
<b>Prior Reference:</b> Page 171, FY 1965 CP			
<b>Initial Obligation FY:</b> 1963 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	12,410	7,076	5,334
Estimated FY 65	12,624	13,488	xxxxxxxxxxxx
Estimated through 6/30/65	25,034	20,564	4,470
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
13,620	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	9,106	11,079	
Participants .....	608	717	
Commodities .....	-	-	
Other Costs .....	2,910	1,824	
<b>Total Obligations .....</b>	<b>12,624</b>	<b>13,620</b>	
Obligations By Method of Financing			
Direct AID Costs .....	7,280	8,389	
Other Agency .....	1,115	1,860	
Contract .....	4,229	3,371	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
9,918	-	8,508	-

are designed to strengthen the Government vis-a-vis the Viet Cong by providing protection for the people, maintaining public order, carrying out short-range impact activities demonstrating Government's concern for the people, and initiating activities of long-range economic and social benefit in order to inspire public confidence in the future. (Commodity requirements for counter-insurgency are financed by non-project assistance.)

A.I.D. assistance to counter-insurgency has been reorganized in the past year but retains the essential characteristic of being coordinated with the joint civil-military operations of the pacification program in which areas are progressively cleared of VC military forces, secured through "drying-up" the covert VC organization and establishing a respected GVN presence, and built up through organizing local government and developmental activities.

New program emphases manifest in FY 1965 and expanding in FY 1966 give attention to the problem of urban discontent and to the essential role that must be played by an effective Police force.

**Project Progress:** In the New Rural Life program, over 6,000 self-help projects have been completed. In agriculture, improved seed, fertilizer, and plant protection programs have dramatically increased yields in certain areas. The co-op movement is being revitalized by the pig-corn and fertilizer loan-in-kind programs. In public works, about 400 wells were drilled during CY 1964. In spite of a continuing high level of sabotage, the National Railroad remains in operation. In public health, a new government organization coordinates all health programs in the country, maintaining 8,000 village hamlet health stations and 198 district health centers established with A.I.D. assistance. Three U.S. PHS surgical teams are working alongside a New Zealand, Australian, and two Filipino teams. In the information field, program content in radio and motion pictures has improved, and the joint psy-ops and field services centers are producing coordinated and timely information material.

**FY 1966 Program:** A planned urban development program of public works, housing, stimulation of domestic production and programs to utilize constructively the energies of politically conscious students will contribute to counter-insurgency aims and complement programs hitherto principally aimed at the rural population. U.S. aid will assist the National Police to more than double its current strength by 1966.

**Project Objective and Description:** A successful counter-insurgency program combines many fields of endeavor. This project attempts to channel diverse energies into an effective vehicle for promoting economic and social progress. It funds all U.S. and third-country technical services, contract services and training in support of counter-insurgency programs. These programs

PROJECT DATA  
(In thousands of dollars and equivalent)

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

TABLE III  
(continued)

Country: VIETNAM

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Counter Insurgency Services,  
430-11-990-264

Page 2 of 2

The police will thus be able to relieve regular armed forces in securing cleared areas and, as a locally based, permanent organization, to control remnants of insurgency. Ongoing rural impact programs of proven effectiveness will be continued in FY 1966 and, progress of the pacification campaign permitting, expanded. In-country resources will be provided by Vietnam in an increased proportion to resources funded by the U.S.

Technical services will continue in FY 1966 at about the same level as in FY 1965. Of the direct-hire positions in the fields of provincial operations, agriculture, public works, public health, public safety, and communications media, some 75% will require incumbents to reside or spend 50% of their time outside of Saigon. The majority of participant training under this project will be in the fields of public works and public health. PASA arrangements with the USPHS and DOD will continue, as well as contracts with JCRR, IVS, and a number of U.S. engineering and construction firms.

\* Reviewed annually.

NOTE: Local currency support for Counter-Insurgency activities is committed under separate provincial release agreements and individual action plans, but figures are shown above for reference.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

**TABLE III**

Country: VIETNAM

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 430-11-990-000

Prior Reference: Page 173, FY 1965 CP

Initial Obligation FY: 1956 Scheduled Final Obligation FY: \*

**U.S. DOLLAR COSTS**

	Obligations	Expenditures	Unliquidated
Through 6/30/64	17,633	17,165	468
Estimated FY 65	4,439	3,100	xxxxxxxxxxxx
Estimated through 6/30/65	22,072	20,265	1,807
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
5,520	*	*	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	2,686	2,375
Participants .....	-	-
Commodities .....	1,718	3,120
Other Costs .....	35	25
Total Obligations .....	4,439	5,520

**Obligations By**

Method of Financing	Estimated FY 65	Proposed FY 66
Direct AID Costs .....	2,990	3,045
Other Agency .....	-	-
Contract .....	1,449	2,475

**ESTIMATED FOREIGN CURRENCY REQUIREMENTS**

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	10,480	-

Project Objective and Description: (a) to provide dollar support for all Mission program activities not attributable to specific projects. This includes salaries and other personal benefits and allowances,

international travel, transportation of effects, supplies, and equipment;

(b) to provide local currency support for all program personnel through a trust account drawing on counterpart. This includes salaries of local employees, rents, utilities, and within country travel.

FY 1966 Program: Continued dollar and local currency support for program activities stated above.

\* This project will continue annually in general support of A.I.D. programs.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

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: August 10, 1960
Loan Status as of 12/31/64	Loan Terms
Amount	
Authorized . . . . . \$7,800	Duration . . . . . 15 Yrs.
Disbursed . . . . . 7,154	Grace Period . . . . . 2 Yrs.
Repayments . . . . . 150	Interest Rate . . . . . 3½%
Interest Collected . . . . . 248	Currency of Repayment . . Piasters

expected to be complete. \$1.9 million of the original loan of \$9.7 million has been deobligated and almost all remaining funds are committed for signed contracts.

Because of delay in procurement of the locomotives, A.I.D. agreed to defer the first three principal payments due and a revised amortization schedule has been prepared. Payments are presently on schedule. The railroad is a prime target of Viet Cong insurgents and has been further hampered by extraordinary floods in 1964. The prospect for future profitable operations is dependent on the outcome of the war.

All local currency costs are being paid by the borrower and all procurement under the loan has been from U.S. sources. 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.

Status: The 23 diesel electric locomotives (GE) are in service as are the 21 freight cars (Magor Car Corp). The 200 box cars have been assembled in Vietnam. Most procurement is completed with the remaining machine tools for maintenance and repair to be shipped over the next few months. A U.S. firm, Transportation Consultants, Inc. under contract is reviewing procurement, inspecting equipment and providing advice and training. This contract expires in September 1965 at which time the loan project is

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: VIETNAM

Borrower: SAIGON METROPOLITAN WATER OFFICE

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Saigon Metropolitan Area Water Supply, 430-22-520-278 (430-A-005)	
<b>Date Authorized:</b> January 30, 1959 <b>Date Signed:</b> November 2, 1960	
Loan Status as of 12 31 64	Loan Terms
Amount	Duration . . . . . 30 Yrs.
Authorized . . . . . \$17,500	Grace Period . . . . . 1 Yr.
Disbursed . . . . . 8,315	Interest Rate . . . . . 3½%
Repayments . . . . . 262	Currency of Repayment . . Piasters
Interest Collected . . . . . 298	

In addition, work through local currency contracts with the Vietnamese firms to improve the distribution system is progressing satisfactorily.

The project is scheduled for completion approximately December 1966.

**Financial Status:** Payments of principal and interest are on current basis.

**Host Country Contribution, Procurement Source:** The local currency costs of this loan project are being paid by the GVN and will approximate the piaster equivalent of \$10,000,000. Goods and services have been procured on a worldwide procurement basis under policies in effect at the time the loan was authorized.

**Purpose of Loan:** This loan will cover the foreign exchange cost of engineering and construction supervision, materials, and equipment necessary to improve and expand the water supply for the Saigon metropolitan area (Saigon-Cholon-Gia Dinh-Govop). The population of this area has increased from 500,000 in 1946 to an estimated 1,750,000 in 1962. The existing water supply and distribution system is inadequate to provide minimum requirement.

**Physical Status:** Hydrotechnic Corporation, U.S. firm, is providing engineering services. The prime construction contractor for the transmission line is "Les Etablissements Eiffel" of Paris who received the award in December 1962. This firm subcontracted the manufacture of reinforced concrete pipe to International Pipe and Ceramics Co. (Interpace) of New Jersey at a cost of \$5.6 million. The pipe varies in size from 72" to 78" in diameter and is 16' long and the sub-contractor has completed his work.

Installation of the concrete pipes for the transmission system is 80% completed and one river crossing is completed and another one is partially completed.

A contract with Hawaiian Dredging-Pomeroy, a joint venture, for the pumping station and water treatment complex was concluded in December 1963 and the contractor has completed mobilization and construction work is now underway.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: VIETNAM

Borrower: NATIONAL OFFICE OF ELECTRIC POWER

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Saigon Electric Power, 430-22-220-279 (430-A-006)	
Date Authorized: November 8, 1960 Date Signed: January 6, 1961	
Loan Status as of 12/31/64	Loan Terms
Amount	
Authorized . . . . . \$12,700	Duration . . . . . 20 Yrs.
Disbursed . . . . . 8,332	Grace Period . . . . . 2 Yrs.
Repayments . . . . . 150	Interest Rate . . . . . 3½%
Interest Collected . . . . . 113	Currency of Repayment . . Piasters

After initial delays which postponed the completion date by about one year, the project has been on schedule and it should be completed by June 1965. The Thu Duc power plant should be in commercial operation in May 1965. The Saigon-Choquan transmission line was completed in September 1964 and most of the work on the transmission lines has been completed although the difficulty in obtaining right-of-way access will delay the auto route Hoa-Xa line and lack of security has hampered the stringing of the Saigon-Hoa-Xa line. The substations are proceeding well with two in service and the other two to be ready when the transmission lines are complete.

Most of the loan is committed and all contracts are signed. Loan repayment has been substantially on schedule. The local currency costs amounting to some \$2,000,000 are being paid by the GVN. All procurement has been from U.S. sources.

Thus far neither this project nor the related Danhim project have been major objects of Viet-Cong activity although the latter project is extremely vulnerable because the Danhim-Thu Duc transmission line runs for 150 miles through Viet-Cong infested territory. A feasibility study for a second thermal unit at Thu Duc has been authorized by the Mission to provide a further stand-by unit in the event that the Danhim facility is sabotaged and out of commission for an extended period of time.

Purpose of Loan: The purpose of this loan is to finance the foreign exchange costs of construction and installation of a 33,000 kw thermal power plant at Thu Duc, a 66 kva transmission and distribution system, and engineering, training, and management services to provide electric power in the Saigon-Cholon area. The expansion of electric power in this area will provide the much needed base for Vietnam's industrial expansion and increase the power available for residential and commercial use. This project is closely related to the Danhim hydroelectric power project financed with Japanese reparations (\$37,000,000) which is scheduled to provide 144,000 kw of power to Saigon per year beginning in mid-1965. Power from the two sources will be distributed through a common distribution system from near Thu Duc to Saigon.

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.

PREVIOUS PAGE BLANK

CONFIDENTIAL

SUMMARY OF COUNTRY PROGRAM

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

TABLE I

Country: FAR EAST REGIONAL

Summary (in thousands of dollars)			
Funding Category	Obligations		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Development Loans . . . . .	-	-	-
Tech. Coop./D.G. . . . .	1,593	1,960	1,175
Supporting Assistance . . . . .	-	-	-
Contingency Fund . . . . .	-	XXX	XXX
Total . . . . .	1,593	1,960	1,175

The Regional Program in the Far East, for which \$1.175 million is proposed in FY 1966, is aimed at building institutions which will assist the countries of the area to: (a) promote the economic development of the region as a whole; and, (b) make progress toward regional economic and political cooperation. Despite the potential benefits to be derived from regional economic cooperation among the nations of the Far East, progress continues to be slow. Asian nationalism and historic conflicts have created obstacles to cooperation. Nevertheless, a beginning has been made through the activities of organizations such as the South East Asia Treaty Organization (SEATO), the United Nations Economic Commission for Asia and the Far East (ECAFE), and the Asian Productivity Organization (APO).

SEATO, a military alliance for the common defense of the area, is also a channel for economic cooperation among its members. The U.S. fulfills its Treaty obligations under Article III mainly through bilateral programs with the Asian members, Thailand, Pakistan, and the Philippines. A.I.D. provides project assistance within the SEATO framework to the Asian treaty members for projects having benefits for more than one member country. The SEATO Graduate School of Engineering in Bangkok gives post-graduate courses for engineers from all regional members. Other SEATO members are increasing their support. The SEATO Council meeting in May 1965 will consider ways of establishing the school on a more permanent basis. The Cholera Research project in East Pakistan, under the technical direction of the U.S. National Institutes of Health, will continue investigations to increase knowledge of cholera and make possible more effective control of this disease. The Aviation Meteorological Telecommunications project, funded to completion in FY 1965, will be operational between Manila and Bangkok by December 31, 1966.

For some years the Asian members of the Economic Commission for Asia and the Far East (ECAFE) have studied and recommended ways of increasing regional cooperation. The outstanding example of a successful regional cooperative venture is the development of the Lower Mekong River, which flows through and along the borders of four countries of the region--Vietnam, Laos, Thailand and Cambodia. More than half of the regional assistance for FY 1966 is proposed for investigations into possible methods of developing the Mekong River. These investigations are being administered by the ECAFE-sponsored Mekong Coordination Committee. They require, and to date have received, the close collaboration and joint financial support of the four historically antagonistic riparian countries. The Mekong's great long-term potential for irrigation, power, flood control and navigation has attracted widespread international interest and support. Financial contributions and pledges for the Mekong Committee's investigations total about \$52 million to date, including some \$22 million from the riparian countries and \$3.2 million from the United States. In FY 1966, the U.S. contribution will support two projects: (1) an economic and hydrologic systems analysis of the Mekong system, and (2) a cartographic inventory of the physical and social resources of the basin. A Ford Foundation study team recommended such a resources inventory to collate and assemble basic physical and social knowledge of the basin. No funds are being requested for the Pa Mong Phase II investigations into the technical and economic feasibility of a multi-purpose water resources project in the Pa Mong area of the Mekong pending receipt and evaluation of the Bureau of Reclamation's report covering Phase I investigations.

The Asian Productivity Organization (APO), supported by the U.S. since 1961, has come to the point where it has every prospect of becoming self-supporting. Direct A.I.D. financial support is being terminated during FY 1965. The APO is unique in Asia as an organization devoted to increasing industrial productivity, assisting private enterprise and promoting practical cooperation. A.I.D. will continue cooperation with the APO by providing consultants and assisting specific activities.

Almost half of regional assistance proposed for FY 1966 will finance other activities that can be carried out more effectively and economically on a regional basis than through bilateral programs. Examples include the training of democratic trade unionists from a number of Far East countries at the Asian Labor Education Center at Manila, regional technical seminars and conferences, and increased attention to facilitating the technical training of Asians within the region.

CONFIDENTIAL

**CONFIDENTIAL**

**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: FAR EAST REGIONAL

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	703	703			1,123	1,123		543	543	
Participants . . . . .	69	69			132	132		39	39	
Commodities . . . . .	183	183			64	64		256	256	
Other Costs . . . . .	638	638			641	641		337	337	
<b>Total Project Assistance . . . . .</b>	<b>1,593</b>	<b>1,593</b>			<b>1,960</b>	<b>1,960</b>		<b>1,175</b>	<b>1,175</b>	
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	717	717			711	711		636	636	
Other Agency . . . . .	378	378			669	669		539	539	
Contract . . . . .	498	498			580	580		-	-	
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total Other than Development Loan . . . . .</b>	<b>1,593</b>	<b>1,593</b>			<b>1,960</b>	<b>1,960</b>		<b>1,175</b>	<b>1,175</b>	
<b>Total Assistance . . . . .</b>	<b>1,593</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>1,960</b>	<b>XXX</b>	<b>XXX</b>	<b>1,175</b>	<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	6	9	8
Participating agency . . . . .	12	22	10
Contractor technicians . . . . .	9	13	13
<b>Total . . . . .</b>	<b>27</b>	<b>44</b>	<b>31</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	-	10	10
Contract . . . . .	8	2	2
<b>Total . . . . .</b>	<b>8</b>	<b>12</b>	<b>12</b>

**CONFIDENTIAL**

**PROJECT DATA**

(In thousands of dollars and equivalent)

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

•TABLE III

Country: FAR EAST REGIONAL

Activity: LABOR

Funds: TECHNICAL COOPERATION

Project Title and Number: Asian Labor Education Center,  
498-11-420-020  
Prior Reference: Page 181, FY 1965 CP  
Initial Obligation FY: 1958 Scheduled Final Obligation FY: \*

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	497	472	25
Estimated FY 65	33	54	XXXXXXXXXXXX
Estimated through 6/30/65	530	526	4
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
100	*	*	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	7	-
Participants .....	-	-
Commodities .....	3	-
Other Costs .....	23	100
<b>Total Obligations .....</b>	<b>33</b>	<b>100</b>

Obligations By Method of Financing		
Direct AID Costs .....	33	100
Other Agency .....	-	-
Contract .....	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	85	24

**Project Objective and Description:** To strengthen free trade union movements in the Far East by a training program for Asian labor leaders at The Asian Labor Education Center (ALEC) in Manila. The Center is sponsored by A.I.D. and the Government of the Philippines, using facilities, faculty and support of the University of

the Philippines.  
**Project Progress:** ALEC brings together trade union leaders from Asian countries for specialized instruction in the problems and techniques of labor organizations in a free society. Seminars, each of ten weeks' duration, have been held twice a year since 1960. Approximately 280 Asians (representing 204 unions) from Burma, Ceylon, Hong Kong, Republic of China, India, Indonesia, Japan, Korea, Malaysia, Pakistan, the Philippines and Vietnam, have participated. The seminars are conducted by faculty members of the University of the Philippines and experts from government, management and labor.

In addition to the regular ALEC program, in FY 1966 a faculty research and training activity will be added to ALEC's regular bi-annual seminar in order to strengthen the Center's role for collecting, analyzing, and disseminating information on the Asian labor movement. Establishment of such a research program had been recommended by an A.I.D.-financed U.S. Department of Labor evaluation survey of ALEC conducted in May/June 1962.

The research and training program will consist of three parts: (a) bibliography expansion and reference collection; (b) field surveys on the current labor situation in Asia; and (c) improvement and up-grading of the ALEC faculty. This effort will enable ALEC to: (a) present a more effective and useful educational program; (b) attract a broader range of participants; and (c) have greater impact and influence on the Asian labor movement.

To date, the Asia Foundation, ILO, Colombo Plan, and UNESCO have financed 44 partial and 5 full scholarships for Asian participants to ALEC sessions. The Philippine Government contributed the land for the Center and pays the major portion of staff salaries. **FY 1966 Program:** \$40,000 for the continuing operations and seminars of the ALEC and \$60,000 for researchers, research assistants, and their supporting clerical staff and travel. These researchers will be studying the current labor situation and compiling a compendium of Asian literature on Asian labor problems.

\* This project will continue annually, subject to review, in support of Far East labor programs.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Regional Malaria Advisors, 498-11-510-097			
<b>Prior Reference:</b> Page 182, FY 1965 CP			
<b>Initial Obligation FY:</b> 1960 <b>Scheduled Final Obligation FY:</b> *			
<b>U.S. DOLLAR COSTS</b>			
	<b>Obligations</b>	<b>Expenditures</b>	<b>Unliquidated</b>
<b>Through 6/30/64</b>	127	126	1
<b>Estimated FY 65</b>	55	56	xxxxxxxxxxxx
<b>Estimated through 6/30/65</b>	182	182	-
<b>Estimated FY 66 Obligations</b>	<b>Future Year Obligations</b>	<b>Estimated Total Cost to Complete</b>	
71	*	*	
<b>Obligations</b>			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians . . . . .	51	69	
Participants . . . . .	-	-	
Commodities . . . . .	2	-	
Other Costs . . . . .	2	2	
<b>Total Obligations . . . . .</b>	<b>55</b>	<b>71</b>	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .	55	71	
Other Agency . . . . .	-	-	
Contract . . . . .	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
<b>Obligations of U.S. Owned</b>		<b>Commitments of Country Owned (Counterpart)</b>	
<b>Through 6/30/65</b>	<b>FY 66</b>	<b>Through 6/30/65</b>	<b>FY 66</b>
-	-	-	-

For technical reasons, such as the case of transmission of malaria through population migration and the advantage of bulk procurement of DDT, the malaria programs in Far Eastern countries are closely interrelated. A.I.D.-assisted country efforts must therefore be closely coordinated to avoid jeopardizing the success of one country program by failure of a nearby country program to progress satisfactorily. The two regional advisors funded under this project provide coordination for A.I.D.-financed eradication programs in the Philippines, Vietnam, Thailand, and Indonesia.

The two advisors, based in Manila, also maintain liaison with the regional WHO offices in Manila and New Delhi. A.I.D. cooperates closely with WHO in planning and implementing national programs in order to maintain maximum and effective utilization of joint resources.

**Project Progress:** During FY 1964 the advisors: participated in a complete survey of the eradication program in Thailand; advised the governments of Indonesia and Vietnam on the progress of their eradication programs; did much of the planning of the Malaria Eradication Training Center in Manila; surveyed the Pakistan Malaria Program for the purpose of improving administrative operations; participated in international meetings, etc.

Activities during FY 1965-1966 include, among other things, participation in a WHO team survey of Taiwan to determine if the country can be certified as free of malaria, and technical assistance to define ways to combat mosquitoes in Thailand that have developed resistance to DDT.

**FY 1966 Program:** Provides funds for two Regional Malaria Advisors - one a malarialogist who provides advice, guidance and coordination in the medical-technical aspects; the other a specialist in the administrative aspects of eradication programs. Included are international travel, local secretarial and other local support costs.

**Project Objective and Description:** To provide technical and administrative backstopping, and consultative services in epidemiology and logistics to A.I.D.-supported malaria eradication programs in the Far East. The technicians also coordinate A.I.D.'s efforts with complementary World Health Organization eradication and control programs.

\* This project is planned to continue annually as long as A.I.D. supports malaria eradication programs in the Far East.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: SEATO Cholera Research Laboratory,  
391-11-510-138  
Prior Reference: Page 183, FY 1965 CP  
Initial Obligation FY: 1959 Scheduled Final Obligation FY: 1967

Research Laboratory (CRL) at the Institute of Public Health in Dacca, East Pakistan, a cholera endemic area. The Institute's physical facilities were completed in 1962. Since then research activities have included epidemiological and bacteriological studies, as well as necessary investigations of other diarrheal diseases, similar to cholera.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	940	720	220
Estimated FY 65	190	320	XXXXXXXXXXXX
Estimated through 6/30/65	1,130	1,040	90
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
200	200	1,530	

The project is under the direct scientific supervision of HEW's National Institutes of Health (NIH). Three U.S. laboratories with interest in tropical infectious diseases carry out basic research studies in the U.S. utilizing materials provided by the CRL. For example, the University of Chicago project focusses on responses to vaccine. Studies, both here and at Dacca, have resulted in the development of new methods of treatment which materially reduce the requirements for hospitalization. As a result of the new techniques, the mortality rate of cholera victims treated at the CRL has been less than 1%.

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	85	90
Participants .....	-	-
Commodities .....	95	100
Other Costs .....	10	10
Total Obligations .....	190	200

The CRL maintains close scientific liaison with other clinical facilities in the Far East working on the disease, e.g., Bangkok and Taipei. During outbreaks of cholera in the Philippines and Vietnam, the CRL and cooperating U.S. institutions dispatched experts to assist in control measures and to collect additional data.

Obligations By Method of Financing		
Direct AID Costs .....	-	-
Other Agency .....	190	200
Contract .....	-	-

In addition to the A.I.D. support, the NIH helps finance costs of the U.S. staff members (NIH personnel). The U.K. and Australia contribute regularly. Pakistan pays most of the local costs as well as providing seven medical personnel and all physical facilities.

FY 1966 Program: To continue the NIH services, implemented through a letter of agreement between A.I.D. and HEW, which provides four technicians annually for the CRL staff, as well as necessary laboratory and hospital equipment and supplies.

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
859	459	542	147

**Project Objective and Description:** To undertake a program of basic research to develop and demonstrate improved techniques for the prevention, control and eventual eradication of cholera.

**Project Progress:** Recognizing the seriousness of the cholera problem, the SEATO Council of Ministers in 1959 directed the establishment of the Cholera

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: SEATO Graduate School of Engineering, 498-11-660-114			
Prior Reference: Page 185, FY 1965 CP			
Initial Obligation FY: 1958 Scheduled Final Obligation FY:1965			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	3,055	1,833	1,222
Estimated FY 65	440	483	xxxxxxxxxxxx
Estimated through 6/30/65	3,495	2,316	1,179
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	3,495	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians .....	277		
Participants .....	57		
Commodities .....	31		
Other Costs .....	75		
Total Obligations .....	440		
Obligations By			
Method of Financing			
Direct AID Costs .....	-		
Other Agency .....	-		
Contract .....	440		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	1,481	300

**Project Objective and Description:** To meet the serious shortage of engineers in Thailand and other countries in the SEATO region by assisting SEATO member nations in establishing a Graduate School of Engineering in Bangkok. U.S. assistance since the School's inception in 1959 has been rendered through a contract

with the Colorado State University Research Foundation.

The School offers: (a) masters degree programs in hydraulic, structural, transportation, and sanitary engineering; (b) research facilities, including student thesis research, faculty research, and research sponsored by industry and government; and (c) a non-degree post-graduate special program for practicing engineers. Advanced training to faculty members from engineering institutions in other countries is also provided.

**Project Progress:** Both the number of applicants to the School and the number of students enrolled have increased substantially since 1959 when 49 persons applied and 19 were enrolled. Current enrollment of 95, the highest in its history, includes 46 Thai, 24 Filipino, 15 Pakistani, 7 Malaysian and 3 Taiwanese. 74 MA degrees have been granted. Research is expanding, with 34 students completing research projects and 17 scientific papers published during 1964. The School is regarded by engineering educators as being one of the foremost of its kind in Asia.

During the past year, the School's future has been considered. In December 1964, an expert study group convened at Bangkok to assess the question. It concluded that the School "has achieved a well-deserved reputation throughout the region," and recommended its continuation and expansion. The SEATO Council meeting in May, 1965 will consider the recommendations with the purpose, among other things, of putting the School on a long-term self-sustaining basis.

Contributions, including faculty and equipment, from other SEATO member nations have been substantial and rising, totalling over \$340,000 during 1964. This included a U.K. grant of laboratory equipment for a new course in Public Health Engineering.

**FY 1966 Program:** No funds are being requested since the contract with Colorado State University is funded through FY 1966.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Regional Technical Advisory Services, 498-11-610-165			
Prior Reference: Page 184, FY 1965 CP			
Initial Obligation FY: 1963 Scheduled Final Obligation FY: *			
U.S. DOLLAR COSTS			
Through 6 30 64	Obligations	Expenditures	Unliquidated
	136	135	1
Estimated FY 65	350	276	xxxxxxxxxxxx
Estimated through 6 30 65	486	411	75
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
226	*	*	
Obligations			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	327	140	
Participants . . . . .	-	-	
Commodities . . . . .	3	5	
Other Costs . . . . .	20	81	
Total Obligations . . . . .	350	226	
Obligations By			
Method of Financing			
Direct AID Costs . . . . .	150	226	
Other Agency . . . . .	200	-	
Contract . . . . .	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

**Project Objective and Description:** Provides those technical services and support activities in the Far East which can be more economically provided on a regional basis than through bilateral programs. In FY 1966 these include: (a) the services of specialists in foundry and related metal trades, industrial

productivity, supply logistics, and administrative support services; (b) consulting engineering services; and (c) regional technical workshops.

The foundry specialist assists host country officials develop industrial education programs. The industrial productivity specialist assists the Secretary-General of the Asian Productivity Organization in Tokyo. The regional logistics officer helps coordinate the efforts of USAID supply advisors in the fields of warehousing, maintenance, and procurement including procurement of spare parts from the U.S. Army depot in Japan. The administrative support specialists in Manila provide a wide range of backstop services such as arranging dependents' education, hiring third country nationals, etc.

Specialized engineering services are required from time to time by Far East Missions to assist in solving particular technical problems not normally within the range of A.I.D.'s regular engineering staff. For this purpose A.I.D. contracts with private engineers on an "as-needed" basis. The arrangement permits swift and economical response to field requests.

Regional workshops are designed to: (a) bring together Asian specialists to discuss common problems; and (b) bring together USAID personnel to exchange technical information in fields such as agriculture.

In FY 1965, this project provided funds for several activities that were not anticipated in the FY 1965 Congressional Presentation. An evaluation by the RAND Corporation of the A.I.D. programs in Laos and Thailand, and their interrelationship was funded by the project, as well as a history and evaluation of the program in Taiwan.

**FY 1966 Program:** Requested funds will provide the services of the regional technical advisors and support personnel (foundry, supply, etc.) described above, and for continuation of regional technical workshops and regional engineering services, including travel and miscellaneous local expenses (listed as "other costs").

\* This project will continue annually in support of Far East technical programs.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

<b>Project Title and Number:</b> Regional Training Services, 498-11-990-020			
<b>Prior Reference:</b> Page 187, FY 1965 CP			
<b>Initial Obligation FY:</b> 1958 <b>Scheduled Final Obligation FY:</b> *			
U.S. DOLLAR COSTS			
Through 6/30/64	Obligations 278	Expenditures 273	Unliquidated 5
Estimated FY 65	37	40	xxxxxxxxxxxx
Estimated through 6/30/65	315	313	2
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
41	40 per year	*	
Obligations			
<b>Cost Components</b>	<b>Estimated FY 65</b>	<b>Proposed FY 66</b>	
U.S. Technicians .....	18	22	
Participants .....	-	-	
Commodities .....	5	1	
Other Costs .....	14	18	
<b>Total Obligations .....</b>	<b>37</b>	<b>41</b>	
Obligations By Method of Financing			
Direct AID Costs .....	37	41	
Other Agency .....	-	-	
Contract .....	-	-	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

than would be true if the trainees were sent to the U.S.  
**Project Progress:** Approximately 2,700 participants from 28 countries have completed training in the Philippines. Some 300 are currently being trained yearly. The actual training is generally provided by the Philippine Government on a no-cost basis. Training is given in the fields of agriculture, health, labor, education, community development and public administration. Several courses of instruction offered at the Institutes of Hygiene, the Graduate School of Public Administration at the University of the Philippines, and the Asian Labor Education Center have been specially designed to meet the needs of other Asian countries.

This project makes available the services of a small staff (one American and several Filipinos) in Manila to arrange, coordinate, monitor and evaluate the training program. With Philippine officials, the American technician inspects training facilities, evaluates programs and holds conferences to insure high standards of training. He informs other Missions of the training available and of participant progress.

It is expected that this project will be continued as long as there is a requirement by A.I.D.-supported programs for training in the Philippines.

**FY 1966 Program:** One direct hire U.S. technician in Manila to coordinate the training with appropriate Philippine Government training agencies; a small amount of training materials; and the services of Filipino technicians working with the U.S. advisor.

**Project Objective and Description:** This project utilizes the facilities in the Philippines for the training of A.I.D. participants from other Asian countries.

In a number of fields such as agriculture and community development, the Philippines can provide training for technicians from other Asian countries more economically and in more familiar surroundings,

\* This project will continue annually, as necessary, in support of Far East requirements for these services.

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Mekong Systems Analysis,  
498-12-990-157  
Prior Reference: Page 190, FY 1965 CP  
Initial Obligation FY: 1963 Scheduled Final Obligation FY: 1967

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	8	8	
Estimated FY 65	126	74	XXXXXXXXXXXX
Estimated through 6/30/65	134	82	52
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
277	*	411	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians .....	55	88
Participants .....	64	39
Commodities .....	-	150
Other Costs .....	7	-
Total Obligations .....	126	277

Obligations By Method of Financing		
Direct AID Costs .....	64	198
Other Agency .....	62	79
Contract .....	-	-

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

**Project Objective and Description:** To establish a capability on the part of the Mekong Coordination Committee for river basin planning through the use of electronic computer techniques in the analysis of an integrated river system.

**Project Progress:** A 1962 Ford Foundation report recommended initiation of computer aided studies of

the scale and scope of various possible combinations of Mekong projects. Consonant with U.S. interest in the orderly development of the Mekong Basin, A.I.D. requested that the U.S. Army Corps of Engineers provide experts from its North Pacific Computer Division at Portland to review the feasibility of undertaking such a systems analysis. The Corps recommended that a computer program be initiated and that qualified engineers from the cooperating countries -- Laos, Cambodia, Thailand and Vietnam -- receive a year's training at the Portland office. During the training program, the Columbia River System computer program would be adapted to the Mekong River, and stream flows for the Mekong and its tributaries reconstituted for a 30-year period.

In addition to on-the-job training with the computer in system reservoir regulation, the participants will also become acquainted with techniques of economic analysis for project justification.

Delays have occurred because of the difficulty experienced by the riparian countries in nominating a sufficient number of qualified technicians for training. This problem appears to be resolved, permitting implementation in FY 1965.

The cooperating countries will provide the engineers for training and pay their salaries during the training period. They will also contribute toward necessary computer facilities in Bangkok for use after completion of the training, either expanding the capability of existing computers if feasible and less costly or, if not, procuring a new facility. The project is implemented mainly through a PASA with the Corps of Engineers.

**FY 1966 Program:** The FY 1966 program will continue the training of riparian engineers and reconstitution of hydrologic data for the Mekong. If new computer facilities are required at Bangkok to insure compatibility with the Corps facilities at Portland, the U.S. would contribute approximately \$150,000 toward the estimated total cost of \$800,000 and the riparian countries would contribute the balance.

\* Minor requirements, not yet estimated.

PROJECT DATA

(In thousands of dollars and equivalent)

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

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Mekong Resources Inventory, 498-11-990-172			
Prior Reference: None			
Initial Obligation FY: 1965		Scheduled Final Obligation FY: 1966	
<b>U.S. DOLLAR COSTS</b>			
Through 6/30/64	Obligations	Expenditures	Unliquidated
	-	-	-
Estimated FY 65	60	55	xxxxxxxxxxxx
Estimated through 6/30/65	60	55	5
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
260	-	320	
<b>Obligations</b>			
Cost Components	Estimated FY 65	Proposed FY 66	
U.S. Technicians . . . . .	60	134	
Participants . . . . .	-	-	
Commodities . . . . .	-	-	
Other Costs . . . . .	-	126	
Total Obligations . . . . .	60	260	
<b>Obligations By</b>			
<b>Method of Financing</b>			
Direct AID Costs . . . . .	-	-	
Other Agency . . . . .	60	260	
Contract . . . . .	-	-	
<b>ESTIMATED FOREIGN CURRENCY REQUIREMENTS</b>			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

non-technical personnel involved in program decisions, and high level individuals involved in policy, an overview of the physical and human resources of the Basin.

**Project Progress:** In 1962, the Ford Foundation financed a survey of the socio-economic aspects of Lower Mekong River Basin development and recommended that a synthesis of available data on the Basin be prepared for use by the Mekong Committee. During FY 1965, after the FY 1965 Congressional Presentation, the U.S. agreed to undertake this project for the Mekong Committee.

Because of their outstanding work in preparing similar studies for several Latin American countries, the U.S. Army Corps of Engineers and the Tennessee Valley Authority will implement this project for A.I.D. They will gather data in fields such as demography, health, hydrology, highways, and education, from their own and other sources including universities, foundations, and the United Nations, for analysis by their specialists. After analysis, data will be summarized and reproduced cartographically on transparent, single color overlays by subject. Sheets with detailed narrative and tabular data will supplement the map overlays where necessary.

Since most of the work involves analysis of existing material, the riparian countries will have limited opportunities for participation. There will, however, be in-country training programs of riparian country cartographers so that the resource inventory can be updated periodically.

In FY 1965 two three-man teams and two researchers under PASA's with the Corps and TVA will gather available resource data from sources in the Mekong Basin region, in European archives and in the U.S. Cartographic and lithographic services for the compilation of the topographic map to serve as the base sheet for portrayal of study topics will also be provided.

**FY 1966 Program:** Six analysts under the PASA's will analyze the material that is to be included in the inventory and prepare the study for publication. Other costs include cartographic, lithographic and printing services.

**Project Objective and Description:** To inventory and evaluate selected physical and socio-economic characteristics of the Lower Mekong Basin. The inventory will serve as a resource document for presenting, comparing and analyzing the interrelationships of these factors for the purpose of basin planning and for briefing and orientation purposes. It will provide planners,

**CONFIDENTIAL**

**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: CAMBODIA

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX		XXX	XXX		XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	1,348	831	517							
Participants . . . . .	1,964	1,964	-							
Commodities . . . . .	24	24	-							
Other Costs . . . . .	27	27	-							
<b>Total Project Assistance . . . . .</b>	<b>3,363</b>	<b>2,846</b>	<b>517</b>							
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	2,965	2,846	119							
Other Agency . . . . .	398	-	398							
Contract . . . . .	-	-	-							
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>							
<b>Total Other than Development Loan . . . . .</b>	<b>3,363</b>	<b>2,846</b>	<b>517</b>							
<b>Total Assistance . . . . .</b>	<b>3,363</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>		<b>XXX</b>	<b>XXX</b>		<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	-	-	-
Participating agency . . . . .	6	-	-
Contractor technicians . . . . .	-	-	-
<b>Total . . . . .</b>	<b>6</b>	<b>-</b>	<b>-</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	172	-	-
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	<b>172</b>	<b>-</b>	<b>-</b>

**CONFIDENTIAL**

**PROJECT DATA**  
(In thousands of dollars and equivalent)

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

TABLE III

Country: CAMBODIA

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

**Project Title and Number:** Friendship Highway Rehabilitation, 442-12-310-243  
**Prior Reference:** Page 18, FY 1965 CP  
**Initial Obligation FY:** 1961 **Scheduled Final Obligation FY:** 1964

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/64	8,824	4,402	4,422
Deobs in FY 1965	-2,000		
Estimated FY 65	-	2,422	xxxxxxxxxxxx
Estimated through 6/30/65	6,824	6,824	-
Estimated FY 66 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
-	-	6,824	

Cost Components	Obligations	
	Estimated FY 65	Proposed FY 66
U.S. Technicians . . . . .		
Participants . . . . .		
Commodities . . . . .		
Other Costs . . . . .		
Total Obligations . . . . .		

Obligations By	Method of Financing
Direct AID Costs . . . . .	
Other Agency . . . . .	
Contract . . . . .	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/65	FY 66	Through 6/30/65	FY 66
-	-	-	-

**Project Objective and Description:** All activities under this project were terminated on November 21, 1963, pursuant to the Cambodian Government's request for a cessation of United States' aid. Expenditures since that date have been confined to close-out costs.

The purpose of the project was to rehabilitate the U.S.-constructed Khmer-American Friendship

Highway to its originally designed condition. This 130-mile two-lane, asphalt-surfaced road - extending from the capital, Phnom Penh, to Cambodia's new seaport at Sihanoukville - was completed in June 1959. Subsequent deterioration led to a U.S. Bureau of Public Roads (BPR) determination that part of the middle section of the road would have to be completely rebuilt.

**Project Progress:** At the time of termination of the A.I.D. programs in Cambodia, substantial progress had been made on the overall project. The BPR had submitted its report on the causes of the road's deterioration, and had also completed design plans. Under a \$6.6 million contract signed in September 1962, the Vinnell Corporation, a U.S. firm, had completed only about 35 per cent of the reconstruction work but had made preparations for accelerated operations during the November 1963-May 1964 dry season, with consequent good prospects for meeting the June 30, 1964 target completion date.

The Vinnell contract was terminated December 31, 1963. The Cambodian Government, on March 27, 1964, acquired all the Vinnell firm's road construction machinery at a purchase price of approximately \$1.8 million. With this equipment the Cambodians then possessed nearly all the physical resources required to complete the highway repairs under its own initiative.

**Liquidation Progress:** Close-out of the project has been delayed pending final settlement of the Vinnell contract, which is a function of the BPR. To this end, the BPR during 1964 received and reviewed Vinnell's claims, audited Vinnell's project books, and conducted major negotiating sessions with the Vinnell firm. Final settlement, now awaiting the contractor's initiation of a resumption of negotiations, is expected before the end of FY 1965.

The unexpended pipeline balance had decreased to \$3.4 million as of December 31, 1964. Of this amount, it is now conservatively estimated that \$2 million will be surplus to requirements. De-obligation of \$1.5 million is being effected in February 1965. The remaining surplus funds will be deobligated as soon as the BPR settlement with Vinnell is final.

**CONFIDENTIAL**

**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: CHINA (TAIWAN)

**TABLE II**

Category	Actual FY 1964				Estimate FY 1965			Proposed FY 1966		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Total	Tech. Coop.	Supp. Assist.
Development Loan Program . . . . .	-	XXX	XXX	XXX	-	XXX	XXX	-	XXX	XXX
<b>Programs Other than Development Loan</b>										
<b>Project Assistance</b>										
U.S. Technicians . . . . .	1,278	1,278			550	550				
Participants . . . . .	145	145			-	-				
Commodities . . . . .	40	40			-	-				
Other Costs . . . . .	592	592			-	-				
<b>Total Project Assistance . . . . .</b>	<b>2,055</b>	<b>2,055</b>			<b>550</b>	<b>550</b>				
<b>Method of Financing</b>										
<b>Project Assistance</b>										
Direct A.I.D. . . . .	1,464	1,464			550	550				
Other Agency . . . . .	-	-			-	-				
Contract . . . . .	591	591			-	-				
<b>Non-Project Assistance . . . . .</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>				
<b>Total Other than Development Loan . . . . .</b>	<b>2,055</b>	<b>2,055</b>			<b>550</b>	<b>550</b>				
<b>Total Assistance . . . . .</b>	<b>2,055</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>550</b>	<b>XXX</b>	<b>XXX</b>		<b>XXX</b>	<b>XXX</b>

**NUMBER OF U.S. TECHNICIANS**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
A.I.D. employed . . . . .	34	-	-
Participating agency . . . . .	6	-	-
Contractor technicians . . . . .	18	-	-
<b>Total . . . . .</b>	<b>58</b>	<b>-</b>	<b>-</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1964	Estimate FY 1965	Proposed FY 1966
Non-contract . . . . .	115	26	-
Contract . . . . .	17	-	-
<b>Total . . . . .</b>	<b>132</b>	<b>26</b>	<b>-</b>

**CONFIDENTIAL**

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

STATUS OF DEVELOPMENT LOANS  
(In thousands of dollars and equivalent)

TABLE IV

Country: CHINA (TAIWAN)

Borrower: SHIHMEN DEVELOPMENT COMMISSION, GRC Funds: DEVELOPMENT LOANS

Title and Number of Loan: Shihmen Multipurpose Dam, 484-A-005	
Date Authorized: June 30, 1958 Date Signed: November 10, 1958	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 35 Yrs.
Authorized . . . . . \$21,500	Grace Period . . . . . 1 Yr.
Disbursed . . . . . 21,181	Interest Rate . . . . . 3-1/2%
Repayments . . . . . 453	Currency of Repayment . . NT\$
Interest Collected . . . . . 2,482	

tracted for the purchase of the water turbine and the main switchboards and is payable upon final acceptance of equipment or after a certain specified period of time after delivery. These payments are expected to be completed before the terminal date of June 30, 1965. The balance of about \$4,000 not payable for this equipment will be deobligated. Repayment of principal and interest payment are on schedule. Host Country Contribution, Procurement Source: The borrower has provided \$1 million in foreign exchange and local currency required by the project in the amount of \$34,258,000 equivalent for engineering services, construction and installation costs and other miscellaneous items. Procurement of commodities (\$16,803,000) has been limited world-wide. Consulting engineering and construction engineering services (\$4,693,000) were performed by U.S. firms.

Implementation: The project is physically complete and operating satisfactorily. The balance of payments for certain equipment will be disbursed by June 30, 1965.

Purpose of Loan: To assist in financing the importation of equipment, materials, supplies and services required for construction of a multi-purpose dam project designed to generate 90,000 kw of installed hydroelectric power, irrigate about 58,000 hectares of double-crop paddy fields and reduce flood damage in Taipei City. The project consists of a reservoir with gross storage capacity of 256,000 acre-feet, a 436-foot rockfill dam, two 45,000 kw generating units, a saddle chute spillway with six tainter gates, an afterbay weir, a new canal system and a public water supply system. This project addresses the goals of supporting an industrial growth rate of 12%-15% a year and of assisting an increase of 4%-5% per year in agricultural production.

Physical Status: This project was dedicated in a ceremony held at the dam site on June 14, 1964. Project operation is satisfactory and some immediate benefits have been realized. With the continuous supply of water from the reservoir, the drought in the irrigation area covering 58,000 hectares in the Taoyuan, Hsinchu and Taipei districts has been substantially diminished. A large part of the dry land originally without any irrigation water has been converted into rice paddies.

Financial Status: All but \$319,000 of the loan funds have been disbursed. About \$315,000 of these funds are con-

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: CHINA (TAIWAN)

Borrower: CHINA DEVELOPMENT CORPORATION

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Development Bank, 484-A-015	
<b>Date Authorized:</b> January 29, 1960 <b>Date Signed:</b> March 24, 1960	
<b>Loan Status as of 12/31/64</b>	
	<b>Amount</b>
Authorized .....	\$10,000
Disbursed .....	6,138
Repayments .....	60
Interest Collected .....	447
<b>Loan Terms</b>	
Duration .....	10 Yrs.
Grace Period .....	1 Yr.
Interest Rate .....	5 3/4%
Currency of Repayment ..	NT\$

of Commitment will be issued. A.I.D. recently extended the terminal disbursement date from June 30 to December 31, 1965, to permit orderly implementation of the remaining projects. Interest and principal payments are on schedule. No new subloans will be made.

The loan was made after the feasibility of a development bank operation in Taiwan had been thoroughly studied and an IBRD team had surveyed the prospects on the spot. Among the conditions precedent to making the first disbursement under this loan CDC was required to: (a) submit a list satisfactory to the U.S. of categories of development projects eligible to receive subloans; (b) regulations satisfactory to the U.S. for making subloans; and (c) arrangements for the subordination of CDC's other obligations to payments of the interest and principal on this loan.

Host Country Contribution, Procurement Source: Approximately 75% of CDC's \$3.0 million (equivalent) paid in capital was obtained from private sources, including \$306,000 from Morgan Guaranty Bank of New York City; the balance is held by Chinese Government banks. CDC's available resources of \$45.5 million equivalent includes \$3 million capital, \$10 million DLF loan, \$12.5 million (equivalent) in counterpart funds, \$5 million from IDA, and a \$15 million loan just signed with the IBRD.

Procurement under DLF subloans of \$100,000 and over must be from the U.S.

Implementation: Disbursement will be completed before the end of 1965. The balance of the loan not used will be deobligated.

Although the "Buy American" provision applicable to subloans of \$100,000 or over has inhibited the use of the loan, CDC has been quite successful in assisting the growth of the private enterprise sector. Export statistics of CDC clients, including A.I.D. subloan borrowers, indicates that this loan has contributed to Taiwan's increased foreign exchange earnings.

Purpose of Loan: To assist the China Development Corporation in financing the foreign exchange costs of subloans for the establishment, expansion and improvement of private enterprises in Taiwan. With the purpose of accelerating Taiwan's economic growth, subloans are made to eligible industries, preferably to those which: (a) earn or save foreign exchange; (b) are labor-intensive and contribute significantly in increasing employment; (c) require capital to introduce cost-saving or quality-improving production methods; or (d) economically utilize local natural resources.

Physical Status: As of November 30, 1964 CDC had approved 95 subloans totalling \$9.3 million. These loans mature from 3½ to 7 years at 7% interest rate. The subborrower is responsible for maintenance of value (re the rate of exchange). No credit losses have been reported and one or two instances of delinquency have been corrected. Subloans have been made to private firms in such industries as chemical, wood processing, food and beverage, ceramics and iron and steel products.

Financial Status: Approximately 61% of the loan is disbursed. A.I.D. has issued Letters of Commitment totalling \$9.3 million. The period for requesting Letters of Commitment expired December 31, 1964 and no further Letters

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: CHINA (TAIWAN)

Borrower: TAIWAN POWER COMPANY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Nanpu Thermal Plant Extension, 484-A-020	
Date Authorized: June 13, 1960      Date Signed: September 30, 1960	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 20 Yrs.
Authorized . . . . . \$14,910	Grace Period . . . . . 1 Yr.
Disbursed . . . . . 14,274	Interest Rate . . . . . <del>3 1/2</del>
Repayments . . . . . 2,325	Currency of Repayment . . NT\$
Interest Collected . . . . . 1,124	

The undisbursed portion of the loan is being reserved pending settlement of final payment requests.

The loan agreement required Taipower, prior to issuance of letters of commitment or disbursement, to meet certain conditions precedent including evidence that Taipower had made arrangements for engineering services and procurement of goods and services necessary to carry out the project. Before this loan was made, the U.S. was satisfied that sufficient engineering and financial planning had been done to establish technical and economic feasibility. Repayments of principal and payment of interest is on schedule.

Host Country Contribution, Procurement Source: Total project costs were originally estimated at \$30,149,000 equivalent. Local currency requirements of \$10,066,000 equivalent were provided by counterpart fund loans of \$3,266,000 equivalent and Taipower contributed \$6,800,000 equivalent from its own resources. Local costs included locally procured materials, construction labor, import duties, insurance, etc.

All goods and services provided by the A.I.D. loan were procured in U.S. Engineering services cost approximately \$900,000; commodities about \$14 million.

Implementation: Original plans established December 1963 to January 1964 as a target date for test runs. Actual test runs were carried out starting August 27, 1963. The early project completion, the reduction in the amount of the loan by \$5.59 million and successful project performance represents a significant achievement.

Purpose of Loan: To finance the foreign exchange costs of equipment, materials and services for a thermal power plant project extension of the existing Nanpu Steam Power Plant at Kaohsiung, Taiwan. The new facilities have a firm capacity of 125,000 kw and peaking capacity of 140,000 kw. This project is part of Taipower's planned series of thermal electric power development projects designed to supply the rapidly increasing demand for power which has been growing at about 14% annually.

Physical Status: This project was completed and achieved full capacity operation in September 1963. Efficiency and other performance standards have been satisfied. The installed equipment includes a turbine generator, steam generator, feedwater heater and evaporator, boiler feed pumps, motors, condenser tubes, power transformers, switchgear, circuit breakers, structural steel, steel plates, etc., all procured from the U.S.

Financial Status: During 1963 it was determined that the costs of several large items to be purchased under this loan had dropped substantially since approval of the loan in June 1960. Accordingly, \$5,590,000 was deobligated reducing the loan to \$14,910,000.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: CHINA (TAIWAN)

Borrower: HSINCHU WINDOW GLASS WORKS

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Glass Plant Expansion, 484-A-022	
<b>Date Authorized:</b> April 18, 1961 <b>Date Signed:</b> May 12, 1961	
<b>Loan Status as of 12/31/64</b>	
<b>Amount</b>	<b>Loan Terms</b>
Authorized ..... \$1,600	Duration ..... 12 Yrs.
Disbursed ..... 1,489	Grace Period ..... 3 Yrs.
Repayments ..... -	Interest Rate ..... 5 3/4%
Interest Collected ..... 91	Currency of Repayment .. NT\$

**Purpose of Loan:** To finance the procurement of imported equipment and materials for an addition to Hsinchu's sheet glass plant, increasing capacity by 250,000 cases annually, and erection of a new ground and polished glass plant with a capacity of 40,000 cases a year. This project, directly related to the priority goals of the A.I.D. program, will increase the rate of local industrial production as well as improve the GRC balance of payments position through decreased imports and additional and diversified exports.

**Physical Status:** Construction of both plants was completed October 1963. Installation of equipment in the sheet glass plant was completed December 1963 and trial production started January 1964. Installation in the ground and polished plant was completed January 1964 and trial production started soon after.

Trial runs in the sheet plant have been unsatisfactory and much of the plant's output is not yet commercially useful. The American supplier has been working closely with the borrower in an attempt to resolve the technical problems.

The ground and polished plant is having similar difficulties. This equipment was furnished by another American supplier who is also working closely with the borrower to get the "bugs" out.

**Financial Status:** Approximately 92% of this loan has been disbursed. Disbursement was scheduled for completion before the end of 1964 but has been delayed by trial run difficulties mentioned above. Remainder of funds will not be disbursed to the suppliers until the plant's performance proves satisfactory. Interest payments are on schedule. Before this loan was made, the U.S. was satisfied that sufficient engineering and financial planning had been done to establish technical and economic feasibility. The loan agreement required the borrower, prior to the issuance of letters of commitment or disbursement, to meet certain conditions precedent including: (a) evidence that satisfactory arrangements had been made for construction services; (b) a bank guarantee of A.I.D.'s loan had been obtained; and (c) all capital stock included in the financing plan had been subscribed.

**Host Country Contribution, Procurement Source:** The borrower provided local currency required by the project in the amount of US\$800,000 equivalent for construction of plant buildings and installation of equipment. All equipment procured under this loan is from the U.S.

**Implementation:** Technical start-up difficulties described above are receiving professional attention.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: CHINA (TAIWAN)

Borrower: REPUBLIC OF CHINA

Funds: DEVELOPMENT LOAN

Title and Number of Loan: Taiwan Telecommunications Administration (No. 2), 484-H-026	
Date Authorized: April 16, 1962	Date Signed: June 29, 1962
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 11 Years
Authorized . . . . . \$5,200	Two-step . . . . . 40 Years
	Grace Period . . . . .
Disbursed . . . . . 278	Two-step . . . . . 10 Years
	Interest Rate . . . . . 3 1/4%
Repayments . . . . . -	Two-step . . . . . 3/4%
	Currency of Repayment . . . . . NIS
Interest Collected . . . . . 1	Two-step . . . . . U.S.\$

determined that approximately \$1 million of the loan will not be needed and these funds are being deobligated.

Initial disbursements of funds for engineering services were made in January 1964 and additional disbursements will be made pro-rata as services are rendered. It is estimated that about 60% of the A.I.D. loan will be disbursed by June 30, 1965.

This project is an expansion of an existing operation and before the loan was made the U.S. was satisfied that the project was technically and economically feasible. The loan agreement required the TTA, prior to the issuance of letters of commitment or disbursement, to meet certain conditions precedent including evidence that the TTA had made arrangements for engineering services and procurement of goods and services. In addition, the TTA was required to show that steps have been taken to insure that the TTA earns an annual rate of return of at least 6% on its rate base.

Host Country Contribution, Procurement Source: The borrower is providing local currency in the amount of U.S.\$ 12,147,000 equivalent for telephone sets and protectors, subscriber message meters, distributing framework and cable racks and outside plant materials, most of which is being produced locally, and approximately \$600,000 which will be imported from other than U.S. sources. All goods and services financed by the A.I.D. loan will be procured in the U.S. Approximately \$200,000 will be paid to the U.S. Consulting Engineer and about \$4,000,000 for equipment.

Implementation: Project delays occurred in 1963 due to some modification in the design and in 1964 to permit the bidders to conform their proposals to revised A.I.D. procurement regulations regarding foreign components. Since then the project has been moving on schedule.

Purpose of Loan: To assist in financing the foreign exchange costs for expansion of dial telephone facilities in Taipei, Taichung and Kaohsiung, the three largest commercial and industrial centers in Taiwan. The loan proceeds will be used in the U.S. to purchase central office switching equipment, power, air conditioning and auxiliary equipment and engineering services. Completion of the project will increase the percentage of industrial establishments with telephone service in these areas from 35% to 93% and commercial establishments from 28% to 50%.

Physical Status: The first shipment of U.S. equipment arrived in October 1964 and is to be installed in buildings and facilities being erected by the borrower. This construction is proceeding on schedule so as to entail no undue delay in overall project implementation. Installation of equipment is scheduled to be completed by October 1966.

Financial Status: Initial disbursements for equipment have been made and the bulk of disbursements is scheduled during the remainder of this year. Four U.S. companies bid for the central office switching equipment procurement. The award was made to the lowest bidder for an amount which was well below project cost estimates. It has been

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: CHINA (TAIWAN)

Borrower: TAIWAN POWER COMPANY

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Shen-Ao Thermal Power Plant, 484-H-039	
<b>Date Authorized:</b> June 14, 1963	<b>Date Signed:</b> October 12, 1963
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 20 Yrs.
Authorized . . . . . \$20,600	Grace Period . . . . . 4 Yrs.
Disbursed . . . . . 5,106	Interest Rate . . . . . 3 $\frac{1}{2}$ %
Repayments . . . . . -	Currency of Repayment . . . U.S.\$
Interest Collected . . . . . 8	

At the end of 1964, \$5,106,000 was disbursed and substantial additional disbursements are scheduled this year. Host Country Contribution, Procurement Source: The borrower is to provide local currency in an amount equivalent to \$6,491,550 for local construction costs of the plant, boiler and turbine equipment, insurance, bank charges, import duties, harbor taxes, office overhead, and miscellaneous taxes and expenses. All goods and services financed by the A.I.D. loan will be procured in the U.S. Approximately \$1 million will be paid for services of the U.S. consulting engineer and \$19.6 million for materials and equipment. Implementation: Construction difficulties with the caisson work is reported under control and lost time is being made up. Procurement implementation is proceeding satisfactorily. At this stage project goals and objectives are reasonably on schedule.

Purpose of Loan: To finance the foreign exchange costs of equipment, materials and services for a thermal power plant project as an extension of the existing Shen-Ao Thermal Power Station, located near Keelung, Taiwan. This new extension will add 200,000 kw in installed capacity and 180,000 kw in firm capacity to Taipower's fully integrated system. Shen-Ao III is part of a power expansion program which is designed to meet the demand for power which has been growing at an annual rate of about 14%.

Physical Status: During 1964 A.I.D. approved the specifications and contract awards for most of the equipment to be financed by the A.I.D. loan. Overall construction is about 15% complete. The project is almost on schedule although construction of the caissons has been troublesome and resulted in a schedule delay in the boiler area of about one month.

Installation of transformers, substation equipment, control systems and plant wiring is scheduled for completion before June 1966. Commercial operation is anticipated by July 1966.

Financial Status: Letters of Commitment for all equipment and engineering services have been issued. The contracted cost of equipment is lower than estimated costs. As a result, A.I.D. deobligated \$900,000 and reduced the loan to \$20,600,000.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: CHINA (TAIWAN)

Borrower: REPUBLIC OF CHINA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> Second Program Loan, 484-H-040	
<b>Date Authorized:</b> June 28, 1963 <b>Date Signed:</b> December 10, 1963	
Loan Status as of 12/31/64	Loan Terms
Amount	
Authorized . . . . . \$15,000	Duration . . . . . 20 Yrs.
Disbursed . . . . . 5,704	Grace Period . . . . . 5 Yrs.
Repayments . . . . . -	Interest Rate . . . . . 3 $\frac{1}{2}$ %
Interest Collected . . . . . 28	Currency of Repayment . . . . . U.S.\$

Japanese sources; and (c) policy restrictions on financing of certain types of U.S. equipment such as textile machinery.

The balance of the loan is moving very well. Interest payments are on schedule.

**Procurement Source:** All capital goods and raw materials will be purchased in the U.S.

**Implementation:** Disbursement is expected to be accomplished well before the terminal date, which is set at December 10, 1965, except for that un-used portion of the \$5 million earmarked for subloans to selected private firms, which is being reviewed for de-obligation.

**Purpose of Loan:** This loan provides foreign exchange for a selective import program of capital goods and raw materials to assist in the achievement of planned levels of production and economic growth. Emphasis is on developing the export potential of the private sector. A feature of this loan earmarks \$5 million for machinery and equipment to selected private firms with outstanding export potential, under credit terms more favorable than local commercial terms. These terms include maturities from one to ten years at 5 $\frac{1}{2}$ % interest rate.

Principal imports financed to date by the loan are iron and steel mill products, pulp, chemicals and industrial machinery and equipment.

**Physical and Financial Status:** The \$5 million for machinery and equipment set aside for selected private firms has been only partially successful and over one half of the amount is not expected to be used. Reasons for this include the following: (a) American equipment is considered by local businessmen to be of superior quality but of much higher price than Japanese goods; (b) high transportation costs reflected in the requirement for use of American flag vessels and the greater distance from U.S. versus

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: CHINA (TAIWAN) Borrower: TAIWAN POWER COMPANY Funds: DEVELOPMENT LOANS

Title and Number of Loan: Lower Tachien Hydroelectric Plant, 484-A-044	
Date Authorization Amended: June 9, 1964 Date Signed: June 29, 1964	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 30 Yrs.
Authorized . . . . . \$9,200	Grace Period . . . . . 12 Mos.
Disbursed . . . . . -	Interest Rate . . . . . 3½%
Repayments . . . . . -	Currency of Repayment . . NT\$
Interest Collected . . . . . -	

represent a re-design of the original Tachien Reservoir Project. The terms of the old commitment, including local currency repayment, were retained since the old commitment was made under circumstances (involving certain Chinese concessions on various points) making it a highly sensitive matter. A.I.D. determined that construction of this project and a 300 MW Thermal Power project proposed by the GRC would be economically and technically sound. These projects are part of Taipower's long range development plan to meet the 14% annual power demand growth. Initially Lower Tachien will have two 90 MW units installed with provision for adding two similar units in the future.

The A.I.D. loan will finance engineering services and certain direct costs as well as indirect costs including new construction equipment and replacement parts.

Physical Status: Construction of access roads and the tail tunnel is underway and generally on schedule. Tachia River diversion work was started December 28, 1964.

The estimated project construction period is September 1964 to December 31, 1968. The two power units are expected to go into operation September 1968 and January 1969.

Financial Status: No A.I.D. funds have been disbursed as yet. Taipower has disbursed over \$4 million equivalent to date for construction. Contract details are being finalized for consulting engineering services and initial disbursement is expected to be made shortly after signing. The loan agreement required Taipower, prior to issuance of letters of commitment or disbursement, to meet certain conditions precedent including evidence that Taipower has made arrangements for necessary engineering, procurement and construction services.

Host Country Contribution, Procurement Source: Total cost is estimated to be \$46.9 million. Of this, \$17.3 million in foreign exchange will be required and \$29.6 million equivalent for local currency costs. Such funds exceeding loan limits will represent host country contribution. All A.I.D.-financed procurement will be in the U.S.

NOTE: Of undisbursed \$39.8 million for Tachien project, amendments to the authorization made available \$9.2 million for this project and \$26.7 for Linkou Thermal Plant (balance deobligated).

Purpose of Loan: To provide the foreign exchange costs of equipment, materials and services for the construction of a hydroelectric project to be located on the Tachia River in Taiwan.

This project resulted from the report and recommendations of an electric power survey team sent to Taiwan early in 1963. At the time of the team's survey, there was a pending unimplemented DLF loan dated June 21, 1961 for \$40,000,000 to cover the foreign exchange costs of the construction of the Tachien Reservoir Project. Implementation of that project had been deferred by engineering reevaluation of the feasibility of a high dam under the difficult geological conditions at the project site. Based on the team's recommendations, A.I.D. requested the GRC and Taipower to consider alternate methods of power development which would assure: (a) the most economic use of A.I.D. funds; (b) the provision of optimum power generation to keep pace with increasing demands at lowest practicable costs; (c) the maintenance of Taipower's creditworthiness; and (d) maintenance of the GRC's debt-servicing capacity in a strong position in order to attract other international lenders.

This project as well as the Linkou Thermal Plant

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: CHINA (TAIWAN)

Borrower: TAIWAN POWER COMPANY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Linkou Thermal Plant Project, 484-A-045	
Date Authorization Amended: June 9, 1964 Date Signed: June 29, 1964	
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 30 Yrs.
Authorized . . . . . \$26,700	Grace Period . . . . . 1 Yr.
Disbursed . . . . . -	Interest Rate . . . . . 3½%
Repayments . . . . . -	Currency of Repayment . . NT\$
Interest Collected . . . . . -	

This project as well as the current Lower Tachien Hydroelectric Project was proposed by the Chinese, in lieu of the Tachien Reservoir Project, and acceptable to A.I.D. as being consistent with the findings of the power team. The terms of the old commitment, including local currency repayment, were retained since the old commitment was made under circumstances (involving certain Chinese concessions on various points) making it a highly sensitive matter. This project conforms with Taipower's long-range development plans to meet the 14% annual power demand growth.

This loan will be largely to finance the cost of mechanical equipment including the turbine generator, steam generator, condensers, forced and induced draft fans, etc., and engineering services.

Physical Status: Procurement of land has been accomplished and title deeds secured. In addition, two raw water supply wells have been completed. Negotiation is being conducted with the Taiwan Railway Administration for construction of the railroad spur and improvement of the existing highway is being planned. Preliminary specifications of turbine and steam generators are being reviewed and finalized.

Financial Status: On January 29, 1965 Taipower signed a contract for consulting and supervisory engineering services with an American engineering firm. The terms of this contract had the prior approval of A.I.D. Taipower is expected to request issuance of a letter of commitment for engineering services.

Host Country Contribution, Procurement Source: Total cost of this project is estimated to be \$40.7 million equivalent. Of this, \$26.7 million in foreign exchange will be required and \$14.0 million equivalent will be required for local currency costs. A.I.D. is providing all of the foreign exchange costs. Taipower is providing \$8.2 million equivalent in local currency and \$5.8 million will be met through the loan of A.I.D. generated funds from the GRC.

Purpose of Loan: To finance the foreign exchange costs of equipment, auxiliary equipment and services for the construction of a 300 MW coal-fired thermal power plant located in Linkou about twelve miles west of Taipei.

This project resulted from the findings of an electric power survey team which studied all aspects of power development in Taiwan in early 1963. At the time of the team's study there was pending an unimplemented DLF loan agreement dated June 21, 1961 for \$40,000,000 to cover the foreign exchange costs of the construction of the Tachien Reservoir Project. Implementation of that loan was deferred by engineering reevaluation of the feasibility of a high dam under difficult geological conditions. Based on the power team recommendations, which included deferral of the Tachien Reservoir Project to a later period, A.I.D. requested GRC and Taipower to consider alternate methods of power development which would assure: (a) the most economic use of A.I.D. funds; (b) the provision for optimum power generation to keep pace with increasing demands at the lowest practicable costs; (c) the establishment and maintenance of Taipowers' creditworthiness; and (d) the maintenance of the GRC's debt servicing capacity in a strong position in order to attract other international lenders.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

TABLE IV

Country: MALAYSIA

Borrower: FEDERATION OF MALAYSIA

Funds: DEVELOPMENT LOANS

<b>Title and Number of Loan:</b> North Klang Straits, 494-A-001	
<b>Date Authorized:</b> July 11, 1958	<b>Date Signed:</b> March 18, 1959
Loan Status as of 12/31/64	Loan Terms
Amount	Duration . . . . . 30 Yrs.
Authorized . . . . . \$10,000	Grace Period . . . . . 1 Yr.
Disbursed . . . . . 9,637	Interest Rate . . . . . 3½%
Repayments . . . . . 629	Currency of Repayment . . U.S.\$
Interest Collected . . . . . 586	

**Host Country Contribution, Procurement Source:** The Government of Malaysia has contributed more than \$3 million to the project's total estimated cost of \$13.36 million. All of the equipment purchased was of American origin.

**Comments on Implementation:** The project was implemented with outstanding competence under the direction of the Malayan Railway Administration. Operations remained on schedule throughout the life of the project, and both the physical and financial handling of the project have been handled with businesslike responsibility.

**Purpose of Loan:** To provide financing towards the development of a deep water port in the North Klang Straits near Port Swettenham on the west coast of Malaysia. It includes the construction of four deep-water berths, jetties, approaches, and an access bridge.

Port Swettenham has for many years been increasing in importance as a gateway to Kuala Lumpur and the central peninsula. It has long been inadequate in both space and facilities to efficiently handle steadily increasing cargo tonnages which have now reached more than three times the prewar peak of 600,000 in 1939. Ship congestion at peak periods of traffic has been an increasingly severe problem and cargo handling costs have frequently climbed to unreasonable levels.

**Physical Status:** The project was completed in December 1963, when the four new deep-water wharves were officially opened. Construction was the joint work of a Malaysian and a Danish firm.

**Financial Status:** Disbursements are made upon requests from the Malaysian Government for reimbursement of expenses already paid, and therefore no letters of commitment are issued. The final loan disbursement is being made in January 1965. Repayments are on schedule.

**STATUS OF DEVELOPMENT LOANS**  
(In thousands of dollars and equivalent)

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

**TABLE IV**

Country: MALAYSIA

Borrower: FEDERATION OF MALAYSIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Roads and Bridges, 494-A-002	
Date Authorized: January 16, 1959 Date Signed: March 18, 1959	
Loan Status as of 12/31/64	Loan Terms
Amount	
Authorized . . . . . \$10,000	Duration . . . . . 10 Yrs.
Disbursed . . . . . 8,974	Grace Period . . . . . 1 Yr.
Repayments . . . . . 3,119	Interest Rate . . . . . 3 $\frac{1}{2}$ %
Interest Collected . . . . . 500	Currency of Repayment . . . . . U.S.\$

Disbursements are made upon requests from the Malaysian Government for reimbursement of expenses already paid. Repayments are on schedule.

Host Country Contribution, Procurement Source: Under the Second Five-Year Plan, Federal development expenditures amounted to approximately \$63 million for all road and bridge construction from 1961 to 1963. The projects financed by the present A.I.D.-DLF loan received approximately \$15 million, 60% of their total cost, from the Malaysian Government. All equipment purchased was of American origin.

Comments on Implementation: The project has been implemented with outstanding competence under the direction of the Malaysian Public Works Department. Certain delays in scheduled operations, caused by land acquisition problems, have been successfully dealt with, and no further construction delays are anticipated.

Purpose of Loan: To assist in financing the construction of a number of high-priority road and bridge projects in the Malayan peninsula.

This project is designed to help construct the network of roads required to permit the orderly development of East Coast Malaya and to open this underdeveloped area to mining, timber extraction and agricultural development. Fishing communities on the east Coast will be linked with markets in Johore for the first time.

Another component of the project is the highway from Kuala Lumpur to Port Swettenham. The rapid growth of the satellite town, Petaling Jaya, and an anticipated rise in tonnage at the port as a result of an expansion program financed by another DLF loan, will require additional road facilities.

Physical Status: The loan covers a number of road and bridge projects. Eight roads, totalling some 114 miles, have been completed. Two roads, comprising 27.5 miles are 95% completed. In addition, a number of bridges have been constructed.

Financial Status: Because of delays in the building of the Gunong Keriang/Simpang Ampat Road and the Dungun Bridge, A.I.D. granted permission to extend the cut-off date for disbursements under the loan until March 31, 1965.