

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM AND PROJECT DATA RELATED
TO PROPOSED PROGRAMS - FY 1965

BEST AVAILABLE

REGION: FAR EAST

UNCLASSIFIED

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F O R E W O R D

The Regional volumes provide additional program and project data relating to the FY 1965 Congressional Presentation of the Agency for International Development and the Alliance for Progress.

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

- Table I - Summary of program by function - project and non-project assistance (other than Development Loans and Alliance for Progress Loans) for FYs 1963-1965, by major cost component and related personnel data.
- Table II - Summary data on project assistance proposed for FY 1965 in Table I, by major fields of activity.
- Table III - Status of individual projects for each project for which FY 1965 funds are requested and for each project having unliquidated obligations of \$1 million or more as of June 30, 1963.
- Table V - Loan status as of December 31, 1963 of individual, approved Development Loans and Alliance for Progress Loans, with descriptive narrative depicting the purpose of the loan, physical status, financial status, Host Country Contribution, procurement sources, and comments on implementation.

Regional summary tables are also included to summarize Project and Non-Project Assistance (Table I), Project Assistance by Activity Proposed for FY 1965 (Table II), and the Summary of Status of Development Loans and Alliance for Progress Loans (Table IV).

In addition, the volume with the sub-title "World-Wide Summary Tables and Non-Regional 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 and non-regional activities information.

CLASSIFICATION OF VOLUMES

Although the greater part of information contained in these volumes is unclassified, the books have been classified CONFIDENTIAL because certain pages contain proposed country levels for Supporting Assistance and other material which cannot be made public at this time. In general, information concerning the funding of continuing Technical Cooperation projects is unclassified, as is data on Development Loans which have been announced to the receiving country. Supporting Assistance for FY 1965, and in some cases for FY 1964 as well, over-all country programs for FY 1965 and new projects proposed for FY 1965 must remain classified. Pages which are marked CONFIDENTIAL contain some classified information. All of the material is unclassified on pages which are not marked CONFIDENTIAL.

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SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: FAR EAST REGIONAL SUMMARY

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	17,415	11,820	5,595	23,168	16,141	7,027	20,853	13,261	7,592
Participants	7,133	6,229	904	8,178	6,896	1,282	7,188	6,250	938
Contract Services	38,445	12,036	26,409	21,819	10,145	11,674	42,685	10,723	31,962
Commodities.....	41,883	21,405	20,478	32,371	16,186	16,185	23,811	15,943	7,868
Local Expenses.....	1,184	655	529	1,924	1,632	292	1,663	1,323	340
Total Project Assistance.....	106,060	52,145	53,915	87,460	51,000	36,460	96,200	47,500	48,700
Amount funded from Contingency Fund (non-add)	(17,749)		(17,749)	(5,255)		(5,255)			
NON-PROJECT ASSISTANCE									
Commodities	227,375	5,040	222,335	188,995		188,995	209,500		209,500
Cash Transactions	25,519		25,519	4,000		4,000			4,000
Other.....	17,000		17,000	4,000		4,000	4,000		4,000
Total Non-Project Assistance....	269,894	5,040	264,854	196,995		196,995	213,500		213,500
Amount funded from Contingency Fund (non-add)	(30,315)		(30,315)						
Grand Total	375,954	57,185	318,769	284,455	51,000	233,455	309,700	47,500	262,200
Amount funded from Contingency Fund (non-add)	(48,064)		(48,064)	(5,255)		(5,255)			
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed	863	584	279	865	552	313	839	515	324
Participating Agency	134	54	80	117	82	35	196	114	82
Total U.S. Technicians	997	638	359	982	634	348	1,035	629	406
Contractor Employees (on duty close of yr.)	532	390	142	521	308	213	639	321	318
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract	1,868	1,550	318	1,859	1,510	349	1,702	1,437	265
Contract	75	75		214	214		117	117	
Total Participants	1,943	1,625	318	2,073	1,724	349	1,819	1,554	265

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965

(In thousands of dollars)

TABLE II

Country: FAR EAST REGIONAL SUMMARY

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	3,627	3,627	-
Industry and Mining	4,054	3,752	302
Transportation	21,205	3,115	18,090
Labor	105	105	-
Health and Sanitation	10,901	10,901	-
Education	5,548	5,548	-
Public Administration and Public Safety	5,211	3,211	2,000
Community Development, Social Welfare and Housing	4,162	422	3,740
General and Miscellaneous	32,518	7,950	24,568
Technical Support	8,869	8,869	-
Total	96,200	47,500	48,700

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

FAR EAST REGIONAL SUMMARY

COUNTRY	Cumulative Through FY 1963				FY 1964 Through December 31, 1963			
	Approved	Obligated	Disbursed	Repaid	Approved	Obligated	Disbursed	Repaid
CHINA	169,353	132,853	66,629	4,828		36,500	10,953	1,660
INDONESIA	11,469	11,469	6,036	691			465	353
KOREA	76,304	54,004	26,088	1,422		9,500	8,872	56
MALAYA	20,000	20,000	15,274	1,764			2,293	650
PHILIPPINES	33,181	33,181	16,908	3,852			636	1,268
THAILAND	33,600	33,600	15,475	286			1,640	92
VIETNAM	39,900	39,900	3,554	90			9,368	
Total	383,807	325,007	149,964	12,933		46,000	34,227	4,079

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SUMMARY OF PROGRAM BY FUNCTION – PROJECT AND NON-PROJECT ASSISTANCE*

Country: BURMA

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	249	172	77	407	247	160	380	215	165
Participants.....	3	3		228	103	125	300	200	100
Contract Services.....	9,412	50	9,362	1,015	150	865	18,110	110	18,000
Commodities.....	5,514	660	4,854	3,920	770	3,150	380	345	35
Local Expenses.....	140	140		130	130		130	130	
Total Project Assistance.....	15,318	1,025	14,293	5,700	1,400	4,300	19,300	1,000	18,300
NON-PROJECT ASSISTANCE									
Commodities.....									
Cash Transactions.....									
Other.....									
Total Non-Project Assistance.....									
Grand Total.....	15,318	1,025	14,293	5,700	1,400	4,300	19,300	1,000	18,300
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	13	10	3	9	6	3	8	5	3
Participating Agency.....				4	1	3	5	1	4
Total U.S. Technicians.....	13	10	3	13	7	6	13	6	7
Contractor Employees (on duty close of yr.)	4		4	39	4	35	134	4	130
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	1	1		46	21	25	60	40	20
Contract.....									
Total Participants.....	1	1		46	21	25	60	40	20

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

TABLE II

Country: BURMA

Activity	Total	Technical Cooperation	Supporting Assistance
Transportation	18,570	480	18,090
Public Administration and Public Safety	210		210
General and Miscellaneous	320	320	
Technical Support	200	200	
Total	19,300	1,000	18,300

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Land and Water Resources Development, 482-22-120-122			
Prior Reference:			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1963	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 3,438	Expenditures 480	Unliquidated 2,958
Estimated FY 64		2,558	xxxxxxxxxxxx
Estimated through 6/30/64	3,438	3,038	400
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		3,438	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
	TOTAL		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

technician were provided in FY 62.) The agreement contained work schedules for utilization of the agricultural machinery and implements included in the project, and target schedules for producing diversified crops on the restored, developed and protected land.

In FY 1963, however, the management of ARDC came under the direct control of Army officers whose inexperience and lack of coordination with the USAID jeopardized the original work and crop production schedules and caused considerable delays in procurement scheduling. USAID discussions with ARDC and the Irrigation Department in FY 1964 have developed new work and production schedules, and removed the causes for procurement delays. It is expected that procurement will be completed and most of the U.S. funding expended during FY 1964. The project as a whole will be completed in early FY 1966.

The Burmese Government's contribution to this comprehensive program is \$59 million, of which \$31 million represents RGUB-owned foreign exchange.

FY 1965 Funding: None.

Project Objective and Description: To increase total agricultural production while decreasing the degree of dependence on a one-crop economy.

The project was developed with the Agricultural and Rural Development Corporation (ARDC) in 1961, following upon the earlier \$5.4 million AID-financed Land Restoration Project under which about 1.55 million acres of land were restored to cultivation between 1958 and 1963. An agreement was signed in August 1962 obligating funds for this project under the 1957 \$25 million line of credit. (Funds for one

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **BURMA**

Activity: **INDUSTRY AND MINING**

Funds: **SUPPORTING ASSISTANCE**

Project Title and Number: Expansion of Teak Production, 482-22-230-123			
Prior Reference: 482-AA-17-AC-2			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	1,475		1,475
Estimated FY 64	3,400	2,300	xxxxxxxxxxxx
Estimated through 6/30/64	4,875	2,300	2,575
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		4,875	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	300		
Commodities	3,100		
Local Expenses			
	TOTAL	3,400	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
2,600			

commodities under this project in October 1963, and shipments began the following month. It is expected that the STB will have completed installation of all equipment before the end of FY 1964, and that both extraction and sawmilling equipment will be in operation by that time.

The second phase of the project consists of constructing a large new teak sawmill in Rangoon, with a one-shift capacity of 75,000 tons of round logs per year. Contingent upon RGUB acceptance of AID conditions for design, construction and supervision of the sawmill, AID has agreed to contribute \$3.4 million (the balance of the 1957 line of credit) and \$2.6 million in PL 480 local currency during FY 1964. These funds would be used for architectural and engineering services, including plans, specifications, supervision of construction, and procurement and installation of mechanical and electrical equipment. The RGUB contribution is \$1.0 million in local currency.

FY 1965 Funding: None.

Project Objective and Description: To increase production and export of Burma's second most important source of foreign exchange earnings. This project is in accord with the four-year plan of the State Timber Board. The objective is to increase raw teak extraction by 60% to 420,000 round tons per year in 1965-66, thus raising Burma's income from lumber to at least the annual pre-war level of \$43 million.

In FY 1963 AID contributed \$1.48 million from the 1957 line of credit for the first phase of this project to provide for two complete mechanical extraction units and for the modernization of five of the seven obsolescent sawmills now processing teak for export. The State Timber Board has nearly completed remodelling the five sawmills where equipment will be installed. Contracts were signed for all

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Rangoon-Mandalay Highway, 482-12-310-120			
Prior Reference: 482-AB-31-AA-1			
Initial Obligation FY: 1959		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	10,302	1,031	9,271
Estimated FY 64	625	750	xxxxxxxxxxx
Estimated through 6/30/64	10,927	1,781	9,146
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
18,090		29,017	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	60	90	
Participants			
Contract Services	565	18,000	
Commodities			
Local Expenses			
TOTAL	<u>625</u>	<u>18,090</u>	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
4,113	8,000	746	

Project Objective and Description: To construct a two-lane highway from Rangoon to Mandalay. Subject to certain conditions, the southern portion, about 132 miles, will be U.S.-financed, engineered and built. The remaining 250 miles will be an all-Burmese effort.

In June 1959, the U.S. extended a conditional commitment to grant up to \$30 million (plus \$6 million equivalent in PL 480-generated kyats) towards construction of (1) a highway between Rangoon and Mandalay and (2) Intermediate College facilities at Rangoon University. Of the \$30 million, \$28 million was designated for design and construction of the Highway; in addition, dollar funds for feasibility studies

preparatory to design and construction have been made available. Through FY 1962 the U.S. provided \$950,000 for contracts with the U.S. Army Corps of Engineers for feasibility surveys by the engineering firm of Louis Berger and Associates. These surveys recommended construction of an alignment which subsequent AID studies found economically questionable beyond the 42 mile Rangoon-Pegu sector.

Agreement reached in FY 1963 provides full U.S. dollar funding within the 1959 dollar commitment, plus local currency funding from PL 480 proceeds, for design and construction of (a) the Rangoon-Pegu sector, and (b) the Pegu-Pyu sector, subject to agreement on alignment and design criteria. The remaining 250 miles from Pyu to Mandalay will be financed by the Burmese.

Engineering design on the Rangoon-Pegu portion was completed in February 1964 at a cost of \$412,500. Invitations to bid on construction of this portion have been issued and it is expected a contract will be signed with a U.S. firm in June 1964. \$9.0 million and \$4.0 million equivalent in U.S.-owned local currency has been made available for this construction.

An additional \$186,000 has been provided for a further economic and technical study of alternative alignments and standards from Pegu to Pyu. This study, now being conducted by the Systems Analysis and Research Corporation, will be completed by June 1964. If agreement is reached, an estimated \$380,000 will be obligated in FY 1964 for engineering design for the Pegu-Pyu sector.

The large pipeline estimated through June 30, 1964 is a result of the time required to complete final design on the Rangoon-Pegu sector. This pipeline will be greatly reduced once construction gets underway.

The Burmese Government contribution to the total project from Rangoon to Mandalay will be approximately \$70 million in foreign exchange and kyats. This will include the cost of design and construction of the Pyu-Mandalay sector and for rights-of-way on the Pegu-Pyu portion.

FY 1965 Funding: U.S. Technicians: Overhead expenses under a PASA with the U.S. Army Corps of Engineers for costs of administering Pegu-Pyu construction contract. Contract Services: Corps of Engineers contract with an American firm for Pegu-Pyu construction.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Highway Development, 482-11-310-126			
Prior Reference:			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63			
Estimated FY 64	330	90	xxxxxxxxxxxx
Estimated through 6/30/64	330	90	240
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
480		810	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	50	100	
Participants	150	110	
Contract Services	130	270	
Commodities			
Local Expenses			
TOTAL	330	480	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
630	950	200	

limited to technical assistance, including advisory services, training and procurement of demonstrational equipment. The specific goals of the project are: (1) to provide training in the U.S. for 30 key personnel of the Highway Department and place them in responsible positions by 1966; (2) to provide for advanced academic training for two engineers per year for certain key positions; (3) to advise the Department on measures for improving its organization; (4) to advise on a program of feeder road construction in underdeveloped areas and improve all-weather roads connecting the feeder roads to urban centers; (5) to assist in developing procedures and competence required for effective maintenance of roads, bridges and ferries.

FY 1965 Funding: Funds are required to provide for:

Participants: Twenty participants, including equipment superintendents, executive engineers and selected senior officials, to be trained in the U.S. and third countries.

Contract Services: Continued funding of a U.S. contract advisory group consisting of an equipment specialists, a highway maintenance engineer, a road construction engineer and an administrative/personnel management specialist.

Commodities: Visual aids for the Highway Department Training Center and equipment for demonstrations, including asphalt patching heaters, portable aggregate crushers, pickup trucks, trailers and wheel tractors.

Project Objective and Description: To improve the effectiveness and capabilities of the Department of Highways. In a country like Burma, torn by internal insurgency, a good road network and hence an effective Highway Department, are vital for internal security, political stability and social and economic growth. The Burmese Government recognizes that closer contact with its frontier peoples is essential to unite them more strongly with central Burma.

This three-year institution-building project is designed primarily to prepare the Highway Department to undertake the construction of the Pyu-Mandalay sector of the Rangoon-Mandalay Highway and to maintain the portion being constructed with U.S. funds. U.S. assistance will be

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Inland Waterways Fleet Improvement, 482-22-350-104			
Prior Reference: 482-AB-35-AC-4			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: 1958	
U.S. DOLLAR COSTS			
		Obligations	Expenditures
Through 6/30/63		4,575	1,608
Estimated FY 64			900
Estimated through 6/30/64		4,575	2,508
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		4,575	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

PL 480 generated kyats for vessel and dockyard commodity procurement and local rehabilitation expenses. Bids for all vessels were evaluated in prior years, but work was suspended during the first Ne Win government of 1959-61. Implementation was resumed in 1961 and contracts were awarded for 80% of the vessels.

In June 1962 the present government rejected a U.S. offer of advisers for the Inland Waterways Transport Board. As a result, AID limited U.S.-financed procurement to the vessels and commodities then on order and deobligated the uncontracted balance of \$1.9 million and all PL 480 local currency. The commodities then on order consisted of materials for the renovation of the Dallah Dockyards, and 47 barges and 13 vessels of other types. To date, 45 barges and four other vessels have been delivered. After a delay caused by IWTB contract cancellations during FY 1963, contracts have been let for the remaining two barges and nine other vessels.

The delays described above and the long lead time required for vessel construction account for the large pipeline. Delivery of the remaining vessels is on schedule and the pipeline will be expanded by early FY 1966.

While some other external assistance is being received in the field of inland waterways (UN, Colombo Plan), the IWTB will continue dockyard and vessel rehabilitation without foreign aid or foreign exchange.

FY 1965 Funding: None.

Project Objective and Description: To rehabilitate and expand Burma's inland water commercial fleet to about prewar strength and to provide adequate maintenance facilities at Dallah Dockyard, the main repair center in Rangoon.

In FY 1958 the U.S. obligated \$6.5 million under the FY 1957 \$28 million line of credit and \$2.4 million in

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Rangoon Water Supply, 482-22-520-106				
Prior Reference: ZA-52-AA-2				
Initial Obligation FY: 1958		Scheduled Final Obligation FY: 1958		
U.S. DOLLAR COSTS				
		Obligations	Expenditures	Unliquidated
Through 6/30/63		1,035	6	1,029
Estimated FY 64			253	xxxxxxxxxxxx
Estimated through 6/30/64		1,035	259	776
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete		
		1,035		
Proposed Obligations				
Cost Components	Estimated FY 64	Proposed FY 65		
U.S. Technicians				
Participants				
Contract Services				
Commodities				
Local Expenses				
TOTAL				
ESTIMATED FOREIGN CURRENCY REQUIREMENTS				
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)		
Through 6/30/64	FY 65	Through 6/30/64	FY 65	
822				

government suspended all activity on the project. It was reactivated in FY 1962 at the request of the successor government. The design contract was signed in August 1963.

Two Burmese agencies, the Rangoon Corporation and the National Housing Board, share responsibility for this project. A USAID sanitary engineer and a public works engineer advise these agencies on remedial actions which should be taken and assist in administering the contracts. Under an AID contract, Pitometer Associates (New York) has made capacity and flow evaluations of the existing system. Under another AID contract, the engineering firm of Metcalf and Eddy (Boston) will prepare specifications and cost estimates for equipment and will design and supervise the construction of new installations. Procurement will be completed in FY 1964. The Burmese Government is financing procurement and installation of pumps in a booster station.

The project is scheduled for completion in FY 1965, at which time the Rangoon Corporation and the National Housing Board will assume responsibility for operation and maintenance of the system.

FY 1965 Funding: None.

Project Objective and Description: To improve and expand Rangoon's obsolete and inadequate water supply system. This project, one of the activities under the FY 1957 \$25 million line of credit, is designed to (1) reduce waste by improving maintenance procedures, and (2) provide for construction of a 10 million gallon balancing reservoir and installation of additional feeder and service mains. U.S. assistance provides technical advice (financed in FY's 1964 and 1965 through the General Engineering and Training project), equipment and materials, and design and supervision of construction.

Tenders for all equipment and materials were received in 1958 but subsequently cancelled when the first Ne Win

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

CONFIDENTIAL

Country: BURMA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Police Assistance, 482-22-710-111			
Prior Reference: 482-AB-71-AE-5			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	8,831	5,022	3,809
Estimated FY 64	275	2,196	xxxxxxxxxxxx
Estimated through 6/30/64	9,106	7,218	1,888
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
210		9,316	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians.....	100	75	
Participants.....	125	100	
Contract Services.....			
Commodities.....	50	35	
Local Expenses.....			
TOTAL	275	210	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

economic growth in rural areas. In 1958, the U.S. provided a \$10 million loan for this project, repayable in dollars or local currency, primarily for police equipment. Of this amount, \$8.8 million was obligated through FY 1962, and the remaining \$1.2 million lapsed.

\$5.0 million has been expended for equipment and supplies which have been received, processed and distributed. They include over 1,000 motor vehicles and motorcycles, 1,700 bicycles, 100 water-pumping units for police outposts, telecommunications equipment and uniforms. \$1.6 million has been tendered for equipment which includes 46 watercraft, communications equipment for a Burma-wide Single Side Band network and motor vehicle maintenance equipment. Approximately \$2.2 million now uncontracted will be contracted by the end of FY 1964. Over 1,000 police officers have been trained locally in vehicle operation and maintenance. Thirteen officials were trained in the U.S. or third countries in radio and telecommunications, transportation and supply procedures and management and riot control.

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. FY 1965 Funding: U.S. Technicians: Three: public safety adviser, communications adviser, marine craft maintenance adviser, to continue to advise the Burmese police on the utilization of commodities delivered under the loan and to expedite and monitor the training program. Participants: Training in the U.S. and third countries for twenty participants in the fields of management, land vehicle maintenance, marine engine maintenance, and riot control. Commodities: Demonstration equipment and visual aids related to training, and ship repair equipment.

Project Objective and Description: To improve the capabilities of the 46,000-man Burma Police Force for routine as well as counter-insurgency duties by (1) developing a police marine arm, (2) establishing a country-wide police communications system, (3) increasing police mobility on land and water and (4) improving administration and operations. Burma receives foreign assistance in the police field only from the U.S.

Provincial insurgency has been a serious problem for Burma for many years, causing instability and retarding

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: General Engineering and Training, 482-11-990-127			
Prior Reference: 482-A-99-AE, AC-99-AC-5			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	23	21	2
Estimated FY 64	270	210	xxxxxxxxxxx
Estimated through 6/30/64	293	231	62
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
320	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	187	180	
Participants	53	100	
Contract Services			
Commodities	30	40	
Local Expenses			
TOTAL	270	320	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 64	FY 65	Through 6/30/64	FY 65

activities related to the FY 1957 line of credit and the highway grant commitment. The project also provides for a Corps of Engineers technician to inspect AID-financed construction performed by Burmese agencies; this inspection is related primarily to the Rangoon University Liberal Arts College (a part of the \$30 million commitment) and the Rangoon General Hospital. (2) Training in the U.S. for 15 Burmese engineers. (3) Technical publications and demonstration equipment.

FY 1965 Funding: Funds are required to provide for: U.S. Technicians: Four direct-hire engineers, one technician from the U.S. Army Corps of Engineers, and short-term technician services as required. Participants: Specialized short-term training in the U.S. for 20 Burmese in engineering, agriculture and related fields. Commodities: Technical publications and demonstration equipment from U.S. excess property stocks.

Project Objective and Description: To provide for technical assistance and participant training, particularly in the engineering and technical fields. Requests from the Burmese Government for this type of assistance relate primarily to the 1957 line of credit for economic development projects and the 1959 Rangoon-Mandalay Highway grant commitment.

During FY 1964 this project provides for: (1) Six AID technicians, including two public works engineers, an agricultural engineer, a water resources engineer, a sanitary engineer, and a general engineer, all engaged in

* Reviewed Annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: BURMA

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 482-11-990-000			Costs of local hire salaries, rental of housing for U.S. employees, utilities, local purchases and local transportation.
Prior Reference: 482-Z-99-AA ZZ-99-AD-5			
Initial Obligation FY: 1960 Scheduled Final Obligation *			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	836	765	71
Estimated FY 64	260	235	xxxxxxxxxxxx
Estimated through 6/30/64	1,096	1,000	96
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
200	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	60	35	
Participants			
Contract Services			
Commodities	70	35	
Local Expenses	130	130	
TOTAL	260	200	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 '64	FY 65	Through 6/30/64	FY 65

Project Objective and Description: To provide logistic support for program activities not chargeable to specific projects.
FY 1965 Funding: U.S. Technicians: Direct dollar costs for salaries and allowances of two secretaries. Commodities: Direct dollar costs for off-shore procurement of office equipment and supplies. Commodities essential to the support of the program include paper and paper products, electrical apparatus and parts, motor vehicles and spare parts, and miscellaneous office supplies. Local Expenses:

* Reviewed Annually

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Cambodia

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: CAMBODIA

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	1,616	1,124	492	1,880	1,390	490			
Participants.....	726	705	21	1,190	1,190				
Contract Services.....	513	513		210	210				
Commodities.....	1,726	1,206	520	210	210				
Local Expenses.....	12	12							
Total Project Assistance.....	4,593	3,560	1,033	3,490	3,000	490			
NON-PROJECT ASSISTANCE									
Commodities.....	15,420	5,040	10,380	1,510		1,510			
Cash Transactions.....									
Other.....									
Total Non-Project Assistance.....	15,420	5,040	10,380	1,510		1,510			
Grand Total.....	20,013	8,600	11,413	5,000	3,000	2,000			
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	81	69	12						
Participating Agency.....	16		16						
Total U.S. Technicians.....	97	69	28						
Contractor Employees (on duty close of yr.)	17	17	0						
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	188	179	9						
Contract.....	4	4	0						
Total Participants.....	192	183	9						

*Excludes Development Loans

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CAMBODIA

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Friendship Highway Rehabilitation, 442-12-310-243			
Prior Reference: 442-ZA-31-ZD-1			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 8,373	Expenditures 3,654	Unliquidated 4,719
Deobligations in FY 1964	-2,909		
Estimated FY 64 obligations	390	2,200	xxxxxxxxxxxx
Estimated through 6/30/64 net	5,854	5,854	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		Not applicable	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	390		
Participants			
Contract Services			
Commodities			
Local Expenses			
	TOTAL	390	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		4,400	

This project did not represent an additional contribution to Cambodian economic development; rather it was undertaken by the U.S. in order to restore confidence in U.S. workmanship and protect a heavy investment of funds. Arrangements were made for the BPR to investigate the causes of road failure, to design, contract for and supervise reconstruction and to train Cambodians in maintenance. The reconstruction phase was scheduled for completion by July 1964. At the time aid was terminated substantial progress had been made though the reconstruction was only one-third completed. 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 35 percent of the reconstruction work. The contract was terminated on December 31, 1963. The Cambodian Government has agreed to buy the contractor's equipment for approximately \$1.7 in dollars. With this equipment the Cambodians will possess nearly all the physical resources required to complete the highway repairs. Funds not required to pay costs already incurred are being deobligated.
FY 1965 Funding: None.

Project Objective and Description: Construction activities on 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 asphalt road 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 DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CAMBODIA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: National Arts and Trades School, 442-12-610-216			
Prior Reference: 442-AA-61-AG-1			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,118	988	1,130
Deobligations in FY 1964	- 630		
Estimated FY 64 Obligations	50	550	xxxxxxxxxxx
Estimated through 6/30/64 Net	1,538	1,538	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		Not applicable	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	35		
Participants	15		
Contract Services			
Commodities			
Local Expenses			
TOTAL	50		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,731	

Implementation plans involved: 1) construction and equipping of the school; 2) curriculum development; and 3) extensive teacher training in U.S. institutions. To November 20, 1963, the following progress had been made: The first unit of the construction program - four 3-story classroom and laboratory buildings - had been completed. Foundation work in the shop buildings was in progress, and architectural-engineering plans were virtually complete for all remaining facilities. Approximately 40 per cent of imported shop and laboratory equipment had been delivered. One hundred and three prospective Cambodian teachers were enrolled in 4-year study programs in U.S. colleges; most of them at Long Beach State and Los Angeles State colleges in California. Under one-year renewable contracts signed in August 1963, these two institutions had been providing additional services in helping develop a coordinated faculty and curriculum for the arts and trades school.

The FY 63 pipeline represents funding of the participants and uncontracted or undelivered classroom and laboratory equipment. No further deliveries were made after November 20. ~~Commodities in the pipeline were cancelled or diverted to other countries.~~ Funds not required to complete costs already incurred are being deobligated.

FY 1965 Funding: None.

Project Objective and Description: Except for continuation of participants already in training in the United States, this project was terminated on November 20, 1963 when the Cambodian Government formally requested a cessation of United States aid.

The objective of the project had been to assist Cambodia expand and upgrade its National School of Arts and Trades at Phnom Penh into a modern vocational trades school capable of handling an enrollment of 2,800 students by 1968. It represented a vigorous effort to help overcome the critical shortage of skilled and semi-skilled manpower and improve Cambodian manual, technical and academic skills to satisfy the future need of the country's industrial and commercial enterprises. It would have also provided the means for introducing American industrial techniques to Cambodia.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CAMBODIA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Institute of Technology, 442-12-610-242			
Prior Reference: 442-AA-66-AH-1			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1963	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,488	33	2,455
Deobligations in FY 1964	-2,449		
Estimated FY 64 Obligations		6	xxxxxxxxxxxx
Estimated through 6/30/64 Net	39	39	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		Not applicable	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 64	FY 65	Through 6 30 64	FY 65
		2,177	

suspended and a joint reappraisal of the project plan was undertaken. During negotiations in 1963 the Cambodian Government proposed that the project plan be changed to provide for expansion and improvement of an existing National School of Public Works, with the U.S. contribution to supplement assistance already approved by the U.N. Special Fund. A U.S. response to this proposal was delayed pending arrival of the Special Fund-financed field party and clarification of plans for the school's curriculum and interim instructional staff. No decision had been made by A.I.D. at the time the Cambodian Government requested the U.S. to terminate economic assistance.

With the exception of a planning survey, completed by Ohio University in June 1962, and the enrollment of two Cambodians in U.S. institutions in September 1962, all activities under this project were suspended pending results of the reappraisal. The pipeline at the end of FY 63 included funding for two contracts: architectural-engineering services and university advisory services. These funds are being deobligated.

FY 1965 Funding: None.

Project Objective and Description: Except for continuation of participants already in training in the United States, this project was terminated on November 20, 1963, when the Cambodian Government formally requested a cessation of United States aid.

Originally, the objective was to establish a completely new college of engineering, in response to a request from the Cambodian Chief of State.

In late 1962 the Cambodian Government advised that budgetary problems would delay acquisition and preparation of the necessary land until 1964. Contract actions were

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CAMBODIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Civil Police Assistance, 442-12-710-163
Prior Reference: 442-AE-71-AA-5
Initial Obligation FY: 1955 **Scheduled Final Obligation FY:** 1964

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,617	3,491	1,126
Deobligations in FY 1964	- 926		
Estimated FY 64 Obligations	100	300	xxxxxxxxxxx
Estimated through 6/30/64 Net	3,791	3,791	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		Not applicable	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	100	
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL	<u>100</u>	

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		940	

To November 20, 1963, progress toward these goals was impressive. For example: A basic Police Unification Law was enacted. Implementation of the law through the development of centralized departmental regulations was 50% complete. Eighty officers were in training at the Royal Police Academy and 450 Provincial Guardsmen and Municipal Policemen were in training at the Basic Training Center. Training in specialized fields had been provided for 51 officers in the U.S. and third countries. The primary radio network system was in operation, and virtually all the equipment for secondary and tertiary systems had been delivered. The records and identification bureau was in operation. Police mobility was improved through provision of motor vehicles, outboard motors and one airboat. Armament standardization for the principal police elements had been achieved.

The pipeline for the most part represents commodities, procurement of which was delayed pending assurance that the Royal Police would establish an effective equipment maintenance program and inventory system. Also, as a result of a decision to postpone activation of mobile platoons, procurement of cargo carriers was cancelled. No further deliveries were made after November 20. Commodities in the pipeline were cancelled or diverted to other countries. Funds not required to complete costs already incurred are being deobligated.

FY 1965 Funding: None.

Project Objective and Description: This project was terminated on November 20, 1963 when the Cambodian Government formally requested a cessation of United States aid.

The objective of this project was to assist the Cambodian Government develop a centrally controlled and administered national police force capable of maintaining public order and internal security. U.S. assistance was directed toward the following goals: 1) integration of the general police organizations into a unified national police force; 2) a police force fully trained for internal security; 3) a fully operational radio network; 4) a centralized records and identification bureau; 5) an efficient transportation system; 6) standardization of arms and ammunition; and 7) a nationwide traffic control system.

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SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: CHINA (TAIWAN)

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	907	907		1,104	1,104		535	535	
Participants.....	188	188		115	115				
Contract Services.....	719	719		1,022	1,022				
Commodities.....	266	266		59	59				
Local Expenses.....	45	45							
Total Project Assistance.....	2,125	2,125		2,300	2,300		535	535	
NON-PROJECT ASSISTANCE									
Commodities.....									
Cash Transactions.....									
Other.....									
Total Non-Project Assistance.....									
Grand Total.....	2,125	2,125		2,300	2,300		535	535	
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	53	53		33	33		20	20	
Participating Agency.....	6	6		2	2		1	1	
Total U.S. Technicians.....	59	59		35	35		21	21	
Contractor Employees (on duty close of yr.)	71	71		35	35		25	25	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	155	155		115	115				
Contract.....	6	6		17	17				
Total Participants.....	161	161		132	132				

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965

(In thousands of dollars)

TABLE II

Country: CHINA (TAIWAN)

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	60	60	
Industry and Mining	85	85	
General and Miscellaneous	130	130	
Technical Support	260	260	
Total	535	535	

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CHINA (TAIWAN)

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Joint Commission for Rural Reconstruction, 484-15-110-568
 Prior Reference: 484-AB-11-AA-5
 Initial Obligation FY: 1949 Scheduled Final Obligation FY: 1965

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6/30/63	8,251	8,171	80
Estimated FY 64	245	245	xxxxxxxxxxx
Estimated through 6/30/64	8,496	8,416	80
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
60		8,556	

Proposed Obligations

Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	205	60
Participants	40	
Contract Services		
Commodities		
Local Expenses		
TOTAL	245	60

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
18,300	11,425	151,635	75

Project Objective and Description: This project supports the operations of the Sino-American Joint Commission on Rural Reconstruction (JCRR) in increasing and diversifying Taiwan's agricultural production to achieve the following goals: (1) increase the production of food for domestic use at an average annual rate of 4.5%; (2) increase agricultural exports at an average annual rate of 6.5%; (3) support programs that will increase the agricultural raw materials available for industrial processing and marketing.

The JCRR has helped China to make impressive achievements in land tenure reform, rural credit institutions, co-

operative marketing, agricultural techniques and rural health facilities. Agricultural production has increased at about 4-5 percent per year. The increase in domestic food requirements and the limits of suitable crop land and precluding the possibility of rice and sugar exports. The JCRR has therefore concentrated on using land unsuited for rice or sugar for the production of fruits, vegetables, tea, livestock and forestry products for exports. Forestry products present a major opportunity for domestic industrial processing. Agricultural exports other than rice and sugar nearly tripled from 1960 to 1963.

In FY 1963 A.I.D. took the first steps toward terminating A.I.D. assistance to the JCRR by transferring the budget of supported activities to local public and private agricultural organizations. To complete the phase-out, A.I.D. and the GRC are studying the possibility of a local currency trust fund to handle future requirements after termination of the A.I.D. missions.

The GRC makes a large contribution of its own funds to rural development in Taiwan. Moreover, the GRC uses Chinese JCRR personnel to assist several countries in Africa and the Far East through demonstration projects displaying the advantages of proper agricultural techniques.

FY 1965 Funding: Technicians: The FY 1965 funds will finance the final costs of four U.S. advisors and three short-term consultants. Prior year unliquidated funds mostly represent outstanding expenses for technicians and participants. U.S. owned local currency will be used mostly for land and water resource development, mainly irrigation canal lining. The balance will be used for agricultural credit and production activities.

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Country: CHINA (TAIWAN)

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Development Support, 484-15-290-569			
Prior Reference: 484-AA-23-AA-5			
Initial Obligation FY: 1951		Scheduled Final Obligation F: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expend.	Unliquidated
Through 6/30/63	1,143	1,030	113
Estimated FY 64	213	231	xxxxxxxxxxx
Estimated through 6/30/64	1,356	1,261	95
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
85		1,441	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	173	85	
Participants	15	-	
Contract Services	25	-	
Commodities	-	-	
Local Expenses	-	-	
TOTAL	213	85	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30 '64	FY 65	Through 6/30/64	FY 65
		1,270	44

Since FY 1963, the main effort has been directed to (a) assisting and following through on the work of specialized survey teams, financed under a separate project, in identifying problems hindering expansion of specific industries, and (b) overseeing all industrial activities supported by A.I.D. in prior years to ensure their successful completion.

The technical advisors seek to establish a consultant-client relationship with private firms and assist them in increasing industrial exports. In the case of some industrial plants, physical facilities as well as labor and management skills need substantial upgrading. Cost reduction and improved quality control are other requirements for Taiwan to compete effectively in world markets.

The technicians currently on board also supervise certain phases of the implementation of industrial investment projects including such matters as site inspection, review of engineering and construction reports, construction schedule surveillance, cost surveillance and local currency release approvals against construction schedules.

FY 1965 Funding: Technicians: The 1965 funds will finance the final costs of 5 U.S. technicians. Prior year unliquidated funds represent services being furnished under contracts and a small amount of equipment undelivered. No further dollar grant assistance will be required for this project after FY 1965.

Project Objective and Description: This project assists Taiwan's continued industrial development and progress toward economic self-support through technical advice and training in the private industrial sector and for the expansion of agricultural and industrial exports.

The technicians under this project are either industrial advisors or engineers with various technical specialities such as chemical, civil and electrical engineering. They provide the technical expertise necessary to promote industrial expansion on Taiwan.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CHINA (TAIWAN)

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Capital Development Support,
484-15-910-578
Prior Reference: 484-ZZ-99-AA-5
Initial Obligation FY: 1960 **Scheduled Final Obligation FY:** 1965

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	202	118	84
Estimated FY 64	184	133	xxxxxxxxxxxx
Estimated through 6/30/64	386	251	135
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
90		476	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	99	90
Participants	10	
Contract Services	75	
Commodities		
Local Expenses		
TOTAL	184	90

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		167	70

Project Objective and Description: This project provides for the services of direct hire and contract technicians and for the training of participants in the capital development field, including loan activities, the expansion of exports, the encouragement of investments, both foreign and local, and the promotion of tourism to accelerate the economic growth of Taiwan. The technicians under this project are essentially financial specialists with extensive experience in banking, reviewing of loan applications, corporate law, and the promotion of private enterprise activities.

This activity is designed to assist the Republic of China in the expansion of total capital resources through increased export foreign exchange earnings to finance import requirements of economic expansion, and through the attraction of foreign capital investment on a joint venture basis with local businessmen. It includes assistance in the establishment, the operation and the training of personnel of institutions such as the Investment Center, the China Productivity and Trade Center and the China Development Corporation. The GRC hopes to attract US\$ 70 million overseas investment to generate the equivalent of US\$ 387 million local investment during the two years 1964 and 1965, and to expand Taiwan's level of exports by US\$ 80 million during the same period.

In addition, the technicians under this project exercise responsibility for review of applications and follow-up on the implementation of U.S. dollar and local currency capital loans, together with the administration of the Investment Guaranty Program, the Investment Survey Program and all other promotional activities authorized by the U.S. Foreign Assistance Act to encourage and facilitate private enterprise. A contract for advisory services is being negotiated to meet the present and future needs for market data; to encourage the use of market research techniques; and to formulate a national export promotional program.

From January 1960 to September 1963, 79 new industrial enterprises with foreign capital and 157 enterprises with overseas Chinese capital were established in Taiwan. The approved overseas investment has averaged US\$ 28.6 million in recent years showing an increase of approximately 400% over 1959's amount of US\$ 5.6 million.

FY 1965 Funding: Technicians: The FY 1965 funds will finance the final costs of 4 U.S. technicians. Prior year unliquidated funds represent various contracts that extend over more than one-year period. No further dollar grant assistance will be required for this project after FY 1965.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CHINA (TAIWAN)

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Public Administration and Management,
484-15-990-452
Prior Reference: 484-AC-72-AA-5
Initial Obligation FY: 1951 **Scheduled Final Obligation FY:** 1965

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6/30/63	975	911	64
Estimated FY 64	367	177	xxxxxxxxxxxx
Estimated through 6/30/64	1,342	1,088	254
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
40		1,382	

Proposed Obligations

Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	86	40
Participants	21	-
Contract Services	260	-
Commodities	-	-
Local Expenses	-	-
TOTAL	367	40

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		3,098	26

Processing Center and a Stock Exchange were established. Position classification and standardized pay plans were developed for 14 public enterprises.

Since January 1963, the emphasis has been on consultation and management improvement services directed to solving specific problems, within government agencies and private industries, that are hindering further industrialization, particularly, the expansion of industrial exports. The technical personnel from this project work closely with those under the Industrial Development Support project in a coordinated effort to improve the industrial efficiency of Taiwan's industries.

Technical assistance will be provided during FY 1965 in management and manpower planning for industrial enterprises. Selective assistance will also continue to modernize and improve the GRC fiscal administration. **FY 1965 Funding: Technicians:** The FY 1965 funds will finance the final costs of two U.S. Advisors. An additional advisor will be continued under a participating agency service agreement (PASA). A tax restructuring team and a group of management consultant specialists will also be employed under contracts funded from prior year funds. Prior year unliquidated funds include a portion of the above contracts and the PASA as well as unpaid rentals for IBM machines for the Data Processing Center. No further dollar grant assistance will be required for this project after FY 1965.

Project Objective and Description: This project assists in the solution of specific management problems, within government agencies and publicly and privately owned industries, which are impeding the further economic growth of Taiwan.

From inception until FY 1963, this project concentrated on the improvement of government administration, primarily by strengthening fiscal administration, personnel management, statistics and tax administration. Improved operating procedures were drafted for several government departments or agencies. These included proposed amendments to legislation affecting Treasury laws, Budgeting, Accounting, Auditing, and Annual Reporting Laws and the Security Exchange Act. A Data

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: CHINA (TAIWAN)

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 484-11-990-000			
Prior Reference: 484-ZZ-99-AA-5			
Initial Obligation FY: 1952		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	3,232	3,140	92
Estimated FY 64	374	328	xxxxxxxxxxxx
Estimated through 6/30/64	3,606	3,468	138
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
260		3,866	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	340	260	
Participants			
Contract Services			
Commodities	34		
Local Expenses			
TOTAL	374	260	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,254	277

include (a) the costs of U.S. direct-hire technicians and advisers and contract employees whose services cannot be attributed to specific projects, (b) the procurement of office supplies, equipment and utilities and the payment of other necessary costs in connection with general program operations, (c) the provision of drugs and equipment for the medical clinic which provides routine services to the employees of the Mission, Council for International Cooperation and Development and Joint Commission for Rural Reconstruction and (d) the provision of basic equipment for the living quarters of U.S. personnel.

FY 1965 Funding: Technicians: FY 1965 funds are required only to finance the final costs of approximately 14 U.S. technicians. Prior year unliquidated funds represent primarily commodities procured but not yet delivered plus some unliquidated participant and technician expenses. No further dollar assistance will be required for this project after FY 1965.

Project Objective and Description: This project provides general support to program activities, the cost of which cannot be attributed to specific projects and which do not come within the definition of administrative costs. These activities

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: TAIWAN POWER COMPANY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Tachien Multipurpose Dam,
484-22-220-516 (484-A-024)

Date Approved: December 9, 1960

Date Signed: June 21, 1961

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$40,000	Duration	30 years
Ltr of Com't Issued	1,560	Grace Period	1 year
Disbursed	234	Interest Rate	3 1/2%
Repayments	150	Currency of Repayment ..	NT\$
Interest Collected	11		

original plan was economically and technically feasible. project revisions should be considered because of anticipated cost increases. Early in 1963, A.I.D. requested the disbursing bank to issue no further letter of credit. Shortly thereafter, a power survey team was sent to Taiwan to make a comprehensive analysis of all aspects of the power situation on Taiwan. It was decided, therefore, that no action would be taken on the Tachien project until receipt of the team's report; it was received in August 1963. It emphasized the need for additional power structures, but recommended deferment of the Tachien project until after the construction of additional thermal units and small hydro projects. Such alternative power sources would: (1) provide optimum power generation at the least practicable cost to keep pace with increasing demand, (2) establish and maintain Taipower's credit worthiness, (3) maintain the GRC's debt-servicing capacity to attract other international lenders, and (4) provide the most economic use of A.I.D. funds for power development in Taiwan.

Purpose of Loan: To assist in the construction of a multi-purpose dam to provide electric power, irrigation and flood control. This project was part of Taipower's long-range power development plan designed to help meet the 14% annual growth in demand for electric power.

Physical Status: Limited work has been done on this project, including engineering investigation and design, construction of site camps and access roads.

Financial Status: As of December 31, 0.6% of the funds under this loan had been disbursed for a U.S. consulting engineering firm's services. Repayments are on schedule.

Host Country Contribution, Procurement Source: The borrower had agreed to provide local currency required by the project in the amount of US\$23,953,000 equivalent for local charges and costs. In addition, Japanese supplier credits totaling \$12,624,000 were available for power house equipment and spillway gates and hoists. All procurement under the US loan was to be from the U.S.

Comments on Implementation: As preparatory work for the dam construction proceeded, detailed engineering and cost studies were made which resulted in a decision that, although the

In order to achieve these objectives, the Chinese were informed in October 1963 that, in place of Tachien, A.I.D. would consider reserving for a reasonable time the approximately \$40 million for power development projects in Taiwan, if proposed by them and acceptable to A.I.D., and to make the funds available on the same terms as the old loan. In November, the Chinese proposed, in place of Tachien, the construction of a 300,000 kw thermal plant and a small hydro project downstream from the original Tachien site. After determining that the information available indicated reasonably that the funds would be used in an economically and technically sound manner, A.I.D. informed the Chinese that the remaining \$39.7 million would be reserved for the proposed projects and a like amount deobligated from Tachien. Loan applications are being prepared.

STATUS OF LOAN

(in thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: SHIHMEN DEVELOPMENT COMMISSION, GRC **Funds:** DEVELOPMENT LOANS

Title and Number of Loan: Shihmen Multipurpose Dam,
484-22-990-464 (484-A-005)

Date Approved: June 30, 1958 **Date Signed:** November 10, 1958

Loan Status as of 12/31/63		Loan Terms	
Amount			
*Approved	\$21,500	Duration	35 years
Ltr of Com't Issued	21,500	Grace Period	1 year
Disbursed	20,848	Interest Rate	3½%
Repayments	225	Currency of Repayment...	NT\$
Interest Collected	1,753		

Financial Status: By 12/31/63, 97% of the funds under this loan had been disbursed; the remainder will be disbursed in FY 64. Under an agreement made in October 1959, the GRC is committed to finance all foreign and local currency costs incurred in excess of AID provided funds. Thus, in March 1963, the GRC obtained a loan of \$1 million from local banks to finance certain services of its consulting and construction engineers. The U.S. is disbursing these funds under trust agreement with the GRC. The Development Loan agreement required SDC, prior to the issuance of letters of commitment, to meet certain conditions precedent, including the retention of a **competent** and experienced construction advisor. Before the 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 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 US\$34,258,000 equivalent for engineering services, construction and installation costs and other miscellaneous items. Procurement of commodities (\$16,807,000) has been limited world-wide. Consulting engineering and construction engineering services (\$4,693,000) are being performed by U.S. firms.

Implementation: Work on this project is progressing satisfactorily.

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 ft. 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: As of December 31, the project was 96.5% complete. Final construction work is being performed on the dam, spillway excavation and back fill, power intake, river outlet, turbine and generator installation, switchyards and transmission lines and afterbay weir. The permanent concrete plug of the diversion tunnel was poured on November 19. The remaining work consists of repair to the spillway basin and completion of major items and some minor items such as landscaping, general clean up, etc. The project should be essentially complete by March 31, 1964.

*ICA grant funds of \$7,862,000 plus U.S. owned and controlled local currency have also been allocated to this project for equipment and materials procurement, engineering services and construction and installation.

STATUS OF LOANS
(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: TAIWAN POWER COMPANY

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Nanpu Thermal Plant Extension,
484-22-220-563 (484-A-020)

Date Approved: June 13, 1960 Date Signed: September 30, 1960

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$14,910	Duration	20 yrs.
Ltr of Com't Issued	14,802	Grace Period	1 yr.
Disbursed	13,998	Interest Rate	3½%
Repayments	1,523	Currency of Repayment...	NT\$
Interest Collected	689		

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 from the loan leaving an uncommitted balance of \$108,000. A.I.D. is presently reviewing the consulting engineer's request for increased fee and costs of \$67,838 under its services contract with Taipower. This amount, if approved, will be drawn against the uncommitted balance. The remaining funds will be deobligated. 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: The borrower is providing local currency in an amount equivalent to \$4,897,800 for insurance, bank charges, import duties and harbor dues, home office overhead and miscellaneous taxes and expenses. All goods and services provided by the A.I.D. loan will be procured in U.S. Engineering services are approximately \$900,000; commodities are about \$14 million.

Implementation: This project, as originally planned, established a target date for the test run as December 1963 to January 1964. As indicated above, the test run was actually carried out on August 27. This early completion together with a reduction in the amount of the loan of over \$5.59 million are significant achievements of this very successful project.

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 Nanpu Steam Power Plant at Kaohsiung, Taiwan. The plant extension will 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: On December 31, total construction of this plant was 99.6% complete, the remaining work consisting mostly of minor finishing details, clean up and removal of the construction plant. The equipment contracted for and installed 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., procurement of which is 100% from the U.S. On August 27, this unit began to generate power at about 50% capacity and started permanent operation at full capacity in mid-September. Initial operation was implemented using fuel oil firing and after about a month the unit was changed over to pulverized coal. Early indications are optimistic regarding performance capacity. Official testing for efficiency and other performance guarantee factors was carried out in November, and indications were that both turbine and boiler efficiency were better than guarantees. Final results were still being computed at the end of 1963.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)		Borrower: TAIWAN POWER COMPANY	Funds: DEVELOPMENT LOANS
Title and Number of Loan: Shen-Ao Thermal Power Plant, 484-22-220-589 (484-H-039)		Financial Status: As of 12/31/63, no letter of commitment or disbursement had been made. However, during FY 64 it is expected that letters of commitment covering engineering services, turbine generator, boiler unit, and miscellaneous equipment including structural steel, condensers, etc., will be issued. In FY 64 disbursements are estimated to total \$1.5 million while disbursements in FY 65 are expected to be \$15 million. 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	
Date Approved: June 14, 1963		Date Signed: October 12, 1963	
Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$21,500	Duration	20 yrs.
Ltr of Com't Issued	None	Grace Period	4 yrs.
Disbursed	None		3 1/2% per
Repayments	None	Interest Rate	Annum
Interest Collected	None	Currency of Repayment...	US\$

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: After the Loan Agreement was signed in October, an American consulting engineer was proposed by Taipower and approved by A.I.D. The engineer's service contract was signed on October 28 in anticipation of A.I.D. assurances that financing was available. Thereafter, specifications and invitations to bid were sent to prospective U.S. suppliers of turbine generator, steam boiler and main building structural steel. Awards were made and contracts are being negotiated. Construction of building foundation was started in latter 1963 and steel erection will be started in June 1964. Erection of boiler, air pre-heaters, dust collectors, fans, turbine, condenser, feedwater heaters, pumps, as well as assembly of the piping system will be done thereafter. The installation of transformers, substation equipment, control systems and plant wiring is scheduled for completion before June 1966. Test run is scheduled for June 1966 and commercial operation in July 1966.

Host Country Contribution, Procurement Source: The borrower is to provide local currency in an amount equivalent to \$6,491,550 for 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 \$20.5 million for materials and equipment.

Implementation: Generally, this project has progressed satisfactorily. Barring any unforeseen difficulties, construction should follow the planned schedule.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: REPUBLIC OF CHINA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Taiwan Telecommunications Administration,
484-22-220-588 (484-H-026)
(Second Loan)

Date Approved: April 16, 1962

Date Signed: June 29, 1962

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$5,200	Duration	40 years
Ltr of Com't Issued	75	Grace Period	10 years
Disbursed	62		3/4% per
Repayments	None	Interest Rate	annum
Interest Collected	None	Currency of Repayment	US\$

at 3 1/2%. This project is an expansion of an existing operation and before the 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 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 necessary to carry out the project. 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% of its rate base.

Host Country Contribution, Procurement Source: The borrower is providing local currency required by the project in the amount of US\$12,147,000 equivalent for telephone sets and protectors, subscriber message meters, distributing frame-work and cable racks and outside plant materials, most of which is being produced locally, and approximately \$600,000 of 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 for services of the U.S. Consulting Engineer and \$5,000,000 for equipment.

Purpose of Loan: To assist in financing the foreign exchange cost of a project for expansion of dial telephone facilities in 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 and air conditioning equipment and engineering services. Completion of the project will increase the percentage of industrial establishments with telephone service in these areas from 39% to 93% and commercial establishments from 28% to 50%.

Physical Status: On December 24, 1963 the borrower submitted the U.S. consulting engineer's evaluation of technical proposals received from the 4 U.S. companies who bid on the equipment procurement. These recommendations are being studied by A.I.D. and it is expected that a procurement award will be made during the first quarter of 1964. Construction of new exchange buildings is 41% completed. Manufacture, delivery and installation of equipment is scheduled to be completed by October 1966.

Financial Status: Initial disbursement of funds for engineering services were made in January 1964 and additional disbursements will be made pro rata as services are rendered. Disbursements for equipment and installation services will be made in accordance with detailed arrangements. It is indicated that about 60% of the A.I.D. loan will be disbursed by June 30, 1965. The TTA is obligated to pay to the GRC local currency equivalent to the amount of the dollar loan on terms of 11 years with interest

Implementation: Generally, this project has progressed in a satisfactory manner. Early in 1963 it was necessary to postpone the terminal date for submitting bid specifications for four months due to some modification required in the design. Following the issuance of invitations to bid, an additional delay of approximately 6 weeks was necessary in order to permit the bidders to conform their bids to revised A.I.D. procurement regulations regarding foreign components. Since then the project has been moving on schedule.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: TAIWAN TELECOMMUNICATIONS

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Telecommunications, 484-22-220-586
(484-A-016)

Date Approved: February 26, 1963

Date Signed: June 16, 1960

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved \$2,000	Duration 10 years
Lts of Com't Issued 1,995	Grace Period 1 year
Disbursed 1,962	Interest Rate 3-1/2%
Repayments 30	Currency of Repayment . . NT\$
Interest Collected 45	

ADMINISTRATION.

Before the loan agreement was signed the U.S. was satisfied that the economic, technical and financial feasibility of the project was established. Conditions precedent in the loan agreement required the borrower, prior to issuance of letters of commitment and disbursements, to submit to the U.S. evidence that satisfactory arrangements had been made for U.S. consulting engineering services and for materials and services necessary to carry out the project.

Host Country Contribution, Procurement Source: The borrower has provided local currency required by the project in the amount of U.S. \$2,100,000 equivalent for local costs of land, building and road construction, local procurement and customs duties, etc.

All goods and services financed by the Development Loan were obtained in the U.S. Equipment disbursements totalled \$1,910,000 and the balance was used for engineering services.

Purpose of Loan: To finance the foreign exchange costs of a microwave radio relay system running 218 airline miles along the west coast of Taiwan. By linking the four largest cities with long distance telephone, telegraph and leased-circuit service, the new system will assist growth of the private sector by increasing the efficiency of industrial and commercial operations and will contribute to Taiwan's security position. In view of the rapidly increasing traffic demand, the system is so designed that frequency allocation, antenna, waveguide, and other common equipment are arranged for multiplex operation of up to six radio channels, each capable of providing 600 telephone circuits. In the interest of economy, the initial setup will be confined to only one radio channel with 300 circuits servicing the three main traffic routes to Taipei-Taichung, Taipei-Tainan and Taipei-Kaohsiung.

Physical Status: This project was completed on schedule at the end of December 1963. Performance testing of the system is underway and is expected to be finished by June 30, 1964.

Financial Status: Over 98% of the loan has been disbursed. Of the \$37,548 undisbursed balance, at the present time it appears that at least \$5,000 will not be needed and will be deobligated in the near future. This loan is guaranteed by the Republic of China and is being repaid on schedule.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: HWINCHU WINDOW GLASS WORKS

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Glass Plant Expansion, 484-24-230-587
(484-A-022)

Date Approved: April 18, 1961

Date Signed: May 12, 1961

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved \$1,600	Duration 12 yrs.
Lts of Com't Issued 1,600	Grace Period 3 yrs.
Disbursed 1,476	
Repayments	Interest Rate 5 3/4%
Interest Collected 49	Currency of Repayment . . . NT\$

of the project. 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 HWGW, prior to the issuance of letters of commitment of disbursement, to meet certain conditions precedent including evidence that satisfactory arrangements had been made for construction services, a bank guarantee of A.I.D.'s loan had been obtained and all capital stock included in the financing plan had been subscribed for.

Host Country Contribution, Procurement Source: The borrower is providing 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.

Purpose of Loan: To finance the procurement of imported equipment and materials necessary to the construction of an addition to Hsinchu's sheet glass plant by 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 is directly related to the priority goals of the A.I.D. program, in that it 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.

Implementation: This project has progressed satisfactorily, and except for some initial delays because of change in design, the projected construction, installation and completion schedule has been followed.

Physical Status: By the end of October, 1963, construction of the sheet glass and ground and polished glass plant buildings was complete. The sheet glass plant installation was complete in December and trial production started on January 1, 1964. As to the ground and polished glass plant, the installation of grinders, polishers, automatic control equipment and other minor items was in progress by 12/31/63. Completion was scheduled for the end of January, 1964.

Financial Status: As of December 31, 92.2% of the funds under this loan had been disbursed. The remaining balance of \$123,541 will be disbursed during 1964 for the U.S. equipment suppliers who will provide technical assistance during start up and initial implementation

STATUS OF LOANS
(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN) **Borrower:** TAIWAN RAILWAY ADMINISTRATION, GR^ounds: DEVELOPMENT LOANS

Title and Number of Loan: Taiwan Railway Administration (first loan),
484-22-330-584 (484-A-006)

Date Approved: April 4, 1958 **Date Signed:** November 12, 1958

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$3,032	Duration	11 yrs.
Ltr of Com't Issued	3,032	Grace Period	None
Disbursed	3,026		
Repayments	1,031	Interest Rate	3½%
Interest Collected	225	Currency of Repayment...	NT\$

Financial Status: This loan is practically all disbursed (99.8%). Interest and principal repayments are being made as scheduled.

The equipment provided by this loan is part of a long-range plan for modernization and dieselization of the Taiwan railway system, supported by extensive engineering and feasibility studies.

Host Country Contribution, Procurement Source:

The borrower provided local currency required by the project in the amount of U.S. \$1,598,000 equivalent, for local costs of construction and installation. The diesel locomotives were manufactured by General Motors Corporation in the Chicago area. The traffic control equipment was procured from the General Railway Signal Company of Rochester, New York.

Purpose of Loan: This project loan provides for the purchase of 11 diesel electric locomotives and central traffic control equipment for installation on 91 km. of the coastal trunk lines between Chunan and Changhua. Diesel locomotives can be kept in service more of the time than steam locomotives and the cost of operation is approximately one-third less. Installation of central traffic control equipment is expected to increase the capacity of the line in terms of number of trains daily and cuts in running time for trains. This project is an integral part of an extensive general improvement program undertaken by the Taiwan Railway Administration to meet the increasing demand for rail transportation in line with the rapid economic development of Taiwan.

Physical Status: All locomotives have been delivered and are now operating. The project is expected to be 100% complete by the end of March 1964, after a small amount of installation work remaining on the central traffic control system is finished. Installation of this equipment is expected to increase the capacity of the line from 52 to 90 trains daily and cut running time for freight trains by 2 hours and for passenger trains by 20 minutes.

STATUS OF LOAN

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: CHINA DEVELOPMENT CORPORATION **Funds:** DEVELOPMENT LOANS

Title and Number of Loan: Development Bank, 484-26-920-548
(484-A-015)

Date Approved: January 29, 1960

Date Signed: March 24, 1960

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$10,000	Duration	10 years
Ltr of Com't Issued	7,000	Grace Period	1 year
Disbursed	3,970	Interest Rate	5 3/4%
Repayments	40	Currency of Repayment...	NT\$
Interest Collected	188		

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 submit a list satisfactory to the U.S. of categories of development projects eligible to receive subloan, regulations satisfactory to the U.S. for making subloans and 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 77% of CDC's \$3,000,000 (equivalent) paid in capital was contributed by private sources (including \$306,000 from the Morgan Guaranty Bank of N.Y.C.) and the balance by Chinese

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: At December 31, 1963 CDC had approved 86 subloans in a total amount of US\$8,248,000. The bulk of subloans mature in 3½ to 7 years at a 7% rate of interest, the borrower assuming the exchange risk. Only one instance of delinquency and no credit losses have been reported on these subloans. Industries in which subloans have been made include chemical, textile, wood processing, food and beverage, ceramics and iron and steel.

Financial Status: At the present time approximately 40% of the loan is disbursed. A.I.D. recently extended the terminal date for disbursements to June 30, 1965 so that CDC will continue to feed medium and long term capital into the Taiwan economy and contribute to the growth of the private enterprise sector. Interest and principal repayments are being made on schedule.

government banks. Total available resources of \$30,500,000 (equivalent) include \$3,000,000 capital, \$10,000,000 Development Loan from A.I.D., \$12,500,000 (equivalent) in counterpart funds and \$5,000,000 borrowed from IDA in December, 1963.

Procurement under A.I.D. subloans of \$100,000 and over must be from the U.S.

Implementation: As the first institution of its kind in Taiwan, CDC has been somewhat conservative in relending the loan funds. In addition the "Buy American" provisions applicable to subloans of \$100,000 or more have inhibited the use of the loan.

On the other hand, CDC has been quite successful in contributing to the growth of Taiwan's private enterprise sector and foreign exchange earnings. Export statistics of CDC clients, including A.I.D. subloan borrowers, indicate that this loan has contributed substantially to Taiwan's increase in foreign exchange earnings. At the present time the World Bank is giving serious consideration to extending a new dollar loan to CDC.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: REPUBLIC OF CHINA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: First Program Loan, 484-26-990-590
(484-H-029)

Date Approved: June 12, 1962

Date Signed: July 19, 1962

Loan Status as of 12/31/63		Loan Terms	
Amount			
Approved	\$20,000	Duration	40 years
Ltr of Com't Issued	19,946	Grace Period	10 years
Disbursed	17,394	Interest Rate	3/4%
Repayments	None	Currency of Repayment...	US\$
Interest Collected	40,000		

Comments on Implementation: There has been some delay in disbursing this loan which does not reflect inability of the Taiwan economy to absorb the commodities. The delay stems from necessary implementation procedures. For instance, after licensing, it is necessary to advertise the procurement for the benefit of the American business community. After suppliers are selected, fabrication may be necessary and additional time is required for shipment, a process often requiring several months or more.

Purpose of Loan: To assist the GRC in maintaining a flow of industrial imports required for the accelerated economic development of both the public and private sectors of Taiwan.

Physical Status: Emphasis has been on the selection of industrial import requirements that would make a substantial contribution toward economic development. This permits assistance to be channeled directly to areas receiving priority A.I.D. support. The principal commodities authorized for import under this loan have been iron and steel, industrial machinery, chemicals, lubricants and pulp. Approximately 54% of the funds has been allocated to the private sector and 46% to the public sector.

Financial Status: Total allocation of \$19.9 million has been made and there will be no further allocations. Over \$17 million has been disbursed and additional disbursement requests will not be accepted after July 31, 1964.

Host Country Contribution, Procurement Source: All procurement has been from the U.S.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: CHINA (TAIWAN)

Borrower: REPUBLIC OF CHINA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Second Program Loan, 484-24-290-591
(484-H-040)

Host Country Contribution, Procurement Source: As indicated

Date Approved: June 28, 1963

Date Signed: December 10, 1963

above, the Government is required under the loan to extend credit facilities to importers to facilitate private use of the loan proceeds. All imports will be from the U.S.

Comments on Implementation: Signing of the loan agreement was delayed by questions primarily concerning the special credit arrangements to be made available to importers of machinery and equipment. All of these matters have been cleared away, and implementation is proceeding.

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$15,000	Duration	20 years
Disbursed	None	Grace Period	5 years
Repayments	None	Interest Rate	3½%
Interest Collected	None	Currency of Repayment...	US\$

Purpose of Loan: This loan was provided to help cover the margin of foreign exchange for a selective import program of capital goods and raw materials necessary for the achievement of planned levels of production and economic growth. Specific emphasis is put upon developing the export potential of the private sector which, in the future, will carry an increasing share of the burden of Taiwan's further development. In this regard, this loan has a special feature whereby \$5 million is earmarked for machinery and equipment for selected private firms with outstanding export potential. Special credit arrangements have been developed to make this money available to these firms under credit terms somewhat more favorable than commercial terms. Principal imports financed by the loan are iron and steel mill products, ferrous scrap, chemicals, pulp and industrial machinery and equipment.

Physical and Financial Status: Since December 31, 1963, procurement authorizations have been issued in the full amount of the loan and procurement is underway.

Indonesia

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: **INDONESIA**

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians	2,185	2,185		1,959	1,936	23	1,686	1,686	
Participants	2,201	1,953	248	2,665	2,465	200	3,223	3,223	
Contract Services	2,990	2,940	50	2,377	2,377		1,795	1,795	
Commodities	12,291	7,717	4,574	8,399	4,222	4,177	3,296	3,296	
Local Expenses									
Total Project Assistance	19,667	14,795	4,872	15,400	11,000	4,400	10,000	10,000	
Amount funded from cont. fund - (non-add)	(2,774)		(2,774)						
NON-PROJECT ASSISTANCE									
Commodities									
Cash Transactions									
Other	17,000		17,000						
Total Non-Project Assistance	17,000		17,000						
Amount funded from Cont. Funds - (non-add)	(17,000)		(17,000)						
Grand Total	36,667	14,795	21,872	15,400	11,000	4,400	10,000	10,000	
Amount funded from Cont. Fund - (non-add)	(19,774)		(19,774)						
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed	96	96		73	73		66	66	
Participating Agency	19	19		15	15		25	25	
Total U.S. Technicians	115	115		88	88		91	91	
Contractor Employees (on duty close of yr.)	124	124		52	52		53	53	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract	427	375	52	500	431	69	529	529	
Contract	50	50		176	176		114	114	
Total Participants	477	425	52	676	607	69	643	643	

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

TABLE II

Country: INDONESIA

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	963	963	
Transportation	788	788	
Health and Sanitation	2,835	2,835	
Education	784	784	
Public Administration and Public Safety	1,590	1,590	
General and Miscellaneous	2,000	2,000	
Technical Support	1,040	1,040	
Total	10,000	10,000	

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Development of Agricultural Colleges, 497-11-110-088			
Prior Reference: 497-AA-11-AB-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	3,269	2,345	924
Estimated FY 64	870	804	xxxxxxxxxxx
Estimated through 6/30/64	4,139	3,149	990
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
900		5,039	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	870	900	
Commodities			
Local Expenses			
TOTAL	870	900	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
4,417	2,208	1,260	N.A.

establish an autonomous Institute of Agricultural Sciences at Bogor, providing graduate and undergraduate training in forestry, fisheries, agriculture, animal husbandry and veterinary medicine.

Progress has been substantial: (1) The Institute has been re-organized along the lines of a land grant type school with an extension center at Darmaga (PL 480 L/C funding). Shifting of teaching responsibility from visiting American professors to Indonesians is virtually completed. By 1965, 143 faculty members will have received training in the U.S.; (2) Extensive curriculum changes have been introduced; (3) After delays due to shortages of steel and cement, construction of physical facilities has been resumed; (4) Commodity support for the laboratories and provision of textbooks and materials is almost complete.

Attention now is being given to strengthening the graduate program so that the Institute can serve Indonesia as a center for agricultural research, and for preparing agricultural and science teachers for other Indonesian schools. Consideration is being given to extending AID assistance in this field to universities outside Java. A modest program for the University of Hassanuddin in Makassar will begin in 1964 by using the Kentucky contract to furnish professional advice on curriculum development in agriculture.

The GOI has been providing substantial budgetary support, but inflation has delayed construction. However, additional FY 1964 local currency is being made available to complete planned structures. In construction of "outer island" universities, large local sums, privately raised by the Indonesian community, are being utilized. The GOI is also paying contract support costs.

The pipeline reflects forward funding of the contract until October, 1965.

FY 1965 Funding: Contract Services: \$900,000 to cover the remaining costs for 14 Kentucky staff, training expenses for 37 participants, and equipment and textbooks.

FY 1965 funds will also finance initial assistance for Outer Island universities starting with two specialists for Hassanuddin University.

Project Objective and Description: To develop an integrated, self-sustaining Agricultural Institute capable of graduating 400 students each year and providing facilities and faculty for research and graduate studies.

Indonesia's food production is insufficient even for her present population, growing at an estimated rate of 2.3% yearly. Lack of college-trained agricultural technicians is a factor in the country's inability to increase production significantly.

Under a contract with the University of Kentucky, the U.S. provides advisors who are helping Indonesian faculty

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Corn Production, 497-11-130-178			
Prior Reference: 497-AA-19-AA-2			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63 *			
Estimated FY 64	99	60	xxxxxxxxxxxx
Estimated through 6/30/64	99	60	39
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
63	53	215	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	25	25	
Participants	42	28	
Contract Services			
Commodities	32	10	
Local Expenses			
	TOTAL	99	63
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
-	-	1,555	-

trends further aggravate Indonesia's serious balance of payments problem. Unfortunately, although the GOI has assigned high priority to improving the country's agricultural sector, it has not, in general, developed and effectively supported commensurate programs.

This project, a pilot undertaking, concentrates on elimination of the annual corn deficit in an area of Central Java with a population of 400,000. Corn has been chosen for AID assistance because it is already widely cultivated, albeit inefficiently. While it is the country's second largest food crop, it does not compete with rice for land. Using more advanced techniques potential overall corn yield increases are estimated at 400% as compared to 48% for rice. Fifty-four hybrid corn varieties from the U.S. have been tested in conjunction with Indonesian types. Hybrids tested have produced as much as 8 times more corn per acre than the national average.

Basic elements of the project include: (a) organization of 10 village production credit and marketing cooperatives; (b) establishment of an agricultural information service; (c) Skills training of farmer-operators; and (d) supervision of pilot project operators to raise production from the present 0.8 tons per hectare to 5 tons per hectare by August 1965.

U.S. assistance has consisted of advisory services, commodity support and some participant training. Early in FY 63 the USAID helped in the reorganization of the GOI's Ministry of Agriculture which has since shown significant improvement in planning its cooperatives program. During FY 64, the 10 planned village cooperatives will have been established and inspection and guidance of grower operations initiated.

FY 1965 Funding: Technicians: \$25,000 for one advisor to give full time assistance to the village cooperatives in credit and marketing. In addition, provision of other U.S. technicians (seed specialists, etc.) on a part-time basis, is planned. Participants: \$28,000 for 4 participants to be trained in the U.S. for one year each in the fields of plant breeding, plant pathology, soil fertility and credit marketing. Commodities: \$10,000 for insecticides, corn shellers, sprayers, etc.

*Obligations under 497-AA-19-AA-2 in FY 63 amounted to \$281,436.

Project Objective and Description: To assist the GOI expand agricultural production to meet domestic food requirements and to increase export earnings. This project is a continuation of one element which appears at present the most promising in terms of GOI interest and support, of the previous U.S.-supported "National Agricultural Program" activity.

A high rate of population growth, coupled with inadequate production of rice and other crops has resulted in increased import requirements for food and fibres on the one hand and decreased agricultural export levels on the other. These

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **INDONESIA**

Activity: **INDUSTRY AND MINING**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Diesel Electrification,
497-12-220-106
Prior Reference: 497-ZW-22-BA-2
Initial Obligation FY: 1957 **Scheduled Final Obligation FY:** 1957

by the Ralph M. Parsons Company, which also assisted in the assembly and testing of most of the generating equipment and provided field training for Indonesians in operation and maintenance of the equipment. Initially, progress on this project was slow due to difficulties encountered by the Government of Indonesia in providing a) transportation for the generators; and b) the required construction at the generator sites. Beginning in FY 1962, performance improved. By May 31, 1963 when the Parsons contract expired, 46 out of 62 (75 percent) of the diesel generator units had been installed, field tested and accepted by the USAID and the Indonesian State Electricity Company. By December 31, 1963, 51 (82 percent) of the units had been installed, tested and accepted. A 20,800 KW capacity increase (88 percent of the target) had been achieved at that point.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	7,000	5,973	1,027
Estimated FY 64		800	xxxxxxxxxxx
Estimated through 6/30/64	7,000	6,773	227
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		7,000	

The project includes the following costs (approximate figures): \$1,720,000 for contract services, including training in Indonesia of 68 diesel plant operators; \$5,273,000 for commodities; and \$7,000 for participant training in the U.S.

Cost Components	Proposed Obligations	
	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL		

The Indonesian Government has been responsible for construction of the generator sites and preparatory mechanical and electrical work. Indonesian personnel will be responsible for operation and maintenance of the equipment.
FY 1965 Funding: None. It is estimated that all remaining generators will be successfully installed and tested by the end of CY 1964. An American engineer from the Nordberg Company (one of the several U.S. suppliers) is in Indonesia assisting in the installation, testing, repair and spare parts replacement for Nordberg diesels.

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Project Objective and Description: To provide a total of 23,500 KW of installed electric generating capacity for some forty communities throughout the Indonesian Archipelago, and to train Indonesian operators and maintenance personnel to staff the generating stations.

The pipeline of 6/30/63 represents continuation of the Nordberg and other contract services and procurement of replacement and component parts. The entire \$7 million is expected to be expended by the end of FY 1965.

In FY 1957 ICA provided a \$15 million loan to Indonesia for construction of a road in Sumatra, but the rebellion there prevented construction. Of this amount, \$7 million was instead utilized for this project, designed to provide electricity in advance of an integrated Indonesian power generation and distribution program.

The loan is being repaid to the U.S. in Indonesian currency over 40 years at 4 percent interest.

Engineering and design were supplied under contract

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Development Projects Consultant Services, 497-11-250-125			
Prior Reference: 497-AA-25-AT-5			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1963	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,853	591	1,262
Estimated FY 64		1,027	xxxxxxxxxxxx
Estimated through 6/30/64	1,853	1,618	235
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		1,853	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

By the end of FY 64, the SRC/DMJM group will have completed four task orders. Three are related to developing plans for improving Indonesia's industrial metal working shops. The fourth focuses on the extent and economic consequences of raw materials and spare parts shortages, including import requirements and priorities. In addition, economic policy advice was provided, on request, to the GOI and studies were prepared in a number of industrial fields -- paper and pulp, petro-chemicals, marine repair, flour milling, etc.

Surveys have been conducted to assess mineral resources suitable for economic exploitation. Feasibility studies have been completed providing technical and economic data and plans to rehabilitate the coal and tin industries. These services were performed by personnel from the U.S. Geological Service, and the U.S. Bureau of Mines, under PASA's with A.I.D. AID consultants have furnished advice for preparing an Atlas of Indonesian Resources, and a Geological Map of Indonesia. The latter has been completed.

Work had begun on preparing a task order for power transmission and distribution in Central and East Java. This effort was discontinued because of changes in the GOI's priorities resulting from its "confrontation" policy with Malaysia, coupled with certain key cabinet changes. Both factors diminished chances for the country's economic development and adversely affected SRC/DMJM's effectiveness vis-a-vis the GOI. Consequently, it has been agreed with the GOI to terminate contract operations in their present form on June 30, 1964. However, consideration is being given to future provision of advisory economic services on a more limited basis.

FY 1965 Funding: None. The pipeline represents contract obligations which will be largely liquidated by the time the team leaves Indonesia (end FY 64).

Project Objective and Description: This project was originally designed to: (1) provide general consultative services to the Indonesian Government on economic and financial matters; and (2) help the GOI formulate development priorities and select, plan and document specific projects, including loan applications. The project has been implemented primarily through a contract with Surveys and Research Corp. and Daniel, Mann, Johnson & Mendenhall, Inc. (SRC/DMJM), who have provided consultant services to the GOI through a resident field staff of six economists and engineers plus short-term consultants. Other aspects of the project, implemented through PASA's and direct-hire U.S. technician services, include technical assistance in minerals exploration and development, cartography and related participant training in the U.S.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Maritime Operations, 497-11-340-162			
Prior Reference: 497-AA-36-AI-2			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1969	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	260	59	201
Estimated FY 64	189	225	xxxxxxxxxxxx
Estimated through 6/30/64	449	284	165
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
263	404	1,116	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	50	94	
Participants	53	75	
Contract Services			
Commodities	86	94	
Local Expenses			
TOTAL	189	263	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 64	FY 65	Through 6 30 64	FY 65
7,200 (45.3/\$1)	860 (315.3/\$1)		

In 1960, a report on the maritime industry was prepared for ICA by the U.S. Maritime Administration. The project was begun in FY 1962 pursuant to the recommendations of that report. Assistance during the initial phase was confined to navigational aids. In FY 1963, assistance began in communications and administration through a PASA with the U.S. Coast Guard. One objective was to complete a communications-electronics school. Progress has been made in improving reliability of navigational aids and equipment; some buoy tenders have arrived in Indonesia; and planned annual maintenance was inaugurated during FY 1964. Australia, under the Colombo Plan, has provided transmitters for the primary radio station.

By mid-1969, a corps of Indonesian personnel with managerial and technical skills necessary to continue with the development program will have been trained. Assistance to Maritime Communications is required through FY 1969 in order to: complete the communications system study; develop proposals for Colombo Plan loans; institute improved procedures for administration, operation and maintenance of the Maritime Communications system; improve the five coastal radio stations; and train personnel.

The GOI is contributing 417 million rupiah to this activity in the period '63-'65, both through its regular budget and its development budget. Two buoy tenders, recently delivered, were constructed in West Germany for \$1,250,000 of GOI foreign exchange. Beginning in FY 1965, 14 lighthouses will be electrified at a cost of \$2,000 per station, with GOI procured equipment.

This project supplements a \$6 million U.S. loan for improvement of selected harbors. PL 480 Title I Section 104(g) rupiah loans are also programmed for construction of the bases for buoy tenders, and for construction of workships. **FY 1965 Funding:** Technicians: Six technicians under the Coast Guard PASA. Participants: For 7 participants in the U.S. navigational aids improvement; Four in maritime communications. Commodities: (Largely U.S. Government excess): aids to navigation; electronic repair instruments and electronic communications training equipment and material.

Project Objective and Description: To assist the Government of Indonesia develop and operate maritime communications and navigational aids adequate to serve the safety and other needs of local and world shipping in Indonesian waters. Communications within Indonesia are dependent upon regular and economical inter-island shipping. This activity deals with those of its problems which the U.S. is particularly qualified to correct. For example, the GOI's Maritime Communication Service is potentially a revenue producing operation; one of our objectives is to improve the fiscal system so that traffic tolls can ultimately pay for the services provided.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Maritime Academy Training, 497-11-360-128			
Prior Reference: 497-AA-36-AH-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,517	1,311	206
Estimated FY 64	254	340	xxxxxxxxxxxx
Estimated through 6/30/64	1,771	1,651	120
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
151		1,922	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	228	130	
Participants	16	16	
Contract Services			
Commodities	10	5	
Local Expenses			
TOTAL	254	151	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,723 *	

Academy at Kings Point and with the Isthmian Lines (upon their return trainees will serve as the nucleus of the Academy's faculty); and 3) equipment and construction materials for laboratories and other plant facilities.

Approximately 97% of the \$350,000 total commodity requirement has been delivered. Twenty-four participants are training at Kings Point and twelve cadets are engaged in sea duty training with the Isthmian Lines. Fourteen deck and engineer officers have completed training at Kings Point and are considered capable of assuming teaching responsibilities at A.I.P. Most of the A.I.P. renovation and laboratory construction work will be completed by the end of FY 1964.

During the balance of FY 64, and FY 65 (the last year of U.S. assistance): 1) curriculum revision will continue; 2) instructors of certain engineering subjects and laboratory staff will be trained; and 3) rupiah-funded construction will be completed.

The GOI has provided physical facilities, principal administrative staff, and the budget required for the operation of the Academy. Instruction of cadets in the deck department is now carried on almost entirely by Indonesian instructors--mostly returned participants. In the engineering department 20% of the instruction is performed by returned participants.

FY 1965 Funding: Technicians: \$130,000, for salaries and back-up costs of the three remaining PASA technicians, and close-out expenses of the agreement. Participants: \$16,000 for training of 5 Merchant Marine officers in the U.S. Commodities: \$5,000 for the balance of requirements of laboratory equipment and materials.

Project Objective and Description: To expand and up-grade the Indonesian Merchant Marine Academy (A.I.P.) to enable it to graduate annually the minimum requirement for new Indonesian Merchant Marine officers - estimated at 100 deck and 100 engineering officers.

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. provides; 1) a 10-man team of U.S. Merchant Marine officers (furnished by the U.S. Maritime Administration under a PASA with AID) who serve as both advisors to the merchant marine and instructors for the Academy; 2) participant training at the U.S. Merchant Marine

* Rp. 8.79 = \$1
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PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **INDONESIA**

Activity: **TRANSPORTATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Air Transportation, Operations and Maintenance, 497-11-370-129			
Prior Reference: 497-AA-34-AF-1			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 1,424	Expenditures 596	Unliquidated 828
Estimated FY 64	193	750	xxxxxxxxxxxx
Estimated through 6/30/64	1,617	1,346	271
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
374		1,991	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	68	34	
Participants	125	125	
Contract Services		215	
Commodities			
Local Expenses			
TOTAL	193	374	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

a Visual Omni Range (VOR) facility was procured and installed. Equipment for an instrument landing system (ILS) began arriving in FY 64. To support the technical operation of these facilities, a Ground Calibration Laboratory costing \$76,000 was installed. A specially equipped U.S. surplus CE-47 aircraft was supplied to the GOI's Department of Civil Aviation for flight inspection and calibration of the above equipment. Five excess property Beechcraft were delivered to the GOI's Civil Air Academy for training purposes.

Through a contract with Lockheed Aircraft International, U.S. experts have been providing training for Garuda Indonesian Airways personnel in maintenance, overhaul and other aspects of airline operations. Complementing this "on-the-job" training, Garuda and Department of Civil Aviation personnel have been sent to the U.S. for training in subjects such as engine overhaul, radio engineering and aircraft structure and systems.

Current emphasis is being given to putting the VOR and ILS facilities into operation and on training Indonesian personnel to operate them under FAA supervision. Present plans call for termination of this activity in FY 1965, when the training objectives will have been achieved.

The GOI has spent approximately \$225,000 from its own resources to procure three VOR facilities and \$45,000 for auxiliary installation equipment for support of these facilities. They also provide housing, work space and administrative support to the Lockheed contract group.

FY 1965 Funding: Technicians: \$249,000 for the services of two FAA civil aviation specialists, funded via a PASA, and eight Lockheed contract personnel. Participants: \$125,000 for training 25 Department of Civil Aviation technicians in the U.S. in various categories of aviation specialities.

Project Objective and Description: To improve: 1) the operational efficiency and safety of domestic and international commercial air traffic in and out of Djakarta, and 2) the maintenance and overhaul services of Garuda Indonesian Airways operations.

An adequate and safe air transportation system is essential to sustain the political cohesiveness of this multi-island country. To help meet project objectives, the U.S. is providing necessary safety and training equipment for Djakarta's Kemajoran International Airport, technical advisory services under a PASA with the FAA, and participant training in civil aviation.

The most important elements of this project stem from a survey of Indonesian air needs and a recommended plan of action completed by the FAA in 1960. Pursuant to that plan

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Malaria Eradication, 497-11-510-116			
Prior Reference: 497-AC-51-AA-5			
Initial Obligation FY: 1951		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	36,200	33,974	2,226
Estimated FY 64	3,757	4,233	xxxxxxxxxxx
Estimated through 6/30/64	39,957	38,207	1,750
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,435	1,114	43,506	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	252	300	
Participants	75	150	
Contract Services			
Commodities	3,430	1,985	
Local Expenses			
TOTAL	3,757	2,435	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		32,310*	

Project Objective and Description: To eliminate malaria by 1970 from Java, Bali, Madura and one zone in South Sumatra. These "inner island" areas contain 65 million people. U.S. assistance to this project, therefore, directly affects almost 70% of Indonesia's people.

An estimated 120,000 deaths and 30 million debilitating cases of malaria occurred annually in Indonesia prior to initiation of a control program in 1951. In 1958, the GOI decided to attempt eradication of the disease.

37,500 Indonesians (including 100 trained abroad, and military personnel) comprise the GOI's malaria eradication

organization. U.S. contribution to this project includes insecticides, drugs, vehicles, equipment and supplies, as well as technical and administrative advisors.

Spraying operations are in progress throughout the 42 zones. In 31, operations have progressed from the "attack" to the "surveillance" phase, during which mass spraying is replaced by selective spraying together with case detection and epidemiological investigations. It is anticipated that 11 of these 42 zones will pass to the "consolidation" phase by late FY 1964, at which time most spraying is to be discontinued.

In response to a GOI request, the USAID will intensify training programs for administrative, transport and supply management personnel. Training will be provided for an additional 20 Indonesian entomologist technicians and 100 assistant entomologists.

Since FY 63, except for a brief interval following initiation of the Malaysia confrontation, the GOI has covered all local currency costs. They will continue to do so until project completion. A major portion of the budget for health operations is allocated to the malaria program -- approximately \$30 million equivalent yearly. The WHO provided more than \$1.8 million through CY 1963, and furnishes 18 specialists.

During FY 63, a special WHO/U.S. Public Health Service Assessment Team conducted a one-month field evaluation of the program and found it to be progressing satisfactorily. At the end of FY 67, the final year of AID assistance, the GOI will be capable of continuing the project along to completion in 1970.

The large pipeline results from advance procurement to maintain an adequate supply of insecticides and equipment.

FY 1965 Funding:

Technicians: \$300,000 for 14 technical and administrative advisors.

Participants: \$150,000 for: 2 participants in the U.S. (Public health administration); and 50 participants in malaria eradication techniques at the AID-WHO sponsored Malaria Eradication Training Center in Manila.

Commodities: \$1,985,000 for DDT, additional drugs and spare parts for vehicles and equipment. The FY 65 DDT requirement is considerably smaller than prior years.

* 32,294 @ Rp. 8.79 = \$1.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Development of Medical Colleges, 497-11-540-121			
Prior Reference: 497-AC-54-AB-5			
Initial Obligation FY: 1959		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 2,836	Expenditures 1,343	Unliquidated 1,493
Estimated FY 64	625	790	xxxxxxxxxxxx
Estimated through 6/30/64	3,461	2,133	1,328
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
400	200	4,061	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants	262	260	
Contract Services	363	140	
Commodities			
Local Expenses			
TOTAL	625	400	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
4,287	2,429	1,411	n.a.

library facilities, and advising on research projects and post-graduate studies.

Accomplishments under the project include the following: (1) California visiting professors have trained approximately 160 Indonesian faculty members out of 250 scheduled for on-the-job training. Twenty-one of 66 Airlangga faculty members sent to the U.S. for training have already returned to assume teaching and administrative responsibilities; (2) Pre-medical, pre-clinical and clinical courses have been revised; (3) Improvement of physical facilities is proceeding with the team assisting in the design of new and remodeled buildings, and providing laboratory equipment and library books. Local currency, including PL 480 grant funds, has been furnished for construction of the Laboratory Science Building, the Pathology wing, four faculty housing units, etc.; (4) Forty members from medical faculties of other universities have been sent to the U.S. for training.

The California team is scheduled to withdraw by June 30, 1966, by which time all but 15 of the 142 Airlangga faculty members trained in the United States will have returned. During the interim, teaching and administrative responsibilities are gradually being turned over to trained Indonesians. Remaining equipment and other items needed to implement the revised curricula will be ordered. Additional PL 480 funds have been programmed for FY 64 and FY 65 to complete planned construction.

Although direct GOI budget support for Airlangga University is substantial--over \$2.2 million equivalent during the period 1960 through 1963--inflation has affected faculty morale and effectiveness, and has delayed construction of some buildings. The GOI contributes contract support costs (housing, transportation, office space, etc.).

The estimated 6/30/64 unliquidated obligations reflect forward funding of the university contract, and continuation of participant training. The latter costs are funded outside the contract.

FY 1965 Funding: Contract Services: \$140,000, of which \$90,000 is needed for twelve California team members through June 1966, and \$50,000 for scientific and technical supplies. **Participants:** \$260,000 to finance training for forty participants in the U.S.--thirty from Airlangga and ten from other medical schools.

Project Objective and Description: To develop a Faculty of Medicine at Airlangga University in Surabaya capable of graduating 150 doctors per year by the end of 1966; and to train 70 faculty members from six other medical schools to enable them to graduate more qualified doctors.

The ratio of doctors to population in Indonesia is estimated at 1 to 71,000 - one of the lowest in the world. Since 1959, a contract team from the University of California has been helping to improve and expand Airlangga University's medical school along the lines of its previous program (now successfully completed) at the University of Indonesia's medical school in Djakarta, through in-service training and training abroad of staff members. The AID-financed team is also assisting in reorganizing the departments, curricula revision, improving laboratory and

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Development of Science and Engineering Colleges, 497-11-660-163			
Prior Reference: 497-AC-66-AF-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	7,271	5,603	1,668
Estimated FY 64	1,074	1,350	xxxxxxxxxxxx
Estimated through 6/30/64	8,345	6,953	1,392
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
280		8,625	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	1,074	280	
Commodities			
Local Expenses			
TOTAL	1,074	280	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
8,328	3,999	3,058	n.a.

Project Objective and Description: To increase the number of qualified graduates from the Institute of Technology at Bandung (I.T.B.) to 750 in 1966, and from the Science and Engineering Faculty of Gadjah Mada University at Jogjakarta to 250 in 1956; and to improve higher technological education in the outer Islands.

It became clear during the years following independence that the two principal centers for training scientists and engineers (I.T.B. and Gadjah Mada) were ill prepared to cope with the country's need for trained scientists and engineers. The departure of Dutch and other foreign faculty worsened the situation.

The U.S. has been assisting both institutions through two university contract teams; The University of Kentucky at

I.T.B. and the University of California (UCLA) at Gadjah Mada. Objectives of both teams are to help develop: (1) undergraduate programs in engineering and associated technology and science; (2) Indonesian faculty capability; (3) adequate physical facilities; and (4) programs of research and graduate study.

Accomplishments have been substantial. Curriculum revisions have been introduced at I.T.B. and in five of the seven departments at Gadjah Mada. Almost \$1.3 million of laboratory equipment and books has satisfied the basic requirements for undergraduate faculties. Each institution has exceeded the quantitative goal of graduates and is planning expanded graduate programs, thus increasing the country's capacity to train faculty at home, rather than abroad.

At I.T.B., 119 trained faculty members had returned by September 1963; planned provision of U.S. training for one-half the faculty by 1966 is on schedule. Campus planning is complete and committees are supervising construction of 90 faculty housing units of which 45 will be completed by March 1964. At Gadjah Mada, 34 faculty members have received U.S. training. Construction of a central shop building and 7 faculty houses has been completed.

Schedules have been drawn up to terminate both contracts--UCLA/Gadjah Mada in 1965, and Kentucky/I.T.B. in 1966--by which time Indonesians will be capable of assuming teaching and administrative responsibilities. Consideration is being given to assisting selected new universities in the outer Islands through the use of I.T.B. as a "parent" graduate training institution. The Kentucky/I.T.B. contract may be used to initiate a pilot engineering program at Hassanuddin University, Makassar, where 2 of the present 39 faculty members are recent graduates of I.T.B. It is anticipated that when the study is complete a new contract will be developed to assist several universities outside Java.

GOI budgetary support for I.T.B. and Gadjah Mada has included contract support costs as well as all operating costs of the institutions. Substantial PL 480 grant funds have been provided to finance construction.

The June 30, 1964 pipeline reflects forward funding of the UCLA contract until 1965, and the University of Kentucky contract until October 1965.

FY 1965 Funding: Contract Services: To complete funding, through June, 1966, for ten Kentucky team members.

PROJECT DATA

(In thousands of dollars and equivalent)

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:			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
Estimated FY 64	364	70	xxxxxxxxxxxx
Estimated through 6/30/64	364	70	294
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
504	550	1,418	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	23	38	
Participants	109	70	
Contract Services	70	60	
Commodities	162	336	
Local Expenses			
TOTAL	364	504	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		32	96

resources and organization; develop plans for eventual self-sufficiency in textbook production. (2) Increase the training capacity of the Library School of the University of Indonesia at Djakarta from 35 to 150 BA's and 20 MA's annually. (3) Provide books and other materials, during the interim while Indonesia is expanding its own publication resources. (4) Develop a book translation program. (5) Expand Indonesian textbook writing and printing capabilities: writing grants to university faculty members; and a rupiah fund for a pilot materials projection project under university supervision to test methods prior to implementing larger scale activity.

This project is coordinated with other U.S. programs in the field of education (USIS and the Ford Foundations's English language Teaching Program in senior high schools).

The GOI has initiated a plan for implementation after pilot testing activities to develop a publication plant, and has budgeted Rp. 20 million for this purpose; it has allocated \$2 million in foreign exchange to purchase university textbooks, largely from the U.S.; and has issued a decree authorizing the improvement of existing libraries and the establishment of a central library in each university.

FY 1965 Funding: Technicians: For two education materials specialists. Participants: 10 participants in the U.S. in library science. Contract Services: For the university contract assisting the Library School, University of Indonesia. Commodities: Paper and reference books.

Project Objective and Description: To assist the GOI increase the supply of books and publications for schools, libraries and bookshops throughout Indonesia, through provision of printed materials, special advisory and translation services and development of local printing capabilities.

A serious book shortage exists, partially as a result of a literacy program which since the war multiplied by 15 the number of literate persons. College enrollments also rose from 1,800 in 1942 to around 100,000 today. Domestic printing capacity has not increased significantly. Western imported books are too expensive for most Indonesians, but printed materials from Bloc nations are supplied at low prices and in quantity.

The coordinated program will: (1) Inventory existing

Country: **INDONESIA**

Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Public Safety Administration, 497-11-710-117			
Prior Reference: 497-AB-71-AD-5			
Initial Obligation FY: 1954 Scheduled Final Obligation FY: 1968			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	10,148	9,166	982
Estimated FY 64	948	1,140	XXXXXXXXXX
Estimated through 6/30/64	11,096	10,306	790
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,089	1,830	14,015	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	270	197	
Participants	328	241	
Contract Services			
Commodities	350	651	
Local Expenses			
TOTAL	948	1,089	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
22,369 1/	25,530 2/	12,915 3/	

Since the inception 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, five small aircraft and over 1,200 vehicles. Extensive training in the U.S., third countries and Indonesia, has and is being provided. All of the top leaders of the police have been trained in the U.S. PL 480 and counterpart funds have been used to support construction of the National Police Academy and depot, warehousing and training facilities.

Training, a long-range activity, now has precedence over other aspects of the program. Commodity procurement under the communications and sea transport phases is virtually complete. Training in operating and maintaining the equipment, however, will continue. The emphasis in land transport is being shifted from procurement of vehicles and parts to improvement of repair facilities and operation and maintenance training. Possible U.S. participation in rural police development is currently being studied. Should such assistance prove politically valuable and feasible, training and commodities for this part of the program would also be required in FY 65. It is anticipated that U.S. assistance to the Police under this project will terminate by the end of FY 68. For some activities, e.g., logistics, criminal detection and traffic control, the period should be shorter and limited mainly to participant training.

The GOI has furnished funds to procure approximately 70% of the equipment required by the National Police. The Police have provided, from their own budget, funds for local training, maintenance of U.S. supplied equipment, and school and depot construction. In addition, the Police have earmarked a major part of their budget for the rural development program designed to improve police-community relations and increase police internal security capability.

The pipeline represents primarily procurement of communications and some training equipment, for which a long delivery lead time is normal. Approximately 50% of the 6/30/64 pipeline will be liquidated by the end of CY 64.
FY 1965 Funding: Technicians: \$197,000 for 12 U.S. advisors. Participants: \$241,000 for training of 39 participants in the U.S. (riot control, RR security, traffic management etc.), and

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

The Police numbers over 100,000 men (excluding the Mobile Brigade, described in the "MOBRIG Re-equipment Project") and has consistently refused Bloc assistance. U.S. assistance is currently 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; (e) maintaining the strong anti-Communist orientation of the police, especially the Mobile Brigade.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III
(continued)

Country: INDONESIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Public Safety Administration,
497-11-710-117

Page 2 of 2

14 in third countries -- mainly Philippines -- (security investigation etc.). Commodities: \$651,000 for marine equipment and spare parts, radio communications equipment, motor vehicles, books and training aids, office machines, repair equipment etc.

- 1/ At Rp. 48.09 = \$1, and Rp. 45.28 = \$1
- 2/ At Rp. 45.23 = \$1
- 3/ At Rp. 45 = \$1

Country: INDONESIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: MOBRIIG Reequipment, 497-11-710-167			
Prior Reference: 497-AB-71-AE-5			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
(\$2,700 CF in FY 63) Through 6/30/63	Obligations	Expenditures	Unliquidated
	6,326	616	5,710
Estimated FY 64	4,400	2,500	xxxxxxxxxxxx
Estimated through 6/30/64	10,726	3,116	7,610
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		10,726	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	23		
Participants	200		
Contract Services			
Commodities	4,177		
Local Expenses			
TOTAL	4,400		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Initiated in FY 1962 as a three-year effort, this project is specifically designed to reequip the MOBRIIG with essential transportation and communications equipment, small arms and ammunition, and to provide training in their use and maintenance. The present obsolete and non-standard MOBRIIG equipment was supplied in full by the U.S. in 1952. The U.S. is providing approximately 50% of MOBRIIG total vehicle needs at an estimated cost of \$4.3 million. Of this amount, \$1.4 million was ordered in FY 1962 and is almost completely delivered; \$1.6 million was ordered in FY 1963 and is planned for delivery shortly. Most of the estimated \$900,000 for communications equipment will be procured in FY 1964.

Procurement of arms and ammunition was begun in FY 1963 with first deliveries due at the beginning of CY 1964. However, deliveries on the \$2.5 million already obligated in FY 1963 were halted after the confrontation policy with Malaysia began in the early fall of 1963. For the same reason, a final increment of \$2.5 million to be funded in FY 1964 for arms and ammunition is deferred.

Training of 69 MOBRIIG officers to use and maintain the equipment was funded during FY 1963. An additional group of 43 officer/trainees is being funded during FY 1964.

The Indonesian Government is responsible for all rupiah costs incidental to this activity.

FY 1965 Funding: Except as it might be related to the on-going regular police (Public Safety) program, it is not anticipated that further support to the MOBRIIG will be provided after FY 1964.

Project Objective and Description: To increase the capability of the Indonesia National Police to maintain internal security by re-equipping its para-military arm, the Mobile Brigade (MOBRIIG). A mobile para-military force is essential to support the locally-based National Police in its primary function of maintaining internal security.

The 23,500 man MOBRIIG is responsible for quelling uprisings and revolts and for helping the regular police control riots. The MOBRIIG is considered strongly anti-communist and has refused offers of assistance from Bloc sources. The newly-appointed chief of the National Police is a former MOBRIIG officer.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **INDONESIA**

Activity: **PUBLIC ADMINISTRATION AND PUBLIC SAFETY**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Improvement of National Fiscal Administration, 497-11-720-137			
Prior Reference: 497-AB-72-AB-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	424	195	229
Estimated FY 64	60	120	xxxxxxxxxxx
Estimated through 6/30/64	484	315	169
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
230*	59	773	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants	60	30	
Contract Services		200	
Commodities			
Local Expenses			
TOTAL	60	230*	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Department of Finance. The G-K team, in cooperation with a team of counterpart Indonesian officials, is surveying the GOI's fiscal management systems. Project reports with specific recommendations are submitted to the GOI for policy review. Once approved, new systems are designed and drafted jointly by the American and Indonesian team members. Installation and initial operation of the new systems and procedures are supervised by the Indonesian team members with the American team members acting as advisors and consultants.

The G-K team has been in Indonesia since 1961. To date, five studies have been completed on accounting and payroll procedures, and eight reports submitted to the GOI. These include: a recommendation to establish a Central Accounting Office; a report on specific uses for data processing machines; a draft expenditure classification manual; a survey on procedures for collecting and reporting revenues and expenditures; etc. In February of 1963, the GOI established the recommended Central Accounting Office.

In addition to the G-K contract services, participant training is provided in the U.S. and third countries in financial and budget administration. Five participants arrived in the U.S. in 1963, and three went to third countries. Eight are coming to the U.S. during FY 1964.

The contract with G-K, presently scheduled to terminate in December 1964, may be extended to December 1966. Continuation of the contract depends upon continued effective GOI utilization of G-K services. The GOI's new December 1963 cabinet reaffirmed the Government's recognition of the need for this work and its intention to make effective use of the G-K team.

In FY's 64-65 the GOI will supply twenty specialists to work with the U.S. team. Office machines and other equipment required for mechanization are being purchased with GOI funds. Overall, GOI financial support increased from 8 million rupiah per year in FY 60 to 70 million rupiah in FY 63, including local support costs for the G-K team.

FY 1965 Funding: Contract Services: \$200,000 for continuation of the G-K contract through December 1966. Participants: \$30,000 for 1 year training for four fiscal administration participants in the U.S.

*Estimate based on extension of the G-K contract to December 1966.

Project Objective and Description: To assist the GOI improve its national fiscal administration, specifically fiscal accounting, reporting and budgeting systems. The existing outmoded systems are major obstacles to good fiscal administration and successful execution of overall economic development plans. Systematic programming and control of government monetary resources are prerequisites to achievement of both these goals.

AID, through a contract with Griffenhagen-Kroeger, Inc., Management Consultants (G-K), provides a team of resident American financial administration advisors to the Indonesian

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Local Government Improvement, 497-11-770-136			
Prior Reference: 497-AB-77-AC-5			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	696	371	325
Estimated FY 64	252	300	xxxxxxxxxxxx
Estimated through 6/30/64	948	671	277
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
271	251	1,470	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	45	30	
Participants	200	228	
Contract Services			
Commodities	7	13	
Local Expenses			
TOTAL	252	271	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		3,520 <u>1/</u>	3,000 <u>2/</u>

Training Centers. By 1970, the GOI plans to train annually 150 officials at the National Academy (which now trains 75) and 900 officials at the regional Centers (which now train 750).

U.S. support has consisted of participant training, technical and advisory services, and some commodities, including books, periodicals and necessary office equipment. Participants have been selected from three general groups: those who are or will be assigned as faculty members of the National Academy; directors and deputy directors of the regional Centers; and local government officials. To date over 40 participants have been brought to the U.S. for training. Some aspects of this training are being provided under an AID training contract with Wayne State University. Advisory services are provided by two U.S. technicians; one a specialist in education, the other in general administration. The latter as assigned on a full-time basis to the Academy.

Participant training will continue to add to the faculties of the National Academy and the entire regional Center system. Books and publications will be supplied to increase library facilities. Approximately 270 million counterpart rupiah is expected to be committed for enlargement and construction of dormitory and classroom buildings at the Academy. It is anticipated that U.S. assistance will terminate by the end of FY 66.

GOI support has varied between 30 and 90 million rupiah per year, including classroom and dormitory construction costs. Indonesian support in 1964 and 1965 is expected to be between 57 and 100 million rupiah depending upon construction costs.

FY 1965 Funding: Technicians: \$30,000 for 2 specialists; one in education, and one in general administration. Participants: \$228,000 for 30 participants to be trained in the U.S., including job observation and field study for a group of 12 Indonesian local government administrators at Wayne State University. Commodities: \$13,000 for books, publications and office equipment.

1/ 264 at Rp. 8.79 = \$1; remainder at Rp. 45 = \$1.
2/ Rp. 45 = \$1.

Project Objective and Description: To improve the training of local and regional government officials, thereby helping provide the competence in local government needed for political stability and economic growth. The size and geographic nature of Indonesia requires more than normal reliance on local government. When the country achieved independence the structure and capability, of local government were inadequate to the needs of a modern, unified nation.

Local and regional governments include 209 regencies, 659 districts and 2,955 sub-districts. All of these units look to the GOI's Department of Civil Administration for trained administrators. To meet this pressing requirement, the GOI in 1956 established the National Academy of Local Government Administration at Malang, to train personnel for local government, and instructors to staff 18 Regional

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Civic Action, 497-11-990-168
Prior Reference: 497-ZA-99-AB-5
Initial Obligation FY: 1963 **Scheduled Final Obligation FY:** 1969

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,175		1,175
Estimated FY 64	495	1,325	xxxxxxxxxxxx
Estimated through 6/30/64	1,670	1,325	345
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
500	1,500	3,670	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants	495	500
Contract Services		
Commodities		
Local Expenses		
TOTAL	495	500

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
	22,000*	11,000*	

Project Objective and Description: To provide U.S. support for the Indonesian Armed Forces' civic action efforts -- rural development and rehabilitation and civil administration training -- through joint AID/MAP training and commodity support.

A basic assumption of U.S. policy is that the GOI's Armed Forces, in particular the Army, represent the major balance to Communist subversion in Indonesia. U.S. assistance is 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 will provide a tangible counterforce to

Communist propaganda. Furthermore, involvement of the military services in civic improvement activity will help them gain greater popular acceptance.

U.S. assistance was initiated in FY 1963. Four courses of action are being employed by AID/MAP: (a) providing engineering tools for light construction work (AID); (b) providing combat-engineer battalions with a construction capability (MAP); (c) providing commodity and technical assistance to village, regional and national civic action projects (AID); and (d) providing executive management and other training in the U.S. to improve the capabilities of Armed Forces officers to fill important positions in the civil administration and economy (AID).

In FY 63 AID provided 25 sets of handtools and 95,000 hoe blades at a cost of \$670,000. During FY 1963 and FY 1964 MAP has financed heavy construction equipment and engineer training at a cost of \$4 million. AID support in FY 1964 is concentrated on training officers in the U.S. in management fields. Of 74 officers scheduled, 9 have completed training and 51 are now undergoing training. At Indramaju (West Java) a pilot "food for work" irrigation and drainage project is underway with AID support. Although no dollar funded commodity support for construction projects is anticipated, AID is considering the use of 500 million counterpart rupiah for this purpose in FY 1964 as add-on to the Indonesian military budget for civic action. These funds would be used to support construction and rehabilitation projects on an individually approved basis. For FY 65 and subsequent years, the use of PL 480 104(g) funds for construction projects is being considered.

The Indonesian Armed Forces do all basic individual project planning. AID then takes part in the review and evaluation of those projects which have received initial approval. In addition, the Indonesian Armed Forces have supplied the limited local currency needs to date.

FY 1965 Funding: **Participants:** \$500,000 for U.S. training of 80 officers in management, public administration, and related fields. Seminars and special courses at AID, and at academic, and military institutions are planned, in addition to regular academic training.

* At Rp. 45 = \$1 U.S.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: General Participant Training, 497-11-990-179			
Prior Reference: 1/			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1/		
Estimated FY 64	700	165	XXXXXXXXXXXX
Estimated through 6/30/64	700	165	535
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,500	2/	2/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants	700	1,500	
Contract Services			
Commodities			
Local Expenses			
TOTAL	700	1,500	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Project Objective and Description: To provide training in the U.S. for individuals or groups whose professional development and political orientation is of significance to the U.S., when such training cannot readily be provided under other specific activities or programs.

A major emphasis of A.I.D. strategy is the support of Indonesian institutions and leadership considered compatible with U.S. interests. This project is designed to develop a steadily growing corps of potential political and economic leaders in different sectors of the economy, sympathetic to free world ideals and concepts, and familiar with modern science technology and management. This necessitates extensive training in and exposure to Western ideology and

professional, administrative and technical skills. Requirements for this kind of program, where the objectives are both political and economic, go beyond the traditional concept of "project-connected participant training," i.e., where training is an element of a specific activity. This approach calls for increased flexibility in the choice of individuals and groups. The Mission, therefore, has set up a Participant Training Committee to establish selection criteria, review and approve proposals and training priorities, assure coordination with other project training elements, and plan effective follow-up. Training candidates are carefully selected from groups or types of individuals which: (a) are potentially the most important politically as a source of leadership and as opinion molders; (b) will ultimately wield the greatest influence on the country's economic and social development; and (c) are in critically short supply, thus creating development bottlenecks. In all areas special attention is given to influencing the new generation of younger leaders.

The interest and cooperation shown to date by the GOI in participant training has been exceptionally good. Practically all participants return to the jobs which have been designated for them before their departure. The GOI continues full salary payments to participants with other dependent responsibilities.

FY 1965 Funding: Participants: \$1,500,000 for approximately 220 participants tentatively programmed in the following fields of activity: Agriculture - 15; Industry, Mining, Transportation - 45; Advanced Graduate Training (engineering, science, economics, etc.) - 100; Labor Leadership Training - 30; Communication Media - 15; and Public Administration - 15. All training will be in the U.S.

1/ Prior reference: Participant components of 497-AA-19-AA-2, 497-AC-41-AE-5, 497-AC-66-AH-5, now terminated. The new project is oriented to broad political purposes that were not the concern of the old.

2/ AID plans to continue this activity so long as it has a clear and favorable impact on the Indonesian leadership group, or so long as the political results are considered of priority value to the U.S. The level of future aid to this program, however, will depend on FY 64-65 experience.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: INDONESIA

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 497-11-990-000			
Prior Reference: 497-ZZ-99-AA-5			
Initial Obligation FY: 1954		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	5,299	5,049	250
Estimated FY 64	1,120	1,050	xxxxxxxxxxx
Estimated through 6/30/64	6,419	6,099	320
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,040	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	975	838	
Participants			
Contract Services			
Commodities	145	202	
Local Expenses			
TOTAL	1,120	1,040	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		29,054	5,555

are responsible for coordinating activities of various divisions of the USAID with GOI Departments and Bureaus. **FY 1965 Funding: Technicians:** \$838,000 to finance the costs of 49 technicians and advisors for program development and implementation. Included are the program planning and participant training staffs, supply advisors, communications media specialists, and agricultural, labor, industrial, education, public administration, public health, and capital project experts who direct various activities under the program, as well as supporting secretarial and clerical personnel.

Commodities: \$202,000 for items essential to the support of the program including paper and paper products, electrical apparatus and parts, motor vehicles and spare parts, communications media equipment, miscellaneous office supplies, and maintenance items for living quarters.

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

Technical Support requirements comprise: (1) salaries and allowances of program technicians whose services relate to more than one project, or to activities not covered by a specific project; (2) logistic and medical support for these personnel (housing, utilities, transportation, etc.); (3) proportionate share of office overhead chargeable to program activities; and (4) audio-visual, graphic and editorial support activities. The U.S. technicians included under this project

*This project will continue annually in general support of A.I.D. programs.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: INDONESIA

Borrower: REPUBLIC OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Harbor Development and Rehabilitation, 497-A-007	
Date Approved: January 30, 1959	Date Signed: June 26, 1959
Loan Status as of 12/31/63	Loan Terms
Amount	
Approved	Duration
Ltr Of Com't Issued	Grace Period
Disbursed	Interest Rate
Repayments	Currency of Repayment...
Interest Collected	

Malaysia. HPG was also the successful bidder on construction at three additional ports, Ambon and Ternate in the Moluccas, and Tenau on Indonesian Timor.

With signing of the three-port contract in April 1963, the progress of this project advanced considerably. However, the Indonesia-Malaysia crisis which erupted in September altered this trend. The Indonesian confrontation policy prohibited HPG use of Singapore as a staging area and caused other difficulties. AID made it clear no costs arising from the confrontation policy could be financed from the loan and the Indonesian Government has agreed to pay all such additive costs from its own foreign exchange. HPG estimates these additive costs may run as high as \$300,000.

Initial delays caused by the confrontation has been overcome. Pile-driving should commence at Ambon in March. In addition, technical problems which delayed pile-driving at Pontianak have been resolved and all Pontianak work should be completed by the end of FY 1964.

Financial Status: Of the \$6,000,000 total loan, \$5,505,082 is covered by irrevocable letters of credit, as follows: \$1,320,020 Pontianak (HPG); \$2,900,000 three-parts (HPG); and \$1,285,060 engineering (DMJM).

Host Country Contribution, Procurement Source: The Indonesian Government has provided local currency support as follows: Rp. 28,788,485 for the Pontianak contract; Rp. 57,097,980 for the three-port contract; and over Rp. 30,000,000 for the DMJM engineering contract. The Government also provides logistical support and basic labor. The loan authorized world-wide procurement.

Comments on Implementation: Indonesian wharf rebuilding at Sanpit and improvement of water supply facilities will proceed on a funds-available basis depending on progress of the major work.

Purpose of Loan: To finance foreign exchange for rehabilitation and development of 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, it has meant virtual inaccessibility. Improvement of these ports is designed to assist and stimulate a more economical flow of goods within the archipelago.

Physical Status: The components include construction of docks at four ports, rebuilding of wharfage at one port, and improvement of water supply facilities at seven ports (including two where docks are also being constructed).

An engineering contract was signed in March 1960 with Daniel, Mann Johnson & Mendenhall (DMJM). Phase I for preliminary surveys and reconnaissance, was completed in October 1960. Phase II, which included detailed surveys and preparation of engineering specifications was completed in 1963. Phases III and IV, the latter under a March 1960 contract amendment, cover supervision of actual construction and general administration of the construction contracts.

Construction first began at Pontianak, West Borneo, under a January 1962 contract awarded to a joint venture (HPG) of the Hawaiian Dredge Company and the Pomeroy Company both of the United States, and Gammon Ltd. of

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: INDONESIA

Borrower:

REPUBLIC OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: South Sumatra Railway
Rehabilitation, 497-A-006

Date Approved: November 28, 1958 Date Signed: June 26, 1959

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved \$3,000	Duration 15 years
Ltr of Com't Issued 2,731	Grace Period 1 year
Disbursed 2,637	
Repayments 289	Interest Rate 3½%
Interest Collected 176	Currency of Repayment . . . Rupiahs

Purpose of Loan: To finance foreign exchange for equipment, materials, and services for rehabilitation of the railway between the port of Kertapati and the coal mine at Tandjung Enim on the island of Sumatra. The railway is a vital link for transport of goods and materials between the main island of Java and Sumatra. Poor condition of the track had prevented efficient railway operations.

Physical Status: The project involves removing 162 kilometers of old bolted rail, replacing it with new welded rail of heavier section, replacing ties, producing and laying properly stone ballast, installing of new switches, and final aligning of the track.

The loan has financed flat cars, ballast cars, track jacks, quarrying equipment, motor transport equipment, some generating sets, and a supply of spare parts. The loan also financed a contract between the Indonesian State Railways and the J. G. White Company (N.Y.) under which White provided experts for supervising all phases of the project. White also did the survey and design work and has handled equipment procurement.

In 1963, the project was reduced from 165 to 162 kilometers by excluding track in the Tandjung Enim station area. All welding of the new rail was finished and the rail laying completed in October 1963.

On November 30, 1963, a monument was dedicated at Kertapati to commemorate this. On the monument, there is a plaque stating, "With assistance from DLF-USA". The maximum allowable speed is now 60 kilometers per hour over the entire track length. This has more than doubled capacity and was one of the main objectives of the loan.

The main problem has been rock ballast production. In October 1963 an Indonesian Army Civic Action Team was assigned to the quarry to supplement the civilian work force. As of December 31, 1963, 76,782 cubic meters of ballast had been produced, or 79 percent of the total required. If with the aid of the Civic Action Team ballast production can sustain a quarterly average of 11,000 cubic meters, all ballast will be delivered before July 1964. Also as of the end of December 1963, 77 percent of the track surfacing, alignment and dressing was complete. This follows close behind the ballasting.

On February 6, 1964, under the terms of the White contract, the field staff services ended. Once spare parts now under procurement are received in Indonesia, no further contract services are anticipated. The contract expires June 30, 1964. The Indonesian State Railways with monitoring by the Mission should be able to finish the project before the end of CY 1964.

Financial Status: No further commodity requirements are anticipated and remaining contract costs should be minimal. This may leave a \$250,000 unutilized balance. Absent now unanticipated new requirements, A.I.D. plans to deobligate this before the end of FY 1964. This will be discussed with the Indonesian Government. Repayments are on schedule.

Host Country Contribution, Procurement Source: The Indonesian Government and State Railway have met all local currency needs for this project, supplied all basic labor, provided general railway equipment, supplied the ties and rails, and provided logistic support for the White field staff. Originally, local currency costs were estimated at over Rp. 360,000,000, but it is not clear what they will finally be. The loan authorized world-wide procurement, but all services and most commodities were procured from the U.S.

Comments on Implementation: Progress since July 1963 has been quite satisfactory.

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SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

CONFIDENTIAL

Country: KOREA

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	1,836	1,836		2,761	2,761		1,682	1,682	
Participants	289	289		311	311		294	294	
Contract Services	2,045	2,045		933	933		2,408	2,408	
Commodities.....	3,081	3,081		1,195	1,195		1,181	1,181	
Local Expenses.....									
Total Project Assistance.....	7,251	7,251		5,200	5,200		5,565	5,565	
NON-PROJECT ASSISTANCE									
Commodities	90,000		90,000	66,200		66,200	75,000		75,000
Cash Transactions									
Other									
Total Non-Project Assistance.....	90,000		90,000	66,200		66,200	75,000		75,000
Grand Total	97,251	7,251	90,000	71,400	5,200	66,200	80,565	5,565	75,000
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed	83	83		66	66		66	66	
Participating Agency	5	5		9	9		23	23	
Total U.S. Technicians	88	88		75	75		89	89	
Contractor Employees (on duty close of yr.)	92	92		116	116		61	61	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract	89	89		92	92		93	93	
Contract									
Total Participants.....	89	89		92	92		93	93	

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

TABLE II

Country: KOREA

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	313	313	
Industry and Mining	2,944	2,944	
Transportation	66	66	
Education	111	111	
Public Administration and Public Safety	660	660	
General and Miscellaneous	500	500	
Technical Support	971	971	
Total	5,565	5,565	

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Rural Policy Planning and Survey, 489-11-110-594			
Prior Reference: 489-AD-11-AA-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
		Obligations	Expenditures
Through 6/30/63		4,778	4,655
Estimated FY 64		355	407
Estimated through 6/30/64		5,133	5,062
Estimated FY 65 Obligations		Future Year Obligations	Estimated Total Cost to Complete
313		500	5,946
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	270	228	
Participants	55	55	
Contract Services			
Commodities	30	30	
Local Expenses			
TOTAL	355	313	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,056*	*

Project Objective and Description: To assist the Ministry of Agriculture and Forestry develop the technical manpower necessary to raise agricultural, fisheries and forestry production so as to obtain adequate supplies of food and agricultural raw materials necessary for industrial development. As a primarily agricultural country Korea should (a) eventually achieve self-sufficiency in food production and (b) maximize its production of agricultural products which have a favorable export market such as livestock, fish and raw silk. Specific targets of this project are to: (1) improve agricultural productivity through such measures as increased

utilization of appropriate fertilizers and lime and through development of the uplands; (2) rationalize and expand farm credit; (3) develop modern marketing practices and pricing policies; (4) expand agricultural skills through technical training; (5) provide guidance in agricultural research; and (6) improve the organization and planning of the Ministry of Agriculture and Forestry.

Progress to date includes: (1) organizational improvements such as the consolidation of research and extension activities, and the merging of credit and cooperative activities into a single organization; (2) increased application of balanced fertilizers; (3) distribution in CY 1963 of 100,000 MT of lime; (4) training courses for 91,600 farmers in CY 1963; (5) agricultural production in 1963 11 percent higher than in 1960 despite a very bad barley crop in the summer of 1963; (6) increased fisheries production (486,000 MT in CY 1963 vs. 277,000 MT in 1952) and exports of marine products (exceeding \$11 million in 1963); and (7) planting of over 1 billion acacia seedlings through CY 1963.

The ROKG supports agricultural improvements through the budget of its Ministry of Agriculture and Forestry, which includes the agricultural college and rural development office at Suwon, provincial extension services and support for agricultural credit. The American-Korean Foundation is working with 4-H clubs and in 1963 installed five upland development demonstration centers, a field in which the United Nations has also worked since 1962.

FY 1965 Funding: Technicians: To fund 12 advisors in agricultural and rural engineering, education, economics, soils and fertilizer, horticulture and rural development. By 6/30/65 this number will be reduced to ten A.I.D. direct-hire technicians, plus a smaller number of contract technicians. **Participants:** To send 17 for periods of 6 to 12 months in the U.S. and Japan in the fields of agriculture, forestry, food processing, livestock, rural development, farm tools operation, fisheries and sericulture. **Commodities:** Primarily for seeds.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Increase in Mineral Production - 489-12-210-605			
Prior Reference: 489-AC-21-AA-2, 489-AC-21-AB-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	12,146	9,280	2,866
Estimated FY 64	350	1,096	xxxxxxxxxxxx
Estimated through 6/30/64	12,496	10,376	2,120
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
978	1,200	14,674	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	65	48	
Participants	30	30	
Contract Services	105	750	
Commodities	150	150	
Local Expenses			
TOTAL	350	978	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		7,781.0*	*

Through assistance provided by contract with Mineral Industries Engineers, proven reserves of iron ore increased from 3.1 million tons in 1960 to 20 million tons in 1963. Pierce Management Corporation has given advisory services since 1959 to the Dai Han Coal Corporation and to private operators, and assisted in locating a 25 million ton coal deposit. In 1963 a \$9.5 million Development Loan was authorized for the Changsong deep shaft project, and West Germany provided a loan of \$5.18 million for improvement of other Dai Han Coal Corporation properties. In CY 1963, the ROKG contribution to mining objectives totalled 758.9 million won (\$5.9 million). In addition, 212 million won (\$1.6 million) was lent to the Consolidated Private Mines from the ROKG CY 1962 loan budget. Fifty-eight Korean mining engineers were trained in the U.S. and now work in their fields of specialization.

FY 65 Funding: **Technicians:** To provide two mining advisors, one under PASA with the U.S. Bureau of Mines, and one A.I.D. direct-hire employee under this project by 6/30/65. **Participants:** To train five persons in mining and geology in the U.S. for one year. **Commodities:** To provide \$100,000 for chemicals, reagents and equipment for the Seoul and Taejon laboratories of the Office of Geological Survey, plus \$50,000 as the final contribution towards repair and replacement equipment for the Office of Minerals Exploration. **Contract:** One year extension of the Pierce Management Corporation and the Mineral Industries Engineering contracts.

Project Objective and Description: To increase production of mineral ores to reduce import requirements and expand exports. While the emphasis is on coal and iron ore production, since 1963 increased attention is being given to new copper properties and to copper and fluorite operations.

U.S. assistance has been given since 1956, for geological 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 MT in 1955 to 470,000 MT in 1962, coal from 1.3 million MT in 1955 to 7.4 million MT in 1962. Iron ore exports in 1962 totalled \$2.8 million. Anthracite production is valued at over \$65 million.

The pipeline reflects commodities previously ordered but not yet delivered and includes funding of the four-year contract with Pierce Management for loan engineering services connected with the Changsong Loan.

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

PROJECT DATA

(In thousands of dollars and equivalent)

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: 489-AB-22-AE-1

Initial Obligation FY: 1956 **Scheduled Final Obligation FY:** 1959

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	5,012	947	4,065
Estimated FY 64		2,135	XXXXXXXXXX
Estimated through 6/30/64	5,012	3,082	1,930
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		5,012	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL		

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,115 *	*

Project Objective and Description: To provide adequate power for Korea's industrial, domestic and defense requirements. This project is part of the overall program to increase Korea's power capacity to 908 MW by 1966.

Specifically, this project will rehabilitate the Chongpyong dam and generating plant by 1) alleviating the partial obstruction of the tailrace, thereby increasing power generation by 3,000 KW, (2) rehabilitating the dam, and (3) rehabilitating the power plant and switch yard and providing the replacement parts to keep the plant in dependable operating condition.

There were several factors which contributed to delays in implementation of this project. Funds programmed in FY 1957 were transferred to use for the larger and higher priority Hwachon hydro-electric plant, and not replaced until FYs 1958 and 1959. (Hwachon, completed in 1958, furnishes nearly 21% of Korean power 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 SH&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 phrases 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 SH&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. Responses were received in June 1961, on the basis of which 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. Work under the contract is scheduled to be completed by 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 is on order and is arriving. By the end of FY 65 unliquidated obligations will be negligible, or none.

FY 65 Funding: None. The pipeline is being drawn down as commodities arrive and as the contractor bills A.I.D. for services performed.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Expansion of Power Generation and Distribution Capacity, 498-15-220-604			
Prior Reference: 489-AB-27-AB-5, 489-AB-22-AA-2			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	3,181	866	2,315
Estimated FY 64	222	1,607	*****
Estimated through 6/30/64	3,403	2,473	930
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,155	200	4,758	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	122	55	
Participants			
Contract Services	100	1,100	
Commodities			
Local Expenses			
TOTAL	222	1,155	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,604*	*

Project Objective and Description: To assist the Korean Government in the planning and implementation of electric power generation and distribution so as to meet increasing industrial and consumer requirements. Technicians under the project will continue to (1) oversee the separately funded Chongpyong hydroelectric power plant rehabilitation (through PASA with the Corps of Engineers), the Pusan 132 MW thermal power plant

(DL), and the Kunsan 66 MW plant construction (DL); (2) provide management advisory services to the Korea Electric Company (KECO) through an American contractor (EBASCO); and (3) complete U.S. assistance to a sound plan for development of adequate generating and distribution facilities. The construction of the Yongwol thermal power plant was completed during FY 1964.

Korea has itself placed in operation four diesel plants, a power barge and a thermal power plant; and other facilities, including hydro-electric power plants, are under consideration or construction. KECO, with foreign exchange and local currency, has rehabilitated several major substations and extended transmission and distribution lines. Electrical rates were increased in FY 1962 and the country's three power companies were merged, greatly improving the system's overall financial condition. With the recent adoption of the U.S. Federal Power Commission classification of accounts system, the return of 186 A.I.D. participants, and completion of on-the-job training by EBASCO, KECO is rapidly approaching the 1966 target of 908 MW of generating capacity.

FY 1965 Funding: Technicians: To fund 4, of whom one will be under PASA with the Corps of Engineers. By 6/30/65, three A.I.D. direct-hire technicians will be on board. **Contract:** To provide \$800,000 to fund an extension of the present two-year EBASCO contract. \$300,000 is allowed for supervisory services in connection with pending Transmission and Distribution Loan applications for \$7.2 million.

The drop in pipeline reflects the arrival of commodities funded in FY 1962, as well as expenditures under the pre-funded EBASCO contract.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Productivity, 489-13-230-414			
Prior Reference: 489-AE-23-AB-2 (part)			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1960	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	8,958	7,915	1,043
Estimated FY 64		1	xxxxxxxxxxxx
Estimated through 6/30/64	8,958	7,916	1,042
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
			8,958
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		N.A.	

This project represents the consolidation of three nearly completed industry projects: 230-414, Services and Training - Chungju Fertilizer Plants; 230-280, Industrial Training; and 250-282 (and formerly 99-282), General Engineering Services. Disbursements have been nearly completed on the latter two projects, so that the pipeline represents almost wholly funds which may be required in settlement of a dispute between the U.S. Government and McGraw-Hydrocarbon, the contractor on the Chungju plant under 230-414. 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 have been referred to the GAO for settlement.

The Chungju Fertilizer Plant went into operation in 1961. 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 terminates at the end of FY 1964, and no further U.S. assistance to the plant is anticipated.

Project Objective and Description: To upgrade technical and management practices in existing industrial plants so as to increase industrial productivity and efficiency. Ninety-five percent of the 210 plants financed by the U.S. under predecessor projects now operate on a satisfactory basis. U.S. technicians, now financed by project 230-606, will assist in bringing the remaining plants into productive operation during FY 1964.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Development, 489-13-230-606			
Prior Reference: (489-AE-23-AB-2) 489-AE-23-AC-5			
Initial Obligation FY: 1961 Scheduled Final Obligation FY: 1966			
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,608	1,318	1,290
Estimated FY 64	353	680	xxxxxxxxxxx
Estimated through 6/30/64	2,961	1,998	963
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
366	400	3,727	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	71	71	
Participants	82	95	
Contract Services	200	200	
Commodities	-	-	
Local Expenses	-	-	
TOTAL	353	366	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		N.A. *	

businesses, the ROK ministries, industrial and trade associations to upgrade quality production along a broad industrial front. Emphasis is being shifted from aiding individual companies to working with professional and trade associations so as to upgrade whole industries and teach Korean businessmen concepts of professional responsibility. An exception is a contract with an American firm which provides current services and training assistance to the Chungju fertilizer plant.

Special problems not within the competence of the regular staff will be handled by short-term consultants, assigned to the Ministry of Commerce and Industry. The areas most needing attention are market promotion (export and domestic), preventive maintenance, demonstration plants technology, cost accounting, and special industrial technology. A consultant in export promotion is of highest priority.

By FY 1967, Korean industry will have established not only a pattern for long range development, but also will have acquired many of the basic skills and knowledge needed to make this development an attainable goal. The pipeline includes unexpended funds for the Allied Chemical Corporation contract to provide technical assistance to the Chungju Fertilizer Plant. This contract expires in July 1964. The pipeline also covers long lead time commodities on order in connection with USOM's industrial advisory services.

FY 1965 Funding: Technicians: To provide four technicians, all of whom will be A.I.D. direct-hire and on-board at 6/30/65. Participants: To train 39 participants in specialized industrial skills in the U.S. and Japan. Contract: To provide for consultants in export promotion and specialized industrial problems.

Project Objective and Description: To help private industry improve its operating methods, secure a favorable business climate, expand both its domestic and export markets, upgrade the skills of management and labor and maximize productivity.

The quality of Korean industrial production is often inferior to U.S. and international standards, thus limiting industrial expansion and exports. Since FY 1963, A.I.D. has been advising the National Industrial Research Institute (NIRI), the primary Korean quality control institution, on technical and organizational problems, so as to improve its testing services. Within a year, NIRI should be sufficiently equipped with facilities, technical personnel, and ROK Government support to enable it to carry on without further assistance from the U.S. Three U.S. technicians work with individual

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Ground Water Survey, 489-11-250-609			
Prior Reference:			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63			
Estimated FY 64	1,069	139	xxxxxxxxxxxx
Estimated through 6/30/64	1,069	139	930
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
445		1,514	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	875	225	
Participants	14	14	
Contract Services		206	
Commodities	180		
Local Expenses		445	
	TOTAL	1,069	445
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		*	*

Insufficient surface water during dry periods, especially in certain locations, prompted a preliminary ground water investigation in 1963 under a PASA with USGS (funded under a different project, "Technical Assistance to ROKG Operation", (740-568). The study recommended a five-year program for development of ground water data in Korea to enable better planning and utilization by industrial users, municipalities, and agricultural consumers.

Under the project, the Korean Government will provide cooperating technicians and office space, interpreters, and logistic support for the team. Other A.I.D. activities, UN Special Fund, and ROKG reclamation, irrigation and municipal water supply development projects will be coordinated with the USGS study.

FY 1965 Funding: Will complete funding of the new PASA with USGS and will cover the following: Technicians: To provide ten technicians including specialists in geology, hydrology, geophysics, sedimentology and well-digging. By 6/30/65, there will be only PASA funded technicians under this project. Participants: To provide training for four people in the U.S. under a program to be developed by the USGS. Commodities: To provide funding for equipment such as electric loggers, seismograph, pygmy current meters, sedimentation laboratory, gravity meter, water level recorders, neutron logger and vertical current meters needed to conduct the survey and train the local personnel.

The pipeline existing at 6/30/64 will be composed of funds for PASA technicians and commodities on order but not yet delivered.

Project Objective and Description: To support ROK Government efforts to obtain maximum benefit from ground water resources for use as municipal, industrial, and irrigation water supplies. A PASA with the U.S. Geological Survey (USGS) will finance technicians to conduct a comprehensive ground water survey with related maps and supporting materials and will provide the ROKG with proper equipment and train personnel to continue the work after completion of the survey.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Improvement of Transport Capabilities 489-11-330-600			
Prior Reference: 489-AE-33-AD-2			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	116	74	42
Estimated FY 64	97	110	xxxxxxxxxxxx
Estimated through 6/30/64	213	184	29
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
66	45	324	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	68	50	
Participants	29	16	
Contract Services			
Commodities			
Local Expenses			
TOTAL	97	66	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		393*	*

Project Objective and Description: To assist the ROKG to continue development of its transportation system on a sound and cost-minimizing basis to (a) meet the defense needs of the country and (b) support adequately the economic development of Korea and sustain its increasing commercial, industrial and agricultural activities. This project provides advisory services and training in various aspects of transportation to enable the ROKG to maximize the gains it has made with the assistance of prior U.S. and international aid projects in highways and bridge construction and maintenance, dieselization

and expansion of the railroad, urban transport modernization, and marine and airport improvements.

Devastated by the Korean war, the Korean transportation system was unable to handle the country's requirements. In addition to USOM technicians, ROK Army as well as U.S. Army engineers have supervised highway projects in military areas. In addition to a Development Loan for \$8.3 million signed in FY 63 to provide 30 diesel locomotives, the International Development Association (IDA) provided a \$14 million loan for procurement of 115 new passenger cars and 935 coal cars for delivery in FY 64 and for railroad financial consultants. In addition, A.I.D. in FY 64 is considering a second Development Loan application for \$11 million for 65 additional diesel locomotives. The ROKG in May 1963 contracted with a firm of U.S. consultants to provide advice in railroad operation and financial management. A Swedish loan of \$14.3 million has enabled the purchase of eight used 10,000 ton cargo vessels, and a \$35 million Franco-Italian line of credit is funding fishing vessels for early delivery. The ROKG budget for FY 1964 includes 2.5 billion won or \$19 million in support of all phases of transportation.

FY 1965 Funding: Technicians: To provide two technicians, one in highway and general transportation, the other under a terminating PASA with the Federal Aviation Administration for civil aviation advisory services. Only one A.I.D. direct-hire technician will remain on board at 6/30/65. Participants: To provide for training four people in air frame and engine inspection, flight check pilot training, and highway foundations.

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

PROJECT DATA

(In thousands of dollars and equivalent)

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: 489-AE-61-AF-5			
Initial Obligation FY: 1959		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	3,423	2,792	631
Estimated FY 64	170	380	xxxxxxxxxxx
Estimated through 6/30/64	3,593	3,172	421
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
111	220	3,924	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	83	85	
Participants	22	16	
Contract Services			
Commodities	65	10	
Local Expenses			
TOTAL	170	111	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,151*	*

Project Objective and Description: To improve and expand vocational training to help the ROK Ministry of Education (MOE) to provide an adequate supply of well-trained workers for Korea's industrial and agricultural development. This project seeks to overcome the shortage of middle-level technicians by upgrading the quality of technical instruction in existing schools, improving facilities for such instruction, assuring a continuing supply of competent instructors and by changing the existing orientation of 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 and has trained 87 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 self-help in vocational training is expanding rapidly as shown by their contributions increasing from \$154,000 average per year for 1954-1961 to \$1,390,000 in 1962 and \$1,550,000 in 1963. The AFAK program (U.S. Armed Forces Assistance to Korea) is providing construction materials for a limited number of technical and agricultural schools. UNESCO has provided equipment and two trades experts at Inha Technical Institute, where West Germany has also provided technical advisors to train apprentices in certain trades since 1962.

FY 1965 Funding: Technicians: To fund 4, of whom only 2 will remain on board as direct-hire technicians by 6/30/65. Participants: To finance 3 for 12 months each in the U.S. Commodities: To provide precision tools and testing equipment for fourth year students in the Teacher Training Department of the Seoul National University.

The drop in pipeline reflects arrival of teaching equipment previously funded.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Assistance to ROKG Activities, 489-11-740-589			
Prior Reference: 489-AA-74-AC-2			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	410	319	91
Estimated FY 64	291	227	xxxxxxxxxxxx
Estimated through 6/30/64	701	546	155
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
262	262	1,225	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	170	134	
Participants	36	43	
Contract Services	50	50	
Commodities	35	35	
Local Expenses			
TOTAL	291	262	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		*	*

Project Objective and Description: To provide high-level advisory assistance and to establish in-service training programs to improve management techniques and operations in selected area of the Korean Government. The principal areas are: tax structure and administration; management, including personnel administration; public safety; health, and education. The A.I.D. technicians provide advice to the appropriate Ministers and Vice Ministers in the development of sound administrative policies and techniques, influencing decisions made in the areas of their competence and helping to assure that benefits continue to be derived from the sizable prior U.S. assistance to Korean Government activities in these areas.

Taxation: U.S. efforts have contributed to significantly increased tax collection through (a) in-service training for 2,000 tax officials including investigators in CY 1963, (b) introduction of improved audit procedures, and (c) recommended revision of tax legislation. Continuing tax advisory services focus on tax structure and collection problems.

Government Administration: Continuing efforts are directed towards the Ministry of Cabinet Administration and the Office of Plans and Control in the Office of the Prime Minister with a view to development of more rational systems of planning, budgeting, managerial organization and staff structure. In April 1963, a merit civil service system was established.

Public Safety and Health: U.S. technicians continue to provide technical assistance aimed at coordination and modernization of these activities, including the procurement and use by the Korean National Police of U.S. excess property.

Education: Educational assistance still focuses on the streamlining of higher educational administration and in 1965 will begin a program to improve high school science education.

Housing: U.S. assistance ended in 1964 following the centralization of housing planning and credit administration in the Korea Housing Corporation and effective programming by the Ministry of Construction.

With the return of participants to positions of responsibility in the ROKG and more effective utilization of other trained personnel, U.S. assistance to the government activities addressed by this project will be reduced.

FY 1965 Funding: **Technicians:** To provide 7, of whom 4 may be shifted to PASA. By 6/30/65, there will be 2 A.I.D. direct-hire technicians. **Participants:** To provide 13, in personnel and tax administration in the U.S., plus one in customs procedures in Japan, and one in public health in a third country. **Commodities:** To import \$20,000 of science teaching materials and \$15,000 in microfilm equipment. **Contract:** For short-term consultants in governmental accounting, tax audit, customs and organization and management.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Improved Administration of Banking and Credit, 489-15-750-588				
Prior Reference: 489-AA-75-AB-5				
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1966		
U.S. DOLLAR COSTS				
		Obligations	Expenditures	Unliquidated
Through 6/30/63		822	538	284
Estimated FY 64		564	300	xxxxxxxxxxx
Estimated through 6/30/64		1,386	838	548
Estimated FY 65 Obligations		Future Year Obligations		Estimated Total Cost to Complete
398		195		1,979
Proposed Obligations				
Cost Components	Estimated FY 64	Proposed FY 65		
U.S. Technicians	61	65		
Participants	25	25		
Contract Services	478	308		
Commodities				
Local Expenses				
TOTAL	564	398		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS				
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)		
Through 6/30/64	FY 65	Through 6/30/64	FY 65	
		44,937	*	

Project Objective and Description: To improve the capacity of key ROKG financial institutions by recommending and assisting in implementing changes in banking and credit practices; and to promote effective mobilization and use of credit as a tool for economic development. Special emphasis is being placed on organization and policies of the Korean Reconstruction Bank (KRB), the National Agricultural Cooperative Federation (NACF), and the Medium Industry Bank (MIB).

These institutions have received considerable technical assistance, supplemented by counterpart loans and grants and a \$5 million investment capital development loan to the KRB. The KRB funds have been reallocated to the broad

front of Korean industrial development, including major electric power projects, coal mine development, and investment capital for industrial enterprises and housing construction. The NACF has greatly expanded the supply of livestock development, crop diversification, and encouragement in producing potential export products. The MIB Revolving Credit Fund helps to finance small and medium-sized private industries and cooperatives. In-service training has supplemented the program for training participants in various aspects of banking and credit in the U.S. and other countries, mainly Japan.

A six-months' organization and management survey of the KRB is beginning in FY 1964. This is to be followed by a two-year management consultant contract to assist the KRB to correct weaknesses revealed by the management survey. Thereafter, an operations audit will complete assistance to the KRB.

The related Korean Ministries of Finance, Agriculture and Forestry, and Commerce and Industry have provided office space for U.S. advisors, and they participate in the programming of U.S. aid to the credit institutions under this project. Counterpart in the amount of nearly 4 billion won was loaned to these institutions in CY 1963. The ROKG, through the credit institutions, is increasingly active in promoting and undertaking investment investigations, providing marketing and financial advisory services, and expanding domestic private, as well as public, local currency contributions to meet the working and investment capital needs of Korea.

FY 1965 Funding: Technicians: To provide for one agricultural credit advisor and two banking advisors, all A.I.D. direct-hire technicians. By 6/30/65, there will be three direct-hire technicians under this project. **Participants:** Seven, including two each in agricultural credit and banking in Japan, and three in public finance and accounting in the U.S. **Contract:** \$8,000 for an insurance consultant for three months and \$300,000 to begin the operations audit of the KRB. The KRB contracts are expected to effect a rapid drawdown in the pipeline.

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Civic Action, 489-16-990-610			
Prior Reference: 489-ZA-09-AB-5			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	3,108	1,424	1,684
Estimated FY 64	500	950	xxxxxxxxxxxx
Estimated through 6/30/64	3,608	2,374	1,234
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
500	500	4,608	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities	500	500	
Local Expenses			
TOTAL	500	500	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		*	*

A.I.D.'s contribution in CY 1962 and 1963 was made by a direct transfer of funds to the U.S. Department of the Army for the civic action projects. Projects included (1) provision of supplies and materials utilized by the field forces for a decentralized road maintenance system; (2) highway and bridge improvement; (3) training facilities for teaching scientific farming to reservists going back to their villages; (4) spraying materials for use against encephalitis; (5) rural school construction materials; (6) materials and construction assistance for rural health preventive medicine training program for ROK Army medical officers; (7) petroleum products and spare parts for vehicles supporting this project and (8) in 1963, Chunchon bridge construction. FY 64 A.I.D. funds are allocated as follows: \$404,000 for classroom construction, mainly elementary schools; \$85,000 for rural medical facilities, \$5,000 for road maintenance for material and spare parts to supplement FY 63 funded projects, and \$6,000 for drought and flood control. MAP funds are supplementing these Civic Action projects (\$93,000) and in addition will cover all costs of Armed Forces Assistance to Korea (AFAK) (\$376,500), for a total FY 64 program of \$969,500.

The ROKG provides planning, supervision, labor and local currency for construction costs, equipment and maintenance of the projects undertaken.

FY 1965 Funding: Commodities: To continue projects already begun and to implement similar new projects. Civic Action programming decisions will be made late in 1964 for implementation in CY 1965. Very late funding in FY 63 resulted in slow expenditure of funds. Long lead times required for commodity imports in FY 64 are responsible for the continuation at 6/30/64 of a high pipeline which, however, is expected to be reduced during FY 65.

Project Objective and Description: To use the manpower and technical skills available in the ROK military forces for projects that directly advance the economic and social well-being of the civilian populace.

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

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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: KOREA

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 489-15-990-000			
Prior Reference: 489-ZZ-99-AA-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	20,370	20,224	146
Estimated FY 64	1,108	1,020	xxxxxxxxxx
Estimated through 6/30/64	21,478	21,244	234
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
971	NA	NA	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	873	721	
Participants	-	-	
Contract Services	-	-	
Commodities	235	250	
Local Expenses	-	-	
TOTAL	1,108	971	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		5,992 **	**

This project provides authorized positions for the purposes noted above. Specific logistic support includes: (1) operation of a motor pool; (2) replacement of vehicles and spare parts for maintenance and repair; (3) office maintenance and improvements; (4) communications; (5) replacement of office equipment and supplies; and (6) provision of basic equipment for living quarters.

FY 65 Funding: Technicians: To provide for 27 direct-hire AID technicians and 13 secretaries. At 6/30/65 there will be a total of 40 persons on AID direct-hire basis under this project. Commodities: To provide \$250,000 for program and technical support costs.

Project Objective and Description: To provide support for program activities not chargeable to individual projects. Specifically, the U.S. contribution includes: (1) salaries and allowances of program technicians whose services relate to more than one project; (2) a proportionate share of office overhead chargeable to program operations; and (3) local currency costs from the Trust Fund chargeable to program activities including salaries to local employees.

** Since 1963, counterpart has been allocated by sector rather than project.

* This project will continue annually in general support of AID programs.

STATUS OF LOANS

(In thousands of dollars and equivalent)

LTD.

TABLE V

Country: KOREA

Borrower: ORIENTAL CHEMICAL INDUSTRY, CO. Funds: DEVELOPMENT LOANS

Title and Number of Loan: Soda Ash Plant, 489-A-004

Date Approved: June 24, 1959

Date Signed: December 11, 1959

Loan Status as of 12/31/63		Loan Terms	
Amount			
Approved	\$5,600	Duration	15 yrs.
Ltrs. Com't Issued	289	Grace Period	3 yrs.
Disbursed	289	Interest Rate	5 3/4%
Repayments		Currency of Repayment...	Won
Interest Collected	25		

the project to Incheon which is near major consumers of its chemical products. Further disbursements will be deferred until A.I.D. has satisfied itself on the soundness of the modified project including demonstration by Oriental Chemical of satisfactory local currency resources, financial viability of the enterprise, and technical and economic justification for the site change. Otherwise this project will be cancelled and the funds deobligated. Borrower interest payments have been made on a timely basis under this loan.

The loan application was supported by an economic feasibility study performed by the U.S. consulting firm of Smith, Hyuchman, and Grylls.

Host Country Contribution, Procurement Source: Procurement under the loan is limited to free world sources. The local currency costs for the project are to be met out of the stock subscriptions made by the borrower.

Comments on Implementation: Rapidly changing Korean economic circumstances during the final months of 1963 necessitated further A.I.D. assessment of this project's economic soundness. Among the factors which affected the project were a sharp drop in the supply of domestically produced industrial salt, in the wake of heavy spring and summer rains, and the sustained upward movement of commodity prices. Oriental's production cost data had been prepared for raw materials. Similarly, higher commodity prices altered the relationship between imported chemical products and those domestically manufactured. A determination of whether to proceed with the project is expected early in 1964.

Purpose of Loan: The purpose of this loan was to finance the foreign exchange costs of equipment supplies and services necessary for the rehabilitation and expansion of a non-operating chemical plant at Samchok, in order to engage in the production of soda ash, caustic soda, sodium bicarbonate, and calcium chloride. The Borrower, Oriental Chemical Industry Company, Ltd., Seoul, Korea, was organized by experienced local business men in 1958 as a successor to Oriental Chemical Corporation. The Chemicals to be produced by the plant are of the basic type necessary to almost any economy. Domestic foreign exchange now used to purchase these commodities abroad.

Physical Status: Engineering design work and site preparation for the project have commenced. This 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 October, 1962, disbursements were halted by A.I.D. due to concern with respect to the financial capabilities of the Borrower and a request by the Borrower to approve a change of site for

STATUS OF LOANS
(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: KOREA NYLON COMPANY, LTD. **Funds:** DEVELOPMENT LOANS

Title and Number of Loan: Nylon Manufacturing Plant #153, 489-A-012	
Date Approved: August 16, 1960 Date Signed: February 6, 1961	
Loan Status as of 12/31/63	Loan Terms
Amount	
Approved	Duration
Ltrs Com't Issued	Grace Period
Disbursed	Interest Rate
Repayments	Currency of Repayment...
Interest Collected	

Physical Status: The plant was physically completed and start up commenced in August 1963. Disbursements remain to be made, however, for additional pirns and spinnerettes which were financed under the loan. The final date for disbursements to the borrower has been extended until May 31, 1964.

Financial Status: The Borrower's interest payments have been made in a timely manner. It is anticipated that the project will be completed for \$62,000 less than the amount authorized. A feasibility report for the project was made by Chemtex, Inc. of New York. Condition precedents under this loan were met in a timely manner.

Host Country Contribution, Procurement Source: The equivalent of \$1,000,000 in Won was furnished by the Borrower to meet local currency costs. Imported equipment and materials for the project were obtained from the United States.

Comments on Implementation: The plant appears to be technically sound and operating satisfactorily. Korea Nylon has had, however, difficulties in securing sufficient caprolactum to operate at full capacity.

Purpose of Loan: The purpose of this project loan is to provide foreign exchange requirements for the import of goods, equipment and services necessary to establish a nylon filament plant in Taegu. This plant is adjacent to an existing stretch-nylon yarn plant now being successfully operated by the borrower, Korea Nylon Company, Ltd. Production capacity of the new plant is about 2.5 million pounds of nylon filament annually. Equipment purchased under the loan included polymer, spinning machines, draw-twist, process piping, and miscellaneous auxiliary processing gear. It is estimated that when this plant produces at capacity, it will reduce Korean import requirements by an estimated \$2 million per year.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Pusan Thermal Electric Power Project,
489-H-014

Date Approved: December 18, 1961 Date Signed: April 4, 1962

Loan Status as of 12/31/63	Amount	Terms	
Approved	\$20,900	Duration	40 years
Ltrs of Com't Issued	20,261	Grace Period	10 years
Disbursed	17,912	Interest Rate	3/4%
Repayments		Currency of Repayment...	US\$
Interest Collected	84		

Among the conditions precedent for this loan was one that arrangements for engineering services be made prior to the issuance of the first letter of commitment or disbursements. This has been complied with. Feasibility studies to support this loan were made by IGE. Host Country Contribution, Procurement Source:

The Korean Reconstruction Bank (KRB) is providing \$200,000 and KRB and KECO are jointly providing local currency costs in the equivalent of \$5.1 million.

AID loan funds are to be 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 will finance 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 will be operated by the Korea Electric Company (KECO), the country's only power company. It will consist of two 66 megawatt turbo generators plus necessary interconnecting facilities. This plant, part of an overall power development plan, will assist in removing existing bottlenecks in power generation, which have slowed down and disrupted industrial production and economic progress in Korea.

Physical Status:

The performance schedule set for the plant is being adhered to. The first 66 MW generator will be operational on February 15, 1964, and the second 66 MW generator will be operational 60 days thereafter.

Financial Status:

This is a two step loan in which KECO agrees to repay to the ROKG the amount of the loan in local currency over a term of 22 years, including a two year grace period and at 3½% interest. 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 LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Kunsan Thermal Power Plant, 489-H-019

The loan application was supported by a detailed feasibility study prepared by a U.S. consulting engineer firm.

Date Approved: June 27, 1963

Date Signed: Not yet signed

Host Country Contribution, Procurement Source: The local currency equivalent of \$4,263,000 is to be loaned to KECCO for this project by the Korean Reconstruction Bank. An additional local currency equivalent of \$993,000 will be provided by KECCO for the project. Equipment materials and services to be financed under the loan shall be from the United States.

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$12,800	Duration	40 yrs.
Disbursed	None	Grace Period	10 yrs.
Repayments	None	Interest Rate	3/4%
Interest Collected	None	Currency of Repayment...	\$US

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 Megawatt 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, including a straw pulp plant, a cigarette plant, a minerals concentrate plant, a fertilizer plant, and the development of a new coal mine. The proposed power plant will furnish the necessary power for these and other private sector uses.

Physical and Financial Status: The loan agreement for this project has not been signed. AID and the borrower have been negotiating with respect to a clause which would give AID an effective role in the Borrower's assumption of additional debt for expansion for power generation and transmission. Delays in negotiation on this point have been largely due to the Borrower's concern that AID would be restraining the operation of Korean managers. AID's interest in inserting such a provision has been based on its concern about the total debt capacity of KECCO and prudent expansion. In connection with this project, the Korean Government is also agreeing to establish sound accounting and rate-setting techniques for the power industry.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

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

Title and Number of Loan: Hyun Dai Cement Project, 489-H-015

Date Approved: February 21, 1962 Date Signed: July 13, 1962

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$4,250	Duration	40 years
Ltr of Com't Issued	3,790	Grace Period	10 years
Disbursed	170	Interest Rate	3/4%
Repayments		Currency of Repayment...	US\$
Interest Collected			

This is a two step loan in which the Borrower is repaying to the ROKG the local currency equivalent of the amount of the dollar loan on terms of 12 years including a two-year grace period with interest at 5-3/4%. 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 engaged 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 AID loan funds are being expended for procurement in the United States.

Purpose of Loan: This A.I.D. project loan has been 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 will have an output of 150,000 metric tons of cement per year. The project will help Korea meet a larger share of its expanding cement requirements from domestic production and reduce foreign exchange expenditure for cement imports. Recent German supplier credits are financing additional cement facilities.

Physical Status: Satisfactory progress is being made in the construction of the plant. It is anticipated that the plant will be able to start up before the originally planned date of August 1964. Almost all of the foundation and electrical work for the plant has been completed. The principal remaining work consists of the installations of the already procured Allis-Chalmers machinery.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Telecommunications, 489-A-002

Host Country Contribution, Procurement Source: Of the \$5,500,000 total cost of the project, the host country provided \$2,000,000. Procurement was on a world-wide basis.

Date Approved: June 13, 1958

Date Signed: April 8, 1959

Comments on Implementation: The project was carried out with only a few delays, these occurring at the start while procurement was getting underway.

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$3,500	Duration	20 years
Less of Com't Issued	3,500	Grace Period	1 year
Disbursed	3,491	Interest Rate	3- $\frac{1}{2}$ %
Repayments	272	Currency of Repayment...	Won
Interest Collected	139		

Purpose of Loan: This project loan was made to the Ministry of Communications to finance the foreign exchange costs of equipment, materials, supplies, and services required for the improvement and expansion of interior telephone and telegraph facilities. The project helps meet the pressing demands for telephone and telegraph facilities in Korea's expanding economy. Facilities were inadequate even before 1950, and during the Korean War about 80% of the Korean telecommunications network was destroyed or heavily damaged.

Physical Status: The project was physically completed in 1963. All equipment has been installed and is now in operation.

Financial Status: All funds for the project have now been expended and deobligation of the small remaining balance has been requested. The Borrower is current on its payments to A.I.D. No debt servicing problems are foreseen since the telegraph and telephone service has been profitable.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

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

Title and Number of Loan: Changsong Coal Mine District, 489-H-018

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.

Date Approved: May 29, 1963 Date Signed: December 7, 1963

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

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$9,500	Duration	40 years
Disbursed		Grace Period	10 years
Repayments		Interest Rate	3/4%
Interest Collected		Currency of Repayment	US\$

Equipment financed under the loan will be of American source.

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, but is a step now necessary at Changsong in order to exploit some 19 million tons of mineable coal not accessible using the conventional slope mining method.

Comments on Implementation: Work is now underway to invite bids and place orders for hoisting equipment. This equipment will require many months of manufacturing lead time and is a crucial component of the project.

Physical Status: The loan agreement has been signed, but conditions precedent are not yet met. As a result, although bid specifications are now being prepared, procurement has not begun. Certain preparatory construction work is underway, however.

Financial Status: Disbursements will commence toward the end of FY 1964 after preliminary legal and financial procedures have been completed. Under the two-step loan arrangement, the Dai Han Coal Corporation will repay the loan in local currency to the Korean Government over 22 years including a four year grace period and pay interest at 5-3/4 percent per annum. A special feature of the loan agreement permits other than American equipment to be procured for the Changsong project, without using the loan, provided such equipment is offered on terms at least as lenient as 20 years and 3% interest.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: REPUBLIC OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Diesel Locomotives, 489-H-016

Date Approved: August 29, 1962

Date Signed: October 29, 1962

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved	Duration
\$8,300	40 years
Ltrs of Com't Issued	Grace Period
6,388	10 years
Disbursed	Interest Rate
6,388	3/4%
Repayments	Currency of Repayment...
Interest Collected	US\$

Physical Status: The 30 locomotives have been delivered to Korea and are in operation.

Financial Status: \$1.9 million dollars of the loan was de-obligated on February 15, 1964, as a result of the Borrower's being able to procure locomotives for less than the authorized amount of the loan.

Host Country Contribution, Procurement Source: The host country provided the equivalent of \$12,000 in local currency for the project. All procurement with dollar financing under the loan was from the U.S.

Comments on Implementation: The project was completed in a timely manner.

Purpose of Loan: This project loan will finance the foreign exchange costs of 30 diesel locomotives with spare parts, tools and necessary training and consulting engineer services to continue the dieselization program for the Korean National Railways. This project will facilitate utilization of existing and future resources and provide conditions conducive to the further development of enterprise and expanded investment. This project will reduce Korean foreign exchange expenditure for imported fuel by more than \$1 million each year because of fuel consumption and load capacity efficiencies.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: KOREA

Borrower: KOREA RECONSTRUCTION BANK

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Development Bank, 489-A-005

Date Approved: June 17, 1959

Date Signed: April 12, 1960

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$5,000	Duration	40 years
Ltrs of Com't Issued	511	Grace Period	10 years
Disbursed	510	Interest Rate	3/4%
Repayments	2	Currency of Repayment...	US\$
Interest Collected	19		

Physical Status: At the time disbursements were stopped in 1962 only six subloans had been made. All the machinery has now been delivered on these projects and four of them have been completed. All applications for sub-loans from the remaining funds are being reviewed again on the basis of revised financial information and in the light of the new criteria.

Financial Status: Disbursements under this loan have been slow because of the interruption in A.I.D. financing. A more detailed review of applications for new sub-loans may further delay the progress of disbursements. After \$1 million has been committed under the new criteria, A.I.D. will carefully review KRB's performance. Repayments have been according to schedule and no difficulty in collecting the loan is anticipated. The Bank must pay the local currency equivalent of the loan to the Korean Government over a 10-year period and pay interest at the rate of five percent.

Host Country Contribution, Procurement Source: As specifically agreed, sub-loan borrowers must have at least a 50 percent 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 paying for a two-stage technical assistance program involving a management survey and 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 the active participation of Korean private enterprise in the country's economic development program. Through the medium of the Korean Reconstruction Bank, an agency of the Korean Government, foreign exchange is made available to small private enterprises 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 advisor has been assigned to monitor the loan, and activities are under way again with more specific guidelines for the bank.

Laos

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

CONFIDENTIAL
TABLE I

Country: LAOS

(In thousands of dollars)

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	1,952		1,952	3,960	2,805	1,155	3,890	2,735	1,155
Participants.....	84		84	247	240	7	294	286	8
Contract Services.....	9,671		9,671	9,035	998	8,037	10,166	1,106	9,060
Commodities.....	7,360		7,360	7,974	3,295	4,679	8,859	3,522	5,337
Local Expenses.....	529		529	1,354	1,062	292	1,291	951	340
Total Project Assistance.....	19,596		19,596	22,570	8,400	14,170	24,500	8,600	15,900
Amount funded from Contingency Fund (non-add)	(4,872)		(4,872)	(4,770)		(4,770)			
NON-PROJECT ASSISTANCE									
Commodities.....	3,000		3,000	11,000		11,000	15,000		15,000
Cash Transactions.....	15,519		15,519	4,000		4,000			4,000
Other.....				4,000		4,000	4,000		
Total Non-Project Assistance.....	18,519		18,519	19,000		19,000	19,000		19,000
Grand Total.....	38,115		38,115	41,570	8,400	33,170	43,500	8,600	34,900
Amount funded from Contingency Fund (non-add)	(4,872)		(4,872)	(4,770)		(4,770)			
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	110		110	170	114	56	170	118	52
Participating Agency.....	21		21	25	25		24	24	
Total U.S. Technicians.....	131		131	195	139	56	194	142	52
Contractor Employees (on duty close of yr.)	43		43	58	2	56	85	14	71
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	88		88	176	169	7	201	191	10
Contract.....									
Total Participants.....	88		88	176	169	7	201	191	10

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

Country: LAOS

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	996	996	
Transportation	1,550	1,550	
Health and Sanitation	1,741	1,741	
Education	1,030	1,030	
Public Administration and Public Safety	126	126	
Community Development, Social Welfare and Housing	3,740		3,740
General and Miscellaneous	12,160		12,160
Technical Support	3,157	3,157	
Total	24,500	8,600	15,900

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Agriculture Development, 439-11-190-065			
Prior Reference: 439-AD-13-AA-5 a/		Reviewed Annually	
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,521	1,515	6
Estimated FY 64	748	548	xxxxxxxxxxxx
Estimated through 6/30/64	2,269	2,063	206
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
996	b/	b/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	355	325	
Participants	57	81	
Contract Services	286	540	
Commodities	50	50	
Local Expenses	748	996	
	TOTAL	748	996
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		382	528

training.
 In FY 1964 vegetable production in the Vientiane area increased 500% over FY 63. Dependence of Vientiane on vegetable imports from Thailand has been reduced from 90% to 40% in less than a year. Elimination of dependence on unprocessed food imports for all of non-Communist Laos is a goal which is attainable within the next few years if the security situation permits. However, U.S. assistance in agriculture is likely to be necessary for some time as there is and will continue to be for a number of years a scarcity of educated Lao who could be trained to take over the entire agricultural development effort.
FY 1965 Funding: Technicians: In addition to normal advisory and training functions, U.S. assistance strategy requires U.S. personnel for direct implementation of this project in order to effect an immediate impact in rural areas. The 18 U.S. direct hire personnel include technicians in the fields of agronomy, soils, horticulture, livestock, water resources, home economics, extension and irrigation. Participants: 7 Lao will receive training in the U.S. and 78 in third countries, principally Thailand, where language and environmental conditions are very similar to Laos. Commodities: Vehicles, bicycles, garden tools and equipment, vaccines and other biological products, pharmaceuticals, laboratory supplies, breeding stock, seeds, fertilizers and pesticides are required for the various aspects of this project. Local Expenses: Dollar local costs include procurement of necessary maintenance, repair and operational items and the dollar portion of salaries for 10 direct hire third country nationals.

Project Objective and Description: To raise the standard of living of the rural population, to reduce or eliminate 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 (1) agricultural extension, (2) irrigation, (3) crop and soils development, and (4) livestock production.

Accomplishments have included assistance in organizing the Lao Agriculture Service and training its employees; construction of seven diversion dams and canals to irrigate 10,000 acres, and the establishment of five crop and soil testing centers and three livestock breeding stations, where 50 vaccinators have been given in-service

a/ \$331,716 obligated under Development Rural Economy, FY 63.
 b/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Development Lao National Road System, 439-12-310-010			
Prior Reference: 439-AC-31-AA-1		Reviewed Annually	
Initial Obligation FY: 1956		Scheduled Final Obligation	
U.S. DOLLAR COSTS			
Through 6/30/63	a/	Obligations 9,212	Expenditures 7,829
Estimated FY 64	b/	1,579	1,500
Estimated through 6/30/64		10,791	9,329
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,550	c/	c/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	450	450	
Participants			
Contract Services	20		
Commodities	949	1,000	
Local Expenses	160	100	
TOTAL	1,579	1,550	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,665	1,700

operable, concentrating its effort on key sub-projects such as bridge replacement and other specialized work. At the end of FY 63, twelve sub-projects on existing roads were more than 80% completed. Paving was completed in FY 63 on the Vientiane-Thadeua road over which most imports are transported from Thailand. A National Equipment Repair Park set up under this project is now fully operational with the capacity to repair and maintain all road construction equipment. It also serves as a training center for Lao mechanics.

FY 1965 Funding: Technicians: 24 U.S. technicians are furnished by the Bureau of Public Roads under a PASA. These include 7 road construction engineers, one program planning engineer, 3 bridge engineers, 5 equipment specialists, 2 road materials engineers, and equipment/training specialist and draftsmen. Commodities: Cement, steel, culvert pipe, dynamite, machine tools, construction equipment and parts, and rubber and petroleum products are required for this project. Local Expenses: Dollar local costs include procurement of necessary maintenance, repair and operational items and the dollar portion of salaries for 25 direct-hire third country nationals, mostly Thai and Filipinos.

The pipeline represents unexpended funds required for reimbursement to the U.S. Bureau of Yards and Docks for contract services costs for the recently completed Vientiane-Thadeua road and for commodity procurement in process.

Project Objective and Description: To strengthen the capability of non-communist elements to resist Communist supported insurgency by providing the Lao Government means of access to selected rural areas and, to Lao farmers, access to outlets for farm products thus giving them an incentive to support the non-communist government. The project also develops the capacity of the Royal Lao Government in road construction and maintenance. Activities are designed for quick implementation with no present long-term construction plans.

The U.S. Bureau of Public Roads provides the entire staff of the aid Mission's transportation division, is conducting on-the-job training in construction and equipment repair, and supervises project activities. The U.S. helps the Lao Government keep its existing road network

- a/ Excludes Nam Cadinh-Nam Hin Boun Road project, which is reported separately.
- b/ Excludes \$99,000 for Rehabilitation Vientiane Airport.
- c/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 439-ZW-31-AB-1			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1960	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 8,450	Expenditures 127	Unliquidated 8,323
Estimated FY 64		5,000	xxxxxxxxxxxx
Estimated through 6/30/64	8,450	5,127	3,323
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		8,450	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
	TOTAL		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Grove-Jones, in April 1963.

By the end of November, 1963, the contractor had mobilized all major items of equipment and grading operations were started. All preliminary engineering work has been completed. Construction will be supervised by BPR personnel funded under the Development of Lao National Roads project.

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. AID-financed construction is also scheduled to be completed prior to that time.

The Lao Prime Minister has expressed particular interest in the completion of this road as a contribution towards the unification of the country.

FY 1965 Funding: No FY 1965 funding is expected to be required for this project. The pipeline is expected to be liquidated by the end of FY 1966.

Project Objective and Description: This project involves construction of 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. Until this section of the road is completed Laos must depend on costly U.S. funded air transport.

Funds for the road were obligated in FY 1960. Invitations to bid on the construction were issued the same year. However, after the coup d'etat of August 1960 it became necessary to postpone the bidding several times. Invitations to bid were finally issued in February 1963 under U.S. Bureau of Public Roads supervision, and the contract was awarded to an American contractor,

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Public Health Development, 439-11-590-066			
Prior Reference: 439-AE-53-AA-5		Reviewed Annually	
Initial Obligation FY: 1957		Scheduled Final Obligation	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 2,947	Expenditures 2,362	Unliquidated 585
Estimated FY 64	1,834	988	xxxxxxxxxxxx
Estimated through 6/30/64	4,781	3,350	1,431
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,741	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	130	110	
Participants			
Contract Services	643	667	
Commodities	1,021	924	
Local Expenses	40	40	
TOTAL	1,834	1,741	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned	Commitments of Country Owned (Counterpart)		
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,019	1,042

patients a month and treating 1,835 dispensary cases. The doctors also work in remote and insecure areas to help the U.S. provide emergency care for refugees.

Over 125 Lao have received training from the Operation Brotherhood staff to permit them to staff village dispensaries. It will be a number of years before Laos has enough educated manpower to supply the necessary doctors, technicians and administrators to meet its own minimum health needs. The level of assistance under this project, however, is determined in considerable part by its high impact value under current insecure conditions. If it is possible to provide the Lao villager with physical security against Pathet Lao harrassment, this rural health program offers a strong inducement for the villager to support the side which provides such services.

FY 1965 Funding: Technicians: Six U.S. personnel are required for the administration of this project including two public health officers, 3 medical technicians and a health administration advisor. Contract Services: Funds are required to extend the O.B. contract for another year. The average annual cost of the 120 Filipinos is \$4,000 per technician. Commodities: Drugs, medical supplies, vehicles, laboratory and professional equipment and other supplies are required. Local Expenses: Dollar local costs include procurement of necessary maintenance, repair and operational items and the dollar portion of salaries for 6 direct hire third country nationals.

The pipeline represents unexpended amounts required to forward fund the Operation Brotherhood contract and for commodity procurement in process.

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 back-stopping, staffing and supplies for more than 100 village dispensaries and rural health centers being 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 operates 4 installations: a 60-bed hospital in Vientiane admitting an average of 125 patients a month and treating 1,800 out-patient cases per month, and three regional hospitals admitting 175

a/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **LAOS**

Activity: **EDUCATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Education Development, 439-11-690-064			
Prior Reference: 439-AB-64-AA-1		Reviewed Annually	
Initial Obligation FY: 1956		Scheduled Final Obligation Annually	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 3,134	Expenditures 1,420	Unliquidated 1,714
Estimated FY 64	822	988	xxxxxxxxxxxx
Estimated through 6/30/64	3,956	2,408	1,548
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,030	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	270	250	
Participants	165	205	
Contract Services	110	240	
Commodities	234	292	
Local Expenses	43	43	
TOTAL	822	1,030	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,101	1,463

a combined enrollment of over 1,200 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 (IVS), a U.S. non-profit organization which hires qualified, dedicated Americans to perform technical assistance functions abroad at low wages. Training manuals and improved teaching materials have been produced for the Lao by Thai educators under a second U.S.-financed contract. Close linguistic and cultural similarities between Lao and Thai make this advantageous.

FY 1965 Funding: **Technicians:** 11 direct-hire U.S. personnel include 5 community education advisors assigned to regional locations in various parts of Laos; 4 teacher training advisors and 1 advisor each in educational materials production and administration. **Participants:** Twenty-five will receive U.S. training and 81 will be trained in third countries, principally Thailand. **Contract Services:** Funds are required to extend the IVS contract for 15 U.S. teachers and for a contract with 8 Thai educators. **Commodities:** School supplies and technical-vocational education equipment are required for various aspects of this project. **Local Expenses:** Dollar local costs include procurement of necessary maintenance, repair and operational items and the dollar portion of salaries for 4 direct hire third country nationals.

Over \$1 million of the pipeline represents funds obligated for reimbursement against U.S. Bureau of Yards and Docks supervised construction at the National Education Center, which will be liquidated as construction is completed. The balance represents forward funding of the IVS contract and commodities under procurement.

Project Objective and Description: To increase popular support for the Royal Lao Government by providing elementary and secondary school teachers, improving educational 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.

U.S. assistance under the project will be in (1) teacher training, (2) elementary education in the village and (3) educational materials production and administration.

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. assistance and counterpart. They currently have

a/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Customs Development, 439-11-740-067			
Prior Reference: 439-ZA-74-AD-5		Reviewed Annually	
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63			
Estimated FY 64	135	100	xxxxxxxxxxxx
Estimated through 6/30/64	135	100	35
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
126	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	105	125	
Participants			
Contract Services			
Commodities	29		
Local Expenses	1	1	
TOTAL	135	126	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		20	6

As an adjunct to their main duties, the U.S. customs technicians advise and train Lao Government officials in customs operations.
 FY 1965 Funding: Technicians: Consideration is being given to furnishing the 5 U.S. personnel for this project under a PASA with the U.S. Customs Bureau. Three are required for inspection purposes and two will be assigned to the enforcement program and to assist in training the RIG to improve control.
Local Expenses: Dollar local costs include procurement of necessary maintenance, repair and operational items.

Project Objective and Description: To provide means of checking U.S. financed goods entering Laos to assure that goods of the represented value enter the country and to help develop the RIG Customs Service.

The project provides U.S. personnel to work with the RIG Customs on day-to-day operations in Vientiane, and other entry points. Because of the lack of an adequate and reliable customs service the only way of assuring that U.S.-financed imports have entered the country and that their value is as represented, is for U.S. customs officials to inspect them. U.S. financing does not take place until the goods have arrived in Laos and been inspected and certified by the U.S. customs officials. If the goods are not so certified they are not financed by A.I.D.

a/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

HOUSING TABLE III

Country: LAOS

Activity: COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Development of the Rural Economy,
439-11-810-062
Prior Reference: 439-AA-81-AA-5
Initial Obligation FY: 1956 **Scheduled Final Obligation** Annually **Reviewed**

Rural development activities are designed to play a key role in winning the allegiance of the rural population to the anti-Communist cause.

During FY 1964 this project has been reorganized to concentrate on seven clusters of villages selected on the basis of strategic importance and other factors, where measures to improve physical security are concerted with the rural development activities. This reorganized form of the rural development project is being conducted on a pilot basis in FY 1964. If it proves successful, particularly if security can be maintained in the cluster areas, consideration will be given to expanding the program to new clusters in FY 1965.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	6,929	4,541	2,388
Estimated FY 64	2,551	4,088	xxxxxxxxxxx
Estimated through 6/30/64	9,480	8,629	851
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,171	a/	a/	

FY 1965 Funding: **Technicians:** Twenty-five U.S. direct hire personnel includes 13 rural development area advisors; 5 rural public works technicians; 2 well drillers and 5 rural development headquarters staff assigned to support of the Lao Commission of Rural Affairs. **Participants:** Ten Lao will receive training in Thailand. **Contract Services:** Funds provide for one U.S. mechanic advisor and contracts with technically qualified Thai firms for specialized equipment repair services. FY 64 and prior year funds cover a contract with International Voluntary Services (IVS) - which provides 70 U.S. rural development volunteers. Working and living in the villages, together with Lao Fundamental Education personnel, these volunteers, under the supervision of U.S. direct-hire personnel implement the rural self-help program. **Commodity:** Cement and other imported construction materials, vehicles, dynamite, construction equipment, well drilling machinery, tools, hardware, seeds, livestock, insecticide, fruit trees and cuttings. **Local Expenses:** Local dollar costs include procurement of necessary maintenance, repair and operational items and the dollar portion of salaries for 39 direct-hire third country nationals.

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	450	510
Participants	7	8
Contract Services	837	60
Commodities	1,058	1,366
Local Expenses	199	227
TOTAL	2,551	2,171

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,093	1,106

Project Objective and Description: To increase support for the Royal Lao Government by assisting it in improving the standard of living of the rural population by (a) self help construction activities, (b) rural public works, (c) well drilling and (d) technical assistance and training for Lao officials. The self help activity involves construction of such facilities as schools, access roads, irrigation systems, markets and dispensaries. Fifty percent of the cost of such sub-projects are met by the villagers. Rural public works involve construction at the provincial level of facilities requiring a larger than 50% U.S. contribution. Over 3,000 self help and public works sub-projects have been completed since these activities began. The well drilling activity provides for one of the most pressing needs of Lao villagers as many are without a nearby source of good water.

Nearly \$1.4 million of the June 30, 1963 pipeline represents the commodity components under procurement. Over \$600 thousand represents funding of IVS activities described above. This pipeline is being rapidly drawdown in FY 1964.

a/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

HOUSING

Country: LAOS

Activity: COMMUNITY DEVELOPMENT, SOCIAL WELFARE AND

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Relief, 439-11-820-063			
Prior Reference: 439-AA-81-AA-5		Reviewed Annually	
Initial Obligation FY: 1962		Scheduled Final Obligation	
U.S. DOLLAR COSTS			
(\$670 CF in FY 63) Through 6/30/63	Obligations	Expenditures	Unliquidated
	4,237	3,367	870
Estimated FY 64	2,000	2,070	xxxxxxxxxxxx
Estimated through 6/30/64	6,237	5,437	800
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,569	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	85	85	
Participants			
Contract Services			
Commodities	1,902	1,471	
Local Expenses	13	13	
TOTAL	2,000	1,569	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		194	173

headquarters, Vientiane, two Area Operations Officers - one in Luang Prabang and one in Savannakhet, and one rural community development advisor at Ban Houei Sai. These officials have had experience in refugee relief and resettlement problems. Commodities: Rice, jute bags, pallets, rope, seed, livestock, clothing and household equipment, mats, roofing sheets, hand tools, steel bars, vehicles, P.O.L., and office supplies are required for this project. Local Expenses: Dollar local costs consist of the dollar portion of salaries for two third country nationals employed under this project. The pipeline represents unpaid invoices and billings for commodities being procured, with the normal lag between purchase and actual delivery.

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.

The unsettled conditions which generate the need for relief in certain areas also make it impossible to meet this need. As long as fighting continues in Laos this activity will be necessary.

FY 1965 Funding: Technicians: The four direct-hire technicians funded under this project include a rural development advisor (project coordinator) situated at US AID

a/ Reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Military Technical Support, 439-11-990-068			
Prior Reference: 439-ZA-09-AB-5		Reviewed Annually	
Initial Obligation FY: 1963		Scheduled Final Obligation	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 213	Expenditures 201	Unliquidated 12
Estimated FY 64	520	480	xxxxxxxxxxxx
Estimated through 6/30/64	733	681	52
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
540	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	450	450	
Participants			
Contract Services			
Commodities			
Local Expenses	70	90	
TOTAL	520	540	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		14	18

The air support requirements which were included under this project in last year's Congressional Presentation have been consolidated with all other U.S. air support requirements in Laos under a separate Air Technical Support project. FY 1965 Funding: Technicians: The 18 direct-hire technicians funded under this project include the Chief Requirements Officer, an Executive Assistant, an Assistant Requirements Officer with a background in budget, accounting and controller functions, and 16 Assistant Requirements Officers who have specialized backgrounds in ordinance, medical, signal and transportation requirements. Local Expenses: Dollar local costs consist of the dollar portion of salaries for 18 third country nationals employed under this project. The pipeline represents unexpended costs for third country nationals which were incurred but not fully liquidated by the close of the fiscal year.

Project Objective and Description: Since the 1962 Geneva Accords establishing the neutrality of Laos prohibit 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, placing orders for and arranging delivery to Laos of military assistance material and arranging training outside of Laos for the Conservative and Neutralist forces. This assistance has been requested by the Lao government and is permitted by the terms of the Geneva accords. A special section of the A.I.D. Mission, staffed by civilians, conducts this programming and material delivery operation.

a/ To be reviewed annually.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Air Technical Support, 439-11-990-069			
Prior Reference: 439-ZZ-99-AA-5		Reviewed Annually	
Initial Obligation FY: 1962		Scheduled Final Obligation	
U.S. DOLLAR COSTS			
(\$3,114 CF in FY 63) Through 6/30/63	Obligations 7,931	Expenditures 6,812	Unliquidated 1,119
(\$4,000 CF in FY 64) Estimated FY 64	7,320	5,800	xxxxxxxxxxxx
Estimated through 6/30/64	15,251	12,612	2,639
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
9,120	a/	a/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	110	110	
Participants			
Contract Services	7,200	9,000	
Commodities			
Local Expenses	10	10	
TOTAL	7,320	9,120	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		3	3

the high degree of skill required for airdrops in insecure mountainous areas.

FY 1965 Funding: Air costs are subject to considerable variation from month to month depending on the need to move large amounts of supplies by air to cope with Pathet Lao/Viet Minh military moves, new influxes of refugees etc. The FY 65 funding figure for this activity is thus only an approximation based on recent rates of use.

Technicians: Five U.S. direct-hire personnel, in cooperation with appropriate Lao officials, are responsible for the complex daily air operations involving twenty or more aircraft of various types.

Contract Services: Contracts with Air America Inc. and William Barr and Co. provide for operation and maintenance of contractor-owned or leased planes on an as needed basis as well as two C-46 aircraft previously granted to the RIG.

Local Expenses: Local costs cover the dollar portion of the salaries of two third country nationals, who serve as air traffic operation coordinator and logistics clerk.

The June 30, 1964 estimated pipeline represents minimal 60-day forward funding required under the air service contracts and unexpended balances against services performed during the fiscal year, for which processing of billings had not been completed by 30 June.

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 carry military, relief and project supplies to and within Laos. The military and relief activities create the heaviest demand in this regard. Both involve extensive daily flights. Flying time currently averages over 3,300 hours per month.

Services are provided under contract by two American corporations. Costs of this activity are being reduced to the maximum extent possible by training Lao maintenance and flight crews. However, there are few who are capable of taking such training and the difficulty is increased by

a/ To be reviewed annually.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

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: 439-ZA-09-AB-5

Initial Obligation FY: 1963

Scheduled Final Obligation FY: Annually

FY 1965 Funding: It is expected that existing stocks of rice in Laos will be drawn down significantly during FY 1964 as a result of the poor rice harvest. Thus FY 1965 estimates are based on fully meeting programmed support levels with imported rice. **Commodities:** In addition to the subsistence consumable items such as fish sauce, peppers and glutinous rice, commodities under this project include the ropes, pallets and bagging necessary for air drops of the supplies to the armed forces in the field.

The 6/30/64 pipeline represents commodity procurement on order but not yet delivered.

U.S. DOLLAR COSTS			
(\$1,088 CF in FY 63)	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,088	413	675
(\$770 CF in FY 64)			
Estimated FY 64	1,719	1,600	xxxxxxxxxxxx
Estimated through 6/30/64	2,807	2,013	794
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,500	a/	a/	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants		
Contract Services		
Commodities	1,719	2,500
Local Expenses		
TOTAL	1,719	2,500

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Project Objective and Description: This project provides U.S. financing for necessary supplies of imported food stuffs, principally rice, for the Conservative and Neutralist forces. Such financing is necessitated by a shortage of domestically produced food resulting from the dislocations of war and aggravated this year by unfavorable climatic conditions. Some 50% of subsistence consumables for the conservative and neutralist forces are supplied under this project. The need for this financing will continue until security conditions improve and increased production can be brought about.

a/ Reviewed annually.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: LAOS

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: General Technical Support, 439-11-990-000			
Prior Reference: 439-ZZ-99-AA-5			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: a/	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 14,942	Expenditures 12,446	Unliquidated 2,496
Estimated FY 64	3,183	4,302	xxxxxxxxxxxx
Estimated through 6/30/64	18,125	16,748	1,377
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
3,157	b/	b/	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	1,470	1,475	
Participants			
Contract Services	199	199	
Commodities	761	766	
Local Expenses	753	717	
TOTAL	3,183	3,157	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,426	1,376

The air support requirements which were included under this project in last year's Congressional Presentation have been consolidated with all other U.S. air support requirements in Laos under a separate Air Technical Support project. **FY 1965 Funding:** A.I.D. efforts to reach a high percentage of Lao villagers in non-Communist areas require extensive logistic and other support to control supplies and coordinate programs operating through the six area field offices. **Technicians:** 78 U.S. direct-hire technicians are funded under this activity of which almost one-third are charged with procurement, supply and other "housekeeping" and public utility services. The balance are mostly technicians who serve more than one project. **Contract Services:** Custodial, guard, fire protection, packing, crating and translation services are required in addition to the need to operate a radio communication network to maintain contact among the various field posts. **Commodities:** Office and household supplies, furniture and equipment, vehicles, generators, fuel, and general maintenance supplies are required. **Local Expenses:** Dollar local costs include transportation and storage, printing and reproduction, building supplies, rents and utilities and the dollar portion of salaries for 115 direct-hire third country nationals. The June 30, 1963 pipeline as well as June 30, 1964 pipeline represents commodity procurement in process and costs for technicians and third country nationals for expenses incurred during the fiscal year but not fully liquidated by June 30.

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: (1) salaries and allowances of program technicians; (2) logistic support for all U.S. program personnel (housing, utilities, transportation, etc.); (3) a proportionate share of office currency costs, including salaries of local staff.

a/ Project will continue annually in support of A.I.D. programs.

b/ Reviewed annually.

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: PHILIPPINES

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians	905	905		1,056	1,056		1,225	1,225	
Participants	803	803		535	535		464	464	
Contract Services	405	405		441	441		55	55	
Commodities	1,179	1,179		1,068	1,068		1,256	1,256	
Local Expenses									
Total Project Assistance.....	3,292	3,292		3,100	3,100		3,000	3,000	
NON-PROJECT ASSISTANCE									
Commodities									
Cash Transactions									
Other									
Total Non-Project Assistance.....									
Grand Total	3,292	3,292		3,100	3,100		3,000	3,000	
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed	34	34		54	54		49	49	
Participating Agency	9	9		6	6		10	10	
Total U.S. Technicians	43	43		60	60		59	59	
Contractor Employees (on duty close of yr.)	13	13					3	3	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract	172	172		162	162		130	130	
Contract	1	1		5	5				
Total Participants.....	173	173		167	167		130	130	

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965

(In thousands of dollars)

TABLE II

Country: PHILIPPINES

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	286	286	
Industry and Mining	95	95	
Health and Sanitation	668	668	
Education	612	612	
Public Administration and Public Safety	425	425	
Community Development, Social Welfare, and Housing	90	90	
General and Miscellaneous	449	449	
Technical Support	375	375	
Total	3,000	3,000	

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: AGRICULTURAL AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Agricultural Productivity 492-11-110-029			
Prior Reference: 492-AC-11-AA-5			
Initial Obligation FY: 1951		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,332	1,311	21
Estimated FY 64	125	80	xxxxxxxxxxx
Estimated through 6/30/64	1,457	1,391	66
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
144	172	1,773	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	95	80	
Participants	30	24	
Contract Services		40	
Commodities			
Local Expenses			
TOTAL	125	144	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		53	49

Project Objective and Description: To raise production of Philippine farms, especially in areas designated as land reform districts under the recently established Land Reform Code. U.S. assistance is given to extension personnel in the field and on demonstrations at the farm level of the improved practices needed to increase productivity.

This project and the Agricultural Credit and Coops, Water Distribution, and Community Development projects are related in that they all back up new agricultural reform legislation. Objectives of agrarian reform include increased productivity and peasant land ownership substituting for share tenancy

arrangements. Recognizing the inadequacy of purely legal changes, the GOP is endeavoring to provide assistance to the farmers in farm management, agricultural methods, and credit and marketing. U.S. aid supports these efforts.

Prior U.S. assistance was instrumental in establishing the GOP's extension services which provide the institutional framework for development of agriculture. The problem of translating agricultural knowledge into farm practice now becomes the exclusive target of the AID productivity program.

Of 113 participants previously trained by the U.S., 109 are now working for the responsible agency in this field, the Commission on Agricultural Productivity (CAP). Many of CAP's top officials, including all of the Department chiefs and five of the eight Regional Directors, received training under this project. During FY 63, on-the-job training was also provided to 1,032 agricultural college graduates, most of whom are now working with the CAP. New personnel will be trained in a like manner.

AID's role during the final three years of assistance (termination in FY 67), will be to work with CAP technicians in pilot regions established by the GOP as land reform areas.

In FY 63, the GOP agricultural extension activity budget was increased by 50 percent to \$3.9 million equiv. for 1,027 new provincial workers. In FY 64 and FY 65 the proposed budget is \$9.0 million equivalent to provide for further expansion, including training of new provincial workers.

FY 1965 Funding: Technicians: Four U.S. advisors: Agricultural Extension, Farm Irrigation, Rural Youth and a Plant Entomologist who will assist in bringing a coordinated pest and disease control program to the farmers. **Contract Services:** \$40,000 for two U.S. specialists in Cooperatives and Cooperatives Marketing and Supply to work with existing coops in the land reform districts. **Participants:** \$24,000 for 24 Filipinos who will be given short-term training in Taiwan with emphasis on water irrigation practices.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Water Distribution, 492-11-120-124			
Prior Reference: 492-AC-13-AE-3			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	48	48	
Estimated FY 64	27	20	xxxxxxxxxxxx
Estimated through 6/30/64	75	68	7
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
27	54	156	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	20	20	
Participants	5	5	
Contract Services			
Commodities	2	2	
Local Expenses			
TOTAL	27	27	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		267	129

The present effort is designed to achieve more efficient operation and management of the installed irrigation systems and to promote the use of improved methods of irrigation on the farms. It is calculated to increase production on these lands by 50 per cent by 1967. Among the first areas to come under the new agrarian reform program in the Philippines will be lands served by the NGIS. This project, therefore, will play a significant role in the important first stages of the reform program. The NGIS will be represented at the Regional and Project Team levels of the agrarian reform organization, and this project will be coordinated with other reform activities.

The U.S. provides, principally, technical assistance for: (1) organization of water users organizations and farm demonstrations at all systems by FY 65; (2) completion of water measurement networks by FY 65; (3) establishment of training programs aimed at getting water users to accept new ideas; and (4) setting up a rotational irrigation training school in FY 67.

It is estimated that the GOP contribution in support of this program will be approximately 1,275,000 pesos. It is planned that the installation of water gates and gauges (requiring about half of the counterpart fund budget) will be completed by FY 65.

FY 1965 Funding: Technicians: \$20,000 for one irrigation advisor. Participants: \$5,000 for short-term training in Taiwan for eight Philippine participants. Commodities: \$2,000 for training and demonstrational materials.

Project Objective and Description: To increase agricultural production by improvements in the control and use of irrigation water in the canals and on the lands of the National Gravity Irrigation Systems (NGIS).

Under an earlier project, the U.S. assisted in the construction of 15 gravity irrigation systems, the rehabilitation of 28 old systems, and the building of 500 pump irrigation systems.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: AGRICULTURAL AND NATIONAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Agricultural Credit and Cooperatives 492-11-140-098			
Prior Reference: 492-AC-14-AC-5			
Initial Obligation FY: 1952		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	2,704	2,703	1
Estimated FY 64	37	27	xxxxxxxxxxx
Estimated through 6/30/64	2,741	2,730	11
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
66	132	2,939	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	30	60	
Participants	7	6	
Contract Services			
Commodities			
Local Expenses			
TOTAL	37	66	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		48	

for developing and supervising cooperatives, and supplying credit to them. Because of faulty management and other inadequacies, this organization was abandoned and a new agency, the Agricultural Credit Administration (ACA) is now responsible for furnishing and supervising farm credit to individuals and cooperatives. The function of promoting and developing coops has been transferred to the Commission on Agricultural Productivity (CAP).

Some 500 co-ops have been established by ACCFA with a membership of over 300,000 farmers. Loans extended have been in excess of 185 million pesos. 187 warehouses have been constructed. 80 participants have been sent to the U.S. and third countries to study credit and cooperatives.

In order to support the agrarian reform program more effectively, the USAID has divided co-op and credit assistance into two separate sub-activities -- one directed to the co-op management and operations function, which is described under the "Agricultural Productivity" project, and one to the credit function. This one concentrates in two areas: (a) provision of supervised credit to small farmers and coops, and technical assistance to the ACA in developing credit policies; and (b) development, in the pilot land reform districts, of a national cooperative marketing and commodity supply complex. U.S. credit advisors will work primarily with the ACA credit specialists on the Land Reform Project Teams. Each Team of 30-to-35 Filipino technicians working with 750 farmers includes four credit specialists.

Additionally, a U.S. technician will advise Filipino credit specialists attached to the regional offices established in land reform areas. Work has commenced with ACA on developing policies and procedures. Also under the project, a U.S. marketing and supply advisor will work with the Central Co-op Exchange -- a federation of 400 local cooperatives -- assisting its basic functions of procurement and distribution of essential supplies. Approx. \$5 million equiv. was appropriated by the GOP in FY 63 to support the program.
FY 1965 Funding: Technicians: 3 U.S. advisors. Participants: Short-term, third-country (Taiwan) training of 2 participants.

Project Objective and Description: To increase farm productivity through the effective use of capital and credit and by strengthening the operational procedures and management of agricultural cooperatives.

U.S. assistance in the agricultural credit field has been directed towards developing the structure and organizational base for a credit system. Toward this end, the U.S. supported the Philippine Agricultural Credit and Cooperative Finance Administration (ACCFA) which was responsible

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Forest Development, 492-11-170-136			
Prior Reference: 492-AB-17-AF-5			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	1,206	1,192	14
Estimated FY 64	49	44	xxxxxxxxxxxx
Estimated through 6/30/64	1,255	1,236	19
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
49		1,304	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40	40	
Participants	6	6	
Contract Services			
Commodities	3	3	
Local Expenses			
TOTAL	49	49	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Considerable progress has been made in developing and staffing a smoothly running inventory organization on a permanent basis. Emphasis has been on training staff in aerial photo interpretation, inventory field procedures, data collection, and inventory computations.

Each of the three major regions of the Philippines (Mindanao, the Visayas and Luzon) was divided into three inventory units, and each of these nine units is to have a separate inventory. Mindanao was selected as the first survey region; operational work (aerial photography, etc.) on the three inventory units there is nearly complete. Inventory reports for at least two of the three survey units in Mindanao will be available during FY 1964 for the use of the National Economic Council, other agencies of the GOP and the timber industries, in developing production plans.

During the final phase of this project another region will be inventoried with the Filipino foresters doing as much as possible on their own but with the USAID forestry advisors present for consultation. A.I.D. support will terminate at the end of FY 1965, at which time GOP inventory personnel should be fully capable of conducting surveys without assistance and forestry agencies will have had time to act upon recommendations made by the U.S. advisors and GOP personnel.

In FY 1965 the GOP will contribute approximately \$83,000 equivalent for salaries, travel and other costs. FY 1965 Funding: Technicians: \$40,000 for a forestry advisor and a forest inventory technician. Participants: \$6,000 for one participant to be trained in the U.S. in forest mensuration, statistics, and research methods. Commodities: \$3,000 for photo equipment and some instruments for demonstration of inventory methods.

Project Objective and Description To build a Philippine organization capable of performing forest inventory work by training personnel in the techniques of forest sampling, data collection, computation analysis and reporting.

Despite their great economic importance to the country, forests, which occupy over 40 percent of the land area, have never been systematically examined and evaluated. Lack of dependable statistics has handicapped GOP forestry agencies in developing programs of forest protection and utilization in conformance with overall development plans.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Mineral Development, 492-11-210-130			
Prior Reference: 492-AB-21-AE-5			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	357	315	42
Estimated FY 64	84	60	xxxxxxxxxxx
Estimated through 6/30/64	441	375	66
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
55		496	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	69	45	
Participants	15	10	
Contract Services			
Commodities			
Local Expenses			
TOTAL	84	55	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,158	9

metals such as limestone and sulfur. This geological mapping and preliminary mineral exploitation indicates a large potential for increased production for some of the above minerals. All surveys resulting in geological maps and engineering reports are published and are available to both the Government and private industry for use in current and long-range planning.

Since 1952, 64 Philippine geologists, mining engineers and metallurgists have been trained abroad, filling a void in the earth-science technology of the country.

Project objectives will be met by the end of FY 1965, the final year of U.S. assistance. By that time mineral and metallurgical laboratories equipped and staffed by the Philippine Bureau of Mines will be completed and operating with trained personnel. A geological map of the Philippines will be in print and available at cost. Mining and conservation codes will have been formulated and, it is anticipated, will be passed into law by the Philippine Congress.

The Philippine Government provides all costs of the operation of the Bureau of Mines from its national budget. FY 1965 Funding:

Technicians: \$45,000 for one iron ore geologist and one senior mining advisor; the latter to assist in the formulation of mining and land laws. Both technicians are funded through PASA's with the USGS and U.S. Bureau of Mines respectively.

Participants: \$10,000 for two participants to be trained in the U.S. in metallurgy (iron and steel and non-ferrous).

Project Objective and Description: To survey mineral resources and develop plans for their exploitation; and to train technical leadership for the mining industry. The project also assists in the introduction of modern geological methods of locating mineral reserves.

The Philippines is well endowed with mineral deposits which must be developed if industrial expansion is to be realized. Under the project, surveys indicating location of deposits, composition and quality and the engineering problems of extraction have been completed for copper, manganese, coal, iron, nickel, cobalt and several other non-

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Development Center, 492-11-270-035			
Prior Reference: 492-AB-27-AC-5			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,148	2,104	44
Estimated FY 64	65	36	xxxxxxxxxxxx
Estimated through 6/30/64	2,213	2,140	73
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
40		2,253	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40	20	
Participants	20	20	
Contract Services	-	-	
Commodities	5	-	
Local Expenses	-	-	
TOTAL	65	40	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
8,471		2,170	134

provide specialists in fields such as methods engineering, sheet metal, and food processing; and (c) assistance in preparation of feasibility studies.

Under the industrial training program, an average of 3,000 persons each year have attended supervisory training institutes and workshop sessions. A total of 348 Filipinos have been to the U.S. as individual participants or as members of productivity teams, or have gone to third countries for training. Engineering assistance has been extended to some 600 plants and upwards of 900 loan applications have been technically evaluated.

The IDC has prepared surveys and studies, including 12 surveys of selected industries important to a growing economy, 19 studies of industrial projects and 50 provincial economic surveys, each of which includes a description of the province and its resources, information relative to industries concerned, present status and competitive outlook. These reports, and other surveys of a more general nature, have been developed as an aid to potential investors.

This year, the IDC is to be converted into an autonomous, fee charging foundation for which legislation is being prepared with advisory consultation of private industry representatives.

During FY 1963, more than \$40,000 equivalent was received in fees. This income will increase substantially in FY 1964. As of the end of FY 1963, the GOP had provided approximately \$1.9 million equivalent for support costs of the IDC project. The IDC budget in FY 1964 amounted to \$225,000 equivalent, the major part coming from the GOP.

FY 1965 Funding: Technicians: \$20,000 for a U.S. Senior Industry Advisor. Participants: \$20,000 for 10 participants in the U.S.; two individual trainees in specialized fields, and an 8-man productivity team.

Project Objective and Description: To provide technical assistance to the Philippine Industrial Development Center (IDC) in its program offering financial, statistical and general management advisory services to private industry.

Work of the IDC has been divided into two broad areas: assistance to existing concerns in improving management techniques, and assistance in development of industrial opportunities. The IDC, until now a GOP agency administratively attached to the National Economic Council (NEC), and jointly sponsored by NEC and AID, provides: (a) industrial training in the form of management and technical courses; (b) industrial consultation-- AID has financed a contract to

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Malaria Eradication, 492-11-510-013			
Prior Reference: 492-ZA-51-AC-5			
Initial Obligation FY: 1953		Scheduled Final Obligation FY: 1969	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	5,428	5,016	412
Estimated FY 64	555	360	xxxxxxxxxxxx
Estimated through 6/30/64	5,983	5,376	607
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
530	795	7,308	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	12	20	
Participants			
Contract Services			
Commodities	543	510	
Local Expenses			
TOTAL	555	530	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		819	7

A network of thirty-two administrative units has been established and continues to carry out the eradication campaign in the remaining malarious areas in an accelerating campaign under which 20 per cent more houses are being sprayed each year. For FY 64, plans call for the spraying (attack phase) of a total of 665,000 houses twice during the year; in addition, 670,000 houses are to be visited at 8 week intervals to canvas (surveillance phase) for fever cases. For FY 65, the number of houses to be sprayed in the attack phase will be 670,000 and the cycle of surveillance increased to monthly visits to 675,000 houses. Since the program's inception, the annual rate of incidence of malaria cases has declined from an estimated 98 per 1,000 population to about 6 per 1,000. Malaria is no longer the No. 1 cause of death in the Philippines, and not even among the top 10. The Philippine population exposed to malaria declined from an estimated 8.3 million in 1962 to 6.7 million in 1963. After completion of spraying operations, commodity support will consist primarily of anti-malarial drugs for the cure of residual malaria cases during the consolidation phase.

W.H.O. assistance has totalled over \$1,000,000: an average of 3 technicians yearly plus training fellowships. The GOP provides personnel, maintenance and operational costs in accordance with the operational plan. Their direct, regular budget support is increasing steadily, e.g., from \$1.3 million equivalent in FY 63 to an estimated \$1.9 million equivalent in FY 65. The project is scheduled to terminate in FY 69 after having been delayed by development of resistance in the vector mosquito to insecticide, and by population migrations between controlled and uncontrolled areas.

FY 1965 Funding:
Technicians: \$20,000 for one malaria advisor to assist the GOP's Department of Health implement operations.
Commodities: \$510,000 for insecticides, spray equipment and anti-malarial drugs not available in the Philippines.

Project Objective and Description: To eradicate malaria from the Philippines and 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 DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Medical Education Improvement, 492-11-540-004			
Prior Reference: 492-AA-54-AH-5			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,378	818	560
Estimated FY 64	160	29	xxxxxxxxxxxx
Estimated through 6/30/64	1,538	847	691
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
138	20	1,696	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	34	30	
Participants	126	108	
Contract Services			
Commodities			
Local Expenses			
TOTAL	160	138	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		98	22

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 by furnishing equipment and, more importantly, by faculty improvement measures.

The seven medical schools assisted by A.I.D. have reduced enrollment of first-year students from 2500 in July 1961 to 1664 in July 1963. This has enhanced the effect of other improvements, both in personnel and plant, discussed below. Of the 48 basic science instructors who will have been trained for 2 years in the U.S., 12 will complete their training this year, 12 will begin their second year of training, and 12 are being selected to begin training in September, 1964. 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 Philippines School of Medicine with assistance, according to present hopes, from the Rockefeller Foundation. Delivery of scientific instruments, laboratory equipment and medical textbooks, funded by A.I.D. in prior years, will be completed during 1964.

The Philippine contribution to the project includes normal ministry and Board of Medical Education budget requirements as well as counterpart allocated to the schools. Faculty salary increases and hospital equipment procurement are budgeted in special accounts controlled by the medical schools.

FY 1965 Funding:

Technicians: \$30,000 for a U.S. Hospital Administration Advisor and a U.S. Medical Education Advisor.

Participants: \$108,000 for 12 participants to be trained for two years in the U.S. in basic medical sciences, such as anatomy, biochemistry, physiology, and pathology.

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

In the post war period the caliber 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

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: University of the Philippines,
492-11-660-012
Prior Reference: 492-AA-66-AG-5
Initial Obligation FY: 1951 Scheduled Final Obligation FY: 1965

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,297	1,221	76
Estimated FY 64	20	17	xxxxxxxxxxxx
Estimated through 6/30/64	1,317	1,238	79
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
76	20	1,413	

Proposed Obligations

Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	20	20
Participants		56
Contract Services		
Commodities		
Local Expenses		
TOTAL	20	76

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
513		719	20

and sewage system; and 2) replacement of part of the dilapidated wartime faculty housing. Most of the current U.S. contribution is in the form of PL 480 local currency financing for this construction. Assistance is also being given to train faculty.

A.I.D. participation in this project will be completed by the end of FY 1965. By that time, it is anticipated that the University, with its enrollment of 16,000 students in 20 major academic units, will be able to obtain funds elsewhere for carrying on whatever further construction is necessary and will be able to finance from its own resources training of additional teaching personnel as required. Currently, there is an active program to elicit private U.S. foundation support for the University. This effort has already met with a considerable measure of success, and if continued will provide a substantial private endowment for the University.

The Philippine Government has markedly increased its direct budgetary support of the University, from \$1.8 million equivalent in 1963 to \$3 million equivalent in 1964. Of the \$200,000 equiv. estimated cost of construction to be completed during FY 1964, the University has provided \$50,000 equiv. from its own budget. Furthermore, the University now assumes the burden of badly needed staff salary increases, granted commencing in 1962, as a permanent budgetary load.

FY 1965 Funding: **Participants:** \$56,000 for training in the U.S. of eight participants in engineering, mathematics and chemistry. **Technicians:** \$20,000 for the services of one U.S. technician to advise on problems of site selection, preparation of construction specifications, selection of building materials and maintenance.

Project Objective and Description: To improve the physical plant of the University of the Philippines and continue faculty training.

In prior years, considerable U.S. assistance to the University was provided in organization, administration, instructional techniques, curricula development and research. This phase of assistance was terminated in FY 1963. The program for improvement of physical facilities consists of two phases: 1) construction of additional buildings and facilities for teaching purposes, including an adequate water

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Textbook Production, 492-11-670-096			
Prior Reference: 492-AA-64-AF-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	645*	54	591
Estimated FY 64	400	360	xxxxxxxxxxxx
Estimated through 6/30/64	1,045	414	631
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
471		1,516	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	20	20	
Participants			
Contract Services			
Commodities	380	451	
Local Expenses			
TOTAL	400	471	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
2,436		3,711	519

completely funded in FY 65, textbooks will be available for each of the 30,000 public primary and secondary schools, thereby reaching nearly every Filipino family group. Books are in the vernacular languages, which are the media of instruction for Grades 1 & 2, and in English, which is the medium of instruction for Grades 3 and above. By renting the books to students for a nominal fee, the Bureau of Public Schools will be able to finance further textbook requirements.

At the end of FY 1963, 11.4 million books had been distributed and an additional 10.2 million books were under contract to be printed for delivery by the end of FY 1964. At that time, in terms of actual deliveries of textbooks, the project will be 86% completed. Of the balance of 3.4 million texts to be printed, 1.5 million will be produced using paper financed from FY 1964 funds, and 1.9 million printed under FY 1965 financing. The printing and delivery of the last of the textbooks will be made in 1966. When U.S. assistance to this project terminates, the principal book "gap" will have been bridged.

The GOP has contributed substantial amounts of appropriated funds to support the project and has also provided counterpart funds. Financing of high initial peso costs was supplemented by U.S.-owned local currency. (From FY 1961 through FY 1963, total peso requirements were ₱42 million, of which the U.S. provided ₱9.5 million.) In FY 1964 and in FY 1965, peso requirements will be met from regular appropriations of the Philippine Bureau of Public Schools, the counterpart fund and collections from rental of books.

FY 1965 Funding: Technicians: \$20,000 for a U.S. textbook advisor. Commodities: \$451,000 for paper and paper products.

Project Objective and Description: To overcome the shortage of elementary and secondary textbooks in Philippine public schools, mainly in rural areas.

Lack of textbooks has been recognized as a major problem of public education in the Philippines. In 1959 the U.S. agreed, subject to the availability of funds, to provide sufficient paper and paper products for 25,000,000 textbooks, approximately 80 percent of total requirements for the Philippine public schools. The GOP agreed to pay printing and other local costs. Once this project has been

*Excludes \$1 million non-project assistance in FY 61 for paper and paper products.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: In-Service Training and Pilot Schools 492-11-670-161			
Prior Reference: 492-AA-65-AE-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	146	50	96
Estimated FY 64	124	35	xxxxxxxxxxx
Estimated through 6/30/64	270	85	185
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
65		335	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40	20	
Participants	69	30	
Contract Services			
Commodities	15	15	
Local Expenses			
	TOTAL	65	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		68	26

General Education Project, U.S. assistance was provided to develop pilot schools and initiate demonstration and in-service programs. That project terminated in FY 62. In FY 63, the GOP requested U.S. assistance in establishing an intensified training program for teachers and top echelon supervisory and administrative officials.

U.S. advisors have helped to: (1) identify and develop 10 pilot elementary schools as regional In-service Training Centers; (2) expand and diversify training activities of these centers through workshops and demonstrations and materials development; and (3) print and distribute teaching materials through Material Production Centers. Ten new Centers will be established by the end of FY 64 to serve teachers of the hundreds of adjacent rural schools that are not reached by the pilot school program. Emphasis is on training in the effective use of English as the medium of instruction.

In FY 65, the final year, plans provide for establishment of 10 additional centers and extension of the pilot program to 25 more elementary schools. Efforts will be directed toward senior personnel (principals, School Division Superintendents, etc.)

The centers and pilot schools are directly tied to the work of the GOP's Bureau of Public Schools and will function permanently as integral parts of the national educational system after the three-year project ends. Approximately 30 percent of the GOP's national budget goes to education. In addition to school buildings and equipment, the GOP provides peso support for the participants and U.S. technicians. During FY 64-65, the GOP has included funds in its budget for construction of a combination dormitory and classroom building at each of ten Centers.

FY 1965 Funding: Technicians: One education advisor. Participants: Training of 24 participants; fifteen will be sent to Taiwan and Thailand, and nine will go to the U.S. Commodities: One set of 100 professional books and office equipment for each of the ten new Centers.

Project Objective and Description: To assist the Philippine Government in establishing a comprehensive in-service training program for the nation's over 130,000 elementary and secondary school teachers and administrators working in rural areas. Improving the rural education base will, among other things, facilitate implementation of the new agrarian reform legislation.

As a result of the shortage and inferior quality of school teachers, the quality of the Philippine rural school system is inadequate to meet the education needs of intensified national development. In prior years, under the

PROJECT DATA

(In thousands of dollars and equivalent)

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: 492-ZA-71-AA-5			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	877	662	215
Estimated FY 64	180	70	xxxxxxxxxxxx
Estimated through 6/30/64	1,057	732	325
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
230	355	1,652	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	50	60	
Participants	70	70	
Contract Services			
Commodities	60	100	
Local Expenses			
TOTAL	180	230	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		222	39

U.S. assistance has included: furnishing of technical advisors; training in the U.S. for officials of the NBI (31) the Philippine constabulary (8), and local police (10); and provision of special investigative and training equipment for the NBI. 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 police administration, law enforcement techniques, criminal investigation and communications. Additionally, the project has helped provide police training in the Philippines to Thais, Cambodians, Laotians, Indonesians, Vietnamese and Koreans.

During the final years of this project the NBI, with A.I.D. assistance, will: reorganize and enlarge its Inspection and Training Division and increase its staff to provide in-service advanced and specialized training; the National Police Academy will be established on a site already acquired; and the recent incorporation of the police into the Civil Service system will be further refined to include qualification examinations, proficiency testing and tenure features.

The lack of law and order plaguing the Philippines is particularly serious in rural areas. In FY 65 and thereafter, the project will develop law enforcements capabilities in villages. The GOP has increased the NBI annual budget from \$231,000 equivalent in FY 59 to \$1,450,000 equivalent in FY 64. It is anticipated that this figure will be exceeded in FY 65 to provide for salaries of additional personnel and increased operational expenditures.

FY 1965 Funding: Technicians: three direct hire: Public Safety Advisor, two training advisors (riot control; and advisor to the NBI Training Academy). Participants: 15, U.S. training in crime laboratory work, records, crime detection, riot control etc. Will return as instructors at the NBI. Commodities: training films and manuals, communications and laboratory equipment.

Project Objective and Description: To increase the ability of civil police and related organizations to maintain internal security and reduce lawlessness which continues to impede orderly economic and social development in the Philippines. The project is designed specifically to (1) 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 (2) provide training in the Philippines for police personnel from other Southeast Asian countries, and to improve training programs for Filipino personnel.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 492-AA-79-AB-5			
Initial Obligation FY: 1952		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	948	869	79
Estimated FY 64	150	120	xxxxxxxxxxxx
Estimated through 6/30/64	1,098	989	109
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
195	130	1,423	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	120	145	
Participants	30	50	
Contract Services			
Commodities			
Local Expenses			
TOTAL	150	195	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		471	55

U.S. pattern.

This project represents the U.S. contribution to a three-pronged attack, worked out by the USAID, the IBRD and the GOP, on the planning and implementation problems involved in carrying out the Philippine's development program. The IBRD is participating with a resident team of experts in agricultural economics, transportation, industrial management and other specialists as may be required from time to time. These technicians will advise the government on overall economic planning. Later, it is anticipated that the Ford Foundation will contribute advisors to certain GOP department heads to improve the management and operation of their organizations.

While U.S. assistance in public administration began in FY 1952, the fields of early concentration such as civil service, personnel, budget and management, are now in their final stages. A survey by the Budget Commission nearing completion will be the basis for refinement of procedures to improve processes in the Bureau of Supply Coordination. Participant training in the U.S. has proved most valuable. Many former participants now hold high level positions in the government and in the private sector. Examples are the current 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.

Although in the past there have been delays due to political and other factors, A.I.D. as well as IBRD teams are now in the field and, given a favorable political climate, effective action should be completed in FY 1966, the final year of A.I.D. assistance.

FY 1965 Funding:

Technicians: \$145,000 for six resident U.S. advisors in: Finance; Budget, Tax; Customs; Accounting; and Supply.

Participants: \$50,000. The requirement for specialized participant training will be determined by the U.S. advisors as organizational studies are completed and specific needs for direct U.S. experience is justified.

Project Objective and Description: To help the GOP carry out administrative reforms and improvements essential to implementing its 5-Year integrated program for Socio-Economic Development.

The U.S. provides advisory services and participant training to help: (1) develop a control system for cash budget transactions; (2) improve the administration and collection of customs and taxes; (3) develop a standardized GOP supplies control system; and (4) establish an appropriate system for national accounting. These are areas in which the U.S. is especially qualified to furnish assistance, since the structure of the Philippine Government is based on the

PROJECT DATA

(In thousands of dollars and equivalent)

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: 492-AA-81-AD-5
 Initial Obligation FY: 1956 Scheduled Final Obligation FY: 1967

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,853	1,738	115
Estimated FY 64	129	100	xxxxxxxxxxx
Estimated through 6/30/64	1,982	1,838	144
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
90	173	2,245	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	55	65
Participants	65	25
Contract Services		
Commodities	9	
Local Expenses		
TOTAL	129	90

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
7,397		246	33

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 Assistant for Community Development (PACD) was established to coordinate a program to

reduce or eliminate causes of rural discontent. In support of PACD efforts, the U.S. 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. The U.S. has also financed procurement of commodities such as jeeps and motor bikes, training materials, office equipment and agricultural implements for distribution in the barrios.

Under PACD auspices, some 2,400 barrio workers have taken 8-month training courses followed by in-service training. They in turn have trained over 300,000 barrio people in a variety of leadership courses.

A major characteristic of this project is participation by all levels of government. Upwards of 40,000 aided, self-help local development projects have been completed, ranging from irrigation systems (147 were started during FY 1963) to barrio markets (59 during FY 1963) to 1400 kilometers of barrio roads. Since the beginning of the program the estimated value of these projects is ₱56.4 million, of which the barrio people have contributed, in services for the most part, ₱31.8 million.

The recently enacted Land Reform Code provides an important additional function for the Barrio Councils which are the principal vehicles for implementation of the legislation. PACD will provide five men to each of the 30-35 man Land Reform Project Teams.

During FY 65, training will continue for government and barrio personnel and Barrio Council members. The participant training activities in fields such as mass communication and organization and methods are an essential part of the community development program, designed to build into PACD a capacity which will enable it to fulfill its role without external assistance. U.S. assistance to this project will terminate in FY 67.

The PACD has 2800 personnel and in FY 1963 a budget of \$4.5 million equiv. The GOP has budgeted increasing amounts for it. U.S. contributions have declined commensurately. By FY 1966, it is anticipated that the GOP can meet PACD's requirements from its own budget, approx. \$5 million equiv.

FY 1965 Funding: Technicians: 3: a CD specialist; a training officer; and an operations officer. Participants: 5 to the U.S. for supervisory training in CD.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Atomic Energy Training, 492-11-980-074

Prior Reference: 492-ZA-98-AE-5

Initial Obligation FY: 1955

Scheduled Final Obligation FY: 1965

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	422	333	89
Estimated FY 64	34	4	xxxxxxxxxxxx
Estimated through 6/30/64	456	337	119
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
45			501

Cost Components	Proposed Obligations	
	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants	34	30
Contract Services		15
Commodities		
Local Expenses		
TOTAL	34	45

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		62	6

The reactor was to have gone critical in CY 1962. However, delays in the construction of the building and the reactor pool postponed the installation of the reactor itself for over a year, and it did not become critical, i.e., go into operation, until early FY 1964.

In FY 1965 it is proposed that a "Cooperating Laboratory" shared-cost arrangement be entered into between PAEC and A.I.D. (with the collaboration of the University of Virginia). A.I.D. will contribute approximately \$15,000 for travel in the U.S., consultant fees, printing of reports for the Project Director, etc. under the University contract. The PAEC will match this contribution to cover overseas conference expenses for PAEC scientists, and costs of special equipment and supplies to be procured or fabricated by the University of Virginia. The goals of the Cooperating Laboratory set-up would be basically the same as those of previous A.I.D. assistance. The focus however, is on residual operational and research problems which threaten to curtail the effectiveness and utilization of the facility (e.g. safety matters). Services will be "on call". In addition, A.I.D. will fund the continued training of participants presently in the U.S., and one or two "new starts".

Training carried on after A.I.D. project termination in FY 65 will, it is anticipated, be supported by international agencies such as the International Atomic Energy Agency and by the Colombo Plan.

Any contribution which the PAEC may make to the solution of the country's technical problems, and the realization of the benefits of U.S. assistance already provided in the field of atomic energy, will then be dependent upon the initiative, skill and determination of the Filipino engineers who will operate and maintain the reactor, and the scientists who will utilize it.

FY 1965 Funding: Contract Services: for the University of Virginia contract, including short term experts. Participants: U.S. training of five participants, at the Masters and PhD level.

Project Objective and Description: To assist the Philippine Atomic Energy Commission (PAEC) to build a staff capable of operating, maintaining and effectively utilizing the research reactor provided the GOP under the U.S. Atoms-for-Peace Program.

The U.S. has provided technical assistance through an A.I.D. contract with the University of Virginia (which will terminate in April 1964). Thirty-eight participants (in nuclear chemistry, physics, radiation genetics, etc.) have been trained or are in training at graduate schools and laboratories in the U.S.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Water Resources Survey, 492-11-990-159			
Prior Reference: 492-AB-99-AD-5			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
Through 6/30/63		Obligations	Expenditures
		778	318
Estimated FY 64		Obligations	Expenditures
		441	369
Estimated through 6/30/64		Obligations	Expenditures
		1,219	687
Estimated FY 65 Obligations		Future Year Obligations	Estimated Total Cost to Complete
404		145	1,768
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians		255	
Participants		24	
Contract Services	441		
Commodities		125	
Local Expenses			
	TOTAL	441	404
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		112	72

IBRD. The data will also be made available to the International Atomic Energy Agency (IAEA) for its study of power in the Philippines, and for other planning purposes.

AID 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 which will be subcontracted to a private U.S. firm. Over \$250,000 worth of hydrologic equipment for surface and ground water studies has been furnished and is in use. Participant training in the U.S. -- flood control, surface water hydrology, etc. -- has commenced. BUREC expects to complete its assignments relative to detailed planning in the first two river basins and the collection and evaluation of data on the other five basins by June 30, 1965. Planning recommendations on the latter group of five basins are to be completed and AID assistance to this project terminated in FY 1967.

The GOP has already appropriated approximately \$1 million equivalent for this project, and expects to provide another \$750,000 equivalent for the first phase covered by this survey. This includes local currency support of limited aerial photography and topographic mapping of selected watershed areas and reservoir sites within the area of the seven river basins.

FY 1965 Funding: Technicians: Eight under a PASA with the BUREC (planning, flood control, irrigation and power planning, geologist, hydrologist, agricultural economist and an administrative officer); three direct-hire technicians (ground water geologist, hydrologists). Participants: Four in the U.S.: surface water hydrology and ground water geology. Commodities: Instruments and materials for the collection of ground water and surface water data.

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, including flood control (damage now over \$10 million a year), irrigation, hydro-power and domestic and industrial water supply.

The results of the several surveys planned under this activity (Central Luzon, Cagayan River Basin, etc.) will enable the GOP to assign priorities to development projects it will finance and to prepare loan applications for submission to international lending organizations such as the

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: PHILIPPINES

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 492-11-990-000			
Prior Reference: 492-ZZ-99-AA-5			
Initial Obligation FY: 1951		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 2,675	Expenditures 2,655	Unliquidated 20
Estimated FY 64	360	285	xxxxxxxxxxxx
Estimated through 6/30/64	3,035	2,940	95
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
375	**	**	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	310	325	
Participants			
Contract Services			
Commodities	50	50	
Local Expenses			
TOTAL	360	375	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		790	127

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 consists of local support costs for U.S. technicians including allowance and local travel funds.

FY 1965 Funding:

Technicians: \$325,000 to finance the costs (as described above) of 17 technicians, including Chiefs of the USAID's various technical divisions, program and loan officers, and others.

Commodities: \$50,000 for items essential to the support of the program including paper and paper products, electrical apparatus and parts, motor vehicles and spare parts, and miscellaneous office supplies.

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

Technical Support requirements comprise: (1) salaries and allowances of program technicians whose services relate to more than one project, or to activities not covered by the project program; (2) logistic support for these personnel (housing, utilities, transportation, etc.); and (3) proportionate share of office overhead chargeable to program activities.

* Project will continue annually in support of A.I.D. programs.
** Reviewed annually.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: PHILIPPINES

Borrower: BATAAN PULP AND PAPER MILLS

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Bataan Pulp and Paper Mills, 492-A-006	
Date Approved: May 1, 1959	Date Signed: July 10, 1959
Loan Status as of 12/31/63	Loan Terms
Amount	
Approved \$5,400	Duration 10 yrs.
Ltr Comt. Issued 4,388	Grace Period 1 yr.
Disbursed 5,360	
Repayments 20	Interest Rate 5 3/4%
Interest Collected 140	Currency of Repayment. . . US\$

financial reorganization was then agreed to by which A.I.D. would accept common stock for the defaulted interest and would reschedule the loan payments, providing \$1,500,000 new Philippine equity was injected and acceptable management provided. To date \$675,000 of the equity has been pledged by the GOP but the stockholders have not pledged the balance of \$825,000. However, two large and competent U.S. paper manufacturers have made proposals to the company and it is expected that some solution to the problem of additional capital and adequate management will be worked out in the near future.

Host Country Contribution, Procurement Source: Approximately \$2,500,000 equivalent was supplied by about 3,000 Philippine stockholders when this company was organized. Additional Philippine capital is contemplated as noted above. The source of goods and services procured under this loan was 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 utilizes bamboo as a base raw material native to the peninsula of Bataan where the plant is located.

Physical Status: This plant commenced operations in July, 1962. Due to management problems, several months elapsed before saleable paper was produced. Output is still substantially below rated capacity.

Financial Status: As a result of operating problems the company has exhausted its cash resources and the Corporation is exploring ways of raising additional peso capital to ease its financial difficulties. This loan is in default as of October 1, 1963 in the amount of \$672,000 in interest and \$694,000 in principal and in addition has substantial current liabilities. In October 1963 a study of the plant was made by experts under contract to A.I.D. It was determined that the plant can be made profitable. A

STATUS OF LOANS

(in thousands of dollars and equivalent)

TABLE V

Country: PHILIPPINES

Borrower: MINDANAO PORTLAND CEMENT CORP. Funds: DEVELOPMENT LOANS

Title and Number of Loan: Cement Plant
492-A-007

Date Approved: June 30, 1959

Date Signed: October 26, 1959

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved \$3,700	Duration 9 years
Ltr. of Comt. Issued 3,606	Grace Period 3 years
Disbursed 3,580	
Repayments	Interest Rate 5 3/4%
Interest Collected 96	Currency of Repayment US\$

Satisfactory feasibility and engineering surveys were completed by the Development Loan Fund before the loan was undertaken. However, unforeseen problems in terms of the raw material supplies and construction of the foundation developed subsequently but are in the process of solution through the intervention of the U.S. firm.

Host Country Contributions, Procurement Source:

Approximately \$3 million equivalent in pesos were made available for local costs of the plant through equity participation and local borrowing. An additional \$2.5 million equivalent will be available as a result of new stock issue and the investment of the U.S. firm.

The source of imported goods and services procured by the loan was the U.S.

Purpose of Loan: This project loan is being used 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. This is expected to save \$1.9 million in foreign exchange per year.

Physical Status: The plant is not yet in full production. New participation in the management of the company through an equity investment by a well-known and experienced U.S. manufacturer has been arranged. This will increase the equity base of the company and it is anticipated that the plant will be in full production within the next year.

Financial Status: The delay in production of cement, and the managerial problems which are now believed solved, resulted in deterioration of the financial status of the company, delinquency in repayment of principle and interest in the amount of \$1,142,606,93 at the end of December 31, 1963. With the solution of the problem through the support of the U.S. firm which will ultimately own a majority interest in the company, A.I.D. will consider a rescheduling of the loan which will include the delinquent principle and interest payments.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: PHILIPPINES

Borrower: REPUBLIC OF THE PHILIPPINES

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Roads and Bridges Rehabilitation,
492-A-005

building program in the Philippines. A revised program to meet adjusted priorities and related more realistically to available local resources would then be presented for A.I.D. development lending consideration.

Date Approved: January 30, 1959

Date Signed: June 29, 1959

Host Country Contribution, Procurement Source: The Philippine Government provides from its budgetary revenues for local costs of the highway and bridge program.

Loan Status as of 12/31/63		Loan Terms	
Amount			
Approved	\$18,750	Duration	12 yrs.
Ltr. Comt. Issued	8,472	Grace Period	2 yrs.
Disbursed	6,510		
Repayments	3,771	Interest Rate	3 1/2%
Interest Collected	290	Currency of Repayment...	US\$

Under this loan, world-wide procurement was authorized.

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, highway and two feeder roads.

Physical Status: Unfortunately, political and economic conditions, problems in public management, and reconsideration of programmed priorities have resulted in serious delays. This loan is under intensive review.

Financial Status: Disbursements have been made for a portion of the spare parts segment of the loan. However, consideration is being given by GOP to a request for cancellation of a significant portion of the original amount to permit the National Economic Council to complete a general review and analysis of the road

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: PHILIPPINES

Borrower: CENTRAL BANK OF THE PHILIPPINES Funds: DEVELOPMENT LOANS

Title and Number of Loan: Small Industry Loan
492-A-004

Import Bank had established credit lines totaling \$20 million credit. The success of these lines of credit heavily influenced the DLF approval decision. The loan agreement set limits upon relending terms and required DLF approval of sub-loans in excess of \$250,000.

Date Approved: January 16, 1959

Date Signed: May 6, 1959

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$5,000	Duration	7 years
Ltr. Comt. Issued	2,598	Grace Period	1 year
Disbursed	1,763	Interest Rate	5 1/4%
Repayments	998	Currency of Repayment...	US\$
Interest Collected	42		

Host Country Contribution, Procurement Source:

Since the dollar loan was only a portion of the capital resources of the Central Bank, the borrower was expected to make and has made available the local currency requirements of sub-borrowers. The original loan authorized world-wide procurement but this was subsequently modified to apply U.S. procurement policy for all Letters of Commitment issued after December 31, 1962.

Purpose of Loan: To assist small industries by providing the means whereby they may obtain foreign exchange on reasonable terms to purchase goods and services required to expand and improve operations. Sub-loans have been made largely to logging and milling firms, to sugar processors and cottage industries. They will contribute to the development of natural resources and increase in productive capacity.

Implementation: Draw downs against this loan have not occurred as rapidly as anticipated when the loan was made. It has been alleged that borrowers regarded DLF procedural requirements too onerous and time consuming and that the terms were not sufficiently attractive to compensate for the difficulties involved in using the DLF credit. The subsequent U.S. procurement policy contributed to the local lack of interest in using this loan. Other sources of credit have entered the Philippine market. Accordingly, agreement has been reached to reduce the loan to a level which covers outstanding disbursements, unutilized commitments still active, and applications received prior to December 31, 1963. The amount to be deobligated is currently being calculated. When the loan has been reduced, a modified amortization schedule will be developed to reflect slow utilization of this credit.

Physical Progress: At year end (December 31, 1963) twenty-two sub-loans totaling slightly more than \$3.0 million had been committed. This represented 60 percent of the loan proceeds. By agreement, the Central Bank of the Philippines cannot charge an annual effective rate of interest in excess of 7½ percent. No delinquent or overdue accounts of sub-borrowers have been noted but the Central Bank has made only token principal payments during 1963.

Financial Status: As of December 31, 1963, disbursements for the twenty-two sub-loans amounted to approximately one-third of the A.I.D. loan and a little more than 50 percent of the value of the sub-loans. The loan was made after the Development Loan Fund was satisfied that feasibility of such a credit operation had been established. The U.S. Export-

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Thailand

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: THAILAND

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	2,399	2,080	319	2,743	2,184	559	2,338	1,566	772
Participants.....	1,107	1,080	27	759	729	30	733	703	30
Contract Services.....	8,068	1,481	6,587	3,701	2,084	1,617	4,036	3,334	702
Commodities.....	5,864	2,694	3,170	7,182	3,003	4,179	5,693	3,197	2,496
Local Expenses.....									
Total Project Assistance	17,438	7,335	10,103	14,385	8,000	6,385	12,800	8,800	4,000
Amount funded from Contingency Fund (non-add)	(10,103)		(10,103)	(485)		(485)			
NON-PROJECT ASSISTANCE									
Commodities.....									
Cash Transactions.....									
Other.....									
Total Non-Project Assistance									
Grand Total	17,438	7,335	10,103	14,385	8,000	6,385	12,800	8,800	4,000
Amount funded from Contingency Fund (non-add)	(10,103)		(10,103)	(485)		(485)			
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	133	112	21	114	82	32	114	78	36
Participating Agency.....	13	9	4	10	10		44	8	36
Total U.S. Technicians	146	121	25	124	92	32	158	86	72
Contractor Employees (on duty close of yr.)	52	40	12	80	55	25	110	110	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	290	282	8	271	263	8	229	221	8
Contract.....	14	14		13	13				
Total Participants	304	296	8	284	276	8	229	221	8

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965

(In thousands of dollars)

TABLE II

CONFIDENTIAL

Country: THAILAND

Activity	Total	Technical Cooperation	Supporting Assistance
Agriculture and Natural Resources	1,009	1,009	
Industry and Mining	545	243	302
Transportation	106	106	
Health and Sanitation	2,717	2,717	
Education	551	551	
Public Administration and Public Safety	2,060	270	1,790
Community Development, Social Welfare, and Housing	332	332	
General and Miscellaneous	4,544	2,636	1,908
Technical Support	936	936	
Total	12,800	3,805	4,000

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Extension Assistance to the Northeast, 493-11-110-086			
Prior Reference: 498-AA-11-AH-5			
Initial Obligation FY: 1952		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,549	1,132	417
Estimated FY 64	338	259	xxxxxxxxxxxx
Estimated through 6/30/64	1,887	1,391	496
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
304	600	2,791	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	59	63	
Participants	64	66	
Contract Services	15		
Commodities	200	175	
Local Expenses			
TOTAL	338	304	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,001*	350**

The Thai Government, with U.S. assistance, has established the nucleus of an extension service. Nine regional extension centers have been established, 200 farmer's clubs with more than 12,000 members have been formed, and 360 4-H Clubs with more than 13,000 members have been organized. A measure of the extension service's effectiveness is its performance in 1963 when it distributed 120,000 lbs of certified corn seed to farmers and over 400,000 pamphlets on improved farming methods.

With the shift of attention to the Northeast, FY 1965 objectives were realigned to (1) provide 3 trained extension officers for each of the area's 51 districts, (2) establish 230 new Farmers Clubs and 250 new 4-H Clubs (3) increase the capability of extension agents through in-service training, supervision, and technical support.

U.S. assistance to the Thai extension service will end in FY 1967, at which time it is expected that the RTG will be able to assume full responsibility for the continuation of this program.

The RTG budget for extension work has increased from \$315,000 in 1961 to \$500,000 in 1965. In addition, the TG is providing the local currency equivalent of \$350,000 from a jointly controlled special account.

FY 1965 Funding: The U.S. proposes to fund: Technicians: 4 agricultural extension advisors; Participants: training 4 Thai technicians in the U.S. and 100 farmer leaders in third countries; Commodities: including vehicles, motor-bikes, fertilizer and pesticides.

Project Objective and Description: To establish an effective agricultural extension service, concentrating attention on requirements of the Northeast.

U.S. assistance in agricultural extension was initiated to increase farm productivity and improve the economic well-being of Thai farmers.

Since 1964, in response to increased concern over the Northeast, agricultural extension has acquired the added objective of bringing tangible evidence of RTG concern for the area through the service and assistance that extension work provides.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Applied Crop and Livestock Research, Northeast - 493-12-110-135			
Prior Reference: 493-AA-11-AD-5 493-AA-14-AE-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	231	92	139
Estimated FY 64	300	176	xxxxxxxxxxxx
Estimated through 6/30/64	531	268	263
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
323	550	1,404	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	51	-	
Participants	60	57	
Contract Services	50	179	
Commodities	139	87	
Local Expenses	-	-	
TOTAL	300	323	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		509 *	150**

In 1963, a feasibility survey was undertaken by two U.S. Department of Agriculture consultants to determine the type of program necessary to develop the required agricultural extension information. Contingent upon satisfactory negotiations with the Thais, A.I.D. plans to undertake assistance in the establishment of an effective N.E. agricultural research program through a contract with a private research organization or a PASA with the U.S.D.A. It is estimated U.S. support would be required for about five years, by which time the Thais should be able to carry forward agricultural research activities on their own.

The Thai Government has agreed to provide the necessary land, buildings and local currency operating budget for the program. In addition, the Thais have agreed to assign well trained agriculturalists to serve as counterparts to the American technicians. In FY 1965, the Thai Government plans to provide the equivalent of \$600,000 to this project from the ministry budget. In addition, the Thais are scheduled to provide \$150,000 from a special account to carry out this project.

FY 1965 Funding: The proposed U.S. contribution covers the costs of: Contract Services: 6 agricultural research advisors; Participants: 9 U.S. and 5 third country agricultural research participants; and Commodities: scientific and laboratory equipment extension teaching aids, seeds, fertilizer, and pesticides.

Project Objective and Description: To establish an agricultural research program in the Northeast to develop practical agricultural information for use by farm operators in the area.

Technical agricultural information based on soil and weather conditions in the Northeast is not sufficiently developed to provide effective backstopping for the agricultural extension service in the area. To remedy this short-coming, the Thai Ministry of Agriculture requested assistance in the establishment of an effective agricultural research program in the Northeast to conduct crop experimentations and demonstration activities.

* Includes counterpart and a jointly controlled project contribution.

** RTG special contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Soil and Water Development Management, Northeast, 493-12-120-136			
Prior Reference: 493-AA-12-AC-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	374	49	325
Estimated FY 64	486	330	xxxxxxxxxxxx
Estimated through 6/30/64	860	379	481
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
319	400	1,579	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	50	35	
Participants	41	34	
Contract Services	120		
Commodities	275	250	
Local Expenses			
TOTAL	486	319	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		683*	500**

be initiated in three additional provinces (All soil survey work is being closely coordinated with the Pa Mong program being carried out by the Bureau of Reclamation as a part of the Mekong River Basin Program).

The second activity carried out under this project is the construction of farm irrigation distribution systems from 38 existing reservoirs to irrigate approximately 29,000 acres. 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.

In 1964, construction is being initiated for 10 of the reservoirs. In 1965, construction activity will be extended to eight more.

The third activity is a concentrated soil conservation program in the Northeast encouraging such practices as contour plowing and terracing of cultivated fields, proper drainage and reforestation.

It is planned in FY 64 to utilize contract personnel to do a survey of the land reclamation possibilities of what are believed to be extremely fertile but now sparsely settled lands on the Mekong River border, with the aim that if results are positive the Thai Government will initiate a self help resettlement project.

It is estimated that the objectives of this project will be realized by the end of FY 67 at which time the Thai Government will be able to maintain and extend this activity to other regions.

In FY 1965, the Government will contribute the equivalent of \$300,000 to this project from the regular budget. An additional \$500,000 from a special account will fund local costs of other activities jointly carried out with the U.S. under this project.

FY 1965 Funding: The FY 65 request covers the costs for: Technicians: two irrigation farming advisors; Participants: Training 6 Thai technicians in the United States and eight in third countries and; Commodities: tractors, vehicles and agricultural machinery.

* Includes counterpart and a jointly controlled project contribution.

** RTG special contribution, jointly controlled.

Project Objective and Description: To undertake land use surveys, construct irrigation distribution systems and undertake soil conservation work to better utilize soil and water resources in the Northeast.

This project, begun in FY 1963, will assist the Government of Thailand in the completion of basic land classification surveys in the 15 Northeast provinces to determine suitability of unutilized areas for cultivation and alternative agricultural activities that can be undertaken in existing cultivated areas. Survey work in the first three provinces will be completed in 1964. In 1965, surveys will

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: AGRICULTURE AND NATURAL RESOURCES

Funds: TECHNICAL COOPERATION

Project Title and Number: Agricultural Economics and Farm Management Planning, 493-11-140-137			
Prior Reference: 493-AA-14-AF-6			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 136	Expenditures 35	Unliquidated 101
Estimated FY 64	100	128	xxxxxxxxxxxx
Estimated through 6/30/64	236	163	73
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
63	130	429	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	49	15	
Participants	31	28	
Contract Services			
Commodities	20	20	
Local Expenses			
TOTAL	100	63	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		497*	100**

development of improved farm plans. In FY 64, the results of these studies will be applied on demonstration farms in the study area.

It is estimated that at the close of FY 67, the Ministry will have a sufficient number of trained officers to conduct such analyses independent of outside assistance.

The Government plans to budget the equivalent of \$560,000 for this activity in FY 65 as well as the equivalent of \$100,000 from a special account to cover local costs of the activity. **FY 1965 Funding:** To cover: Technicians: 1 agricultural economist; Participants: training three Thai technicians in the United States and nine in third countries; and Commodities: including vehicles and office equipment.

Project Objective and Description: To develop the capacity of the Ministry of Agriculture to collect reliable agricultural data and to undertake agricultural economic analysis and planning.

This project, begun in 1963, is assisting the Ministry of Agriculture in undertaking national economic analyses of key agricultural problems such as production costs and, income and market prospects for major farm commodities. The results are to be used in developing effective planning in the field of agricultural production. Several economic and marketing surveys recently conducted in the Northeast are presently being analyzed with particular attention to production alternatives for the farmer, market outlets, and the

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special contribution, jointly controlled.

PROJECT DATA

(in thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: INDUSTRY AND MINING

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Regional Telecommunications (Construction,) 493-22-220-095			
Prior Reference: 493-AD-22-AF-1			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: 1963	
U.S. DOLLAR COSTS			
(\$703 CF in FY 63)		Obligations	Expenditures
Through 6/30/63		13,038	8,511
Estimated FY 64			4,527
Estimated through 6/30/64		13,038	13,038
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		13,038	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL			
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		4,000	

subsequently contracted with Television Associates of Indiana for remaining engineering, with Western Electric Company for supervision and consultation, and with Collins Radio for construction of the system. The Television Associates contract was completed in December 1963, the Western Electric contract was completed in December 1963, the Western Electric contract is more than 70% complete, and the Collins contract is more than 90% complete. At the end of January 1964 all sites, roads, building, towers and electrical work had been completed. Cable placing, splicing and terminating between Bangkok and Korat, including the Ayudthaya leg, were complete. From Bangkok to Chantaburi, pole line rehabilitation and cable placing were complete, and cable splicing was 85% complete. All buried cable work at Nakornpathom is completed and 20% of the aerial cable carriers between Bangkok and Nakornpathom were installed. Installation of radio and carrier equipment in Zones 2 and 3 is complete. Cable carrier installation between Bangkok and Korat is also complete. First phase direct circuits between Bangkok and Udon and Bangkok and Ubol are operational. Work is proceeding on schedule toward a May 1964 completion date.

Unliquidated obligations as of 6/30/63 consisted largely of the unexpended funds in support of the Western Electric and Collins contracts and to finance the interagency agreement with BuDocks.

FY 1965 Funding: No FY 65 funds are required.

Project Objective and Description: To provide a modern long-distance (toll) telephone network interconnecting Bangkok and the principal cities of Northeast Thailand and tying into the Vietnam telephone system. The network has a high priority both for security and economic reasons.

Although the project was delayed in its early years, during 1962 engineering and management problems were resolved and the project was narrowed to include only three of the five zones originally contemplated, all in the Northeast. AID entered into an interagency agreement with the Navy Bureau of Yards and Docks under which BuDocks would serve as AID's agent to manage construction. BuDocks

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: INDUSTRY AND MINING

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Portable Radio Transmitter 493-12-220-150			
Prior Reference:			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
(\$200 CF in FY 63) Through 6/30/63	Obligations	Expenditures	Unliquidated
	200		200
(\$485 CF in FY 64) Estimated FY 64	485	500	xxxxxxxxxxxx
	685	500	185
Estimated through 6/30/64			
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
302		987	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	485	302	
Commodities			
Local Expenses			
TOTAL	485	302	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

Rather than permit the communist propaganda to go unchallenged, the country team elected to loan the Thai Government 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. When the Australian units become operable, the portable transmitter will be returned to the U.S. and aid to this project will be terminated.

FY 1965 Funding: Contract Services: 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 propaganda broadcasts beamed at the Northeast from Hanoi and Peking.

In May, 1963, the communists stepped up their propaganda offensive in the Northeast by increasing the number of radio broadcasts beamed at this security sensitive area from North Vietnam and China. Although the Australian government was in the process of installing two radio transmitters in Thailand capable of countering the communist propaganda offensive, these transmitters were not scheduled to become operational until the end of CY 1964.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Development Support, 493-14-290-161			
Prior Reference: 493-AD-93-AG-1			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1969	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	283	237	56
Estimated FY 64	200	107	xxxxxxxxxxxx
Estimated through 6/30/64	483	344	139
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
243	370	1,096	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40	43	
Participants			
Contract Services	160	200	
Commodities			
Local Expenses			
	TOTAL	200	243
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		59*	10**

U.S. firms have been approved to date. They are in various stages of completion and we anticipate that new investment will result. Thirdly, AID is seeking to improve the opportunities and climate for private investment in Thailand by encouraging the government to divest itself of several hundred industrial enterprises in which it is engaged. Upon adequate assurance that the Thais seriously seek to disengage from state enterprise, AID will provide consultants in FY 64 to develop (1) a work plan for a program to be carried out by a jointly financed advisory team, (2) a set of criteria for determining which presently RTG-owned enterprises ought to be in the private sector, and (3) the classification of these enterprises by numbers, product and competitive position in the Thai economy. The Thai Government will contribute the equivalent of \$15,000 from the regular budget for this project in FY 65 plus the equivalent of \$10,000 in a jointly controlled special account for related local support costs.

FY 1965 Funding: Contract Services: To provide a U.S. consulting firm to conduct the survey in accordance with the work plan to be developed in FY 1964. We anticipate proceeding with this second stage only if the RTG reaction to the first stage survey gives promise that the recommendations will be followed and a substantial transfer of industry from the public to the private sector may reasonably be anticipated.

Technicians: Two AID direct hire employees to carry out the first two activities described above.

Project Objective and Description: To stimulate and assist domestic and foreign investment in the industrial sector of Thai economy.

The project has three principal aspects. The first is to facilitate the implementation of the AID investment guarantees program. To date some \$90 million of guaranties have been issued to U.S. firms covering their investments in Thailand. The second is to identify attractive areas for private investment and if possible to interest investors, preferably American, in undertaking new or expanding existing enterprises. Ten investment survey grants (50/50) to

- * Includes counterpart and a jointly controlled special RTG project contribution.
- ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Security Road Program, 493-12-310-139			
Prior Reference: 493-AA-31-AB-1			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
(\$5,524 CF in FY 63) Through 6/30/63	Obligations	Expenditures	Unliquidated
	5,524	10	5,514
Estimated FY 64	750	600	xxxxxxxxxxxx
Estimated through 6/30/64	6,274	610	5,664
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	18		
Participants			
Contract Services	732		
Commodities			
Local Expenses			
TOTAL	750		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		95*	5*

for subversion. By ending their isolation, roads connecting these areas with the existing Thai highway system will contribute to economic development, stimulate increased communication with central areas of Thailand and facilitate access to the area by RTG security forces.

Discussions with the RTG began early in 1962. They placed greatest priority on the engineering and construction of two such roads, totalling 195 miles - one in the Northeast and the other in the North. 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. OICC has contracted with a U.S. firm for engineering services; contracts are being let with Thai firms for construction of bridges and with a U.S. firm for the road construction work. These two roads are planned to be open for traffic in January 1965.

Rather than undertake any additional roads of this type, the U.S. and Thai Governments are currently negotiating the "Accelerated Rural Development - Provincial Public Works" project (see separate write-up) which will help to build smaller rural roads and other construction in the vulnerable provinces of the Northeast. Thus, no additional "security road" grant funding is planned.

Estimated FY 64 funding under this project is to cover the cost of one technician needed to provide liaison between the Thai Government, OICC and AID/W, as well as the now expected increased cost of construction contracts for the two roads. The Thai and U.S. Governments are contributing to this road on a 50-50 basis. The Thais have agreed to provide the equivalent of \$6.3 million through FY 1964, matching the U.S. dollar contribution for contract services.

FY 1965 Funding: None.

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 by 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, despite the fact that 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

* Includes counterpart and a jointly controlled special RTG project contribution.
 ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Bangkok-Saraburi Highway 493-12-310-101			
Prior Reference: 493-AD-31-AP-1			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	860	493	367
Estimated FY 64	14	381	xxxxxxxxxxxx
Estimated through 6/30/64	874	874	
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
14			888
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	14	14	
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL	14	14	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		11,243*	5**

from Bangkok to Thailand's main airport (Don Muang), a distance of 14 miles, and 2 lanes for the remaining 50 miles to Saraburi. It will connect Bangkok directly with North-east Thailand through the Friendship Highway which runs north from Saraburi to Korat. This project has been delayed due to inexperience on the part of local contractors and terrain difficulties.

At the end of CY 1964 the contract for the 13-mile Section A, nearest Saraburi, was complete and being maintained by the Thai Highway Department; the contract for the 35-mile Sections B and C was 65% complete; the contract for the remaining 16-mile Section D was 65% complete. Both the latter sections are scheduled for late 1964 completion. A separate contract for asphalt surfacing Sections A, B and C is scheduled for early 1964 award and 1965 completion. The Thai Government will contribute the equivalent of \$5,000 from a jointly controlled special account for related FY 1965 local support costs of the technician.
FY 1965 Funding: Technicians: One AID direct hire engineer to monitor the work of the Highway Department, the consulting engineer and the construction contractors on this project.

Project Objective and Description: To provide an adequate all-weather highway between Bangkok and Saraburi, providing a vital link in the overall Northeast highway from the capital city to the city of Nongkai on the Thailand-Laos Border. This project was initiated in FY 1957 and was first part of a General Highway Improvement Project. It became a separate project in FY 1958. Engineering services are being furnished by an American engineering firm, Transportation Consultants, Inc. under a contract made in June 1959. Actual construction is done through locally awarded construction contracts. When completed, this 64-mile highway will provide 4 lanes

* Includes counterpart and a jointly controlled special RFG project contribution.
 ** RFG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Bangkok-Nakornpathom and Korat-Nongkai Highways, 493-12-310-154			
Prior Reference:			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	43	43	
Estimated FY 64	26	26	xxxxxxxxxxx
Estimated through 6/30/64	69	69	
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
27			96
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	26	27	
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL	26	27	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		18,572*	10**

b. Korat-Nongkai is the last link in the road system of the economically depressed and politically vulnerable Northeast and, through the border city of Nongkai, to land-locked Laos. It has added significance as a military supply route. Engineering was done by the Thai Highway Department and Charles M. Upham Associates, Inc. Ten construction contracts were let to local firms; two are complete; five ahead of schedule or on time; three slightly behind. Work should be complete in 1964.

Both road jobs have been substantially local-currency funded.

a. Bangkok-Nakornpathom has received \$6.2 million equivalent of U.S. generated counterpart and \$10.2 equivalent of Thai government budget funds. In 1965 the Thai will contribute the equivalents of \$3,851,000 of regular government budget and \$5,000 in a jointly controlled special account for related local support costs.

b. Korat-Nongkai has received \$12.4 million equivalent of U.S. generated counterpart and \$1.6 million of Thai government budget funds. In 1965 the Thai will contribute the equivalent of \$5,000 through a jointly controlled special account to cover related support costs.

FY 1965 Funding: Technicians: Two A.I.D. direct-hire engineers to monitor activities of the Highway Department and its construction contractors.

Project Objective and Description: To engineer and reconstruct two highways, each of which forms a vital link in the systems connection outlying provinces with the capital city and principal port of Bangkok.

a. Bangkok-Nakornpathom is the sole road connection with the southern peninsula, where continuing routes are IRRD financed, and with the roads serving the central western areas adjacent to Burma. Engineering was done by Soerdrup and Parcel Overseas, Inc. Twenty-seven of the 34 miles of this highway are being built by a Thai contractor. Work began in June 1963, is on schedule and due to be complete in June 1965. The westerly 7 miles has not been contracted for.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Aeronautical Ground Services Improvement, 493-12-370-103			
Prior Reference: 493-AD-37-AD-1			
Initial Obligation FY: 1953		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	3,624	3,399	225
Estimated FY 64	84	309	xxxxxxxxxxxx
Estimated through 6/30/64	3,708	3,708	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
65	40	3,813	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	84 <u>1/</u>	65 <u>1/</u>	
Participants			
Contract Services			
Commodities			
Local Expenses			
TOTAL	84	65	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,804*	21**

Air navigational aids and air traffic control and communications equipment have been installed at all 17 airports. Terminal buildings have been constructed at 5 airports. Utility services, vehicular and fire-fighting equipment have been provided at 15 airports. A runway at one airport and parking aprons at 4 airports have been constructed. At the Bangkok international airport, an air traffic control tower, power supply and electrical distribution system will have been completed by May 1964.

U.S. technicians are provided under an interagency agreement with the Federal Aviation Agency, which also assists in procurement of technical equipment. 97 participants have received U.S. and third-country training under this project and a training center in Bangkok provides instruction in English and in control techniques.

In August 1962 an agreement was reached to expand planned project facilities at two locations to accommodate elements of the U.S. military communications system. FY 1965 Funding: Technicians: The services of three FAA technicians to provide the necessary supervision to assure the completion of work already underway.

The Thai Government will contribute the equivalent of \$21,000 through a jointly controlled special account for FY 1965 local support costs of the project.

Project Objective and Description: To provide assistance to the Thai Government in improving aeronautical ground services in support of present and anticipated domestic and international air transportation operations at 16 domestic airports in Thailand and the international airport at Bangkok. To this end, the U.S. has furnished necessary ground facilities and training of Thai personnel in operation and maintenance. Several of the airfields are used jointly for civil and military purposes and all have potential for military use in times of emergency.

1/ PASA.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **THAILAND**

Activity: **HEALTH AND SANITATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Malaria Eradication, 493-11-510-107			
Prior Reference: 493-AA-51-AL-5			
Initial Obligation FY: 1951		Scheduled Final Obligation FY: 1972	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,412	4,182	230
Estimated FY 64	1,347	1,530	xxxxxxxxxxx
Estimated through 6/30/64	5,759	5,712	47
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,941	6,422	14,122	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	120	120	
Participants	41	40	
Contract Services			
Commodities	1,186	1,781	
Local Expenses			
TOTAL	1,347	1,941	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		9,688*	3,056**

In June 1963 an assessment team (A.I.D. and WHO) appraised the project. The team report endorsed the planning and execution of this project but recommended that the spray and surveillance coverage be increased. Accordingly, all houses in the areas where malaria has virtually disappeared (12.5 million population in open rice plains of Central, North and Northeast Thailand) will be visited every month for three years in a search for fever cases. Blood smears will be taken, follow-up investigations will be conducted and treatment will be given to all positive cases. All houses in the areas where malaria is presently being transmitted (16.2 million population in foothill and jungle/forest terrain) will be sprayed with residual insecticides twice a year for three years. The assessment team further recommended that the participant training aspect of the project be enlarged to ensure an adequate supply of trained Thais to assume responsible operating positions in the malaria eradication effort.

It is anticipated that by the close of FY 72 malaria in Thailand will be eradicated.

In FY 65 the Thai Government is to provide the equivalent of \$235,000 from the regular Ministry of Health budget as well as the local currency equivalent of \$3,065,000 from a special account to fund this project.

FY 1965 Funding: In FY 65 the U.S. proposes to fund: Technicians - eight malaria specialists; Participants - training for five Thai specialists in the United States and twenty-two in third countries; and Commodities - insecticides (DDT) to be used in the house spraying campaign, laboratory equipment, and motor vehicles.

Project Objective and Description: To eradicate malaria in Thailand by 1972. Malaria has been the single greatest cause of sickness, debility and death in Thailand. Initiated in 1951 as a control program, this project was redirected in 1961 toward the broader goal of malaria eradication. During the ten years of the control phase the malaria mortality rate was reduced 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 of case finding and treatment to insure that malaria transmission is stopped and not resumed. 140

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Village Health and Sanitation 493-12-520-109			
Prior Reference: 493-AA-52-AK-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,312	818	494
Estimated FY 64	668	489	xxxxxxxxxxxx
Estimated through 6/30/64	1,980	1,307	673
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
239	100	2,319	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	68	74	
Participants	25	20	
Contract Services			
Commodities	575	145	
Local Expenses			
TOTAL	668	239	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,261*	375**

Project Objective and Description: To assist the Thai Government in establishing an effective village health and sanitation program covering all of the villages of the Northeast by the end of 1966 and 6,000 outside of the Northeast by the end of 1965.

Diseases associated with poor sanitation are Thailand's most serious public health problem especially in its 42,000 villages where 85 percent of the population lives. This program focuses on (1) installation or protection of safe drinking water supplies, (2) construction of sanitary privies, and (3) general village cleanliness. Under the administrative structure adopted by the Ministry of

Public Health, Thai sanitarians work directly with the villagers through health committees organized at the village level. These committees are the vehicles through which basic health and hygienic practices can be introduced into the villages. Community action is organized for the construction of such facilities as cement water-seal privies, and protected water supplies, (usually wells with hand pumps) and the adoption of community sanitation programs. Because self-help is a pre-requisite to this program, the program acts as a stimulus to further community development activities and contributes to growth of local responsibility. The role of AID is primarily catalytic and demonstrative, providing technical advisory services at Ministry and regional levels, training and procurement of essential commodities.

In response to the need to bring basic government services to the Northeast villages to help counter the threat of subversion, this project has been accelerated, expanded and extended for an additional year. Scheduled expansion of NE coverage is as follows: FY 63-2,000 villages; FY 64-6,000 villages; FY 65-12,000 villages; FY 66-16,500 villages.

It is expected a curative health program with locally financed and constructed "bamboo hospitals" will be launched in FY 64.

Due to careful advanced planning and the assignment of high caliber Thai personnel this project has been extremely successful. At the close of FY 66 the Ministry of Health is expected to have a sufficient number of trained sanitarians to expand this project to the remaining villages in Thailand without outside assistance.

In FY 65, the Government will provide the equivalent of \$300,000 from the Ministry of Health budget, and an additional \$375,000 in a jointly controlled special fund.

FY 1965 Funding: To cover: Technicians: 4 sanitarian advisors; Participants: training of 2 Thai technicians in the United States and 7 in third countries; and Commodities: including pumps, pipe, pipe fittings, vehicles, bicycles and audiovisual equipment.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Medical Education 493-11-540-108			
Prior Reference: 493-AB-54-AC-5			
Initial Obligation FY: 1951		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,117	2,160	1,957
Estimated FY 64	854	1,611	xxxxxxxxxxx
Estimated through 6/30/64	4,971	3,771	1,200
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
537	625	6,133	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40	19	
Participants	44	38	
Contract Services	770	480	
Commodities			
Local Expenses			
TOTAL	854	537	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,259*	75**

provide rural medical services, increasing the demand for trained medical personnel. To meet this demand, the Thai Government requested and the U.S. undertook to develop a third medical school at the Chiangmai Medical Center in northern Thailand which will give particular attention and orientation to serving the medical needs of rural Thailand.

Principal U.S. assistance is provided by the University of Illinois College of Medicine under a contract with AID. The contract became effective in August 1962 and runs until May 31, 1965, at an estimated cost of \$1.6 million. By December 1963, eleven members of the Illinois contract team were serving in Chiangmai. It is anticipated that three additional years of assistance, beyond the term of the present contract, will be required fully to establish the Chiangmai school as a self reliant institution, capable of maintaining high professional standards. The Thai Government will contribute the equivalent of \$75,000 to this project in FY 1965 from a jointly controlled special account.

FY 1965 Funding: Funds requested for FY 65 will cover:
Contracts: The costs of the fifth year of the contract (in accordance with the practice of funding university contracts two years in advance). **Technicians:** A direct hire nursing advisor. **Participants:** Two years of training in the U.S. for three Thai participants and six months for a fourth.

Project Objective and Description: To assist in the improvement of medical education in Thailand and in the development of facilities which will increase the number of doctors, nurses and auxiliary health personnel.

The shortage of medical school graduates is a serious deterrent to improved health throughout Thailand. Poor health, in turn, has had a debilitating effect on the labor force and this has kept the economy from operating at a more efficient level. To help resolve this dilemma, U.S. assistance has focused on strengthening medical schools and related institutions in Bangkok. Increased concern with the North and North-east in recent years has resulted in an expanded effort to

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Education Development - Vocational, 493-11-610-111			
Prior Reference: 493-AB-61-AB-5			
Initial Obligation FY: 1952		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,093	3,294	799
Estimated FY 64	280	475	xxxxxxxxxxx
Estimated through 6/30/64	4,373	3,769	604
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
95		4,468	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	117	80	
Participants	108	-	
Contract Services	-	-	
Commodities	55	15	
Local Expenses	-	-	
TOTAL	280	95	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		3,385 *	100 **

Project Objective and Description: To assist in the development of selected vocational schools and related teacher training institutions which will help provide an adequate supply of trained manpower to serve economic development needs.

Assistance is being provided in four main areas: (1) Agri-cultural Education: Seventeen agricultural schools (12 at junior high and 5 at senior high levels) are being strengthened and upgraded through assistance in supervision and administration, curriculum development, equipment supply and maintenance, and placement of graduates. Assistance is also being provided in the development of the teacher training facility of the Bangphra school.

2. Technical Institutes: From 1956 to 1960 assistance was provided to the Technical Institute at Bangkok and regional institutes at Korat, Chiangmai and Songkhla through the contract services of Wayne State University. Continuing advisory assistance is being provided by USOM staff with emphasis on training suited to current industrial needs, and improving equipment supply and maintenance and supervisory services, as well as in upgrading the regional institutes to the level of the Bangkok school.

3. Skilled Labor: Assistance in the development of 19 multi-shop trade schools and a related teacher training program at the Thewes School in Bangkok is being provided through the contract services of the University of Hawaii. It is anticipated that these schools will graduate 1,800 skilled workmen in 1964, increasing to 2,250 in 1966. Negotiations are underway to extend the contract for a final year to June 30, 1965.

4. Girls' Trade Schools: Based on preliminary studies in 1961-62, advisory assistance is being provided to 15 selected schools in moving from general vocational home economics studies to girls' trades training through curriculum development, job analysis study, laboratory re-design, in-service training for instructors, and the effective utilization of a UNICEF commodity grant of approximately \$100,000. Assistance is also being provided in the establishment of a related two year pre-service teacher training program at the Bangkok Technical Institute.

The Thai Government will contribute the equivalent of \$1.3 million from its own budget in FY 1965 and \$100,000 equivalent from a jointly administered special account.

FY 1965 Funding: Technicians: Four educational advisory technicians; and Commodities: Instructional materials, farm equipment, farm and trade shop equipment. The FY 1964 pipeline primarily represents forward funding committed under the University of Hawaii contract, currently being extended to June 30, 1965 at no additional cost.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: **THAILAND**

Activity: **EDUCATION**

Funds: **TECHNICAL COOPERATION**

Project Title and Number: Rural Education - Materials Development 493-11-640-162			
Prior Reference:			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63			
Estimated FY 64	171	29	xxxxxxxxxxx
Estimated through 6/30/64	171	29	142
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
156	80	407	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	19	19	
Participants			
Contract Services	110	25	
Commodities	42	112	
Local Expenses			
TOTAL	171	156	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		26*	73**

acute in the schools of the depressed Northeast region -- is the shortage of even the most rudimentary teaching materials and textbooks, as well as their unsuitability for effective teaching. This project will make an initial attack on the problem by assisting the Ministry of Education in preparing more effective teaching materials (charts, posters, wall newspapers) for Northeast elementary school teachers and in producing two basic textbooks for children in grades I-IV for 2,000 schools in that region. Materials developed in Bangkok will be evaluated and revised at regional centers in the Northeast; the centers will also be used to train teachers in the effective use of the materials. Educational broadcasting, a new field ready for development, will be assisted through contract services with a U.S. University experienced in educational radio techniques. The program is expected to terminate in FY 66, by which time all of the elementary schools in the Northeast will have been reached.

The Thai Government is planning to contribute \$73,000 from a jointly controlled special account to support the direct local costs of this activity (printing, training of teachers, etc.) plus the equivalent of \$30,000 from regular budget for other related costs.

FY 1965 Funding: FY 65 funds will cover: Technicians: One education advisor. Commodities: Duplicating equipment and textbook newsprint. Contract Services: Short-term specialist advisors.

Project Objective and Description: The objective is to exert a favorable influence on village attitudes in the remote rural areas of Thailand by improving the quality and availability of educational materials for 2,000 elementary schools in the sensitive Northeast region of Thailand.

The village school and the local teacher are, in the eyes of Thai villagers, 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 -- and particularly

- * Includes counterpart and a jointly controlled special RTG project contribution.
- ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Human Resources Development 493-11-690-142			
Prior Reference:			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	170		170
Estimated FY 64	284	160	xxxxxxxxxxx
Estimated through 6/30/64	454	160	294
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
300	600	1,354	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	15		
Participants	15		
Contract Services	250	300	
Commodities	4		
Local Expenses			
TOTAL	284	300	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6 30 64	FY 65	Through 6/30/64	FY 65
		75*	32**

(qualitatively and quantitatively), and (3) to identify educational policy and planning decisions required if manpower requirements are to be met. The study, which represents the first serious attempt at basic educational planning in Thailand, has received considerable attention both in Thailand and elsewhere. It has resulted in a searching reappraisal by the Thai Government of the structure and objectives of its educational system. As a result, a planning office within the Ministry of Education has been established, the manpower assessment function of the central planning agency has been expanded, and the Ministry of Education is considering a proposal to carry out a basic reorganization. At the request of the Thai Government, the American specialists who participated in the original study returned to Thailand to amplify the Task Force Report and to consult with the government on appropriate follow-up work.

The USOM proposes to follow-up on the recommendations of the Task Force Report by (1) assisting the newly established Planning Office in the Ministry of Education and the National Economic Development Board in the techniques of manpower demand forecasting and manpower utilization; (2) conducting an organization and methods survey of the Ministry of Education preparatory to reorganization and (3) undertaking studies in depth of the Thai secondary and higher educational systems to assure a Thai capacity to meet projected manpower requirements of the economy. Such assistance would take the form of contract services between an appropriate U.S. university or research institution and the Thai Government. Assistance for approximately three years is contemplated after which the Thai agencies concerned should be capable of undertaking human resource planning on their own. The Thai Government will contribute the equivalent of \$32,000 to this project in FY 1965 from funds deposited in a jointly controlled special account.

FY 1965 Funding: Contract Services: Funds are required to continue the services of a manpower and education team and provide follow up of its recommendations.

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.

This project builds upon the human resource assessment carried out in August-September 1963 by a high-level Task Force composed of Thai and U.S. economists, educators and planners. The purpose of the assessment was to (1) forecast Thailand's manpower needs in various occupations by 1966 and 1980, (2) evaluate the ability of the Thai educational and training system to provide such manpower

* Includes counterpart and a jointly controlled special RTG project contribution.
 ** REG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

CONFIDENTIAL

Country: THAILAND

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Civil Police, 493-11-710-119			
493-AE-71-AA-5			
Prior Reference: 493-AE-71-AB-5			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
\$3,623 CF in FY 63 Through 6/30/63	Obligations	Expenditures	Unliquidated
	9,019	5,362	3,657
Estimated FY 64	2,312	2,428	xxxxxxxxxxx
Estimated through 6/30/64	11,331	7,790	3,541
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,790	1,575	14,696	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	377	390	
Participants	30	30	
Contract Services	400	400	
Commodities	1,505	970	
Local Expenses			
TOTAL	2,312	1,790	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,659*	475**

Project Objective and Description: To increase the security of Thailand's border areas by improving the effectiveness of the Border Patrol Police and to develop rapidly the counter-insurgency and counter subversion capability of the Thai Civil Police.

This project combines two previously supported projects (Border Patrol Police and Civil Police Administration). The Border Patrol Police are responsible for protecting Thailand's borders against smuggling, illegal entry, infiltration of subversive elements and banditry. In addition to their regular duties, a part of the BPP is engaged in a continuous civic action program in the remote areas of

North and Northeast Thailand targeted at hill tribe minorities who receive no other Thai Government assistance. U.S. assistance is directed toward raising the level of effectiveness of the BPP through the provision of technical advice, counter-insurgency training, air support and equipment. With U.S. encouragement, this force has been increased from 4,500 to 6,300 men. With the proposed increase in Thai budget support for the BPP, a projected goal of 7,000 men should be reached by 1965..

Assistance is also given to the Provincial and Metropolitan Police as well as the Special Branch of the Central Intelligence Department (CID) concerned with the control of subversive elements in the country.

As a public safety force responsible for covering extensive rural areas the Provincial Police have required transportation and radio communications equipment as well as standard weapons and ammunition. The Metropolitan Police have been given training and equipment for more normal police work, such as raid and arrest operations, crowd and riot control, and crime prevention. The CID has received specialized training to counter subversive activities such as espionage, sabotage and political subversion.

In FY 65, the Thai Government is scheduled to provide the equivalent of \$2.7 million for support of Thai police forces from the regular budget, as well as an additional \$475,000 from a special account to support the local costs of this project.

FY 1965 Funding: In FY 65, the U.S. proposes to cover the cost of: Technicians: 24 police advisors. Contracts: Air support contract for the Border Patrol Police. Participants: Training eight Thai police officers in the United States. Commodities: Including weapons, ammunition vehicles, communications equipment and medical supplies.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

CONFIDENTIAL

PROJECT DATA

(In thousands of dollars and equivalent)

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: 493-AC-73-AB-5
Initial Obligation FY: 1962 **Scheduled Final Obligation FY:** 1965

U.S. DOLLAR COSTS

	Obligations	Expenditures	Unliquidated
Through 6/30/63	581	71	510
Estimated FY 64	400	340	xxxxxxxxxxxx
Estimated through 6/30/64	981	411	570
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
93		1,074	

Proposed Obligations

Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	39	
Participants	137	93
Contract Services	224	
Commodities		
Local Expenses		
TOTAL	400	93

ESTIMATED FOREIGN CURRENCY REQUIREMENTS

Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		311*	59**

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 the Thai Ministries to administer effectively the various programs undertaken by the Thai Government is hampered by weaknesses in organizational structure and by the lack of managerial skills. This project was proposed to correct some of the more obvious deficiencies in key ministries and to develop the capacity within the Thai Government for reviewing the operations and management of its ministries on its own.

Through a contract with the Public Administration Services (PAS), a non-profit public administration consulting

firm, the U.S. has been assisting the Thai Budget Bureau in conducting organizational and methods surveys of important agencies of the government such as the Highway Department of the Ministry of National Development and the Revenue Department of the Ministry of Finance. The study on the Highway Department has resulted in recommendations for a complete reorganization which is now being implemented with the assistance of PAS and Thai Budget Bureau specialists. Plans call for the extension of "O and M" assistance to other key agencies, including the Ministry of Agriculture, the Customs Department and the Ministry of Education. A Thai capacity to do such work is being developed in the Thai Budget Bureau which, when the project is terminated, will be capable of carrying out the necessary studies on its own.

The Thai Government will contribute the equivalent of \$45,000 from regular budget to this project in FY 65, plus the equivalent of \$59,000 from a jointly controlled special account. U.S. advisory assistance to the Thai Budget Bureau has been particularly effective due to the high quality of Thai civil servants assigned to this office.

FY 1965 Funding: In FY 65 the U.S. proposes to fund: Participants: Training of 15 Thai technicians in organization and methods.

- * Includes counterpart and a jointly controlled special RTG project contribution.
- ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 493-AA-79-AA-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	117		117
Estimated FY 64	122	143	xxxxxxxxxxxx
Estimated through 6/30/64	239	143	96
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
58	50	347	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	48	36	
Participants	24	22	
Contract Services			
Commodities	50		
Local Expenses			
TOTAL	122	58	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		220*	131**

Project Objective and Description: To strengthen the political ties between the Central Government and the people in the remote and rural areas, particularly the Northeast, and to improve government administration at the local and provincial levels through the training of village, district and provincial officials.

Weakness in the link between the Central Government and the people in the remote rural areas reduces the cohesiveness and national identification of the Thai population. The possible alienation from the government of the people of remote areas through communist subversion and insurgency has become a major concern to the Thai Government

and the U.S., particularly in the Northeast. This project is designed to counter this danger and to increase the ability of the local government officials to take care of local needs.

The project provides orientation and training for village headmen, township chiefs, district officers, provincial technical officers, provincial governors and village school teachers. It also will assist the Thai Government in the establishment of a District Officer Academy to serve as a national training center to 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.

By the end of 1964, 5,900 village and township chiefs had received training under this project. Three hundred and ninety-five district officers and deputy governors had participated in 4-week training seminars. All of the 71 provincial governors have attended four-week Governors' training conferences. Six hundred village teachers from Northeastern villages had attended week long orientation and training programs. Further, the Thai Government had acquired the land for construction of the District Officer Academy and construction was initiated.

It is anticipated that by the close of FY 66 the Thai Government will have a sufficient capability to carry out these in-service training programs without outside assistance.

The Thai Government plans to provide the equivalent of \$130,000 from the regular ministry budget for support of the project, as well as \$131,000 from a jointly controlled special account to cover local currency expenses of this project.
FY 1965 Funding: The U.S. contribution to this project in FY 65 will be: **Technicians:** Two U.S. in-service training advisors. **Participants:** Training in the U.S. for four Thai specialists who will serve at the Academy.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 493-AC-78-AA-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	501	419	82
Estimated FY 64	188	199	xxxxxxxxxxx
Estimated through 6/30/64	689	618	71
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
119	75	883	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	124 <u>1/</u>	84 <u>1/</u>	
Participants	64	35	
Contract Services			
Commodities			
Local Expenses			
TOTAL	188	119	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		261 *	53 **

Investment (1962), (3) a nationwide agricultural census (1963), (4) and a survey of family income and expenditures in the Bangkok metropolitan areas (1963). In process are the industrial census of the Bangkok metropolitan areas; a labor force survey to measure employment and unemployment; and programs to coordinate statistical standards for all these ministries and upgrade the quality of instruction in statistics offered at the Thai universities.

Specific activity targets for this project for FY 64 and FY 65 include: tabulation and publication of the Agricultural and Industrial censuses; preparation for the industrial census; and the development of a program to utilize more fully the results of statistical research in economic planning and development.

It is anticipated that all of these targets will be achieved by the end of CY 1965 and that U.S. assistance will be terminated during FY 66. At the close of this project, the statistical office will have a sufficient number of trained statisticians to conduct statistical surveys without outside assistance. The Thai Government will contribute the equivalent of \$53,000 to this project in FY 1965 from a jointly controlled special account.

FY 1965 Funding: To fund: Technicians: five statistical advisors. Participants: training seven Thai statisticians in the United States.

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. A number of specific targets have been achieved, including: (1) the 1960 national population census and the publication of all basic data, (2) a survey of the textile industry for the Thai Board of

1/ PASA

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)
 COMMUNITY DEVELOPMENT, SOCIAL WELFARE
 AND HOUSING

TABLE III

Country: THAILAND

Activity: AND HOUSING

Funds: TECHNICAL COOPERATION

Project Title and Number: Community Development, 493-11-810-125			
Prior Reference: 493-AA-81-AI-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	725	514	211
Estimated FY 64	434	411	xxxxxxxxxxxx
Estimated through 6/30/64	1159	925	234
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
276	195	1,630	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	159	116	
Participants	50	20	
Contract Services	50		
Commodities	175	140	
Local Expenses			
TOTAL	434	276	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		1,087*	316**

operations in the critical Northeast and extreme Southern areas. A total of 20 projects were established in the Northeast covering 2,005 villages. In the south, 6 projects were developed covering 350 villages. At these operating levels Thai community development workers are serving as catalysts in the development of local responsibility and initiative; aiding in the formation of village committees and guiding villagers in the identification of their needs and the initiation of self-help projects, utilizing technical advice from Thai Ministry personnel. Plans are also under way to establish additional regional technical assistance centers at Yala in the South and Khonkaen in the Northeast similar to the Thai-SEATO center at Ubol. These centers will provide regional planning, training, evaluation and operational support for community development activities. The hill tribes of North Thailand present a special problem. It is expected a contract will be signed in FY 1964 with a U.S. educational institution to do research with these tribes to determine how best they can be shifted from opium growing to more constructive economic pursuits.

Continued U.S. assistance through technical advice, participant training and commodity support is needed to strengthen the newly established Thai Community Development Department in its expansion plans to reach project goals. It is estimated that the program will be sufficiently developed in FY 1966 to enable a phase-out of U.S. assistance.

The Thai Government proposes to budget the equivalent of \$2.5 million in support of community development, plus the equivalent of \$316,000 through a special account.
FY 1965 Funding: Technicians: Nine Community Development advisors. Participants: Training 11 Thai technicians in third countries. Commodities: Including bicycles and vehicles, light machinery for small irrigation projects and village roads and audio visual equipment for training.

Project Objective and Description: To assist the Thai Government in the establishment of a national rural community development program which will strengthen government ties with and accelerate the socio-economic development of remote villages. The program is designed to reach 60 per cent of the villages in the 15 Northeast provinces and all villages in the 4 Southern provinces by 1966.

The Thai community development program was initiated in 1954 with modest AID assistance beginning in FY 1956. A Department for Community Development was established in the Ministry of the Interior. Plans were adopted to concentrate

* Includes counterpart and a jointly controlled special RTG project contribution.
 ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)
COMMUNITY DEVELOPMENT,

TABLE III

Country: THAILAND

Activity: SOCIAL WELFARE AND HOUSING

Funds: TECHNICAL COOPERATION

Project Title and Number: ThaiSEATO Regional Community Development Technical Assistance Centers, 493-11-810-146
Prior Reference: 498-AA-81-AJ-5
Initial Obligation FY: 1962 **Scheduled Final Obligation FY:** 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	315	77	238
Estimated FY 64	230	468	xxxxxxxxxxxx
Estimated through 6/30/64	545	545	
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
56	56		657

Cost Components	Proposed Obligations	
	Estimated FY 64	Proposed FY 65
U.S. Technicians	230 ^{1/}	56
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL	230	56

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		77 *	90 **

Project Objective and Description: To assist the Thai Government, in conjunction with other SEATO member nations, in the establishment of an effective Regional Technical Assistance Center, strategically located in Northeast Thailand, to train community development technicians and to provide effective technical backstopping for the village self-help projects carried out under the community development program. This project was previously funded as a regional activity. However, inasmuch as its scope is confined to Thailand, FY 64 and future funds are being included in the country program.

The shortage of qualified Thai technicians in rural areas has hampered the speed and effectiveness of village self-help development projects carried out under the community development program for the Northeast. The SEATO Center established at Ubol in 1962, is providing the means of partially satisfying this shortage and is improving the quality and quantity of technical advice available to the villagers.

As a regional administrative unit, the Thai-SEATO center backstops new programs that are locally testing new methods of community development. For example, in 1964 the first SEABEE Technical Assistance Team (STAT) was brought into the Northeast to determine whether such a group could effectively help villagers in local construction projects and at the same time, train Thais as equipment operators. This project has proven so successful that the Thais requested additional units, and three more were provided. FY 64 funds are providing for the three STAT teams, and for the services of a water resources engineer and two maintenance shop technicians. Equipment requirements were funded in FY 63.

Future assistance to this project will provide only for the services of three technical advisors. Funding of future STAT training teams will be included in the Accelerated Rural Development Project.

The Thai Government plans to provide the equivalent of \$300,000 from the regular budget for this project in FY 65, and the equivalent of \$90,000 from a jointly controlled special account.

FY 1965 Funding: Technicians: Three technical advisors at the Center to provide training in the maintenance of construction equipment and the design of small village road and irrigation facilities.

^{1/} Includes 176 for PASA for STAT teams.
* Includes counterpart and a jointly controlled special RTG project contribution.
** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 493-AD-99-AA-5			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	460	50	410
Estimated FY 64	351	166	xxxxxxxxxxxx
Estimated through 6/30/64	811	216	595
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
414	400	1,625	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	16	14	
Participants			
Contract Services	335	400	
Commodities			
Local Expenses			
TOTAL	351	414	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		896*	400**

resources. They will not, however, imply any commitment on the part of the U.S. to finance the projects surveyed.

Since this project was initiated in 1961, surveys have been completed by U.S. consulting engineers on several irrigation projects, a multi-purpose river development project, a highway project, four port development projects and a review has been made of a Thai Government irrigation feasibility survey. Surveys of three irrigation projects were the basis for an FY 1962 AID development loan of \$11.1 million. IBRD has indicated interest in financing the large multi-purpose project on the Nan River and the irrigation project on the Greater Mekong River which was reviewed for the Thais by AID. The reports of the highway survey and of the ports survey are under study by various agencies.

Four additional surveys are planned in FY 1964: (1) A requirements survey to determine the need to expand the present Bangkok International Airport or construct a second airport for Bangkok, (2) a reconnaissance study of potential water resources development projects in the Thai Northeast, (3) a review of a Thai feasibility survey of an irrigation project in the Northeast and (4) a preliminary survey to investigate small scale rural electrification possibilities in selected areas. One highway survey which was contemplated with prior year funds will probably be dropped and \$300,000 deobligated. The Thai Government will contribute the equivalent of \$400,000 in support of this project in FY 1965 from a jointly controlled special account.

FY 1965 Funding: **Technicians:** One U.S. direct hire engineer to monitor this project. **Contract Services:** Four feasibility surveys of irrigation projects in North-east Thailand, as identified by the reconnaissance studies undertaken in FY 1964.

Project Objective and Description: To assist Thailand to 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 to form the 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 sources of financing on reasonable terms are not available. The surveys will, in effect, supplement Thailand's own modest engineering and economic planning

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Accelerated Rural Development in North-east Border Provinces-Provincial Public Works, 497-11-990-163			
Prior Reference:			
Initial Obligation FY: 1964		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
Through 6/30/63		Obligations	Expenditures
Estimated FY 64		2,838	250
Estimated through 6/30/64		2,838	250
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,908	1,790	6,536	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	164	382	
Participants			
Contract Services			
Commodities	2,674	1,526	
Local Expenses			
TOTAL	2,838	1,908	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		233*	233**

To attack this problem, the plan is to increase the capability of the provincial governments to carry out public works activities through the provision of technical assistance and equipment for use in the construction of small village projects such as rural roads, small dams, irrigation works, and water wells. Such projects would be based upon village consent and would utilize maximum possible village participation in order to build a sense of partnership or common interest with the central government. Equipment in the form of trucks, bulldozers, scrapers, graders and assorted handtools for 5 provincial construction units are being provided in FY 64.

The Government is establishing a decentralized organization to administer this project, utilizing the provincial governor and his technical staff to prevent long delays in the approval of small village projects and enable the program to be responsive to local conditions and needs. The U.S. is assigning rural development technicians to a strategically located resource center in the Northeast at Korat and will assign an American representative to each of the six border provinces of greatest vulnerability. U.S. assistance will also include Seabee Technical Assistance Teams (STATs) who will provide on-the-job training for Thais in the proper use of construction equipment. By the close of 1966, the Thais should have a sufficient capability to carry forward a program of accelerated public works development in all the security sensitive provinces on their own.

The Thai Government is providing all of local currency costs for this project. In 1965 it will provide \$2,500,000. **FY 1965 Funding:** **Technicians:** Three civil engineers, six maintenance shop training and management technicians, six provincial representatives, three STAT training teams funded under a PASA with BUDOCKS, and five Rural Development Specialist who will have overall responsibility for supervision and coordination of U.S. assistance to the program. **Commodities:** Equipment for 3 Thai construction units assigned to carry out the village development projects in the border provinces.

Project Objective and Description: To stimulate and accelerate rural development activities in the security sensitive border areas of Northeast Thailand.

Rural poverty in the Northeast coupled with central government neglect of this region has produced wide-ranging economic and social problems, an indifference or even hostility to the central government, and a consequent vulnerability to communist subversion from across the border in this vulnerable area, the Thai Government must demonstrate a concern for village problems and an ability to assist the villagers in improving their standard of living.

* Includes counterpart and a jointly controlled special RTG project contribution.
 ** RTG special project contribution, jointly controlled.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

CONFIDENTIAL

Country: THAILAND

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Rural Development: North and South Thailand, 493-11-990-164			
Prior Reference:			
Initial Obligation FY: 1965		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63			
Estimated FY 64			xxxxxxxxxxxx
Estimated through 6/30/64			
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,222	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants		250	
Contract Services		1,750	
Commodities		222	
Local Expenses			
TOTAL		2,222	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

It is the U.S. hope that, by moving early in developmental efforts in the North and the South, a deterioration in the security situation can be prevented, thus avoiding the necessity of later and larger requests for funds for increased security activities. An early start with preventive programs is preferable to the more costly effort of counter insurgency once it has begun.

The proposed U.S. contribution to this effort in the North and the South of Thailand will take the form of surveys and test demonstration projects, to develop plans for a range of rural development activities: (a) self-help land resettlement and reclamation activities; (b) extension of rural medical clinics; (c) stepped-up educational broadcasting; (d) rural electrification; and (e) urban development in provincial capitals. It is also proposed to expose selected provincial and district leaders to modern administrative procedures and developmental efforts in other countries. For this purpose participants will be selected to go to such countries as the Philippines and the Republic of China, as well as to the U.S.

There will be no U.S. contribution to the activities proposed in this project, however, until such time as there is full evidence that the Thai Government is ready to commit all necessary funds and personnel required to achieve success. If U.S. assistance can be the catalytic agent which stimulates the necessary Thai participation and financial contribution, U.S. assistance will be so employed.

Continuation of this project beyond FY 65 will be subject to review during the coming year.

FY 1965 Funding: Technicians: None, as present USOM staff will undertake necessary supporting activities under this project. Commodities: \$222,000 for demonstration equipment, medical supplies for new rural clinics, teaching manuals for educational broadcasting. Participants: \$250,000 for 30 to third-countries and 35 to U.S. Contracts: \$1,750,000 for surveys and demonstration teams in land resettlement and reclamation, rural medicine and urban development, as well as for extensions of survey contracts funded elsewhere in FY 64 for educational broadcasting and rural electrification.

Project Objective and Description: To promote greater development in the rural areas of North and South Thailand.

The Thai Government, with U.S. assistance, is undertaking measures in the Northeast area to promote rural development activities as a means of countering subversive activities. To date, this joint Thai-U.S. effort has successfully restrained, though not eliminated, internal subversion. The northern and southern areas, however, are also viewed as areas likely to be faced with externally inspired subversive activities. Both the RTG and the U.S. are concerned that steps be taken to counter such expected moves before they have a chance to gain any foothold.

* Subject to review during FY 1965

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: THAILAND

Activity: TECHNICAL SUPPORT^{1/}

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 493-11-990-000			
Prior Reference: 493-ZZ-99-AA-5			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: ^{1/}	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,782	4,693	89
Estimated FY 64	981	725	xxxxxxxxxxxx
Estimated through 6/30/64	5,763	5,418	345
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
936	^{1/}	^{1/}	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	699	686	
Participants			
Contract Services			
Commodities	282	250	
Local Expenses			
TOTAL	981	936	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		7,149*	1,084**

training, testing and medical examination for participants prior to their departure for training; (3) providing communications media support for the entire AID program in Thailand, and (4) monitoring of loan-financed capital projects.

Special funds equivalent to \$1,084,000 will be provided by the Thai Government in FY 1965.

FY 1965 Funding: FY 1965 funds requested, will cover the costs of: Technicians: 46 technicians and support personnel in the fields of agriculture, public works and engineering, public health, education, public administration, communications media, training and program operations. Commodities: Related supplies, equipment and maintenance items.

Project Objective and Description: To provide for technical 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 and the costs of technicians on several terminating projects. Specific activities include: (1) financing the procurement of office supplies and equipment required for USOM operation; (2) financing English language

^{1/} This program will continue annually in general support of AID programs.

* Includes counterpart and a jointly controlled special RTG project contribution.

** RTG special project contribution, jointly controlled.

STATUS OF LOANS

(In thousands of dollars and equivalent)

GOVERNMENT OF THAILAND,

TABLE V

Country: THAILAND

Borrower: ROYAL IRRIGATION DEPARTMENT

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Thailand Irrigation Loan,
(493-H-010)

Date Approved: May 31, 1962

Date Signed: August 31, 1962

Loan Status as of 12/31/63	Loan Terms
Amount	
Approved	Duration
Ltrs of Com't Issued	Grace Period
Disbursed	Interest Rate
Repayments	Currency of Repayment
Interest Collected	

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.

Physical Status: With the guidance of Engineering Consultants Incorporated of Denver, construction is being performed by the Royal Irrigation Department (RID). Work has progressed at all three sites. Complete are over 30 km of main canal, 45 km of roads, 30 buildings, headworks at Me Tang. Overall completion exceeds 15%.

Financial Status: Substantial disbursement is expected in the last half of FY 1964. Physical work has been prosecuted by RID using funds from its own budget. Half local currency expenditures are reimbursable from loan funds. Resolution of several procedural matters on method of reimbursement is expected shortly, after which disbursement should begin. Heavy equipment procurement now under way will lead to large disbursements in FY 1965.

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: While RID has used its own resources to push physical accomplishment, it has been very slow in meeting conditions precedent to A.I.D. disbursement. All conditions have now been met and U.S. procurement of equipment will permit a faster rate of construction beginning late 1964.

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: (1) Lam Pao near Kalasin in the Northeast, (2) Lam Pra Plerng near Korat in the Northeast, and (3) 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

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: THAILAND

Borrower: METROPOLITAN ELECTRICITY AUTHORITY Funds: DEVELOPMENT LOANS

Title and Number of Loan: Bangkok Power Distribution, 493-A-005

Date Approved: October 6, 1958 Date Signed: March 6, 1959

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$20,000	Duration	20 yrs.
Ltr. of Com't Issued	20,000	Grace Period	None
Disbursed	14,615	Interest Rate	5½%
Repayments	70	Currency of Repayment...	Baht
Interest Collected	1,697		

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: (1) a 69,000 volt sub-transmission system emanating from three preliminary step-down termination substations built by the Yanhee Electricity Authority; (2) a 12,000 volt distribution system, including wood poles, distribution transformers and an overhead secondary network system for Bangkok; (3) construction of a completely new secondary system and rehabilitation of certain sections of an existing system; (4) provision of construction machinery and maintenance vehicles and equipment; and (5) nine stepdown 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 supervision and training of MEA technical personnel by J.G. White Engineering Corporation.

Physical Status: Construction work is 80% complete. The Rogers and Commonwealth contracts have been completed. Service to consumers on the first of the completed secondary loops has been initiated. It is anticipated that by mid 1964 experience of MEA on completed sections of the project will permit termination of the White contract. Construction is scheduled to be completed by MEA by December 1965.

Financial Status: Disbursements during the second half of calendar 1963 were \$1.65 million. Continued disbursement at this rate are anticipated thru 1964 and the first half of 1965, with a tapering off in the second half of 1965 covering the balance of the 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.

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Vietnam

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

CONFIDENTIAL

Country: VIETNAM

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians.....	4,608	1,853	2,755	6,830	2,190	4,640	7,690	2,190	5,500
Participants.....	1,706	1,182	524	2,120	1,200	920	1,770	970	800
Contract Services.....	3,862	3,123	739	1,852	697	1,155	5,165	965	4,200
Commodities.....	4,135	4,135		1,913	1,913		2,875	2,875	
Local Expenses.....									
Total Project Assistance.....	14,311	10,293	4,018	12,715	6,000	6,715	17,500	7,000	10,500
NON-PROJECT ASSISTANCE									
Commodities.....	118,955		118,955	110,285		110,285	119,500		119,500
Cash Transactions.....	10,000		10,000						
Other.....									
Total Non-Project Assistance.....	128,955		128,955	110,285		110,285	119,500		119,500
Amount funded from Contingency Funds (non-add)	(13,315)		(13,315)						
Grand Total.....	143,266	10,293	132,973	123,000	6,000	117,000	137,000	7,000	130,000
Amount funded from Contingency Funds (non-add)	(13,315)		(13,315)						
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed.....	247	114	133	342	120	222	342	109	233
Participating Agency.....	40	1	39	33	1	32	48	6	42
Total U.S. Technicians.....	287	115	172	375	121	254	390	115	275
Contractor Employees(on duty close of yr.)	102	19	83	130	33	97	159	42	117
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract.....	452	291	161	494	254	240	447	220	227
Contract.....									
Total Participants.....	452	291	161	494	254	240	447	220	227

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

TABLE II

Country: VIETNAM

Activity	Total	Technical Cooperation	Supporting Assistance
Industry and Mining	235	235	
Labor	55	55	
Health and Sanitation	2,680	2,680	
Education	1,960	1,960	
Public Administration and Public Safety	140	140	
General and Miscellaneous	10,500		10,500
Technical Support	1,930	1,930	
Total	17,500	7,000	10,500

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Industrial Advisory Services, 430-15-210-170			
Prior Reference: 430-AC-21-AG			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1966	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	166	39	127
Estimated FY 64	310	170	xxxxxxxxxxxx
Estimated through 6/30/64	476	209	267
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
235	200	911	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	55	35	
Participants	55	50	
Contract Services	200	150	
Commodities	-	-	
Local Expenses	-	-	
TOTAL	<u>310</u>	<u>235</u>	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

In the period January 1959-June 1963, under this and a predecessor project (Industrial Development), over 2,000 investment proposals in 27 industrial categories with an aggregate value of \$48 million were reviewed for technical feasibility. Capital assistance for these undertakings came principally from the non-project program. Included were 83 large factories, representing an investment of an estimated VN\$3,500 million (\$58 million) and new employment for about 13,000 workers.

During FY 1965, it is planned to develop some 20 small industries in the newly established strategic hamlets. Over 50 middle management personnel will be trained in improved industrial techniques through the Vietnamese Government's Industrial Development Center. More than 250 in-plant visits will be made to provide technical assistance on how better to utilize equipment, supplies and staff as well as production planning and quality control.

FY 1965 Program: Technicians: One industry advisor and one textile advisor. Participants: U.S. training for an industrial productivity team of 12 members to observe industrial production techniques similar to those which have recently been established in Vietnam. Contract Services: One year extension of a contract with EBASCO Services to assist in the analysis of investment proposals and related activities.

Project Objective and Description: To provide advisory services on the utilization of capital and manpower resources, in order to help Vietnam to increase industrial production for import substitution and export, and to develop small rural industry. These include: (1) Assistance in the analysis of industrial investment proposals submitted for aid under the non-project program, to determine their technical and economic feasibility; (2) Advice and assistance to organizations in the Vietnamese economy, such as the Industrial Development Center, that are concerned with the development of a base for economic growth; (3) Assistance to organizations and groups of industrialists in the improvement of management and industrial techniques.

PROJECT DATA

(in thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Telecommunications Development, 430-12-220-029			
Prior Reference: 430-AC-22-AD-1			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: 1964	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	8,012	1,474	6,538
Estimated FY 64	590	2,400	XXXXXXXXXXXX
Estimated through 6/30/64	8,602	3,874	4,728
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		8,602	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	40		
Participants			
Contract Services	350		
Commodities	200		
Local Expenses			
TOTAL	<u>590</u>		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,290	

In 1962, an agreement was signed with Budocks, Department of the Navy, for managing and implementing this project for A.I.D. A.I.D. also signed a contract with the Federal Electric Corporation for the construction of the Southern Toll section Radio Relay System. This telephone system is expected to be in operation by July 1964. The connection between Saigon and Bangkok installed by the Philco Corporation was completed in 1963 and is in operation.

In 1963, Budocks awarded a contract to IIT Export for the replacement of manual exchanges by dial exchanges and the modernization of telephone systems in 21 provincial cities and Saigon. Completion is expected in October 1964. A contract was also awarded to Page Communication Engineers to connect the Military System in the north with a temporary northern toll system connecting 13 provincial cities with Saigon. This system should be in operation by December 1964. Construction of the International Receiver Site in the area of My-Tho has been indefinitely delayed due to insurgent activity.

The Government of Vietnam has provided the sites for the Southern Toll System and, under the supervision of U.S. contract engineers, is installing outside plant, such as trunking and cable lines, in provincial towns and in the Saigon area. GVN local currency contribution has amounted to an equivalent of \$1 million.

FY 1965 Funding: No additional funds are requested. All construction contracts have been let. Of the pipeline at the end of FY 1963, \$5.9 million was in forward funding of fixed-price contracts. Most of the remaining amount is for commodities ordered in FY 1963.

Project Objective and Description: To assist in providing Vietnam with an integrated telecommunications network, improved international receiving and transmitting facilities, and the technical and managerial capability to maintain the system. The lack of telecommunications in Vietnam hampers government control and services, military operations and commercial business.

Television Associates of Indiana, Inc. were employed in 1958 to provide detailed engineering plans, supervise installation of equipment and train telephone technicians. The design of the regional network and of the Vietnam portion was completed in FY 1962 and bids invited on the network south of Saigon. Because of the security situation, the requirements for a network north of Saigon have, for the time being, been met by U.S. military facilities.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: TRANSPORTATION

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Railway Reconstruction, 430-11-330-225
Prior Reference: 430-ZA-33-BZ-5
Initial Obligation FY: 1962 **Scheduled Final Obligation FY:** 1962

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	1,410	319	1,091
Estimated FY 64		1,091	xxxxxxxxxxxx
Estimated through 6/30/64	1,410	1,410	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		1,410	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL		

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

The railway system is a prime target for almost daily sabotage by the Viet Cong. Under this project replacement rails, bridge steel and signal equipment destroyed by the Viet Cong have been procured. From FY 1963 on, sabotage repair requirements are being met from non-project assistance under the Counter-Insurgency program. To reduce the incidence of sabotage, a number of measures have been taken, such as armed escorts, track patrols, advance armored cars for mine detonation, and the installation on the trains of two-way radio sets provided under the Counter-Insurgency Action Plan.

The Vietnamese Government is determined to keep the rail line in operation despite frequent Communist attacks. The rail line is not only one of the principal means of transportation of military and counter-insurgency supplies and equipment but also a symbol of Vietnamese Government influence and support for the coastal provinces. FY 1965 Funding: No additional funds required under this project.

Funds in the project pipeline should be liquidated during FY 1964. Contracts have been placed for all the funds obligated. The unliquidated amount represents contracts for goods not yet delivered.

Project Objective and Description: The purpose of this project was to assist in the maintenance of internal security by providing commodity support and technical advice to the Vietnamese Government and its Railway Administration (VNR) for repair of damage by Communist insurgency.

The single north-south railway is one of the chief communication links connecting Saigon with the north of the country, and is important both for strategic and economic reasons. Before the Viet Cong insurgency reached serious dimensions, the United States under a previous project assisted the Vietnamese Government with the rehabilitation of railway damage caused during World War II and the Indo-China War. A related Development Loan was also made to procure diesel locomotives and freight cars.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: TRANSPORTATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Improvement of Aeronautical Ground Facilities, 430-12-370-092			
Prior Reference: 430-ZA-37-AE-1			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: 1963	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	8,381	7,104	1,277
Estimated FY 64		1,075	xxxxxxxxxxxx
Estimated through 6/30/64	8,381	8,179	202
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
		8,381	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses			
	TOTAL		
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,600	

The aeronautical training center was completed at Saigon; the Air Traffic Control Communications Center was completed and has been operating since September 1960; the heavy-duty 10,000-foot jet airstrip has been in use since July 1962 and parking apron work and installation of the lighting systems is completed. The Saigon airport, as now improved, is a major strategic facility of vital importance. A new runway was completed at Ban Me Thuot Airport and communication facilities and runway and taxiway lighting have been installed at Hue, Dalat, Nha Trang and Rach Gia airports. An aeronautical code controlling pilot qualifications, aircraft loading, traffic procedures, etc., prepared by a legal advisor from the U.S. Federal Aviation Agency, is in use. All related participant training has been completed.

The Government of Vietnam has contributed funds for (a) acquisition of sites for air navigation aids, (b) construction and extension of airport runways, (c) construction of buildings to house aeronautical facilities, (d) payment of technicians and laborers for construction and installation work, (e) cost of public utilities installations and (f) other local support of the project including office and storage buildings.

FY 1965 Funding: No additional U.S. funding is required for the development aspects of this activity. If emergency requirements directly related to war and insurgency arise in the future, they will be handled under the Counter-Insurgency Program.

Project Objective and Description: To assist the Government of Vietnam in improving and expanding aeronautical ground facilities and meteorological services.

Project targets were to: (1) help the Vietnam air transport system meet international civil aviation standards for aeronautical ground facilities, air traffic control and communications systems, and meteorological observations and reporting stations; (2) help establish a system of airports adequate for international and domestic air traffic as well as for certain military requirements; (3) train Vietnamese personnel in the operation and maintenance of air traffic control systems; (4) assist the GVN in the development of a modern aeronautical code and an effective civil aeronautics administration.

As of June 30, 1963, 60 percent of the pipeline was forward funding for construction; 40 percent represented commodities procured through the FAA, whose large-volume procurement effects substantial savings but requires long lead times.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: LABOR

Funds: TECHNICAL COOPERATION

Project Title and Number: Labor Institutions, 430-15-410-222			
Prior Reference: 430-AC-83-AF-5			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	23	15	8
Estimated FY 64	50	30	xxxxxxxxxxxx
Estimated through 6/30/64	73	45	28
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
55	100	228	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians-	..-	
Participants	50	55	
Contract Services-	..-	
Commodities-	..-	
Local Expenses-	..-	
TOTAL	50	55	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		571	

in the Ministry have each received nine months training in the U.S., and seventeen other participants have received training at the U.S. assisted Asian Labor Education Center in Manila, International Labor Organization headquarters in Geneva and at various Colombo Plan seminars. In FY 1964 a group of high level union leaders are being sent for a 60 day observation tour to the U.S. The GVN is supporting this program by financing local training costs.

FY 1965 Funding: Participants: Funding is planned for a second group of 12 union leaders for an observation tour of U.S. unions and nine months study for one participant in U.S. workmen's compensation laws and industrial safety programs.

Project Objective and Description: To assist in the development of 1) an effective Ministry of Labor; and 2) democratic free trade unions.

A necessary element in the political and economic stability of Vietnam is the development of 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, the U.S. is conducting a training program for Labor Ministry officials and union leaders to acquaint them with the American labor experience, its institutions and programs. Since the inception of this program, three of the principal officers

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Malaria Eradication, 430-11-510-241			
Prior Reference: 430-AA-51-AH-5			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 6,945	Expenditures 6,238	Unliquidated 707
Estimated FY 64	773	832	XXXXXXXXXXXX
Estimated through 6/30/64	7,718	7,070	648
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
2,055	4,000	13,773	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	135	240	
Participants	40	40	
Contract Services			
Commodities	598	1,775	
Local Expenses			
	<u>773</u>	<u>2,055</u>	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		9,227	

during FY 1964 and the area placed under surveillance. In the plateau area, with a population of 1.5 million, the attack phase is being continued.

The war has disrupted spraying schedules in about 30 per cent of the localities during the past three years, resulting in a setback of the target date for malaria eradication. Not only has the security situation disrupted spraying schedules, but the Viet Cong have repeatedly attached spray teams, killing or capturing many of their members. A team of experts will be reassessing the program this year and will determine to what extent these setbacks have affected the presently scheduled termination date.

Despite these hazards, the spraying program has been effective. Among the 6 million population in the areas covered, the malaria rate has dropped from 7.22 percent to approximately 1 percent. Malaria mortality, as a percentage of all deaths, dropped from 11.22 percent in 1958 to 0.77 percent in 1962 in the areas under spray protection.

Security permitting, spraying operations will be extended into the Delta (the areas below Saigon) during FY 1965. The initiation of the attack phase in this final major sector of the country will provide almost immediate health benefits for the population of this agriculturally rich but war-harassed area, as well as giving tangible evidence of GVN's concern for its citizens in this area.

The GVN budget provides local currency for salaries of spray crews and epidemiological surveillance workers, gasoline and oil for vehicles used in spraying operations, warehousing facilities, supplies, utilities and other administrative costs.

WHO has also provided technical advisory services amounting to \$300,000 through FY 1963. WHO's annual contribution will continue at an estimated \$60,000.

FY 1965 Funding: Technicians: a malaria advisor, 13 malaria specialists and one equipment specialist; Participants: training in Manila for 10 participants in Malaria Eradication methods; Commodities: equipment, supplies and DDT for continuation of attack and surveillance in the North and initiation of attack in the Delta.

Project Objective and Description: To assist the Vietnamese Government in carrying out a program to eradicate malaria by 1967 and establishing effective measures to prevent its recurrence. The campaign plan was developed by the GVN, WHO and A.I.D., and inaugurated in 1958. There are four phases: Preparatory, attack, consolidation (which includes surveillance) and maintenance.

The malaria eradication program is conducted almost exclusively among the rural population and will reach every accessible village in malarious areas. In the coastal area between Saigon and the 17th Parallel, inhabited by some 4.5 million people, the attack (spraying) phase was completed

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Medical Education, 430-12-540-150
Prior Reference: 430-AC-54-AC-1
Initial Obligation FY: 1957 **Scheduled Final Obligation FY:** 1969

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,684	1,114	1,570
Estimated FY 64	635	750	xxxxxxxxxxxx
Estimated through 6/30/64	3,319	1,864	1,455
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
625	9,056	13,000	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	150	200
Participants	120	70
Contract Services	35	30
Commodities	330	325
Local Expenses	-	-
TOTAL	635	625

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		2,937	

Project Objective and Description: To help overcome the shortage of physicians and improve the level of medical education by: (1) strengthening medical teaching staffs; and (2) assisting in the development of a Medical Center in Saigon.

Vietnam has one doctor for every 17,000 people. With half of Vietnam's 800 doctors drafted into the armed forces, the effective civilian ratio has worsened to one doctor per 30,000 people. This shortage has led the U.S. to send about 150 medical personnel to Vietnam to help cope with the problem in the countryside, particularly with civilian casualties of Viet Cong attacks. The target is to increase the number of physicians to 2,000 by 1972.

As an initial step, the medical education curriculum has been modernized and reduced from a 6½ to a 4-year course. Plans for the Medical Center were framed to include a basic science building and a teaching hospital. Construction of the basic science building, begun in February 1963, is scheduled for completion by June 1965. Preliminary drawings have been completed for the teaching hospital; however, construction is being deferred indefinitely under the general policy of minimizing new piaster investment in Saigon, and maximizing the financing of higher priority counter-insurgency needs in the provinces.

Because this project strengthens the GVN capacity to cope with a long war and subsequent reconstruction, and reduces future requirements for external aid, it is being continued during a period when most aspects of long-range economic and social development are receiving lower-priority attention than the immediate needs for Counter-Insurgency.

The Government of Vietnam has budgeted the equivalent of \$1.25 million for the construction of the basic science building plus funds needed for maintenance of the Department of Preventive Medicine, which now has the responsibility for teaching medical students. The Department will later be absorbed by the Medical Center.

FY 1965 Funding: **Technicians:** One medical education advisor, one mechanical engineer, and ten medical professors, five of which will be under PASA; **Participants:** Multi-year training in the U.S. for 12 participants; **Contracts:** One architect, one engineer inspector and one microbiology technician; **Commodities:** Supplies and equipment for a preventive medicine lab and for completion of the basic science building.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Vocational Education, 430-11-690-271			
Prior Reference: 430-AC-61-AA-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	4,028	2,490	1,538
Estimated FY 64	607	1,100	xxxxxxxxxxxx
Estimated through 6/30/64	4,635	3,590	1,045
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
665	2,000	7,300	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	140	80	
Participants	235	200	
Contract Services	52	260	
Commodities	180	125	
Local Expenses	-	-	
TOTAL	607	665	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		4,981	

new ones; (3) develop and conduct pre-service and in-service vocational teacher-training programs; (4) improve administrative and supervisory services within the vocational school system; and (5) enlarge and improve the national engineering college so as to enable it to graduate 100 engineers annually.

Construction of the Phu Tho central technical institution and the three new provincial technical vocational schools has been completed and about 60 percent of shop tools and equipment for provincial schools have been installed. In-service teacher-training courses for 50 teachers have been held annually for the past four years. Seven technical vocational specialists from Southern Illinois University are teaching and advising the GVN administrators in the vocational school system. Most construction is now complete at the engineering school. Personnel trained to date are in great demand by the Armed Services and particular efforts are being made to reserve a number of the early graduates as teachers in the established technical schools.

Unliquidated obligations as of June 30, 1963, were composed primarily of commodities and forward funding for the SIU contract. The project is continuing on schedule.

The GVN provides for payment of all teachers' salaries, and the cost of land and grading of grounds at the four vocational schools, as well as administrative costs including fuel for vehicles and the maintenance of buildings and machines.

FY 1965 Funding: Technicians: four vocational education technicians; Participants: agricultural and technical vocational training in the U.S. for 15 new participants and 35 extensions; Contracts: one year extension of the SIU contract and individual contracts for 4 vocational educators; Commodities: shop tools, machinery, technical and teaching material and lab and other equipment for chemical technology training.

Most of the pipeline consists of FY 1963 commodity and participant funding and forward funding of the SIU contract.

Project Objective and Description: To provide an adequate and continuing supply of industrial teachers, skilled workers and artisans. Since these skills are required to pursue the war effort and for subsequent reconstruction, this project is being continued during a period when long-range economic and social development are necessarily receiving lower priority attention.

Specific objectives are to: (1) establish a central technical institution in Saigon; (2) reorganize and expand six existing provincial technical schools and establish three

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: EDUCATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Teacher, Public and Higher Education, 430-11-690-272			
Prior Reference: 430-AC-69-AB-5			
Initial Obligation FY: 1957		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	5,614	3,437	2,177
Estimated FY 64	1,085	1,300	XXXXXXXXXXXX
Estimated through 6/30/64	6,699	4,737	1,962
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,295	1,906	9,900	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	240	120	
Participants	635	500	
Contract Services	60	525	
Commodities	150	150	
Local Expenses	-	-	
TOTAL	1,085	1,295	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,579	

The shortage of qualified teachers is the major bottleneck to the continued expansion of educational programs. To meet this situation, (1) summer workshops were organized over the past 7 years for more than 4,000 elementary and secondary teachers, administrators and provincial educators, (2) the National In-Service Training Center was established to direct in-service training of all elementary teachers, (3) four normal schools were established to provide up-to-date teacher instruction to a combined enrollment of 1,600 students, and (4) a permanent center for educational research, and Faculties of Letters and Science, were established at the University of Saigon. A contract with Southern Illinois University to assist in the development of elementary teacher education programs is in its third year of operation and an Ohio University contract team is giving similar assistance to secondary teacher education programs.

To educate young potential leaders, 80 participants are now enrolled in American universities and are making satisfactory progress. By June 1964, 22 of these participants will have finished a four year course of university degree training. This group of carefully chosen students has maintained superior academic standards in U.S. colleges setting the pace, in fact, for their American colleagues. The future emphasis will be on training secondary school teachers and on U.S. degree training.

The GVN has assumed responsibility for payment of teacher salaries, land costs and administrative and maintenance costs. FY 1965 Funding: Technicians: six education advisors; Participants: 12 third country, and 99 U.S., of which 84 are extensions; Contracts: one year extensions of the Ohio University and S.I.U. contracts and six education advisors; and Commodities: laboratory and classroom equipment and textbooks. The FY 1963 pipeline in this project consists of participant training (about 60%), forward funding of contracts (about 30%), and commodities (10%).

Project Objective and Description: To assist in providing staff and facilities to (a) meet the current demand for teachers and (b) satisfy long range requirements for trained leadership. Activity targets include: (1) development of a qualified professional staff of elementary and secondary teachers; and (2) education of selected Vietnamese youth with leadership potential in U.S. colleges and universities to prepare them for responsible employment in GVN agencies and private industry.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: PUBLIC ADMINISTRATION AND PUBLIC SAFETY

Funds: TECHNICAL COOPERATION

Project Title and Number: Improvement of National Government, 430-11-790-251			
Prior Reference: 430-AC-79-AH-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	356	73	283
Estimated FY 64	295	300	xxxxxxxxxxxx
Estimated through 6/30/64	651	373	278
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
140	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	90	35	
Participants	65	55	
Contract Services	-	-	
Commodities	140	50	
Local Expenses	-	-	
TOTAL	295	140	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		107	

The goals under this project are: (1) to improve the National Institute of Administration (NIA) by equipping and staffing the Institute to enable it to train 350 government officials per year by 1965 and to introduce modern administration in other institutions of higher learning; (2) to improve budget, accounting and auditing capabilities by the use of electronic data processing systems, and by training in the U.S. and third countries; (3) to assist in developing improved statistical and census processes through U.S. and third country training and the introduction of specialized equipment; (4) to improve tax administration and increase internal tax revenues through U.S. and third country training.

Beginning in FY 1964 all salaries, rentals and other local currency requirements for these activities are being met by the GVN from its own budget.
FY 1965 Funding: Technicians: one public administration advisor for the NIA and one statistical consultant; Participants: U.S. training for two GVN officials in NIA and 6 GVN officials in budget accounting, treasury operations and tax administration, and third country training for four statisticians; and Commodities: library books and audio-visual aids for NIA; office equipment, a jeep station wagon, books and periodicals for the National Institute of Statistics; and office equipment and publications for the Directorate of Taxation.

Project Objective and Description: To assist the Vietnamese government to resolve political and administrative problems inherent in the counter-insurgency program and give better support to local government institutions. In FY 1964 the activities of this project directly concerned with local government improvement were transferred to the Counter Insurgency Services project. At the same time, activities were increased to assist central government institutions to coordinate local efforts.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: GENERAL AND MISCELLANEOUS

Funds: SUPPORTING ASSISTANCE

Project Title and Number: Counter-Insurgency Services, 430-11-990-264			
Prior Reference: 430-AA-99-AA-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	4,018	2,590	1,428
Estimated FY 64	6,715	5,500	xxxxxxxxxxxx
Estimated through 6/30/64	10,733	8,090	2,643
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
10,500	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	4,640	5,500	
Participants	920	800	
Contract Services	1,155	4,200	
Commodities			
Local Expenses			
	TOTAL	6,715	10,500
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

A.I.D. assistance to the counter-insurgency program as a whole is organized into action plans grouped under four major headings: (1) Strategic Hamlets; (2) Civic Action; (3) Rural Operations Support; and (4) War Infrastructure.

The Strategic Hamlet action plans constitute a coordinated military and civil effort to provide security and economic and social "impact" benefits to the rural populace facing Viet-Cong pressures. A.I.D.-financed supplies, materials and technical assistance are provided for emergency relief, re-settlement, self-help projects, an amnesty program, and other political/social/economic operations. In addition, medical stations, a village/hamlet radio network, plant protection, hog raising, various Food for Peace distribution programs, fertilizer programs and training programs for newly elected strategic hamlet officials are being established and expanded. All the activities under this heading are carried on and have their immediate effect directly on the hamlets.

Under civic action plans, A.I.D. commodities are supplied through U.S. MAAG to military forces for small rural construction projects and medical treatment of civilians in areas where security limits the use of civilian medical teams.

Under rural operations support plans, assistance is provided to national institutions operating at the intermediate (province/district) level to improve the agricultural and public health services benefitting the rural population. It includes such activities as centralized multiplication of improved seed and livestock, construction of irrigation systems, rural credit, trade and agriculture schools, and provincial hospital surgical facilities. (Four U.S. surgical teams are in the field.) The improved seed varieties are channeled through hamlet plans for administration and distribution.

The war infrastructure plans provide for the maintenance and repair of transportation facilities essential to the war effort (such as repair of railway sabotage), installation of electric generators in strategic provincial locations and commodity and technical assistance to the police forces. Progress to date: About 7,000 hamlets have been established. Some of these have been destroyed by the Viet Cong, notably in the Delta Region. The hamlets north of Saigon are largely intact. Before the fall of Diem there was a tendency on the part of the Vietnamese Government to exaggerate results.

Project Objective and Description: To provide advisers and training in support of the counter-insurgency program, which assists the GVN to counter the Viet-Cong in the rural areas of Vietnam

Most A.I.D. support for counter-insurgency consists of imported commodities funded from non-project assistance, purchased under U.S. Government procurement procedures and distributed under joint U.S.-GVN control to provincial and local levels. The American technicians and third country nationals who assist in these activities and the costs of training participants in related programs are provided through this counter-insurgency project.

PROJECT DATA

(In thousands of dollars and equivalent)

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

Participants: Training is planned for 227 Vietnamese in agricultural production methods, health, public administration and communications media.

Contract Services: Funds are for: (a) one-year extension of a contract with International Voluntary Services (IVS) which sends its 70 team members into the village to teach and assist in CI-related agricultural education and health programs; (b) 12 U.S. and 17 Filipino technicians to maintain and repair the village/hamlet radio system, and 10 constabulary trainers for an expanded Public Safety Program; (c) three contracts with the Chinese-American Joint Commission on Rural Reconstruction (JCRR) to provide 34 technicians in the fields of credit, cooperatives, irrigation and crop development; (d) a contract with U.S. Consultants, Inc., for 8 technicians in fisheries development assistance; (e) 15 individual contracts for services in various other strategic hamlet and war infrastructure activities; (f) 10 Seabee Special Technical Assistance Teams (STATs) of 13 men each and about 70 U.S. Army personnel in Engineer Civil Assistance Teams (ECATs) who will assist in well-drilling and other rural public works programs. (A.I.D. only pays per diem, transportation and consumable item costs for these teams); and (g) contracts with private U.S. firms for accelerated well-drilling activities in the Delta.

The pipeline in this project represents the required forward funding of contracts and funding for participants who are scheduled to depart for training in future months.

Accordingly, a reassessment of progress in this program is in process, but the rapidly shifting situation makes it impossible to quantify results at this time. Solid accomplishment has been made, and this will be built on in the future.

Future Outlook: The present situation in Vietnam is, of course, serious. Success or failure will be determined by factors many of which are outside the scope of the economic program. State-ments and actions of the military government give some encouragement, and open the door of opportunity for continued work on the economic aspects of counter-insurgency. Their final effect, however, will depend largely on the progress of military operations, and the capacity of the Vietnamese Government to manage and the necessary political, economic and social follow-through and consolidation.

Country Contribution: During 1963 a joint program of funding local currency costs to the Counter-Insurgency program was agreed upon between the U.S. and Vietnam. Of the CY 1963 Counter-Insurgency Budget of 1.97 billion piasters (\$33 million) 960 million were provided from the GVN budget, 610 million from the U.S. purchased piaster account and 400 million from counterpart. It is planned in 1964 to seek GVN agreement to continue financing a significant portion of counter-insurgency local currency requirements from the Government's own budget, with only a small balance financed from counterpart. (Local currencies, however, are attributed to Counter-Insurgency action plans rather than to this more limited project which is confined largely to personnel.)

FY 1965 Funding: Technicians: 120 rural affairs officers, 13 village/hamlet radio technicians, 24 agricultural advisors (7 from other agencies), 30 members of surgical teams (under PASA with PHS), 5 local government advisors, 49 public safety officers, 5 rural health and nursing advisors, 19 public works engineers, 5 aviation specialists (under PASA with FAA), and 6 specialists in communications media. The bulk of these technicians work and live in the provinces.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: VIETNAM

Activity: TECHNICAL SUPPORT

Funds: TECHNICAL COOPERATION

Project Title and Number: Technical Support, 430-11-990-000			
Prior Reference: 430-22-99-AA-5			
Initial Obligation FY: 1956		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	15,650	15,504	146
Estimated FY 64	1,655	1,601	xxxxxxxxxxx
Estimated through 6/30/64	17,305	17,105	200
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,930	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	1,340	1,480	
Participants	-	-	
Contract Services	-	-	
Commodities	315	450	
Local Expenses	-	-	
TOTAL	1,655	1,930	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		6,600	

counterpart funds and the GVN budget through a trust fund. FY 1964 and future requirements are expected to be met entirely from the GVN budget.
FY 1965 Funding: Technicians: To provide for 78 authorized positions (77 AID direct-hire, and one PASA technician) and logistic support for U.S. technicians, rents and utilities and; **Commodities:** Supplies, materials and equipment.

Project Objective and Description: To provide logistic support for program activities not chargeable to individual projects. Specifically, the U.S. contribution includes: (1) salaries and allowances of program technicians whose services relate to more than one project or activity; (2) logistic support to U.S. program personnel (including housing and utilities); (3) proportionate share of office overhead chargeable to program operations. Local currency costs, including salaries of local staff, chargeable to program activities but not attributable to individual projects have been provided from

*This project will continue annually in general support of A.I.D. programs.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: VIETNAM

Borrower: NATIONAL OFFICE OF ELEC. POWER Funds: DEVELOPMENT LOANS

Title and Number of Loan: Saigon Electric Power, 430-22-220-279
(430-A-006)

Date Approved: November 8, 1960 Date Signed: January 6, 1961

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$12,700	Duration	20 years
Ltr of Com't Issued	7,429	Grace Period	2 years
Disbursed	3,553	Interest Rate	3-1/2%
Repayments	50	Currency of Repayment...	Piasters
Interest Collected	7		

Physical Status: The original plan to utilize coal for power 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 because of the difficulty with rights-of-way have slowed implementation.

The road along the Choquan line in the area across from Saigon is 65% complete and the bridges are 70% complete. All the steel for the transmission structures and part of the circuit breakers and cable are in Saigon. Foundation piles for several towers are in place. The turbo generator has been acquired and will soon be shipped to Saigon.

The important elements of management and training to assure an efficient operation and maintenance of the system will be handled by Gibbs and Hill under an amendment to their contract which is now under discussion.

The completion dates are now estimated as follows:

Saigon Substation - 7 mw	- April 1964
Autoroute Substation - 5 mw	- July 1964
Choquan Substation - 20-40 mw	- August 1964
Cholan Substation - 12 mw	- December 1964
33 mw Steam Station	- Early to Middle 1965

Financial Status: Payments on principal and interest are current.

Host Country Contribution, Procurement Source: The local currency costs of these projects are being paid by the GVN and will approximate the equivalent of \$2,000,000. The loan authorized worldwide procurement of goods and services but most of such procurement has been from U.S. sources.

Comments on Implementation: This project is currently under review for purposes of identifying specific points of delay and what needs to be done to accelerate completion of work.

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. This project is closely related to the Danhim hydroelectric power project financed with Japanese reparations (\$37 million) which will provide 144,000 kw of power to Saigon per year beginning in 1963. Power from the two sources will be distributed through a common distribution system from near Thu Duc to Saigon.

The expansion of electric power in Vietnam will provide a needed base for industrial expansion. Vietnamese industrialists have in many cases had to provide their own electric generating equipment which has substantially increased their production costs. Additionally, the expansion of electric power will increase availability for residential consumption.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: VIETNAM

Borrower: VIETNAM RAILWAY SYSTEM

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Railways Modernization, 430-22-330-280
(430-A-004)

Date Approved: May 16, 1960

Date Signed: August 10, 1960

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$9,700	Duration	15 years
Ltr of Com't Issued	6,700	Grace Period	2 years
Disbursed	5 308	Interest Rate	3-1/2%
Repayments		Currency of Repayment...	Piasters
Interest Collected	5		

All 23 diesel electric locomotives (GE) have been received, placed in service and are performing satisfactorily. 21 freight cars (MAGOR Corp., Clinton, New Jersey) have been received and placed in service. Shipment of 200 unassembled freight cars (Whitehead & Kales, River Rouge, Michigan), commenced in January 1964, the first 100 to be shipped by the end of February and the remaining 100 by the end of March. These cars will start arriving in Saigon March 1964, and assembly will take place in Saigon.

The shipment for the shop tools and repair equipment will begin within the next 60 days.

The railway system is a major logistical facility for Vietnam military forces and has been frequently sabotaged by the Viet Cong. Parts for the repair of the sabotaged rail line and equipment are being provided as non-project aid under the counter-insurgency program.

Financial Status: Because of heavy sabotage, the railway system is operating at a loss and has been financially unable to make any repayments of principal although interest payments have been made. Use of national budget funds for loan repayment was not contemplated when the loan was made. Use of such funds now would decrease piaster availability for the counter-insurgency effort.

The Borrower has requested, and AID/W is in process of approving, the extension of principal repayments to begin April 7, 1966.

The original purpose of the loan has been fulfilled with an approximately \$2,000,000 remaining unexpended. It is planned to reduce the loan by this amount.

Host Country Contribution, Procurement Source: All local currency costs of the project are being paid by the Borrower. All procurement from the loan has been made from U.S. sources.

Comments on Implementation: No further problems are anticipated in completing this project.

Purpose of Loan: The purpose of this loan is 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 substitution of the above-mentioned 26 passenger cars for 200 freight cars. Most of the rolling stock which this equipment is replacing was more than 50 years old.

The improved railway system will more adequately meet expanding traffic requirements and stimulate economic growth. The loan provides shop and repair equipment in order that maintenance shops may be equipped to properly service the new rolling stock.

Physical Status: Transportation Consultants, Inc., an American firm, is inspecting the equipment upon delivery in Vietnam and also training railroad administrative personnel. These services are financed under the loan.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: VIETNAM

Borrower: SAIGON METROPOLITAN WATER OFFICE Funds: DEVELOPMENT LOANS

Title and Number of Loan: Saigon Metropolitan Area Water Supply, 430-22-520-278 (430-A-005)

Date Approved: January 30, 1959

Date Signed: November 2, 1960

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$17,500	Duration	30 years
Ltr of Com't Issued	14,863	Grace Period	1 year
Disbursed	4,060	Interest Rate	3-1/2%
Repayments	40	Currency of Repayment...	Piasters
Interest Collected	43		

production and an estimated 30% of the pipe has been manufactured. The pipe varies in size from 72" to 78" in diameter and is 16' long.

Several hundred sections of 78" treated water transmission line has been placed. Also, several hundred sections of 72" rain water mains have been delivered to the job site and some of these sections have been installed.

A contract has been signed with Hawaiian Dredging-Pomeroy, a Joint Venture, for the pumping station and water treatment complex.

Cleaning of 150 Km of water main in Saigon's distribution system has been completed.

The installation of Vietnam Government furnished cast iron pipe by local contractors in certain mains has been 100% completed, 100% tested and 100% closed.

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 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.

Comments on Implementation: This project is receiving much attention to insure its completion without further avoidable delays. The recent signing of the Hawaiian Dredging-Pomeroy contract now completes contracting for all major elements of the project.

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, a U.S. firm, is providing engineering services. The prime construction contractor is "Les Etablissements Eiffel" of Paris who received the award in December 1962. All pipe is being supplied by International Pipe and Ceramics Co. (Interpace) of New Jersey at a cost of \$5.6 million. Interpace is in full

SUMMARY OF PROGRAM BY FUNCTION - PROJECT AND NON-PROJECT ASSISTANCE*

Country: FAR EAST REGIONAL

(In thousands of dollars)

TABLE I

Major Cost Component	Actual FY 1963			Estimate FY 1964			Proposed FY 1965		
	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.	Total	Tech. Coop.	Supp. Asst.
PROJECT ASSISTANCE									
U.S. Technicians	758	758		468	468		1,427	1,427	
Participants	26	26		8	8		110	110	
Contract Services	760	760		1,233	1,233		950	950	
Commodities	467	467		451	451		271	271	
Local Expenses	458	458		440	440		242	242	
Total Project Assistance.....	2,469	2,469		2,600	2,600		3,000	3,000	
NON-PROJECT ASSISTANCE									
Commodities									
Cash Transactions									
Other									
Total Non-Project Assistance....									
Grand Total	2,469	2,469		2,600	2,600		3,000	3,000	
NUMBER OF TECHNICIANS AND CONTRACTOR EMPLOYEES									
U.S. Technicians (on duty close of yr.)									
AID Employed	13	13		4	4		4	4	
Participating Agency	5	5		13	13		16	16	
Total U.S. Technicians	18	18		17	17		20	20	
Contractor Employees (on duty close of yr.)	14	14		11	11		9	9	
NUMBER OF PARTICIPANTS									
Participants (programmed during yr.)									
Non-Contract	6	6		3	3		13	13	
Contract				3	3		3	3	
Total Participants	6	6		6	6		16	16	

*Excludes Development Loans

PROJECT ASSISTANCE BY ACTIVITY PROPOSED FOR FY 1965
(In thousands of dollars)

TABLE II

Country: FAR EAST REGIONAL

Activity	Total	Technical Cooperation	Supporting Assistance
Industry and Mining	150	150	
Transportation	125	125	
Labor	50	50	
Health and Sanitation	260	260	
Education	500	500	
General and Miscellaneous	1,915	1,915	
Total	3,000	3,000	

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: INDUSTRY AND MINING

Funds: TECHNICAL COOPERATION

Project Title and Number: Asian Productivity Organization,
498-11-290-012
Prior Reference: 498-ZA-99-AB-5
Initial Obligation FY: 1960 **Scheduled Final Obligation FY:** 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	625	625	
Estimated FY 64	265	265	xxxxxxxxxxxx
Estimated through 6/30/64	890	890	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
150	150	1,190	

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	15	
Participants		
Contract Services		
Commodities		
Local Expenses	250	150
TOTAL	265	150

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		849	400

Project Objective and Description: To stimulate increased industrial productivity among the countries of South Asia and the Far East and to encourage practical economic cooperation among them.

The Asian Productivity Organization provides a central organization through which member nations are able to pool and disseminate industrial productivity information and technical skills. The A.P.O. sponsors seminars and workshop meetings in cooperation with member country productivity centers to bring technical and professional people together for training. It also sponsors multi-national study teams - some to visit one or more member countries; others to visit

industrially more advanced countries to explore such subjects as standardization, quality control and modern production techniques. The A.P.O. also publishes digests of technical information.

A.P.O. activities supplement the programs of other multilateral organizations such as the U.N. and the Colombo Plan, non-profit private groups, and the bilateral assistance activities of A.I.D. and other donor nations. The A.P.O., by promoting cooperation among the Asian countries, identifies priority areas needing assistance, and provides some of the technical assistance required.

In FY 64 the member governments of the A.P.O. -- China, India, Japan, Nepal, Pakistan, Philippines, Thailand, and Hong Kong -- contributed approximately \$340,000 in support of A.P.O. activities. During FY 65, their allocations will increase to approximately \$400,000. Additionally, the Ford Foundation recently made a \$320,000 grant to the A.P.O. for a two year program of training managers to develop and operate small industries.

A.I.D. is currently undertaking an assessment of the A.P.O., including a review of the content of its program and its prospects for increased Asian support. The evaluation, expected to be completed by May, 1964, will provide a basis for determining the type, magnitude and duration of future U.S. support.

FY 1965 Funding: The \$150,000 proposed FY 65 funding is illustrative pending the outcome of the A.I.D. assessment. If provided, it would be utilized to support particular activities in the A.P.O.'s program such as training courses and seminars.

PROJECT DATA

(In thousands of dollars and equivalent)

E III

Country: FAR EAST REGIONAL

Activity: TRANSPORTATION

Fun TECHNICAL COOPERATION

Project Title and Number: SEATO Aviation Meteorological Telecommunications (Philippines-Thailand),
Prior Reference: 498-AD-37-AE-1 498-11-370-135
Initial Obligation FY: 1962 **Scheduled Final Obligation FY:** 1965

Under the direction of FAA Technicians the Thai and Philippine Governments will: (a) replace existing inadequate low-speed radio-teletypewriter equipment; (b) Furnish and install equipment to provide weather intercept capability; (c) Continue a program of in-service training for nationals in the operation and maintenance of the installed system.

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	841	296	545
Estimated FY 64	100	521	xxxxxxxxxxxx
Estimated through 6/30/64	941	817	124
Estimated FY 65 Obligations	Future Year Obligations		Estimated Total Cost to Complete
125			1,066

All commodity requisitions and contractual procedures have been completed. Engineering specifications for transmitter, receiver and micro-wave equipment installations are completed. Antenna design is complete. Antenna plots are being prepared by the Philippine Government. Project termination is scheduled for calendar year 1965.

Proposed Obligations		
Cost Components	Estimated FY 64	Proposed FY 65
U.S. Technicians	100	125
Participants		
Contract Services		
Commodities		
Local Expenses		
TOTAL	100	125

FY 1965 Funding: This project is being implemented by the FAA under a PASA with AID. Technicians: \$125,000 for salaries and allowances of FAA personnel to completion of the project.

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		174	36

Project Objective and Description: To improve the telecommunications network between SEATO members, Philippines and Thailand, primarily for the exchange of meteorological and aeronautical information for aviation control.

Serious deficiencies exist in the telecommunications systems of these two SEATO member nations, particularly in the collection and dissemination of weather data and aircraft movement messages. Under this project, AID is planning and supervising the installation of electronic equipment to handle the exchange of such information and helping train personnel to operate and maintain it.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 498-ZA-42-AA-5			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	460	430	30
Estimated FY 64	37	48	xxxxxxxxxxxx
Estimated through 6/30/64	497	478	19
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
50	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities			
Local Expenses	37	50	
TOTAL	<u>37</u>	<u>50</u>	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		72	13

Courses are given by members of the faculty of the University of the Philippines, officials of governments and international organizations, representatives of management and labor, and experts in workers' education, on such topics as "Trade Unionism and Democracy", "Labor-Management Relations", "Labor Economics", "Cooperatives and Credit Unions", and "Labor Education Techniques".

When not in use for the Asian seminars, the Center gives courses for Philippine trade unionists. Thus it is possible for it to provide unique services for labor officials from other countries at modest cost. As long as the need exists to strengthen non-communist trade union leadership in Asia, ALEC should continue its work, with assistance from the U.S. and other sources.

The Philippine Government has contributed land for the Center on the campus of the University of the Philippines. The University also pays the major portion of staff salaries. Scholarships for participants have come from the Colombo Plan, the International Labor Organization, UNESCO, The Asia Foundation, as well as AID.

FY 1965 Funding: \$50,000 to cover: (1) part of the salary for ALEC staff; (2) honoraria and travel of two guest lecturers; and (3) scholarships for selected Asian trade union leaders.

Project Objective and Description: To strengthen free trade union movements in the Far East by a training program for Asian labor leaders.

The Asian Labor Education Center (ALEC) brings together trade union leaders carefully selected from thirteen Asian countries for specialized instruction in the problems and techniques of labor organization in a free society. Seminars, lasting ten weeks each, have been held twice a year since 1960. Approximately 220 Asians have participated, coming from Burma, Ceylon, Republic of China, Hong Kong, India, Indonesia, Japan, Korea, Malaya, Pakistan, Philippines, Singapore, and Vietnam.

*This project will continue annually, subject to review, in support of Far East labor programs.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: Regional Malaria Advisors, 498-11-510-097			
Prior Reference: 498-ZA-51-AB-5*			
Initial Obligation FY: 1960		Scheduled Final Obligation FY: **	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 82	Expenditures 79	Unliquidated 3
Estimated FY 64	161	42	xxxxxxxxxxxx
Estimated through 6/30/64	243	121	122
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
60	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	120	40	
Participants			
Contract Services			
Commodities	2		
Local Expenses	39	20	
TOTAL	161	60	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

program by failure of an adjacent or nearby country program to progress satisfactorily. The two regional advisors funded under this project provide the requisite coordination for USAID-financed eradication programs in the Philippines, Vietnam, Thailand and Indonesia.

The 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.

During FY 63 and FY 64, the regional advisors provided consultative services upon request to the USAIDs in countries noted above, as well as to Cambodia and Laos. They also participated in special technical assessment teams in India and Thailand.

This project will continue as long as malaria eradication and control is a major A.I.D. program objective in the Far East. It is anticipated that approximately the same level of funding proposed for FY 65, will be required for recurrent annual financing of this activity.

FY 1965 Funding: Technicians: \$40,000 for two technicians; one a malariologist, the other a specialist in the administrative aspects of mounting eradication programs. Local Costs: \$20,000 for international travel, local secretarial services, 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. Further, to coordinate A.I.D.'s efforts with complementary World Health Organization eradication and control programs.

For technical reasons, such as the ease of transmission of malaria through population migration and the advantage of bulk procurement of DDT, the malaria programs in Far Eastern countries must be looked upon as having a single program objective. A.I.D.-assisted country efforts must be closely coordinated to avoid jeopardizing the success of one country

* Last year, this activity was presented and funded as a part of the "Regional Malaria Training Center and Advisory Services (Philippines)" project. The Regional Training Center is now funded as part of A.I.D.'s inter-regional program.
** This project will continue annually in support of Far East malaria eradication programs.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: HEALTH AND SANITATION

Funds: TECHNICAL COOPERATION

Project Title and Number: SEATO Cholera Research Laboratory, 391-12-510-138			
Prior Reference: 498-AA-51-AC-5			
Initial Obligation FY: 1959		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	750	575	175
Estimated FY 64	300	200	xxxxxxxxxxxx
Estimated through 6/30/64	1,050	775	275
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
200	400	1,650	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	300	200	
Commodities			
Local Expenses			
TOTAL	300	200	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		20	10

Provision is also made for training Asian citizens in the U.S. and at the CRL.

The project comes under the direct technical 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. These laboratories are at: the University of Chicago, whose project focuses on responses to vaccine; Jefferson Medical College, which is performing a fundamental investigation of the cholera organism; and the University of Pittsburgh, which studies susceptibility or resistance to cholera. Studies, both here, and at Dacca, have resulted in the development of new methods of treatment which materially reduce the requirements for hospitalization. Study of the patients' families and their environment has yielded important information on the transmission of cholera.

During recent outbreaks of the disease in the Philippines and Vietnam, the CRL and cooperating U.S. institutions dispatched experts to assist in control measures and to collect additional data.

In addition to support received from AID, the NIH has contributed a portion of the salaries, travel costs and other allowances of the 6 CRL staff members who are NIH personnel. The U.K. and Australia also contribute regularly to the CRL. Pakistan pays the major share of local costs in addition to making available the physical facilities occupied by the CRL and seven medical personnel.

The CRL operates under the general direction of a Directing Council, consisting of one representative from the U.S., the U.K., Pakistan, the Secretary General of SEATO, and the Director of the NIH. The NIH has responsibility for the scientific direction of the CRL.

FY 1965 Funding: Contract Services: \$200,000 to continue the NIH services, implemented through a letter of agreement between AID and HEW. Services include provision of laboratory supplies, technicians, consultants and participant training.

Project Objective and Description: To undertake a program of basic research to develop, improve, and demonstrate -- through laboratory and applied field operations -- measures for prevention, control, and eventual eradication of cholera.

The importance of the cholera problem was recognized by the SEATO Council of Ministers at its 5th meeting in 1959, and a Cholera Research Project was established that year. A permanent SEATO Cholera Research Laboratory (CRL) was set up at the Institute of Public Health in Dacca, East Pakistan, an area where cholera is endemic.

The Institute's basic physical facilities were completed by December 1962. Since then research activities have included epidemiological and bacteriological studies and, since cholera must be differentiated from other diarrheal diseases, studies of the type, distribution and prevalence of these other diseases.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 498-AA-99-AA-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
Through 6/30/63		Obligations 14	Expenditures 14
Estimated FY 64		17	16 xxxxxxxxxxxx
Estimated through 6/30/64		31	30 1
Estimated FY 65 Obligations	Future year Obligations	Estimated Total Cost to Complete	
50	*	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	17	30	
Participants		20	
Contract Services			
Commodities			
Local Expenses			
	TOTAL	17	50
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

countries -- Thailand, Philippines, Taiwan and Korea.

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. Rather than attempt to retain full time engineers to meet these specialized and unique requirements, A.I.D. contracts with private engineers, as necessary, on an institutional or individual basis. This arrangement enables A.I.D. to respond rapidly and economically to field requests for particular expertise.

Regional workshops serve two functions, (1) to bring together Asian specialists to discuss common problems and (2) to bring together selected USAID personnel to exchange technical information. The workshops are usually of two types, those dealing with the development of particular institutions in the Far East (e.g., agricultural credit) and those dealing with a particular technical subject (public administration).

FY 1965 Funding: U.S. Technicians: \$30,000 for salary and allowances of one U.S. technician and the travel and per diem of workshop consultants. Contract Services: \$20,000 for engineering services.

Project Objective and Description: This project provides for those technical services and activities in the Far East which can be more economically provided on a regional basis than through bilateral programs. In FY 65 they are: (a) the services of a specialist in foundry and related metal trades; (b) consulting engineering services; and (c) regional technical workshops.

The Trade and Industrial Education Advisor specializing in foundry and metal trades will assist national, provincial and local officials as appropriate with problems in trade and industrial education, including administration, supervision, teacher training and instruction. He will advise on developing courses in pattern making and foundry practice. In these particular areas his services will supplement other related activities in four Far East

* This project will continue annually as necessary in support of Far East program requirements.

PROJECT DATA

(In thousands of dollars and equivalent)

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: 498-AB-66-AE-5

Initial Obligation FY: 1958 Scheduled Final Obligation FY 1966

U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	2,619	1,438	1,181
Estimated FY 64	425	610	xxxxxxxxxxxx
Estimated through 6/30/64	3,044	2,048	996
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
450	300	3,794	

Cost Components	Proposed Obligations	
	Estimated FY 64	Proposed FY 65
U.S. Technicians		
Participants		
Contract Services	425	450
Commodities		
Local Expenses		
TOTAL	<u>425</u>	<u>450</u>

ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		670	80

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 to establish a graduate school of engineering at Chulalongkorn University in Bangkok.

In CY 1959, SEATO proposed the establishment of a graduate school of engineering. To help meet the critical need for qualified engineers in Southeast Asia and to demonstrate its support of SEATO's economic projects, the U.S. contracted with the Colorado State University Research Foundation to provide faculty members and scholarships. U.S. assistance since the School's inception has been channeled through the Colorado contract.

The School offers: (1) masters degree programs in hydraulic, structural, highway, and sanitary engineering; (2) research facilities, including student thesis research, faculty research, and research sponsored by industry and government; and (3) a non-degree post-graduate special program for practicing engineers. Advanced training to faculty members from engineering institutions in other countries is also provided. Thailand, Pakistan, Philippines, Malaya, and Taiwan have sent students to the school. 95 have been graduated, and 80 are currently enrolled. The School is regarded by engineering educators as being one of the foremost of its kind in Asia.

The U.S. and other SEATO members are currently considering the question of the future direction the School should take. Factors being considered include various curricula alternatives, and the impact of increased Asian support.

An intensive effort is being made to secure increased support and long range commitments from other SEATO nations and from private companies operating in the area. Consonant with these efforts, Great Britain is financing the introduction of a new engineering course in sanitary engineering. Approximately \$280,000 in FY 1965 will be contributed by other SEATO member nations to the School. During FY 1964, these contributions will exceed \$170,000.

The pipeline reflects advance funding of the Colorado State contract.

FY 1965 Funding: **Contract Services:** \$450,000 for continued funding of the Colorado contract, including: a) \$320,000 to cover the services of 10 U.S. faculty members and overhead/administrative costs of the contractor; b) \$90,000 for participants and scholarships; and c) \$40,000 for commodities, mainly laboratory equipment and teaching aids.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: U.S. Book Exchange, Inc., 498-15-990-004			
Prior Reference: 498-2A-99-AJ-5			
Initial Obligation FY: 1955		Scheduled Final Obligation FY: 1967	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations	Expenditures	Unliquidated
	555	555	
Estimated FY 64	125	38	xxxxxxxxxxxx
Estimated through 6/30/64	680	593	87
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
60	120	860	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services	125	60	
Commodities			
Local Expenses			
TOTAL	125	60	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

learned societies and library organizations.

Through this scheme, an increasing number of libraries connected with universities and other technical and research institutions in the Far East have been acquiring a growing number of American and other publications in research fields. The libraries apply to the local USAID to participate in the Book Exchange program. If the USAID approves the application, the USBE distributes circulars listing available material. The USBE processes the library's application to ensure that the library is requesting appropriate material and, if available, ships the publication. During the current contract period approximately 440,000 periodicals and books have been sent to Far East libraries. A.I.D. funds pay for the handling and transportation costs only.

Through these publications, the libraries have been given the means to initiate and continue research in those areas in which technical assistance has been furnished.

The project will continue for an additional two years at which time it will be reviewed to ascertain the desirability of a further extension.

FY 1965 Funding: Contract Services: \$60,000 to continue the services of the U.S. Book Exchange.

Under an overall contractual arrangement with A.I.D., the USBE provides publications to libraries in countries in other regions, e.g., Africa and Latin America. Each region pays its share of the total contract based on the number of publications supplied. Therefore, the requested FY 65 funding represents only the Far East region's portion of the world-wide contract.

Project Objective and Description: To facilitate the flow of scientific and technical publications from the U.S. to libraries in the less developed countries of the Far East.

The Book Exchange is a cooperative clearing house for the exchange of duplicate and other surplus publications among libraries in the U.S. and between the U.S. and other countries. It is a private, non-profit organization sponsored by American

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL Activity: GENERAL AND MISCELLANEOUS Funds: TECHNICAL COOPERATION

Project Title and Number: Regional Training Services, 498-11-990-020			
Prior Reference: 498-ZA-99-AB-5			
Initial Obligation FY: 1958		Scheduled Final Obligation FY: *	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	242	241	1
Estimated FY 64	38	25	xxxxxxxxxxxx
Estimated through 6/30/64	280	266	14
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
40	40 per year	*	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	17	17	
Participants			
Contract Services			
Commodities	1	1	
Local Expenses	20	22	
TOTAL	<u>38</u>	<u>40</u>	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

programs in other Asian countries. This project makes available the services of a small staff (one American and several Filipinos) in Manila to arrange, monitor and evaluate the training program. The actual training is carried out by the Philippine Government on a no-cost basis. Several courses of instruction such as those offered by the Institute of Hygiene, the Institute of Public Administration, and the Institute of Malarology have been specially designed to meet the needs of other Asian countries.

It is expected that this project will be continued for as long as there is a requirement by A.I.D.-supported programs in Asia for training in the Philippines. FY 1965 Funding: FY 1965 funds will cover the salary of one U.S. technician, miscellaneous commodities, and the costs of local personnel, transportation within the Philippines, office supplies, etc.

Project Objective and Description: This project utilizes the resources of the Philippines for the training of A.I.D. participants from other Asian countries.

In a number of fields -- in agriculture, community development and health -- the Philippines can provide training for technicians from other Asian countries more economically and under conditions more nearly like those prevailing in their own countries than would be true if the trainees were sent to the United States. About 275 participants are given training each year in the Philippines in support of A.I.D.

*This project will continue annually, as necessary, in support of Far East requirements for these services.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Mekong Pa Mong (Thailand-Laos), 498-11-990-036			
Prior Reference: 498-AD-12-AI-1			
Initial Obligation FY: 1962		Scheduled Final Obligation FY: 1969	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	473	33	440
Estimated FY 64	97	182	xxxxxxxxxxxx
Estimated through 6/30/64	570	215	355
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
1,300	3,130	5,000	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians	77	1,140	
Participants	8	60	
Contract Services			
Commodities	12	100	
Local Expenses			
TOTAL	97	1,300	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		97	300

In March 1961, the U.S. announced to ECAFE's Mekong Coordinating Committee its willingness, subject to the availability of funds, to perform a comprehensive feasibility investigation of the proposed Mekong Pa Mong project. As it was recognized that investigations of the Pa Mong project would be extensive, A.I.D. requested the U.S. Bureau of Reclamation (BUREC) to study the scope and magnitude of the work that would be involved.

On the basis of BUREC's January 1962 report, the feasibility survey has been divided into three distinct two-year phases of increasingly detailed investigations: Evidence of feasibility must be developed in each phase in order to proceed to the next. There is some question as to the sufficiency of irrigable land in the project area, and whether current peasant agricultural practices in Thailand and Laos can be adapted to utilize modern irrigation facilities. Accordingly, the Phase I investigations, which got underway in FY 63, are particularly concerned with land classification and the agricultural economics aspects of project feasibility. A preliminary report evaluating the data gathered in Phase I will be provided at the end of FY 1964.

Subject to satisfactory evidence of feasibility from Phase I investigations, the survey will proceed to Phase II (covered by FY 1965 funding). It will be a refinement of Phase I, bringing the report to reconnaissance standards. Target date for completion is mid CY 1967.

Subject to satisfactory evidence of feasibility in Phase II, the survey would proceed to Phase III, requiring more detailed economic and engineering data for irrigation and power development and a further appraisal of flood control and navigation improvements. The data will be employed in making refined cost estimates. Target date for completion of the Phase III report is mid 1969.

FY 1965 Funding: (Contingent on Phase I results) To finance the total cost of Phase II under the BUREC PASA which provides \$1,140,000 for nineteen BUREC technicians (engineers, economists and soil scientists), \$100,000 for commodities, such as scientific and professional equipment, vehicles, and spare parts, etc., and \$60,000 for participant training in the U.S.

Project Objective and Description: To provide data on the economic and technical feasibility of a large multi-purpose water resource project serving Northeast Thailand and adjacent areas in Laos. This is part of the U.S. contribution to the ECAFE-sponsored program to exploit the resources of the Lower Mekong River Basin for the benefit of the four riparian countries - Thailand, Laos, Cambodia, and Vietnam.

The Pa Mong area of the Mekong (near Vientiane at the Thai-Laos border) is believed to have water supplies adequate for irrigating up to 2,000,000 acres and for developing 1.5 million kilowatts of firm power.

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: Mekong Spare Parts and Replacements, 498-12-990-148			
Prior Reference: 498-AD-99-AJ-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	50		50
Estimated FY 64	50	55	xxxxxxxxxxx
Estimated through 6/30/64	100	55	45
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
120		220	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services			
Commodities	50	120	
Local Expenses			
TOTAL	50	120	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
		30	45

operation after termination of Harza's participation. The network is now effectively operated by agencies of the four riparian countries working in close cooperation with the WMO, AID and the Office of the Executive Agent of the Mekong Coordination Committee.

At the completion of the Harza contract, the equipment was transferred to the Committee for use by the four riparian governments. This project, a follow-up to the original Harza activity, will provide spare parts and replacements for the hydrologic system over a five-year period, after which the riparian countries are expected to meet the costs of this requirement from their own resources.

During the five-year period, the four riparian countries will contribute \$75,000 equivalent for equipment maintenance. They will also finance other system operation costs, such as personnel, travel and office maintenance, estimated to be \$250,000 equivalent annually.

FY 1965 Funding: Commodities: \$120,000 for costs of the final three year requirement for spare parts and replacements necessary to keep the hydrologic system in optimum operating condition. The U.S. provided \$50,000 each in FY 63 and FY 64.

Provision of spare parts under this project is subject to A.I.D.'s procurement regulations. USOM/Bangkok reviews all pertinent bids, awards and other documentation. The Mission also helps to supervise and inspect final installation of the parts.

Project Objective and Description: To finance the costs of spare parts and replacements required for continuing operation over a three period of a U.S. installed hydrologic network on the Mekong River. This project, part of the U.S. contribution to the ECAFE-sponsored Regional program to exploit the Mekong's great long-term potential for irrigation, power, flood control and navigation, benefits the four cooperating riparian countries--Thailand, Laos, Vietnam, and Cambodia.

During the period 1959-1962, ICA/AID financed a contract with the Harza Engineering Company to obtain basic hydrologic data which the Mekong Coordination Committee considered of highest priority in the program of investigations which it was sponsoring. This contract involved the installation and operation of a hydrologic network in the Lower Basin and the training of cooperating country personnel to continue its

PROJECT DATA

(In thousands of dollars and equivalent)

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: 498-AD-99-AH-5			
Initial Obligation FY: 1963		Scheduled Final Obligation FY: 1965	
U.S. DOLLAR COSTS			
	Obligations	Expenditures	Unliquidated
Through 6/30/63	5	1	4
Estimated FY 64	3	7	xxxxxxxxxxxx
Estimated through 6/30/64	8	8	
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
275		283	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians		75	
Participants		50	
Contract Services	3	100	
Commodities		50	
Local Expenses			
TOTAL	3	275	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65
			50

Pacific Computer Division at Portland, Oregon to review the feasibility of undertaking a systems analysis project of the Mekong. The Corp's report states that a computer program should be initiated as soon as practicable. The report proposes that six qualified engineers from the cooperating riparian countries -- Laos, Cambodia, Thailand and Vietnam -- receive a years' training at the North Pacific Division Office. During the training program the Columbia River System computer program would be adapted to the Mekong River and tributaries reconstituted for a 3-year period.

It is expected that the cooperating countries will provide the engineers for training, collect additional data and provide some computer facilities. The systems analysis will be a continuing function for the Mekong Committee. The funds requested represent the U.S. contribution to the activity. The project will be implemented by the U.S. Army Corps of Engineers and funded entirely through a PASA with them. FY 1965 Funding: \$275,000 for the PASA with the U.S. Army Corps of Engineers. The services to be provided under the PASA are broken down as follows:

Technicians: \$75,000 for three computer experts.

Participants: \$50,000 for six participants to be trained in the application of computer techniques to river basin development.

Contract Services: \$100,000 for computer time at Portland, Oregon.

Commodities: \$50,000 rental of a computer in Bangkok.

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.

A report prepared by the Ford Foundation recommended that studies of the scale and scope of various possible combinations of projects be undertaken with the aid of electronic computers. Consonant with our interest in the orderly development of the Mekong Basin, AID requested that the U.S. Army Corps of Engineers provide experts from its North

PROJECT DATA

(In thousands of dollars and equivalent)

TABLE III

Country: FAR EAST REGIONAL

Activity: GENERAL AND MISCELLANEOUS

Funds: TECHNICAL COOPERATION

Project Title and Number: East-West Training Center (Hawaii) 498-13-990-006			
Prior Reference: 498-99-011 (FY 1961)			
Initial Obligation FY: 1961		Scheduled Final Obligation FY: 1968	
U.S. DOLLAR COSTS			
Through 6/30/63	Obligations 224	Expenditures 45	Unliquidated 179
Estimated FY 64		55	xxxxxxxxxxxx
Estimated through 6/30/64	224	100	124
Estimated FY 65 Obligations	Future Year Obligations	Estimated Total Cost to Complete	
120	120	464	
Proposed Obligations			
Cost Components	Estimated FY 64	Proposed FY 65	
U.S. Technicians			
Participants			
Contract Services		120	
Commodities			
Local Expenses			
TOTAL		120	
ESTIMATED FOREIGN CURRENCY REQUIREMENTS			
Obligations of U.S. Owned		Commitments of Country Owned (Counterpart)	
Through 6/30/64	FY 65	Through 6/30/64	FY 65

The Institute offers more than 100 programs for on-the-job and in-service training with public and private community agencies throughout the State of Hawaii. These programs, especially designed for foreign technicians, include pest control, public administration, public health, nursing and tropical meteorology. Because of its geographical location, climate, and ethnic make-up, Hawaii is uniquely qualified to provide certain types of training at relatively low cost.

The programs developed by the Institute are in the form of individual courses of instruction, group study, workshops and seminars. Emphasis is given to the development and implementation of training programs such as: (1) group study ranging in duration from three to twelve months in such fields as vocational education, middle management and public safety; and (2) university academic training with appropriate field work ranging in duration from one to two years in social work, community development and oceanography.

The Institute arranges for approximately 180 participants yearly from Asia and some African countries.
FY 1965 Funding: Contract Services: \$120,000 for 5 staff members, travel and equipment such as teaching aids. The funds provide a two-year extension of the university contract which was originally funded in FY 61.

Project Objective and Description: To provide programming facilities and services for AID-sponsored participants receiving technical training in Hawaii.

Under a contract with A.I.D., the Institute for Technical Interchange, a division of the East-West Center, University of Hawaii, performs the following functions:

- (a) Reviews A.I.D. requests for training in Hawaii and submits tentative programs for such training to appropriate Hawaiian governmental agencies;
- (b) arranges training in collaboration with private Hawaiian business and other agencies;
- (c) arranges housing, medical care, and orientation, for trainees; and
- (d) reports to the A.I.D. mission on the quality of the training program and the participants' progress.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: MALAYSIA

Borrower: FEDERATION OF MALAYSIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: North Klang Straits, 494-A-001

Date Approved: July 11, 1958

Date Signed: March 18, 1959

Loan Status as of 12/31/63		Loan Terms	
	Amount		
Approved	\$10,000	Duration	30 yrs.
Disbursed	9,155	Grace Period	
Repayments	411	Interest Rate	3½%
Interest Collected	283	Currency of Repayment...	U.S.\$

Host Country Contribution, Procurement Source: The Government of Malaysia has contributed \$3.36 million to the project's total estimated cost of \$13.36 million. All project expenditures were made in Malayan dollars to the local representatives of firms supplying engineering services or equipment. 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 physical and financial handling of the project have been handled with businesslike responsibility.

Purpose of Loan: To provide both dollar and local currency financing toward 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 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 its pre-war 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 heights.

Physical Status: The North Klang Straits Project to improve the port's facilities was conceived some fifteen years ago but was shelved until 1961. Construction was a joint project of a Malaysian and a Danish firm. The project was completed in December 1963, when the project was officially opened.

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 scheduled for March 1964, when the entire \$10 million will have been drawn down. Repayments are on schedule.

STATUS OF LOANS

(In thousands of dollars and equivalent)

TABLE V

Country: MALAYSIA		Borrower: FEDERATION OF MALAYSIA	Funds: DEVELOPMENT LOANS
Title and Number of Loan: Roads and Bridges, 494-A-002		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 fifteen projects financed by the present AID-DLF loan received approximately \$15 million, 60% of their total cost, from the Malaysian government. All expenditures on this project were made in Malaysian dollars to the Malaysian representatives of the overseas contractors and suppliers. All equipment purchases, however, was of U.S. origin.	
Date Approved: January 16, 1959		Date Signed: March 18, 1959	
Loan Status as of 12/31/63		Loan Terms	
Amount			
Approved	\$10,000	Duration	10 years
Disbursed	8,412	Grace Period	
Repayments	2,003	Interest Rate	3½%
Interest Collected	272	Currency of Repayment	U.S.\$

Comments on Implementation: The project was implemented with outstanding competence under the direction of the Malayan 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 provide local currency and dollar financing for 40 percent of the cost of constructing high priority road and bridge projects under the Malaysian Development Plan.

This project is designed to help construct the network of roads required to permit the orderly development of the East Coast of Malaya and to open this underdeveloped part of Malaya 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 15 separate road and bridge projects, of which nine are completed and in operation, and five are in the last stages of completion. One, the Dungun Bridge project, was started only in December 1963, and is scheduled for completion in April 1964.

Financial Status: Because of delays in the building of the Gunong Keriang/Simpang Ampat Road and the Dungun Bridge, AID granted permission to extend the cut-off date for withdrawal of the remaining sums under the loan for one year, until December 31, 1964. Repayments are on schedule. Disbursements are made upon requests from the Malaysian Government for reimbursement of expense already paid, and therefore no letters of commitment are issued.