

**U.S.
ECONOMIC
ASSISTANCE
TO IRAN**

FINAL DRAFT

■ 1950-1965

P R E F A C E

Over the past 15 years, during which American and Iranian technicians worked together to achieve the fruitful development of her human and natural resources, Iran has moved steadily forward, year after year, toward the attainment of a vigorous and progressive society. Throughout the country, education is reaching increasing numbers of her people, health conditions are being improved, crop yields are greater, and roads and railways have been constructed to provide vital communications links between the village farmer and his city markets. Meanwhile, Iran's government has achieved a new stability. The turbulent war years during the 1940's--followed by a period of unrest and economic instability in the early 1950's--have fallen away before the emergence of a government that, each day, is broadening its base of popular support.

Although the joint United States-Iran economic development program has been in great measure a successful one (Iran's quick recovery from the events of the early 1950's was largely attributable to bilateral cooperation) it is still too early to measure the full outcome of certain

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activities. This is particularly true in the areas of agriculture, community development, labor affairs and government administration where Iranian and American objectives have centered around the changing of old attitudes, the creation of new ones and the evolving of fresh and viable institutions. Such change is slow to come about in any country. For example, less than 40 years ago in the State of Iowa, it took nearly 12 years after the first introduction of hybrid corn seed to secure complete acceptance among the farmers, with only six per cent adopting in the first six years. Without question, it will take several more years, perhaps more than a decade, before we can accurately assess the results of many of our efforts during the past 15 years.

Meanwhile, the growing development of Iran's resources has witnessed the inevitable rise of fresh problems to challenge the dedication and ingenuity of Iranian and American advisors alike. An offshoot of Iran's progressive and far-sighted land reform program has been the emergence of the many practical difficulties of credit, agricultural know-how and marketing that today confront a new class of village farmers. Out of the growth of educational opportunities for all is rising a common voice that seeks for itself a larger and more contributive role in the conduct of government affairs at both the local and national levels.

As the rural population is made aware of the rewards of a healthier homestead, the benefits that accrue from representative government and of the opportunities for economic advancement inherent in a modern society, so is it made aware of the need for contemporary tools and materials with which to achieve these goals.

There have no doubt been occasional failures among the activities financed from this great cooperative effort. There have been instances where materials failed to arrive on schedule, where errors of judgement were made, where target dates proved to be unrealistic and where local institutions were unable to adequately respond to accelerated development efforts. But, in a broad sense, these specific problem areas have not significantly detracted from the success of the total effort. Just as the failures of our own government to wipe out unemployment or to balance the budget or to achieve a favorable balance of payments have not eclipsed the accomplishments of the American system, so these few failures among our many projects have not cancelled out the over-all benefits of the assistance program. Rather it is highly probable that virtually all joint Iran-American projects and programs have made a measurable contribution to the growth and advancement of Iran.

In brief, for the past decade and a half, American advisors in all

professional fields have been working with their Iranian associates--in the capital city of Tehran, in the provincial centers and in the remotest villages--to assist in the development of this country's economic and human resources. Today, Iran is applying new technologies to tap her abundant natural wealth, her reserves of foreign exchange have reached an all-time high, and her people have among them a growing number of professionals and tradesmen who are competent to confront her most pressing problems. Modern Iran is a healthy and vigorous nation, one that faces the future with confidence and enthusiasm. The Americans who have been privileged to work in the economic assistance effort to aid Iran are proud that their activities have helped to create a climate that assures continuing and enduring growth for the Persia of today.



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INTRODUCTION

High on the remote stretches of the Iranian plateau, an unbroken line of earthen mounds reach across the flat, brown land as far as the eye can see. Over 2500 years ago, these mounds served as signal towers that showed fire by night and smoke by day to form one of man's earliest and most extensive communications systems. It is written that in this manner the great Achaemenian Kings Cyrus, Darius and Xerxes were able to send messages from Persia to Athens in less than three days.

Today, in the nearby Elburz Mountains, overlooking the plateau, another and even more far-reaching communications system is nearing completion. There, on top of lonely crags, stand the towers and relay facilities that make up a radio-microwave network linking Turkey, Iran and Pakistan and provide them with modern communication facilities that clearly evidence the change in times. Looking at the two communications networks, one old and one new, an American Advisor recently observed: "Persia had a great past . . . Iran has a great future."

Iran's new emergence has been a difficult and, at times, almost impossible achievement. Ever since 331 B. C. , when Alexander the

Great overthrew the mightiest realm in the ancient world--with its vast armies, incalculable wealth, a high civilization and an efficient administration--Persia has been the victim of repeated invasions. Parthians, Turks, Arabs, Mongols, Tartars and Russians have in turn swept over the stricken land.

Even nature has stood in the way to challenge progress. Within the country, distances are great and the natural obstacles of rugged mountain ranges and a vast central desert render transportation and communication difficult. Although the population is relatively small, it is made up of diverse ethnic groups speaking different languages, many of whom follow the seasons with their families and their flocks. To this, add problems of water shortages, primitive health conditions, widespread illiteracy and a prevailing distrust of anything new or foreign, and it is not difficult to understand the overwhelming obstructions that have frustrated the leaders of Iran.

It was during the reign of Reza Shah Pahlavi (1925-1940) that the development of Iran along modern lines was begun. In most developing countries, reform programs traditionally have been instruments for perpetuating the system, and have been justified in terms of the regime itself. However, with the rise of the Reza Shah--and to be reaffirmed

during the reign of his son, His Imperial Majesty Mohammed Reza Shah Pahlavi--the central goal of policy became the transformation of the system, to be achieved through financial stability, administrative reform, industrialization, universal literacy and a spirit of "positive nationalism."

Developments under the Reza Shah reached their peak between 1930 and 1940. A railroad was constructed from the Persian Gulf to Tehran and the Caspian Sea, and extended toward Tabriz and Meshed. A road construction program was started, many new industrial enterprises were established and numerous social reforms were announced.

World War II brought an abrupt termination of development. The plants built during the 1930's were operated at a high rate of production throughout the war and immediate postwar years without adequate maintenance, which resulted in serious deterioration. The abdication of Reza Shah in 1941 was followed by a transitional period of some twelve years, lasting until the fall of Mossadegh in 1953. During this period, large numbers of foreign troops and administrators resided in Iran, foreign interests influenced much of Iran's politics, and foreign propagandists had almost free reign. Iranian intellectuals discovered modern art and literature, they read of new political movements and tenets of truly

constitutional government were strongly suggested to them. All of these influences combined to re-emphasize the ultimate goal of a free and prosperous nation and to increase the freedom of action of the individual. On the other hand, during this period of transition, the conservative factions of church and large landowners regained a degree of the power they had lost under the forceful rule of Reza Shah, and these worked against the upsurge of change.

Early in the 1950's the various change factors resulted in the rise of a strong Prime Minister, Mohammad Mossadegh. By 1952, he had achieved almost complete totalitarian power; although he never did manage to have the Majlis approve an interpretation of the constitution that would have specifically excluded the Shah from a determination of affairs of state. However, he did succeed in nationalizing the oil industry, a move that almost destroyed the economic and political structure of the country.

By early summer of 1953, all Iranian business activities had slowed down and stagnated. Beggars crowded the streets, and mobs of various persuasions gathered at the corners. In August 1953, uncontrolled fighting broke out in Tehran, at which time strong military units loyal to the Shah entered the city. At the end of a four day struggle, the Shah's

supporters achieved victory and Mossadegh was overthrown, leaving behind a disunited and weakened nation.

These then were the conditions that prevailed as the United States began to unfold its economic program in Iran, conditions that challenged the ingenuity and drive of both the Iranians and their American advisors. These were conditions that challenged even the most basic assistance concepts instituted by the United States at the end of World War II in its effort to aid the less fortunate among the brotherhood of man. The following pages recapitulate the principal elements of the U.S. assistance program's answer to the challenge in Iran and its impact on the development of Iran's human and natural resources.

AID IN PERSPECTIVE

A. Nature of Program

Since the end of World War II, the United States has been providing financing for very extensive foreign assistance activities to many nations throughout the world. Generally, this assistance has been directed to friendly nations in need of financial and technical aid. For the most part, these were the western-oriented nations which were ravaged by World War II, and the less developed nations which are striving for a better way of life. These are nations interested in freedom and independence--nations which are seeking greater economic and social development. They represent peoples who are free of the yoke of international communism and who want continued freedom. Among these nations is Iran, an important friend of the United States.

Under a broad definition of American aid, that is, a definition that includes military assistance, economic assistance, sales and grants of surplus agricultural commodities, loans from the Export-Import Bank and miscellaneous small programs, our foreign assistance program reached a cumulative figure of over \$117 billion in aid to over 100 nations for the years 1946 through 1965, inclusive. Of this global figure, almost \$1.6 billion, or 1.4% of the total, was provided to the Government of Iran to finance mutually agreed upon

economic and military activities designed to promote the freedom, independence and growth of Iran.

It is not our purpose here to elaborate on the policy objectives of the U. S. foreign assistance program. These objectives are clearly spelled out in the opening pages of the Foreign Aid legislation, so that all--whether participating or not--are fully aware of the purpose and scope of the entire program. Among other things, these policy objectives include the desire for a wider recognition of the dignity and inter-dependence of men in a world-wide atmosphere of freedom. This includes the hope that the U. S. might help the forces of freedom by assisting the peoples of the friendly countries of the world to develop their resources and improve their living standards, and to realize their aspirations for justice, education, dignity and respect as individual human beings.

As indicated in the introductory pages of this report, economic aid to Iran was initiated during a critical period in Iran's history. It was begun under the Point IV concept of the desirability of attempting to transfer modern technical skills to the less developed countries. Initial discussions with the Government of Iran occurred in 1960, but it took some time to get the program underway, and deliveries of technical assistance did not effectively commence until 1951 and 1952. Due to changing conditions and times, however, the program soon expanded to a broader economic assistance program

as more extensive efforts became necessary for Iran to meet its critical problems of greater economic and social development as it sought the benefits of a modern, developed nation in the early 1950's.

Economic aid to Iran has been a joint assistance program. The U. S. has provided necessary foreign exchange and technical skills. The Government of Iran has provided local currency, contributions in kind and a cadre of dynamic young men and women interested in changing Iran's ancient and illustrious past into a modern and progressive future.

The cooperative direction of the program has been readily apparent from the various joint administrative mechanisms employed to plan and manage the operation, and by the close friendship of the two governments and their peoples over the years. It is important to note that the program has had a warm and continuous relationship with the present leadership of Iran. It is a program that has extended over fifteen years of the present monarch's twenty-four year reign. It is a program that has embraced the Iranian people under all types of conditions and situations. It has been with Iran during its quiet years and during its stormy years. It has operated on a large scale during lean years and on a moderate scale during prosperous years. It is a program that has focused on the problems of modernization, development and growth. It is a program that still attempts to identify problem areas and sort

out alternative approaches to the problems that confront a developing Iran, even after substantial progress has been made.

B. Four Major Categories of Economic Aid to Iran.

A fully adequate description of the many facets of U. S. economic assistance to Iran over the past fifteen years would require several volumes. This report therefore will not attempt a full description of the program, but, rather, will present a somewhat abbreviated treatment of the U. S. economic efforts to assist Iran. It will emphasize U. S. participation and accomplishments though we fully recognize that the program had extensive participation on the Iranian side. While we may dwell on the more successful activities, we are not unaware of the problems, difficulties, setbacks and frustrations experienced in attempting to weld together a generally successful program.

For the purposes of this paper, economic aid to Iran under the U. S. Foreign Assistance Act, and related legislation, has been roughly categorized into four major headings, some of which are partially overlapping, but which provide a reasonable basis of describing the program. The four major types of aid, technical assistance, special assistance, development loans and grants and Public Law 480 (surplus agricultural commodities) are described below:

<u>Type of Economic Aid</u>	<u>Grant Programs</u> (In Millions of Dollars)	<u>Loan Programs</u>	<u>Total</u>
Technical Assistance	\$118.3		\$118.3
Special Assistance	256.4		256.4
Development Assistance Loans and Grants	<u>97.6</u>	<u>\$226.2</u>	<u>226.2</u>
Sub-Total	\$378.7	\$218.2	\$596.9
PL 480	<u>66.4</u>	<u>50.6</u>	<u>117.0</u>
GrandTotal	\$445.1	\$268.8	\$713.9

Technical Assistance

Technical assistance is that type of aid which concentrates on the demonstration of modern methods, techniques and skills in the less developed areas. It provides know-how and training so that the recipient country can absorb and utilize new and better ways of doing things attuned to the nature and extent of the stage of development of local institutions and to their ability to meet the problems of a developing country and to increase its pace of modernization.

Briefly, the U. S. technical assistance program has brought into Iran over 2,000 direct hire technicians of the U. S. government. These Americans have worked virtually all over Iran. They have been in government ministries, in the cities, in the villages, in schools, in tribal areas, and in the private sector. They have worked as friends and advisors on approximately 275 technical assistance projects. In addition to these U. S. employees, the AID

Mission has financed contractual arrangements with American universities, commercial contractors, engineering and other technical firms, and individual experts which resulted in bringing over 500 professional people to Iran to provide technical expertise on mutually agreed projects and programs.

Progress through technical cooperation is difficult to measure, but there is no question but that the efforts of these Americans and their contacts with Iranians in all walks of life has had a profound effect on increased technical ability and competence among a broad base of Iranian nationals. This effort was supplemented by a coordinated local and overseas training program which enhanced the knowledge and skills of vast numbers of Iranian nationals. Full or partial financing of approximately 2,000 Iranians who were trained abroad was included in the program.

This is but part of the story of \$118 million of U. S. technical assistance to Iran. Much was also contributed on the Iranian side. Many activities were carried out in various specialized fields such as agriculture, community development, education, health, industrial development, labor, public administration and public safety. More of the story of technical assistance to Iran appears in Chapter III of this publication.

Special Assistance

Special Assistance in Iran might be referred to as broad-scale emergency aid designed to provide an immediate offset to deteriorating economic situations or to stabilize conditions in short-term critical periods. This kind of assistance can take the form of either loans or grants to finance capital projects, commodity imports, emergency relief projects and internal security activities.

In 1953, following nationalization of the oil industry by Mossadegh, Iran was abruptly cut off from her vital oil revenues. In an effort to overcome this critical condition the United States provided the country with a grant of \$45,000,000 to help the Shah's new government meet its legacy of unpaid salaries and vouchers and related financial burdens.

At the same time an additional \$26 million in grants was made available for the purchase of essential commodities that were in pitifully short supply. These included sugar, drugs and hospital supplies, auto parts and tires, railroad equipment, fabrics and iron and steel products. Between 1953-57, the United States provided grants in excess of \$250 million, and loans totalling over \$116 million to assist the government of Iran survive a period of extreme economic instability.

During these years AID money financed dozens of projects in every province of Iran. These varied from road-building to city planning, from

the construction of schools to the improvement of city water supplies. In Isfahan, Zahedan and Kerman, improvements were made on municipal airports, while in other towns hospitals were built, a tuberculosis center was erected and low-cost housing was constructed. Over 100,000 day laborers were employed in special assistance projects for a total of well over 2,000,000 man days of work.

By 1958, the national economy of Iran showed signs of stabilization, and special assistance was shifted away from grants to loans. However, in 1959 and 1960, it became apparent that the economy was in a "boom" condition. A high level of imports had been encouraged by an absence of import controls, by expanding domestic credit and by rising domestic prices, and the deficit on goods and services amounted to \$111 million, which was financed by a net loss of gold and foreign exchange in excess of \$50 million.

To aid the Iranian government to bolster its economy during the years 1960-62, the United States provided a total of more than \$216 million, of which \$118 million was in the form of grants. Within three years a favorable balance on goods and services was achieved together with a gradual increase in foreign exchange reserves. During the past two years the trend has been to shift special assistance to Iran almost exclusively from grant aid to loans.

Assistance
Development/Loans and Grants

Development loans, now comprising almost 70 percent of AID's world-wide program, are generally used to help finance social and economic development projects or to finance general import programs in the private sector as a means for helping the development of the economy.

Loans may be earmarked to establish or expand facilities such as manufacturing, irrigation, power, transportation or communication; for development banks; for building schools, hospitals or houses; to carry out programs in the fields of community development, adult education or public health; or for research activities. Other loans to finance general imports enable private businesses to purchase essential commodities, material and equipment in support of development efforts.

The loans may include funds for technical assistance to train key personnel, to pay for engineering and feasibility studies, or to cover the cost of purchasing necessary machinery and equipment in the United States. They are repayable in dollars and may be made only where there is a reasonable prospect of repayment.

Between 1955 and 1965, Iran has received development loans in an amount totalling approximately \$218 million. Repayments, including interest, have amounted to over \$66 million. The loans have been used to promote

broad-based, sustained and orderly economic growth throughout the country. Examples of projects undertaken through development loan assistance include dams, ports and communications systems. These are discussed in some detail in Chapter V.

Development grants in Iran have been used to improve technical and professional skills and to expand institutions and organizations that further economic and social growth. Projects supported by these funds are joint Iran-United States projects, with the Iranian government bearing the major portion of the cost of the program. Examples of development grant activities include a beet refinery, sugar mills, textile mills and a cement plant. United States participation in the construction and equipping of these and similar facilities totals almost \$10 million.

Public Law 480 Agricultural Programs

The increase in PL 480 programs for Iran after 1960 reflects an increased need for agricultural imports for economic development, common defense uses, loans to private enterprise and to offset the cumulative effects of natural disasters. It does not reflect a change in U. S. aid policy. Agricultural commodities have been a major ingredient in economic assistance programs ever since the Marshall Plan days in Europe.

The technological revolution in agriculture in the United States during the past 25 years has led to tremendous increases in agricultural production.

One result has been a U. S. policy of distributing to needy countries on very favorable terms those agricultural commodities that are in plentiful supply. Such distribution can only be made as a supplement to normal commercial imports of agricultural products of a country and must be accomplished without negative impact on the country's economy. Thus, Iran is continuing its normal commercial imports, and the commodities provided under PL 480 programs reflect needs in addition to this total. These programs not only provide food to Iran to offset a series of poor crop years, but they also provide rials through sale of the wheat to Iranian flour millers.

To date approximately \$43 million of agricultural commodities have been provided to Iran under Title I of PL 480. The money generated from the sale of these commodities has been invested in military equipment and facilities for the common defense, in loans to private business firms for the purpose of trade expansion in Iran and in loans to the Iranian government for capital projects.

Over the past 15 years approximately \$39 million in commodities has been given to Iran to offset the effects of drought, locusts, earthquakes and floods. In the fall of 1962, for example, a severe earthquake struck the Iranian plateau just 60 miles northwest of Tehran. It is estimated that approximately 15,000 people were killed outright, while most of the villages in the area were either destroyed or severely damaged. Under Title II,

shipments of surplus wheat were brought to Iran and given to the government for sale in the country. The local currency generated from this transaction--over \$3 million--covered the costs of rebuilding five entire villages in the stricken area.

Under Title III, surplus foods are donated to accredited nonprofit relief agencies of the United States and to intergovernmental organizations for use abroad in assisting needy persons and in nonprofit school feeding programs. Since 1952 the Iranian people have received almost 232,000,000 pounds of dry milk, flour, butter, beans, rice, vegetable oils and various grains valued at more than \$21 million.

Under IV, long-term supply and dollar credit sales of surplus agricultural commodities to Iran has been carried out. These are loan transactions and repayable to the United States in dollars. To date, the government of Iran has secured almost \$12 million under the terms of Title IV. A full discussion of all PL 480 programs can be found in Chapter VI.

Other Types of U. S. Assistance

The three categories of economic aid described above do not include several other types of significant U. S. government financing made available to Iran in the past fifteen years. These are mentioned here principally for the sake of clarity, as they are part of the picture of growth, progress and stability that has been seen in Iran during relatively recent years. The

principal types of such assistance include Export-Import Bank long-term loans, surplus agricultural commodities and military assistance as follows:

<u>Type</u>	<u>Grants</u> (In Millions of Dollars)	<u>Loans</u>	<u>Total</u>
Military Assistance	\$714.5	\$ 9.0	\$723.5
Export-Import Bank Loans		97.3	97.3
Miscellaneous Programs	<u>3.9</u>	<u>25.9</u>	<u>29.8</u>
Totals	<u>\$718.4</u>	<u>\$132.2</u>	<u>\$850.6</u>

These other types of U. S. assistance of almost \$851 million, plus the \$714 million of economic aid for technical assistance, special assistance, development loans and Public Law 480 agricultural commodities, described in the preceding paragraphs, gives the figure of nearly \$1.6 billion total aid to Iran. A complete breakdown of this figure is shown under Appendix D. This assistance figure does not include Iran's beneficial portion of CENTO grant projects (see Chapter III, Section E) nor any portion of loans from the International Bank for Reconstruction and Development, of which the United States is a large contributor.

Changing Times

During the fifteen year period that is covered in this publication, great changes have occurred on both the Iranian and American sides. Considerable growth, progress and development have taken place in Iran, while at the same

time, changing American attitudes have channeled foreign assistance activities into more conservative programs. This latter is partially due to the heavy cost and extended duration of global foreign aid activities, the outflow of gold, the difficulties of accomplishment and the frustrations and uncertainties of foreign affairs.

But U. S. assistance activities in Iran have already met the challenge of these changing times. For some time they have reflected a revised approach, geared to the new Iran, and responsive to changing ideas at home. As Iran's resources increased, principally due to more oil revenues, and as growth and progress became evident, the need for special assistance or impact aid lessened. Economic aid of this type was gradually curtailed and soon eliminated. No special assistance has been provided since 1962.

During approximately the same period the stability, progress and resources of Iran became better recognized throughout the world, and its credit worthiness gradually became well-established in the principal money centers of the globe. With Iran able to borrow from many sources, and capable of meeting commercial loan terms for both development and other purposes, it became apparent that a U. S. development loan program (i. e. loans on concessional terms) was no longer appropriate within the spirit of

the foreign assistance legislation. Such loans were soon scaled down, and except for one item currently under discussion and now in the "pipeline" of pending business, no new development loan commitments are planned. For essentially the same reasons sales of surplus agricultural commodities are no longer being made for local currency. They are now being negotiated on a long-term dollar repayable basis under the terms of Title IV of Public Law 480.

It is largely in the diverse field of technical assistance that the Mission plans a continuing activity. During the past decade and a half the United States has provided technicians to Iran to serve as advisors on a large number and wide variety of projects in the fields of health, agriculture, education, industry and public administration, to name only a few. Although a few of these projects encountered only partial successes, and while it still is too early to measure either success or failure of others, the majority of these undertakings have provided a firm base for the continuing growth and development of Iran.

There remains, however, the completion of a final stage in the joint Iran-American technical assistance effort. Although it has been shown that today Iran has an abundance of resources--human, natural and fiscal--and that the country no longer has a requirement for special assistance, development funds or traditional technical assistance support, nevertheless there is

an existing need for the more efficient utilization of the nation's resources through improved evaluation planning.

Commencing in 1966 with a country-wide electrification survey, the Mission expects to launch a series of economic analysis and evaluation studies dealing with several broad areas of national development. On the basis of these studies it is expected that Iran will develop a capability for planning the proper utilization of resources she has so carefully developed under earlier economic assistance programs. In this manner the efforts of the past fifteen years will be continued within the context of a moderate program redesigned to meet changing times. As friend, helper and advisor to Iran, the U. S. is continuing this revitalized technical assistance effort in order to solidify past progress and to provide a base for further accelerated growth.

III

TECHNICAL ASSISTANCE

In the course of fifteen years, American economic assistance to Iran has grown from a basic program in agriculture, education and health, into a comprehensive series of projects for improving industry, labor, transportation, communications, natural resources, public safety and government administration. Under this program almost three thousand American technicians came to Iran to work directly with government employees in demonstration and training projects, while hundreds of Iranians were given training grants to study abroad in schools, factories, government and private business offices, farms and laboratories. Meanwhile, the Iran-American program for economic cooperation was expanded to include new forms of assistance designed to meet unforeseen situations arising from social and natural emergencies. A brief history of the technical assistance of the total economic program follows (a recapitulation by field of activity of resources supplied by the U. S. is provided under Appendix D).

Agriculture - Agriculture is the "life-blood" of Iran, with eight out of ten people directly engaged in it and related pursuits. Most of the food plants known to man can be grown in Iran. The principal crops now grown are wheat, cotton, rice, sugar beets, grapes, nuts, melons, kenaf,

most fruits, including citrus and dates, and a variety of vegetables.

Fifteen years ago, the production level in most of these crops was low because of poor seed, insect pests and diseases, lack of fertilizers, and little knowledge of better cultivation methods. Areas of cultivation also were restricted by wasteful methods of irrigation and the absence of water conservation.

Among other factors that restricted farm production were a lack of credit at a reasonable rate of interest and the scarcity of transportation facilities. There was little incentive for thousands of farmers, living in isolated valleys, to engage in more than subsistence farming when they were unable to get credit with which to increase production and when there were inadequate means of getting their products to market. But where opportunity has been offered, the Iranian farmer has shown a high potential for using modern agriculture practices.

For example, fifteen years ago, steel mould-board plows were unknown to most Iranian farmers. An American technician worked with shop technicians and others at Karadj College to develop such a plow suited to Iran. Sample plows were sent to the various provinces for local blacksmiths to use as a pattern for their manufacture. One hundred were made and sold by two blacksmiths in the Caspian area after a series

of demonstrations. Agents in other areas reported similar successes.

The Mission has engaged in more than 30 projects with the Ministry of Agriculture. All of these projects have now been integrated into the Ministry with American technicians acting only as advisors. In developing the projects, direct training has been given to large numbers of Iranians in every line of agricultural endeavor. At the same time, approximately 268 Iranian participants have gone to the United States, 85 to the American University in Beirut, and 26 to other countries for study and training in agriculture. Over 90 per cent of these participants are today working in the Ministry of Agriculture or in other agricultural pursuits.

These trained men and women--mainly Ministry of Agriculture employees--have, in turn, given training to thousands of farm families in pest control, irrigation methods, seed treatment, machinery operation and maintenance, livestock production, veterinary work, poultry breeding and range management, food preparation, home improvement, sanitation and child care. In addition to the training of farmers, research facilities and seed production programs have been established to support production.

The dissemination of information and provision of training has contributed greatly to developing Iranian agriculture. It is for this reason that the agricultural program of the Ministry now hinges largely on research

field testing and the publication of its results.

The AID Mission has assisted in the development of demonstration farms, livestock stations and the Karadj Agricultural College. At Karadj College alone, more than \$1,300,000 and the assistance of numerous American technicians were provided to improve facilities and the curriculum. Other assistance was given to the development of 13 provincial vocational agricultural schools of high school level for the training of farm youth.

Research has proved that sugar beet production in Iran can be increased over 100 per cent by improved row-type cultivation, fertilizer, better seed, pest control and improved irrigation. It has been demonstrated that nut production can be substantially increased by pest control. Methods of increasing production of most of the crops have been demonstrated over the past thirteen years.

The benefits of this knowledge are being carried to the Iranian farmer through the growing Agricultural Extension Service and through the teaching of farm youth in the provincial schools. Today's Extension Service has over 1000 employees working throughout Iran. There are now about 250 4-H type clubs in the rural areas with over 10,000 members. These young boys and girls have participated in over 100,000 agricultural

demonstrations. The Extension Service's 1000 employees include 376 home agents.

American advisors working with the Livestock Bureau have given field demonstrations to show to Iranian livestock feeders that the thousands of tons of sugar beet pulp and molasses wasted each year is a profitable livestock feed. As early as 1955, almost 400 pit silos in the Meshed area alone were filled with more than 100,000 tons of sugar beet silage. Since then, the use of silos to store beet pulp has scattered to all parts of Iran.

AID technicians have further cooperated with the Iranian Livestock Bureau in a broad program for livestock improvement and disease control. This program has included assistance in the establishment of livestock stations, development of laboratories, a national dairy insemination program, improvement of sheep, dairy cattle and poultry. Physical facilities for the production of breeding stock livestock stations were expanded from two in 1952 to fifteen in 1965.

Early in the 1950's the first cattle were brought into Iran from the United States for establishment of the dairy cattle artificial insemination program. Today, this program operates throughout most of Iran. Approximately 20,000 inseminations are made each year. Two main stud centers and seven sub-stations have been established. The average milk

production of a native Iranian cow is about 1400 pounds of milk a year, but the first generation of crossbreeds averaged about 5000 pounds--an increase of more than 350 per cent. This potential is important in a nation that is deficient in dairy products production and whose consumption potential is six times its present production.

The National livestock Organization maintains a migratory flock of high grade native Moghanie sheep in the Moghan area of East Azerbaijan. With the assistance of USAID technicians, this flock of 600 sheep has led to the distribution of over 100 improved rams each year to cooperating tribesmen. Offspring from these rams are capable of producing 100 per cent more wool and 50 per cent more milk than the ordinary tribal sheep.

Three additional flocks in other areas are maintained by the Ministry of Agriculture. In addition to the production of superior rams, these flocks are used to demonstrate improved practices. It is estimated that 180 rams from these three flocks will be distributed in 1965. In conjunction with this program, the harvesting of native hay was initiated. With the assistance of tribal chiefs, machinery and labor has been assembled to harvest and store 12,000 to 15,000 tons of hay per year to be fed during the winter months.

With U. S. technical assistance, the importation of chicks and hatching eggs has grown from twenty initial pilot farms to more than 200

commercial producers in the Tehran area. Crossbreeding of high producing imported stock with the native chickens was started in 1952. Chickens from the high producing imported breeds were exchanged with Iranian farmers, while foundation flocks at the stations are being maintained for a continuous exchange program. There are now large numbers of cross-bred chickens in the villages. These are much larger birds and, when properly fed, they produce more and bigger eggs than do the native hens.

American technicians worked with Iran's Razi Institute on research and the preparation of animal vaccines and other products for livestock disease control, and today vaccine and sera from this institute are provided to neighboring countries. At the same time, these technicians helped in the establishment of a national rural veterinary service. Early in 1952, a number of two-man vaccination and inoculation teams were trained and sent into the field, mainly on horseback. They trained herdsmen and demonstrated vaccination and treatment of livestock. Since then, numbers of rural people have been trained in vaccination and simple veterinary practices.

In 1950, Iran had very few mules, although there was a great demand for them by the Imperial Iranian Army and by farmers. The U. S. Mission assisted Iran in the importation of jacks, and today thousands of their progeny are being used.

In recognition of the fact that livestock improvement is closely related to range management and forage production, an extensive program of demonstrations in these two fields was conducted by American advisors working with the High Council of Range Management. These demonstrations greatly increased the awareness of government officials of the opportunities to develop Iran's grazing resources.

Besides general assistance to the field of food and feed crops, the U.S. Government is now providing technical assistance to the Ministry of Agriculture on an edible vegetable oilseed program. Although the vegetable oil industry is the fifth largest private industry in Iran, a shortage of raw material produced within Iran is creating stagnation within the industry. Technical assistance has enabled the GOI to partially evaluate the potential of various crops, create an organization that within a couple of years will be competent to increase present production, and to initiate a sunflower and sesame program to further offset shortages of raw materials.

By 1964, Iran's kenaf production (a coarse fiber used primarily for sacking and packaging) had declined to about seven and one-half per cent of the requirements of four domestic burlap mills. At the request of the Ministry of Agriculture, USAID provided a consultant in the fall of 1964

to review the program and to make recommendations. It was determined that the drop in production was due to the use of a low-yielding, disease-prone variety of kenaf, coupled with poor cultural methods. The same technician was brought to Iran on a full-time basis in the spring of 1965. At the same time, AID secured one ton of disease-resistant, high-fiber yielding kenaf seed highly adaptable to Iranian growing conditions. An estimated 17 1/2 metric tons of seed will be produced this year for distribution to growers. Demonstrations have convinced the mills and farmers that kenaf can, again, be profitably produced. Present indications are that sufficient kenaf fiber (12,000 metric tons) will be produced by 1968 to operate all domestic mills at full capacity.

The unusually severe winter of 1963-64 caused considerable damage to the citrus groves of Iran. At the request of the Ministry of Agriculture, a citrus rehabilitation program was initiated in the spring of 1964. USAID provided \$70,000 worth of high quality disease free and frost-resistant nursery stock, including 750,000 buds, 2,500 budded seedlings and 1,000 pounds of citrus seeds.

This material was distributed to three principal areas in Iran--the Caspian, Kerman and Fars. An estimated one-third went to research stations, and the remaining two-thirds was distributed to farmers through

the stations and the Extension Service.

Today there are 100,000 healthy seedlings budded to American stock along the Caspian shore and at nearby research nurseries. The southern areas research stations have an estimated 75,000 budded seedlings. The bud take was an over-all 60 per cent, and some growth is now five feet in height. This year, smudge pots for frost protection are being demonstrated.

No agricultural work has won greater acclaim in Iran than the pest control program, begun in 1950 with the fight against locusts. A few years later, when a general agricultural pest control program was developed, the United States helped Iran to plan a locust control program and provided training for a number of Iranians, including pilots to fly the spray planes. In fourteen years, national pesticide consumption has gone from less than ten tons per year previous to 1950 to 739 tons, plus 294,000 gallons in 1964. ?

A national pest control department with branch offices in every province is now in operation with seven active programs conducted on a national level throughout Iran. In addition, the Institute of Research of Plant Pests and Disease, located in Tehran, is now capable of solving most of Iran's plant protection problems. With ten experimental stations

throughout the country, this organization is providing a valuable service to the large rural population.

A plant quarantine organization has been established with seven border stations at important import centers for the purpose of preventing importation of new agricultural pests. The plant protection aerial unit now has seventeen trained spray pilots, thirty-seven student pilots and numerous maintenance personnel. Twenty-eight American spray aircraft are presently in service. A new method of aerial application has been inaugurated, which has increased aircraft capabilities from a previous 100 hectares a day to 300-700 hectares a day.

For centuries, Iran has been using its rivers and groundwater for irrigation in a primitive manner. Prior to 1950, there were only a handful of irrigation projects totaling some few thousand acres that were using small permanent diversion dams and main canals. Even these were designed by non-specialized engineers of limited experience. Primitive "rule of thumb" and local experience was utilized without knowledge of the real water requirements of the plants or the efficiency of water utilization. There were no storage reservoirs of significant size to store flood waters for later release to meet irrigation or domestic needs. Groundwater was extracted by some 40,000 unlined

ghanats (horizontal underground water tunnels), each usually a few miles long, but with some stretching for more than 20 miles. Records were essentially non-existent with respect to the amounts of water resources available. Consequently, the development and utilization of Iran's water resources prior to 1950 was accomplished in an inefficient manner requiring enormous amounts of human labor, while crop yields were only about 30-40 per cent of those in the United States under comparable resource conditions.

In the last fifteen years, the number of river measurement stations has increased from less than 50 to nearly 300, and the quality of the records is much superior due to the development of a strong hydrographic staff of over 200 Iranian technicians, most of whom were trained by U.S. advisors. Since 1960, a Groundwater Investigation Division of over 100 geologists and technicians has been trained to make modern groundwater investigations on which to base the economical development of Iran's under-utilized groundwater resources. In 1964, the Ministry of Power and Water was created for the development and management of Iran's water and power resources.

A modern land classification and soil chemistry unit with a staff of 80 Iranians has been developed by the UN since 1950. These technicians

are supported by a modern soil laboratory largely equipped by the United States. The unit is progressively mapping the soil resources of Iran as they are related to irrigation and agriculture. By 1964, its staff had completed over 4,000,000 acres of reconnaissance and classification, 6,200,000 acres of semi-detailed classification, and 110,000 acres of detailed classification.

An organization to promote modern farm irrigation, agricultural engineering, and farm mechanization has been in operation since 1950. It now has a staff of over 250 Iranian engineers, most of whom were trained by U.S. advisors.

The forestry program, closely allied to range management and soil and water conservation, has resulted in the establishment of nurseries in several parts of Iran for the growth and distribution of seedling trees. Under this program, the annual production of seedlings alone is 800,000. To date, between 1,500,000 and 2,000,000 seedling trees and 3,000,000 poplar cuttings have been distributed throughout Iran. Plans are to plant 2,471 acres of hardwood seedling annually.

Charcoal is still used by millions of Iranians for their principal fuel in cooking and heating, and demand has increased in recent years. Unfortunately, the inefficient production of charcoal is endangering

the fine forests around the southern shores of the Caspian Sea. To prevent further damage, American technicians have worked with the Iranian Forestry Organization to introduce new types of charcoal kilns that increase production by as much as 40 per cent. These new kilns also permit the use of stored waste wood instead of green wood, as was used in the old-style kilns. This enables farmers to engage in charcoal production during slack periods of farm work. At the same time, it helps to conserve supplies of timber that bring much higher prices as cabinet wood, lumber and railroad ties.

A few years ago, five U. S. foresters spent 18 months assisting with a forest inventory survey of 98,000 hectares. During the survey, 68 Iranian foresters were trained in survey methods, mensuration, photo-grammetry, forest statistics and cartography. Following the departure of the U. S. technicians, Iranian foresters were able to complete the survey of the Caspian forest, an area of 3,500,000 hectares.

The government Forest Organization has been reorganized along the lines of the U. S. Forest Service. Over 2500 people are now directly concerned with forest administration, management and protection. The Gorgan Ranger School, established in 1959, graduates 25-40 rangers each year. In 1963, all forest lands were nationalized and brought under the

direct control of this organization. Military forces are being recruited and trained by the forest organization to guard against the illegal cutting of timber.

The modernization and expansion of Iran's agricultural resources depends in large measure on the availability of credit to the village farmer. This requirement is of particular importance following recent land reforms and the resultant new group of village landowners who have inherited all of the expenses of seed and equipment purchases, maintenance and marketing that accompany the ownership or long term leasing of land. An important part of the Mission's agricultural program has been aimed at the development of viable institutions to promote agriculture through credit and cooperative activities.

To achieve these aims, American and Iranian credit specialists have assisted the Agriculture Credit and Rural Development Bank so that its services may reach a wider farming population. In recent years the number of provincial branches of the bank has increased from a mere handful to over 120. During this same period, the Central Organization for Rural Cooperatives (CORC) was organized, and under its leadership, the number of rural cooperatives has grown from less than 30 to over 5,000.

The Mission supported both of these activities by providing the services of American advisors and by participant training programs. Some sixteen key Iranians were sent to the United States for specialized training, fifteen of whom now occupy responsible positions in the fields of credit and cooperatives. Meanwhile, American advisors assisted the training of over 2,000 government employees in the credit and cooperative organizations.

The cooperative organizations, through CORC, have entered the supply and marketing field. Over eight million liters of kerosene, 10,000 tons of cereal seed and several thousand tons of fertilizer are supplied to members each year. Cooperative marketing, which provides alternate market opportunities to members, reached a volume of over 10,000 tons of rice in 1964.

Throughout the entire Middle East, pulses (grain legumes) provide a major portion of the vegetable protein in the human diet. In spite of the great need for these crops, their yields are low, and almost no work had been done towards their improvement until three years ago.

In 1963, an agreement was signed between the U. S. Department of Agriculture and AID to establish a research program for varietal improvement, disease and insect control and cultural and management

practices aimed at increased production of pulse crops. As a result of that agreement, work is being carried out today to develop seed multiplication systems to assure the availability of seeds of superior varieties throughout Iran. Improved soil and crop management practices should significantly improve pulse yields and contribute to the production of those additional vegetable proteins necessary to attain a minimum nutritional level in this part of the world.

Community Development - Primary objectives of community development in Iran have been the strengthening of potential democratic institutions, the promotion of local self-government and the development of a sense of self-reliance among the rural population through "self-help" projects that raise their standard of living. The community development program of the Government of Iran, conducted in cooperation with American advisors, has won wide acceptance among the Iranian people and has grown rapidly. More than 75,000 village projects have been activated, and approximately 70,000 of these are now completed. Project activities have included the construction of hundreds of schools, mosques, bath-houses, bridges, and village-access highways.

The community development program has passed through four phases: (1) technical assistance to His Imperial Majesty's Land Distribution

Program; (2) support of the Near East Foundation's pilot project in community development and training of village workers in the Mamazon training schools; (3) support of Iran's program for the establishment of village councils for local self-help development; and (4) support of a plan to extend village-level work by Block Development.

Community development work at the Mission originated in 1952, with a project with the Ministry of Court for support of his Imperial Majesty's Land Distribution Program. It provided for the training of village workers for the first 12 villages to be distributed by His Majesty--all in the Veramin Plains--and assistance through cooperatives to make credit available for the purpose of seed, oxen and other facilities needed by the new land-owning farmers. Village workers were trained to provide villagers with technical assistance in agriculture, health and education. The United States contributed Rls. 17,600,000 in local currency to a Development Bank for the credit program and Rials 9,000,000 for support back-stopping of the village workers over a period of years. The farmers record for repayment of loans has been exceptionally high.

Since then, many other villages have been distributed in other parts of the country. In the Khorassan village of Aariman, which was distributed in 1954, village workers helped the villagers in 1955 to raise

average family earnings from Rls. 14,280 to Rls. 22,500. This does not include the value of the large variety of vegetables which the villages learned to raise as food for their families.

The Village Council (or Agrarian Development) Program was started with the signing of Project Agreements with the Ministry of Interior, the Plan Organization and the Agricultural Bank. It provided \$3,000,000 of U. S. funds and Rls. 60,000,000 of Iranian funds for a program which eventually reached most of Iran's approximately 40,000 villages. Its purpose was to implement the "Law to Increase the Farmers' Share." This law provides for turning over to villages a percentage of the landowner's share of farm revenues, the establishment of village councils, and technical assistance to the villages in development programs.

With the help of this project, a new department was established in the Government of Iran: the Development Bureau of the Ministry of Interior, which was staffed and trained for a nationwide program of rural development. Thirty-one American technicians under contract with the Near East Foundation were assigned, on an average of three to each province, to advise area officials and to guide village councils. Each provincial team included a rural sociologist, a cooperative and credit specialist and a rural engineer.

The project trained 100 Iranian community development specialists for the provinces, brought in vehicles and other equipment for their use, provided loan funds to village councils, and developed loan procedures, engineering plans and services, and trained hundreds of local officials in the techniques of working with village councils.

In 1957, the central and most vital element in community development became the village council program. Emphasis was placed on (1) making the newly-established Iranian provincial development offices effective in their guidance to rural councils, and (2) helping to channel the activities of provincial departments of education, health and agriculture directly to the villages in cooperation with the village councils.

The Block Development Program, patterned on pilot work of the Near East Foundation in the Veramin Plains villages, was based on the use of village-level workers trained in agriculture, health and education to mobilize village resources in a geographically defined area, or block. The Ford Foundation agreed to provide funds for the training of village-level workers over a period of three years, and a Block Development Organization was established as a part of the Development Bureau by the Ministry of Interior.

Three blocks were in operation by 1956; one at Garmsar, near Tehran; another in Gorgan, east of the Caspian Sea; and the third at

Miandoab, near Tabriz. Multi-purpose workers were trained for other blocks in Sistan, Baluchistan and Khuzistan in southern Iran. The Near East Foundation provided American technical assistance through a contract for all phases of the Mission's Community Development program, with the Mission Community Development staff functioning in an advisory capacity to the Mission Director.

The Near East Foundation had come to Iran some five years before AID, and the modest demonstration projects in community development it had started in villages leased in the Veramin area rapidly grew with Mission support and the assistance of the Ford Foundation. With Mission support, the Near East Foundation developed and established several training schools for village workers in addition to expanding other work of the Foundation. Later, the Mission put \$1,400,000 into the Near East Foundation's Veramin Plains operation.

By the end of 1960, 620 village-level workers had received formal community development training and had joined the 220 village-level workers in the villages who had been trained prior to 1958. Community development blocks were increased from 8 to 22, and by 1962 they totaled 46. Today, some 52 community development blocks have been established throughout Iran, and most villages are reached by village level workers.

Although the community development project was terminated in 1963, the Mission continues to watch with intense personal interest the current progress in the program. Until land reform became a reality in the 1960's, many of the opportunities for community development were limited. The villagers often were little interested in developing someone else's village, and without land of their own they had little hope for lasting improvements. In fact, much of the stimulus and basis for land reform grew out of an awareness of and desire for change created by community development workers. Now that many of the villages have been returned to the people, it appears certain that the groundwork laid during the implementation of the community development project will soon pay lasting returns in the form of a growing body of self-reliant, responsible citizens who can manage their affairs at the local level and accept an increasing share of responsibility for government at the national level.

Education - The program in education is basic to the social and economic development of Iran. The Government of Iran and the Mission have always regarded it as the keystone of all progress. On education--along with the programs in health and agriculture--rests the long-range effectiveness of all other development.

Some idea of the progress made is revealed in the fact that between 1950 and 1956, the number of schools in Iran doubled. During this period, enrollment of boys doubled and the enrollment of girls tripled. The number of teachers in elementary and high schools increased from 17,000 to 36,000. In the same period, more than 100,000 adults learned to read and write.

In 1955, a National Teacher College was established for the preparation of elementary and secondary school teachers, teachers of home economics and school administrators. Within a year, 16500 teachers in local areas received some form of teacher training instruction. Later, this number was increased to 30,000 teachers who received training in improved methods and the use of teaching materials.

During 1955-56, more than 500 villages built their own schools, independent of the school-building programs of the Ministry of Education and the Plan Organization. Yet during these two years the largest percentage of increase in Iran's national budget for the current year was for education.

Possibly even more dramatic than these early increases in schools, teachers and pupils, has been the growing evolution from out-moded school methods to the use of modern techniques in education. The village school in

Iran has changed rapidly from a place where children learned by rote to an institution that educates for living--with courses in basic agriculture, health, sanitation, homemaking and farm economics.

The Ministry has been assisted in taking education to tribal children through tent schools that move with the tribes and their flocks. Today, there are more than 375 such schools, with an enrollment of 12,000 children. These children, like their cousins in the brick schools of the villages and cities, have the same advantages of new teaching methods and the many improved textbooks developed in the past few years.

American educationists introduced the summer teacher-training school plan into Iran in 1952. Since then, almost 33,000 Iranian teachers have learned improved methods of teaching. This summer school plan, embracing all provinces, was taken over by the Ministry of Education in 1956 with American educationists acting only as advisors.

Personnel of the early AID-sponsored demonstration classes are presently in some of the most influential positions in the provinces--education chiefs, parliament deputies, heads of teacher training programs, and others. Similarly, teachers trained under the project are the mainstay of the current GOI teacher-training program, and many hold positions of influence

in the Ministry of Education and in the provinces.

A cooperative program existed until 1955, and was principally one in which the Ministry of Education and the U.S. Mission worked to train teachers and improve educational methods. It did include, however, U.S. assistance in establishing sixteen vocational and agricultural schools of high school level in the provinces, and assistance in building, repairing and equipping more than 290 agricultural and industrial schools.²

Agricultural or vocational training is now given in more than 70 schools at the junior and senior high school level.

The cooperative program pioneered a movement in Iran for villages to organize to establish their own schools instead of waiting for the Ministry to provide for a school from its over-stretched budget. This movement later was taken up and accelerated by community development leaders and the village councils. The new schools also became community centers for social, recreational and cultural activities, as well as adult literacy and agricultural and health training.

The village schools, as well as most of the old ones, now teach community organization, sanitation, farm shop work, homemaking, and other subjects that were unknown to schools of Iran fifteen years ago.

The days of teaching only reading, writing and arithmetic is past. This

2. In 1959 these 290 schools were converted to regular elementary schools.

new concept of education was developed largely through the summer teacher training courses initiated by American advisors, who often conducted the classes.

Besides this type of training, there evolved a program for steadily improved training in the normal schools to prepare the teachers of the future. This development was especially apparent in the fields of audio-visual teaching methods and physical education. At the insistence of his Imperial Majesty, Iran developed a broad program of physical education that soon reached into the most remote areas of the nation.

His Imperial Majesty also instructed the Ministry to greatly expand the program in adult literacy through a program of fundamental education. Under this program, village education leaders were trained to not only teach adult literacy, but, at the same time, to assist villagers in learning improved sanitation, agriculture and homemaking. Iran's methods of teaching adult literacy was pioneered in the pilot project for Gendarmerie literacy, in which more than 16,000 men were taught to read and write in less than two years.

In addition to its expansion in the fields of vocational and agricultural education and adult literacy, the Ministry of Education rapidly

moved into other fields. Three important schools started by the Near East Foundation and the U.S. Mission under their cooperative program were taken over by the Government of Iran. The Vocational Agricultural Teachers Training School at Mamazon, which was supported also by the Ford Foundation, became government financed jointly by the Ministry of Education and the Ministry of Interior, which each initially supplying 100 students. This school also trained village-level workers for the Crown Lands and Community Development Programs.

with

From 1952 through 1957, American technicians from Syracuse University worked in a training program with Iranian nationals to produce 80 educational films. This training program was expanded through a contract between Syracuse University and the Fine Arts Administration, and assistance was extended into other audio-visual fields. The building of a new studio and film processing laboratory was a major contribution of the project.

Publications are vital to the fast-growing literate population and printed matter is still the cheapest and most explicit method of conveying ideas to large numbers of people. Today, books, manuals, posters and charts are being produced at Fine Arts for labor, industry agriculture and other programs, as well as basic readers for adult

literacy classes.

Many training courses have been conducted in the utilization of audio-visual aids by teachers, agricultural extension agents, community development workers and fundamental educationists. These include the production and utilization of inexpensive teaching aids from materials available in villages.

In order to better serve the growing need in the rural areas, the Fine Arts Administration, under guidance of American advisors, established eleven rural audio-visual centers throughout the country. Each functions as a production, distribution, utilization and training center. Mobile film units operate from them to serve the technicians of the various ministries with audio-visual materials.

The Government of Iran has long been aware of the need for improving radio communications throughout Iran as a means of transmitting ideas and improved techniques to the people. To meet this need, the United States has cooperated with Iranian technicians in the installation of a powerful new radio transmitter in Tehran that broadcasts daily to all rural areas. Training in the production of educational radio programs was completed in 1959.

In 1962, the National Vocational Teacher Training College opened

with an enrollment of 108 future vocational teachers. This is the first and only degree-granting college for vocational/industrial education in Iran. The three-year curriculum, recently changed to four years, and modeled after U.S. institutions, leads to a Bachelor of Vocational Education degree.

In 1963, the National Demonstration Vocational School opened as an adjunct to the Vocational Teacher Training College. The current student enrollment is approximately 350 in the college and 650 in the high school with 500 adults in evening vocational classes.

In 1962, a model Vocational Agriculture Education Demonstration Center was opened at Karadj with U.S. assistance. It offers a three-year high school course in vocational agriculture, agricultural extension courses of variable time periods, short courses for farmers, and supervisory training for 200 literacy corps members. In 1965, over 500 students were enrolled. The institution receives U.S. advisory assistances at present.

In 1962, a civic action project, the Armed Forces Vocational Training Activity, was initiated in cooperation with the Imperial Iranian Army, the GOI, the Mission and the U.S. Military Assistance Advisory Group. The project provides three months training in nine vocational fields to conscripts immediately before returning to civilian life, and it

marks the first time in Iran's history that technical know-how has been widely disseminated among the villager population.

An Armed Forces Teacher Training Center has been established in Tehran as well as six regional Conscript Training Centers at widely separated military bases. Over 150 non-commissioned officers have been trained as shop teachers, and 8,000 conscripts have completed vocational courses and returned to their villages. Within a year, facilities will be in operation for training 7,200 conscripts annually. This forward-looking program is playing an important role in training the rural youth of Iran and in improving the public image of Iran's military forces.

American assistance in teacher education over the past decade has involved advisory services, personnel training, the procurement of demonstration and training equipment, and pre-service and in-service teacher education. With American assistance, the number of students enrolled in pre-service teacher education programs of all types has nearly tripled, from 2,329 in 1952, to 6,318 in 1962.

By 1963, the elementary school system had grown to 11,809 schools, with 42,541 teachers and 1,436,169 pupils. The secondary schools, now numbering 279 high schools, offer instructions through the

twelfth grade. There are 291 other schools with classes terminating after the tenth or eleventh grade. In addition, there are now 550 junior high schools.

Health - Few nations have made such strides in the field of public health in so short a period as Iran has done during the past fifteen years. National campaigns against major diseases--especially malaria and smallpox--and a campaign for clean water have resulted in a remarkable reduction of the death rate and increases in effective manpower. Only a few years ago, 80 per cent of Iran's population lived in malaria infested areas. In some villages, the rate of infection ran about 90 per cent during the summer months. In many villages, virtually every person had been exposed to the disease.

Then one of the first successful campaigns in the Near East for malaria control was commenced. Through the combined efforts of a U. S. Public Health team, the Iranian Department of Public Health, WHO, and other assistance agencies, trained malarial spray teams were sent into the rural areas. In the early years, some 16,000 villages with a population of almost four million were sprayed; in 1963, 39,000 villages housing over thirteen million people were contacted directly by trained malaria agents in search for the remaining carriers of the disease.

The success of the program can be measured by the economic benefits that resulted. Soon after the campaign got underway, there was a considerable expansion of land under cultivation. In just four years, wheat cultivation had increased by over 47 per cent and barley cultivation by almost 43 per cent. Incidence of the disease has been reduced in the worst malaria areas from 90 per cent to less than one per cent. Surveys have shown a resultant increase in the effective manpower in these areas of as much as 400 per cent. The experience gained in Iran is now being used in an international program for the total eradication of malaria around the world.

Two modern high calibre health institutions have emerged in the course of this work. One, the Institute of Parasitology, Tropical Medicine and Hygiene, which is engaged in public health training and scientific research, is located at the University of Tehran. The other, the Malaria Eradication Organization of the Ministry of Health, is a mobile task force organization for implementing the malaria eradication program throughout the country.

The fight against smallpox, which started much later, has progressed even more rapidly. Virtually all Iranians have been vaccinated for smallpox, while inoculations against typhoid, diphtheria and other diseases

are available to everyone. It is now estimated that approximately 95 percent of the country's population has been protected against smallpox at least once. Whereas thousands of cases of smallpox were formerly reported annually, leading to countless numbers of deaths and permanent disfigurements, no indigenous cases of smallpox have been diagnosed in Iran over the past two years.

Probably even more illness has been prevented by Iran's campaign for clean water. In 1950 Tehran was the world's largest capital without a piped water system. Today, Tehran and a number of other Iranian cities have piped water systems, while hundreds of villages have developed clean water projects under the Community Development Program.

This record should be viewed in light of the fact that when health technicians first started village work in 1951, they found that the village people did not know of the existence of bacteria, or that mosquitoes spread malaria. They thought that flowing water, or water with a surface area of more than a few square meters, was automatically self-purifying.

Today, Iranian villagers--from one end of the country to the other--know the story of malaria as well as the causes of many other

diseases. The health education program has resulted in the installation of thousands of sanitary toilets, in addition to village clean-up programs. Millions of Iranian villagers have attended showings of health and sanitation films and health talks given in the villages by health educationists.

These Public Health Centers are a vital link in the program, since it is there that village health visitors, sanitation aides and rural midwives are given training. The result has been a marked reduction in infant mortality in the areas where midwives and young mothers have received training. Most of these areas are without the services of a doctor, since Iran has only about one doctor for every 3,600 persons, as compared to one for each 750 in the United States. Also, most of Iran's doctors are located in the major cities.

The Mission has worked with the Ministry in various other ways to strengthen health services in Iran, including the provision of American instructors at major schools of nursing in Meshed and Shiraz. Iranian doctors, nurses and sanitation engineers have been sent to America for training in public health work, and others have been sent to the American University at Beirut. They have returned to Iran and trained many others, including village officials, army health instructors, school teachers and village development workers.

Strong emphasis has been placed on developing school hygiene courses and the dissemination of health information through the schools. Village teachers are given special training in the teaching of school hygiene, and in a related effort, a nation-wide program of inoculation protects school children against smallpox, typhoid and diphtheria.

The concept of public health training has been introduced in the curriculum of Iran's five principal medical schools. Several members of the medical faculties have received training in the United States in preventative medicine teaching. These doctors have returned to establish or expand departments of preventative medicine in their respective schools. In Shiraz, a strong department of preventative medicine is being forged with the Pahlavi University Medical School, with the combined support of University of Pennsylvania contract personnel, USAID advisors and Iranian physicians.

Today in Iran, there is a growing recognition on the part of officials charged with protecting the health of the people that no amount of funds, no army of personnel, will ever be capable of meeting a country's health needs without primary attention being given to preventative services. Accompanying this awareness at the official levels is an awareness among the general populace of the need for healthful living conditions.

The result is a continuing demand for better water supplies, pure food measures, improved medical facilities, and the other safeguards so necessary to the full growth of a modern society.

Industrial Development - American technicians have cooperated with Iranians primarily in the development of Iran's three basic manufacturing and processing requirements: building materials, textiles and foods. At the same time, other technicians have worked with many other industries and facilities, both private and governmental.

One of the early projects in Iran's industrial and engineering program was tied to the manufacture of cement, an industry the Mission assisted in two places: the modernization of the Rey Cement Plant, near Tehran, and the construction of the modern American-equipped Fars Cement Plant, at Shiraz. In less than two years, the cost of cement was reduced from a black-market price of Rls. 4000 per ton, and a Government price of Rls. 2600, to an average of Ruls. 1800 per ton. At the same time, the quality of the product was raised. This price reduction did not result from a glutting of the market: both government and private industry have constructed additional plants to meet the rise in demand resulting from lower prices and an increase in the use of cement in general construction. Previously, Iran had been forced to import

large quantities of cement from other countries.

In the early 1950's, more than half of the sugar consumed in Iran was imported, although the country has large land areas where sugar beets can be grown profitably. Then, in 1955, the Mission cooperated with the Iranian government in the construction of three modern sugar processing plants near Shiraz, Kerman and Meshed, and furnished the services of an American sugar manufacturing technician. Today, most of the sugar sold in Iran is produced within the country, resulting in new industry and a saving of foreign exchange.

In the textile industry, the Mission provided \$2,161,000 for equipment to more than triple the capacity of the Tchitsazi Textile Mill near Tehran. This mill now has a 30,000 spindle capacity, and is being operated by a group of American management specialists under contract to the GOI. Other American textile management technicians assisted both private and government plants in Isfahan, Sari and other textile centers, and they also helped to improve the hand-loom industry in Kerman, Yazd and Isfahan.

Assistance has been given to Iran in the development of a food processing industry that handles dried fruits and nuts and the canning of fish. The program included establishment of several small demonstration

processing plants in various parts of Iran, plus a steadily widening program for training personnel through courses held in a foods laboratory established in Tehran. Training was given to representatives and personnel of a number of established canneries, as well as to persons establishing new industries.

Other assistance was given to various supporting industries, such as glass and bottle-making, lumbering and machine parts manufacture. Both grant and advisory aid was supplied in a number of major engineering projects, such as the development of the Tehran water works treatment plant, the construction of the Sheikh Ali Khan, Golpayegan and Karkheh Dams, and the Kuhrang Tunnel for water control and storage. American and UN engineers are continuing to cooperate with the government of Iran in the establishment of river-gauging stations across Iran for the purposes of obtaining scientific data for irrigation and flood-control.

To assist Iran in the development of industrial management, the U. S. Mission financed a contract with George Fry Associates, of Chicago. This firm of management consultants brought a team of experts to Iran to work with selected Iranian manufacturing industries.

Other American industrial technicians worked with government and privately-owned industries engaged in the manufacture of electric

neters, paper products, furniture, matches, soap, truck bodies, and other products. In support of Iran's textile industry, Iranians were trained in the processing and grading of cotton and wool. A demonstration wool-scouring plant was established near Tehran so that Iran could process high quality wool yarns that she traditionally had imported.

As part of the industrial development program, the Mission assisted the Iranian National Railroad in a maintenance and operation project. The railroad soon was able to more than double its capacity for freight movements by rescheduling and streamlining its operations. In addition to introducing dieselization, the INR added long sought after lines to Meshed and Tabriz to the northeast and northwest.

The Export-Import Bank has to date extended some \$36.5 million in loans to the GOI for the purpose of diesel locomotives and spare parts, and today, a total of 169 diesel engines, replacing 202 steam locomotives, has been delivered. Iran has its own diesel locomotive maintenance training school, where over 500 employees have learned the latest methods of maintenance, operation and utilization.

Another transportation project provided training for highway maintenance workers in the use and maintenance of modern American highway machinery of the type developed for maintenance of highways

in the western part of the United States, and which is particularly adapted to work in similar terrain in Iran. Demonstration service shops and maintenance centers were activated at Meshed, Tabriz, Arak, Ahwaz, Hamadan, Shiraz, Kerman, Sari and Isfahan, and a central repair shop was established in Tehran. The Ministry of Roads has followed this pilot project with a major national highway maintenance and rehabilitation program. Today, work plans are being expanded to provide roads to thousands of Iranian communities that presently have no transport facilities except donkeys and camel caravans.

Essential to the development of any country is an efficient and reliable communication system. Until recently, Iran's population centers were serviced by inadequate open-wire circuits and outmoded radio equipment. In some instances, people in the provinces desiring to place a call to the capital city of Tehran had to wait several days before contact could be established.

The Mission has assisted the GOI in the alleviation of its communication problems by providing a system that spans the country from east to west. The system, called the CENTO Telecommunications Project, traverses Iran, and connects with the countries of Turkey and Pakistan. It was officially turned over to Iran's Ministry of PTT this

year. The total system cost approximately \$24 million, with Iran providing approximately \$5 million equivalent in local currency.

Traffic on the microwave system, consisting of 600 channels, has increased ten-fold since it was opened for commercial use. The greatly increased revenues will be utilized to further improve Iran's communication systems.

The GOI initial expansion plans call for eight telecommunication links which will connect into the CENTO system and provide rapid communication from outlying areas. USAID and the Ministry of PTT have jointly planned the first of these links connecting Shiraz to the CENTO system at Isfahan, and providing service at two points between these cities. The Isfahan-Shiraz link (Project 129) represents a total dollar cost of \$1,170,384. The US is providing a grant of \$847,412, while the GOI dollar contribution amounts to \$322,972. Additionally, the Ministry of PTT has underwritten a cost of \$550,000 rial equivalent for acquisition of property and construction of access roads and buildings.

American engineers have worked with a number of Iranian municipalities in the development of electric power. Excluding the power facilities of the National Iranian Oil Company, Iran has almost doubled her capacity for generating electric power. This year, a proposal has

been made to bring an American consulting group to Iran to make a comprehensive study of Iran's power requirements and to plan a country-wide expansion of electrification facilities.

Superficial examinations of Iran's mineral resources were first made under the U. S. technical assistance program in 1952. Short-term investigations by Mission geologists followed in 1954 and 1957, and these indicated Iran's need for technical guidance in the minerals field. More intensive studies in 1960 and 1961 established a preponderance of lead, zinc and chromite among the metallic ore concurrences, and revealed also certain geologic criteria for hidden ore bodies in the vicinity of existing lead-zinc mines. Recognizing the stimulating effect that reliable ore reserve information can impact upon private investment, the Mission, in cooperation with the Iranian Ministry of Economy, initiated a minerals exploration project incorporating core drilling and training activities, as well as engineering services.

The drilling of 37 holes added 35 million metric tons, containing 4.0 per cent lead and 10.9 per cent zinc, to the estimated reserves of the first four mines explored. While some of the newly found ores contain 2-3 ounces per ton in silver, and other contain important amount of cadmium, the added reserves, if upgraded to marketable concentrates

at 80 per cent recovery, would be worth \$750 million in lead and zinc alone.

Two prominent foreign companies have invested in lead and zinc mining activities in this country, and the annual export of lead and zinc has risen from 28,300 tons to 117,000 tons in the past five years. For the first time, Iran is receiving recognition in foreign mining journals as an important potential source of the world's future zinc production.

Labor - The rapidly changing economic and social situation in Iran has thrown a great strain on Iran's labor force with respect to its proper use and training. In an effort to correct this circumstance, the Mission has worked closely with the young Ministry of Labor in a national demonstration and training program. The over-all goal has been to influence the improvement of living and working conditions for workers and to influence the development of an experienced labor force which can improve its wage standards and raise the standard of living.

The main work has been in the fields of employment security, labor training, labor standards and labor-management relations, through both on-the-job and group instruction. Ministry of Labor employees have been trained in the fundamentals of labor demand analysis, occupational analysis and placement. They, in turn, have expanded training to permit

the opening and staffing of a Tehran Industrial Employment Office, a Tehran Commercial and Professional Employment Office, and a headquarters staff and line organization to serve both private and government enterprises.

A good example of the pyramiding results of training is illustrated in the selection, by the trained placement officers, of a government surplus employee from the Ministry of Education for training by the Mission Labor Development Division. This trainee, himself selected by an employment service trainee, has aided in the establishment of a basic electricity program leading to two and four-year apprenticeship programs sorely needed for generation, distribution and meter electrical worker training.

Craft training programs (apprenticeship) have been established for foundry workers, machinists, boilermakers, blacksmiths and car and locomotive repairmen. Trained Iranians are preparing job instructors in plumbing, pipe-fitting, pattern-making and carpentry.

Workers in fourteen textile factories have received more advanced on-the-job training in such textile work as spinning, slashing, fabric structure, drawing-in, drawing and moving frames, ring frames, twistors, fibers, picking, carding, machine drawing and weaving.

Manuals have been compiled and translated into Farsi for maintenance of vehicles, air brakes, equipment lubrication, electrical work and thirteen phases of textile operation. These provide the means for continuation of training.

The Mission has helped in the development of a Workers' Recreation Center in the highly-industrialized city of Isfahan, which affords the Ministry of Labor the means through which it can establish a city-wide recreational and cultural facility for workers. A workers' club has been organized, and is a focal point for employee service-type activities organized along democratic lines.

Pilot demonstrations have been established in factories or groups of factories in the six major industrial areas. These demonstrate the benefits--both to industry and to labor--resulting from the improvement of working conditions, safety, health and sanitation. They will provide the locale for major activities of the Ministry of Labor's factory inspection and labor standards program.

Public Administration - It is most probable that real and lasting economic and social growth cannot take place in this modern age until a nation has established a sound and workable system of government. For this reason, the leaders of developing nations are often urged to undertake

programs of administrative reform, and this type of activity often becomes a major element in American technical assistance programs.

Before 1952, little had been done toward the establishment of a sound and efficient system of public administration in Iran. The public leadership of the nation was required to work through unresponsive institutions lacking managerial capacity and dedication, inefficient and illogical organizations and outmoded and cumbersome systems and procedures. A universal problem was the lack of trained manpower with technical and managerial skills.

The AID public administration program was begun in 1952. One of the first activities to be undertaken was the creation of a new Institute for Administrative Affairs at the University of Tehran to teach the technical and management skills required to conduct the public business. This institution has developed over the years, with American assistance, until today it is a viable academic center with the status of a separate faculty of Public and Business Administration within the University. Over twenty faculty members have received advanced degrees in the United States, and many of its faculty and students hold positions at the highest level in the government of Iran today.

From the beginning of the assistance program, and for a number

of years thereafter, organizational and procedural studies were made in every major ministry of the government. Many of these studies led directly to improvements in public service. Also, a major program for the improvement of financial management was begun, which has included better budgeting, tax administration, accounting, auditing and customs administration. Activity in one or more of these areas has been continuous over the past thirteen years, currently culminating in a successful effort to help the GOI to establish performance budgeting, high speed machine accounting and modern treasury operations. Over fifty capable young Iranians were trained in the United States in various aspects of financial administration.

The area of personnel administration was also given attention. Pilot position classification research was conducted, thirty-five Iranians were trained in this skill and a basic classification structure was designed. Improved personnel and retirement legislation was drafted. Assistance in the area has led to the submission of a new Civil Service Code to the Iranian Parliament in 1964, which, when passed, will bring major improvements to this important sector.

Beginning in 1952, the foundations for a modern statistical information system was established. Iran's first national population

census was taken in 1956, and preparations are being made in 1965 for a second population census. Today, many agencies of the government have statistical organizations, using modern methods and equipment to provide Iran with the statistical information in the fields of finance, manpower, industry, construction, agriculture, household consumption and cost-of-living necessary to meaningful economic and social planning.

Many accomplishments of the first four years of the public administration activities in Iran provided the foundations from which a comprehensive program of general administration reform could be launched. In 1956, the direction of assistance shifted to an emphasis on strengthening the leadership and coordinating functions of the Office of Prime Minister. Also, activities were undertaken to establish procedures for decentralization of central government functions and the strengthening of local government.

Over the next few years, within the government there was a discernable change in attitude, from an apparent apathy toward the problems of administration, to a broad awareness of the need for the government to improve its own organization and management if Iran was to carry forth the national development program on which it had embarked.

At the urging of American advisors, the GOI established the

positions of career Administrative Undersecretaries in each Ministry and created the High Council on Government Administration, which became a task force agency responsible for administrative reform. In the area of strengthening local government, the Iran Municipal Association was created to assist cities and towns in improving various aspects of their management. Also, American municipal planners and their Iranian counterparts developed municipal plans in several of Iran's larger cities, while other advisors assisted in improving municipal taxation, budgeting, accounting and personnel administration. American public administration advisors were also located in several of the provincial capitals to help the Governors General improve the quality of provincial and regional administration.

Training programs were designed and conducted by American advisors in Iran in tax administration, budgeting and accounting, auditing, fire fighting, records management, organization and methods work, planning, and other techniques. Courses were also developed for majors, village chiefs and village and city council members.

During this period, most of the descriptive research, systems and procedural recommendations, and the training of large numbers of people, both in the United States and Iran, was accomplished. As a result

of this effort, the "what" of the modernization process in administration has largely been determined both in substance and in its acceptance. A relatively large number of trained people in positions of authority at the top and middle level of the Civil Service recognize the remaining deficiencies in Iran's administration today, and know what form administrative improvement should take. Today, their requests for assistance are oriented to the "how" of administrative change--the "how" of program budgeting, "how" of income taxation, "how" of an improved retirement system. Thus, American assistance in public administration in 1965, working through a Government of Iran agency which is responsible for administrative reform, addresses itself to tasks which are highly practical, specifically defined, limited in scope, and concerned primarily with techniques.

Public Safety - The fundamental objective of the public safety program has been to further the development of the institutions, facilities and operations of the National Police in order that the existing force of 26,000 men and officers may maintain internal security in some 153 cities. The program initially was jointly planned by Iranian and American officials with an awareness that internal security, the protection of life and property, and freedom from molestation are necessary conditions for

economic and social development. As these are among the responsibilities of the National Police in urban areas, it was apparent that Iranian-American activities should be centered around improving these conditions.

The objectives of the program were divided into two general categories--primary and long-range. Primary objectives included modernizing the administrative structure, the development of an in-service and participant training program, and securing the acceptance and cooperation of police officials everywhere in making changes.

Nine years ago, there was no adequate system for training police personnel. A few officers were offered a curriculum that consisted largely of military, religious, foreign language and general education subjects. There was no provision for in-service training or specialized course work. This program did not meet even the most basic needs of the National Police.

The National Police Training Bureau is now a college organization. It provides a three-year officer training course, as well as a specialist or in-service training program of shorter duration. A three-month patrolman school provides training for new personnel, who now must possess a high school education and meet rigid physical and character

standards.

Extension training with modern audio-visual equipment is provided in six major population centers of Iran. A library has been established at the Police College with a holding of over 3,000 items.

Long-range objectives were more numerous and more complicated. They included a revision of recruitment and training procedures, the creation of an effective reporting and records system, the creation of a country-wide and inter-city communications system, the development of an effective traffic control program, the improvement of criminal investigation techniques, the development of an effective and civil disturbance control capability, the modernization of mounted patrol units, the creation of an efficient present-type operation in major cities, and a general overhauling of outmoded laws and regulations.

Conventional traffic control was unknown in Iran prior to 1954. No central records file existed. Drivers licensing was almost non-existent. There was no uniform traffic code, and drivers were permitted to drive their vehicles in accordance with their personal whims and with total disregard for the safety of others. Pedestrians ventured forth at the very real risk of being run down once they stepped into the street.

PRECIN

A standard traffic code has been adopted. Accident analysis is now used in planning and enforcement activities. Standard drivers licensing and examination procedures have been drafted and put into operation. At the same time, a vehicle inspection program has been initiated in all of Iran's major cities.

In an effort to educate the public, a nation-wide public safety program is underway, utilizing the media of press, radio and television. Outside of municipal areas a highway patrol system is in operation.

In-service training for traffic police is a continuing activity. A number of officers who received training in the United States are now in turn supervising the principal traffic divisions.

Prior to 1954, the National Police Investigations Division was a loosely organized and inefficient branch of the National Police. The National Police Detective Bureau was subservient to the Tehran Bureau. All activities were controlled from Tehran with such confusion that most activity was brought to a halt. There were no trained investigators and none of the investigative personnel possessed any technical background. There was no criminal or photographic laboratory, and the fingerprint system was of little use.

Today, a reorganization has been completed that separates the

local and national areas of responsibility. The Tehran command has been decentralized and operational responsibility has been established.

A cadre of professional investigators has been trained in the United States, both for operational activities and for instructional roles in the police academy. Training courses are now offered in Tehran for criminal investigators.

The fingerprint system has been updated, and modern storage and processing facilities are in use. The National Police crime and photographic laboratory is one of the best in the Middle East.

Although the ranks of patrolmen form the broad base of any police organization, a few years ago in Tehran these policemen were hired from the ranks of the unemployed with no consideration given to educational, physical or character qualifications. Salaries were low and there were no avenues for advancement. Very little or no training was given to a new patrolman, and these men went on duty with no real knowledge of their job.

The number of police precincts in Tehran have been reduced to twenty, and suitable precinct buildings have been secured. Motor patrols are being widely used, and realistic beats for the foot patrolmen have been developed in accordance with population density and the incidence of crime.

SPECIAL ASSISTANCE

Prior to nationalization of the Anglo-Iranian Oil Company (AIOC) in 1951, Iran's annual oil revenues exceeded \$100 million. Following nationalization by Mossadegh, this source of income disappeared for almost three years. By 1953, lack of oil revenues had brought the country's development program, the Seven Year Plan, to a halt. All government services were severely handicapped by rising prices and accompanying wage demands, on the one hand, and, on the other, the loss of foreign exchange receipts from the oil industry that could be sold for rials to the Central Bank. By mid-1953 restrictions on imports had resulted in a rapid and substantial increase in the general price level. Foreign exchange reserves of the Central Bank declined drastically, and the effective commercial rate of exchange for the rial rose from Rls. 46 per U.S. dollar in 1951, to more than Rls. 100 per U.S. dollar in 1953.

Up until the fall of 1953, the U.S. program in Iran had been thought of and planned largely as a "Point 4" or technical assistance program supplemented to some extent by funds for a program of development assistance. Approximately \$47 million had been allocated for aid to Iran in those two years, but expenditures had amounted to only slightly more than half of

this amount, approximately \$26 million. The economic impact of technical assistance expenditures of this order of magnitude was insufficient to offset the almost total loss of oil revenues previously counted upon to finance development expenditures, some regular government expenditures and, to the extent converted into rials, to finance imports for the private sector of the economy.

Following the overthrow of Mossadegh's government, the United States launched a greatly expanded special assistance program involving allotments of \$83.5 million in FY 54, \$77.2 million FY 55 and \$65.5 million in FY 56. Disbursements of aid dollar funds tripled, from almost \$20 million in FY 53, to \$60 million in FY 54, to a further increase of \$92 million in FY 55. In FY 56 expenditures dropped to about \$40 million. All of these were large enough sums of money to make a significant impact on the Iranian economy, although they were still considerably less than the amounts Iran was losing annually through nationalization of the oil industry and the cessation of oil exports.

The recovery of the Iranian economy from its 1953 low can be attributed in large measure to the large injections of special assistance aid. Beginning in 1953, U.S. funds became available on a large scale to finance consumer goods imports for the private sector of the economy. The availability of U.S. funds made it feasible for the Government gradually to reduce

commercial rate of exchange, to step this rate down to Rls. 76 to one U. S. dollar and to stabilize the value of the rial and the rate of exchange at the 76 to 1 level.

It was decided immediately to import 50,000 tons of sugar, since sugar was a vital food item in Iran that was in short supply with a very active black market. A shortage of sugar in Iran was a political factor, as it had led to riots in the market places, and the decision to purchase \$5,000,000 worth of this commodity was of primary importance. Through an emergency import program Iran was able to hold a nationwide 18 rial per kilo retail price and to eliminate a black market in which prices had soared as high as 60 rials per kilo.

During this period it became apparent that the country's supply of drugs and medical and hospital supplies was exhausted. Antibiotics, also, were in short supply, and black market sales reputedly included counterfeit pills and capsules. To meet the shortages special assistance funds totalling \$1.3 million were made available for the import and local sale of pharmaceuticals in various categories as prescribed by U. S. Public Health Officers then assigned to the Mission's technical assistance program.

As a consequence of these imports American drugs were introduced to the Iranian market, and a demand was created for American type mass produced prescription packaging. Prior to this time not a single American

pharmaceutical firm had been represented in Iran. Today several firms have representatives in Iran, and one company has established a drug manufacturing and distribution center in Tehran.

The third major import financed by U. S. special assistance funds was \$4 million worth of trucks and busses to revitalize Iran's transportation, together with \$1 million worth of auto and truck parts. In one Tehran garage, alone, 64 trucks and automobiles had been immobilized for lack of spare parts.

Other emergency importations included \$1 million worth of greases and lubricants, as transport could not wait until Iran's own oil industry resumed operation; \$800,000 in auto and truck tires; more than \$1 million worth of railroad equipment; \$800,000 worth of electrical equipment; \$4 million in industrial machinery and parts; \$2 million worth of cotton cloth; \$600,000 worth of tea; \$1 million worth of wool fabrics; \$700,000 worth of iron and steel products, and varying amounts of other badly needed essentials.

Imports in all categories were accomplished either directly by the government of Iran or, more often, by private importers to whom dollars had been made available together with import permits for prescribed items. The importers in turn paid the dollar equivalent in local currency to the Ministry of Finance. Goods were then sold to wholesalers for distribution to retail outlets throughout Iran.

The availability of U. S. dollars and the consequent appreciation in

the value of the rial for foreign exchange transactions led both to an increase in imports and a reduction in the market prices of imported goods, which in turn led to a stabilization of the general price level and the cost of living. From January 1954 until January 1957 wholesale price index of Bank Melli increased by only 10.2%, and the cost of living index of Bank Melli rose by only 22.6%. Although this is a large increase by U.S. standards, it is a significant improvement over the previous three year period, when the wholesale index increased by 45% and the cost of living index by 35.1%.

The rials generated by more than \$12.5 million of imports were used to support an impact program of small public works project throughout the country. Such a program was designed to provide wide-spread employment and to bolster Iran's political and economic stability.

By early 1954, over 45 projects had been implemented in more than 100 different locations across Iran. The first three of these projects were Tehran low-cost housing, Tehran street construction and the construction of gendarmerie barracks. In the street paving project alone more than 9,000 men found employment. A complete list of special assistance projects appears in Appendix C.

Other activities encompassed a wide variety of enterprises, ranging from airport construction to the building of schools and hospitals. Some \$1.7 million of special assistance funds were merged with a smaller technical

assistance budget to help meet the costs of completing a municipal water system for Iran's capital. Prior to this time Tehran had the dubious distinction of being one of the world's largest cities without an adequate water supply.

In another area, almost \$3.4 million of special assistance funds, together with some \$607,000 of technical assistance funds, were employed in a country-wide malaria eradication program. As a result Iran became one of the first countries in the Middle East to report a successful control program against the disease.

Altogether more than 100,000 people found employment through the various special assistance public works and health projects. The program provided well over 2,000,000 man days of work and had far-reaching effects. It contributed to the restoration of internal security. The currency was stabilized, and the upward trend of market prices of numerous imported goods was reversed. As a result the country achieved a political stability that in a few years made possible a series of social and economic reforms that account for much of Iran's growth and development today.

V

DEVELOPMENT ASSISTANCE LOANS AND GRANTS

A basic change in U. S. economic assistance over the past three years has been the steady shift in emphasis from assistance for short-term survival and stability to assistance for long-term economic and social development. As more and more countries have solved immediate problems of security and stability and mounted serious development efforts, the United States has been able to focus its assistance on activities that foster self-sustaining growth and an eventual end to the need for external aid.

A primary tool of AID's development assistance is the development loan program. In Iran these loans have reached a total of over \$220 million during the period from 1955 to 1964. A description of the various loans follows. (See Appendix B for a complete listing.)

<u>1955 Budget Support and Project Assistance</u>	\$32,000,000
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In line with policy guidance to move from grant to loan assistance in supporting the Government of Iran, and with a view to generating Rials in substantial amounts, a loan agreement was signed March 30, 1955, for \$32 million (three per cent over 25 year term) to provide budget support to the GOI through the Ministry of Finance. The loan financed export of American commodities to Iran, which were sold to generate Rials for the operation of

the respective Ministries in the GOI. This development assistance loan precluded deficit financing by the Government of Iran, which would have resulted in an inflation estimated to have produced devastating effects on the economy at that time. The Majlis, in approving this loan, passed legislation authorizing the Minister of Finance to borrow up to \$74 million in U. S. dollars and equivalent amount in sterling. This legislation carried a stipulation that \$23 million would be used to increase the capital of three designated banks in Iran (see below).

1956 Budget Support

\$10,000,000

On February 17, 1956, a second loan for \$10 million at three per cent with a 25 year term was signed for substantially the same purposes as the foregoing \$32 million loan.

1957 Loan to Provide Bank Capital

\$23,000,000

In conformance with the legislative requirements of the Majlis in approving borrowing of up to \$75 million by the Ministry of Finance, a loan agreement was signed June 5, 1957, for \$23 million to be directed to provision of capital for three banks in Iran, respectively: the Mortgage Bank receiving \$6,578,900; the Construction Bank receiving \$3,263,200; and the Agriculture Bank receiving \$13,157,900.

As it developed that the Agriculture Bank had adequate capital for its current needs, its share was transferred to the Plan Organization of

Iran to support the development budget of the Second Seven Year Development Plan.

About three years later, as a consideration of the provision of capital for the Mortgage Bank, an agreement was signed on March 21, 1960 with that intention, providing Rials.250 million towards the development of the Kan 1,000-Unit Apartment Development.

Kan 1,000-Unit Apartment Development

Standing three miles northwest of Mehrabad Airport, the Kan Apartment House Development provides for middle income groups, including civil servants, the opportunity to purchase an apartment for \$4,930, through a 20 year mortgage, with a down payment of \$480. Five hundred sixty-five apartment units had been sold as of November 1, 1965. A grade school and high school, shopping center, and regular bus transportation from Tehran to the project are facilities provided by the Government of Iran. This project assisted by \$3.3 million in rials generated from a 1957 U.S. loan, a part of which was administered through the Mortgage Bank.

3. Development Loans, Development Loan Fund, AID Loans

With the launching of the Development Loan Fund in 1958, and its subsequent inclusion in AID in 1961, careful development of loan projects was required. The more important development loans to Iran are shown below.

Multipurpose Development Loan (DLF #34)

A multipurpose development loan for \$45.9 million in 1959 enabled the implementation of a variety of economic development activities. These included highway improvement, \$8.6 million; railway equipment, \$7.7 million; municipal development, \$9.3 million; Tehran electric system, \$2.5 million; railroad terminals, approximately \$1.6 million; airports, approximately \$6.1 million; agricultural machinery, approximately \$4.7 million; silo mechanization, approximately \$1.7 million, and the Tchitsazi Textile Mill, \$2,161,000.

Loan to Development Bank for Private Industry (DLF Loan #89)

A development loan of \$5.2 million in 1959 to the Industrial and Mining Development Bank of Iran was designed to enable sub-loans to private industry in Iran. (See IMDBI as discussed under Private Sector.)

Second Plan Highway System (DLF Loan #97, 97A, 97B, and AID 11)

A series of three DLF and one AID loans provided \$69,200,000 in support of construction costs for a modern high-speed highway system linking the Persian Gulf with the Caspian Sea. The total project, which provides 1,500 miles of highway at a total cost of \$200 million, was also supported by loans from the World Bank totaling \$53.4 million, a PL-480 (104 (g) Loan of \$8.59 million and Government of Iran rial support of \$68.9 million equivalent. The Second Plan Highway program is succeeded by a Third Plan road program, which probably will be a continuing program

that will eventually provide a network of highways among all important points in Iran.

Master Electrification Plans (AID Loan 265-H-016)

A loan in 1963 of \$2.4 million financed the services of an American engineering firm (Gilbert Associates, Inc.) to prepare master plans and feasibility studies for six electricity load centers in the following cities of Iran: Tehran, Isfahan, Hamadan, Sanandaj, Shiraz and Kerman. Concurrent with this study, the World Bank (IBRD) financed the services of an engineering firm (Stone and Webster) to formulate guide-lines and procedures for the control of electric utilities after the load centers have been constructed. Only \$810,000 of this loan has been utilized for the Gilbert contract.

Bandar Abbas Port Construction (AID 265-H-017)

An AID loan for \$15 million in 1963 is financing the dollar costs of the construction of a modern port on the Persian Gulf at Bandar Abbas, south central Iran. The project finances three berths for 10,000-ton vessels, an ore loading dock, an oil jetty and related buildings and facilities. A subsequent addition funded from non-U.S. sources will provide three additional berths. A high-speed highway will connect Bandar Abbas with the city of Kerman, 500 miles northward and with chromite mining areas near Minab to the east. This project is expected to assist in the development of the south central regions of Iran.

Iran National Airlines Corp. (AID 265-H-022)

A development loan for \$1,500,000 is financing technical and managerial assistance on the part of Pan American World Airways for Iran National Airlines Corp. This will assist Iran Air in developing all aspects of its operations to assure safe and highly efficient air transport in Iran and to neighboring countries.

Iran Cento Railway (Supporting Assistance Loan 290-K-001)

A loan of \$8,740,000 in 1964 will finance the construction of a link between the Iranian State Railway, from Karatepe north of Lake Rezayieh, to the Turkish border, a distance of 86 kilometers. This route will traverse a chasm in the Qutur Canyon that will require a modern steel bridge about 300 meters in length. An American engineering firm (Sverdrup and Parcel) won the bid award for engineering design and construction of this bridge which will receive about \$2.84 million of AID financing. GOI rial contributions to the loan project will approximate \$19 million.

2. Grants

Although the trend during the past few years has been away from grants and towards loans, development grants have played a significant role in U.S. economic assistance to Iran, particularly during the early days. For example, during the past three fiscal years (FY 65 projected), grants have totalled approximately \$10 million; whereas during the years 1953-57 grants were

made to Iran in excess of \$238 million. For that reason most of the projects discussed below were initiated in the first few years of the economic assistance program to Iran.

Beet Sugar Refinery at Fassa \$635,000

The construction of a beet sugar refinery at Fassa, near Fars, enabled production of up to 9,400 tons of refined sugar per annum. AID funding of \$635,000 was accompanied by a GOI contribution of \$1.4 million in foreign exchange and Rials 119 million. Commenced in 1952, the project was completed in early 1957. Production of sugar in this area reduced sugar import requirements.

Construction of Sugar Mills at Kerman and Meshed \$931,000

Two additional sugar refineries were constructed at Bardsir, near Kerman, and at Chenaran, near Meshed. In addition to demonstrating efficient sugar refinery methods and contributing to satisfaction of the demand for sugar, this project was intended to develop an economic activity to replace the prohibited production and consumption of opium in Iran. The AID grant of \$931,335 was loaned through the Iran-U. S. Joint Fund, and was accompanied by a GOI contribution of Rials 240,250,000. The Bardsir plant has refined up to 5,500 tons of refined sugar per annum, while the Chenaran plant has produced up to 8,600 tons.

Expanding Tehitsazi Cotton Textile Mill, Tehran \$2,161,000

To expand Iran's capacity for spinning and weaving basic textiles for

garments and other consumption requirements, an AID grant of \$2,161,000 loaned through the Iran-U. S. Joint Fund financed the addition of 10,000 spindles and related weaving equipment for the Tchitsazi Textile Mill in South Tehran. The then projected size of the mill was 30,000 spindles, and it has since been expanded to 40,000. The GOI contribution to this project was Rials 467,000,000. Completed in 1958, this AID project established a high-speed modern textile weaving facility in Iran. Textile production increased rapidly under the management of United Merchants Manufacturers Company under a ten-year contract with the GOI starting in 1957. At present, this mill is producing far in excess of the volume of cotton textiles anticipated at the time the project was commenced.

Expanding Fars Cement Plant and Rey Cement Plant \$1,225,000

AID grants loaned through the Iran-U. S. Joint Fund enable expansion and improvement of two cement plants at a time when inadequate domestic production and the need to import cement was a factor limiting construction. AID funds of \$1,100,000 for Fars and \$125,000 for Rey were accompanied by a GOI foreign exchange contribution for Rey of \$1,147,000 supported by Rials 107,700,000. The Fars Plant was originally capitalized at about \$5,500,000, with the GOI providing about four-fifths of the funding. The Rey Plant was expanded from a capacity of 300 to 600 tons per day, and commenced production in 1956, while the Fars Plant initiated by the joint project was

capable of producing 200 tons per day of high quality cement from 1957.

Highway Equipment, Maintenance and Repair Shops . \$1,060,000

This project provided 12 prefabricated shop buildings located at important highway centers through Iran, supplied with tools and machinery for repair and upkeep of highway maintenance equipment with an AID contribution of \$1,060,000. The related GOI contribution for land, construction and services was the Rial equivalent of \$770,000. The main repair shops were located at Tehran central, Tehran Ostan, Rezaiyeh, Sanandaj, Meshed, Tabriz, Kerman, Isfahan, Shiraz and Rahst. The provision of these facilities and equipment by AID was followed by training and supervision by American highway maintenance engineers from the U. S. Bureau of Public Roads, whose services were financed by Export-Import Bank.

Improvement of Shiraz Municipal Power System \$487,000

This project funded a 3,500 KW diesel generator for the Shiraz Municipal Electric Plant at a cost of \$375,000. Additional equipment and services increased the AID funding to \$487,000, to which the GOI added about \$454,000 in Rial equivalent. This contribution provided a dependable source of electric power for residential and municipal requirements in Shiraz.

Six Food Processing Plants \$1,185,000

AID financing enabled the construction of food processing plants in six areas of Iran as a demonstration of the effectiveness of modern equipment

and procedures for preserving and processing food. The GOI contribution to this project was \$534,000 in cash and the equivalent of \$2 million through provision of in kind facilities. The objectives of the project were to expand distribution of domestically produced foodstuffs, to attract private capital to food processing enterprises, and to augment employment for the industrial labor force.

Equipment and Services for Karaj Dam Development \$680,000

AID granted funds for a loan by the Joint Fund for Industrial Development for exploration of the dam site, geological survey and testing of the foundation of Karaj Dam by American engineers. Emergency AID Project No. 17, in 1954 provided \$1,100,000 for relocation and improvement of the Karaj-Chalus Highway around the dam site. The GOI and IBRD provided other funding for engineering design and construction of the 150 meter high dam, with installed generating capacity of 84 megawatts.

Demonstration in Use of Highway Construction
and Maintenance Equipment \$1,196,000

This project provided \$1,196,000 in equipment and advisory services to procure five mechanized road maintenance units each consisting of a motor grader, a crawler tractor, a road roller, a pick-up truck, and four dump trucks, plus spare parts and other essentials. The GOI contributed the equivalent of \$10,600 in cash and \$1,984,000 in kind.

PUBLIC LAW 480 PROGRAMS

The Agricultural Trade Development and Assistance Act of 1954, also called Public Law 480, authorizes United States economic aid to friendly foreign nations under certain conditions. It also provides the legal basis for the Food for Peace program. Under Title I, this Act provides for the sale of surplus agricultural commodities, such as wheat, cotton, vegetable oil, feed grains, etc., with payment in the currency of the purchasing country. A large part of the local currency proceeds of the sales then can be used, pursuant to agreements with recipient countries, for a variety of economic aid purposes, such as the promotion of economic development and trade, procurement of military facilities for the common defense and international educational exchange facilities to name a few. Title II of this Act authorizes United States grants of surplus agricultural commodities to offset conditions of famine, storms and other disasters as well as to provide for some economic development. Title III authorizes donations of surplus foods for needy persons overseas through private American voluntary agencies or inter-governmental organizations as well as the barter of surplus commodities for materials of special value to the United States. Title IV authorizes long term supply and dollar

credit sales agreements with foreign governments and with American and foreign private trade entities for the financing of export sales of U.S. agricultural commodities.

In Iran, all four titles of PL 480 have been used in grant or loan assistance through surplus agricultural commodity import programs, which are totaled as follows:

<u>Title</u>	<u>Category</u>	<u>Total (millions of \$)</u>
I	Sale for local currency	\$ 44.7
II	Grants for Relief	39.2
III	Donations - Vol. Agencies	21.3
IV	Sales for Dollars	15.09
	Gov't to Gov't	11.8
	Gov't to Private	3.29
		<hr/>
		\$120.29

TITLE I

Since February 20, 1955, when the first Title I, PL 480 Agreement was signed between the governments of Iran and the U. S. for the import of certain surplus commodities (principally wheat, but including butter, oil and edible fats), five additional sales agreements have been consummated. In November 1964, Title IV dollar credit sales were substituted for the Title I local currency sales.

The cumulative total of these Title I agreements has reached \$66.3 million, of which \$44.7 million have been allocated for in-country uses. Under this program the following agricultural commodities have been provided to supplement the food production of Iran's agricultural sector.

<u>Commodity</u>	<u>Metric Tons</u>
Wheat?	790,700
Butter & Oils	<u>9,450</u>
Total	800,150 M. T.

The local currency proceeds deposited with the United States Treasury have been earmarked for use as follows:

<u>Section</u>	<u>Purposes</u>	<u>Thousands of Dollars Equivalent</u>
104	For U. S. uses	\$ 21,631
	For Cooperating Country Benefit	
104-C	<u>Grants</u> for Common Defense	\$ 5,900
104-E	<u>Loans</u> (Cooley) to private industry	4,713
104-G	<u>Loans</u> to Gov't of Iran	<u>34,113</u>
	Sub-total	\$44,726 <u>44,726</u>
	Total	\$ 66,357

Section 104-(C) funds were used for the procurement of military equipment, materials, facilities and services for the common defense,

including internal security. In 1962, funds were provided for the U. S. Army Corps of Engineers to design and construct housing at various locations for the GOI, Army, Gendarmerie and National Police Force.

Also, under Title I (Sec. 104-e), an additional \$4.6 million has been allocated for loans to private enterprise, better known as Cooley Loans.

These loans can be made to two classes of borrowers:

- (1) U. S. firms or their branches, subsidiaries and affiliates, for the purpose of business development and trade expansion in Iran;
- and
- (2) Either U. S. or Iranian firms for the purpose of expanding foreign markets for U. S. agricultural products.

Cooley Loans are made and repayable in rials, at interest rates comparable to those prevailing in Iran. The maturities vary with the purpose of the financing. Through 1965, four loan agreements have been signed:

1962 - Labaniat Pak Dairy	\$ 100,000
1963 - Pars Cotton Ginning & Oil Mill	330,300
1964 - General Tire International	1,026,667
1964 - Iran-American Poultry, S. A.	260,000

Section 104 (g) of the Act provides for economic development loans financed in local currency and repayable in rials or dollars, according to the loan specifications. Through November 1965, \$34,113,000 have been

provided under this section.

Through 1965, five Sec. 104 (g) loan agreements providing \$20.6 million for project assistance and economic development have been signed with provisions for repayment in rials. As of March 31, 1965, \$20.6 million has been drawn for the following projects:

<u>Loan No.</u>	<u>Purpose</u>	<u>Amount</u>	<u>Terms</u>
265-G-004	Construction of Mehrabad Airport	\$ 2.55 M	30 yr. @ 3%
265-G-008	Project Assistance	1.69 M	30 yr. @ 4%
265-G-009	Project Assistance	11.67 M	30 yr. @ 4%

008-009 provided for the following:

	Highway Development	\$8,666,660	
	Assalem Sawmill Construction	556,500	
	Const. Karaj College Laboratory	760,000	
	Const. Karaj Power Line	902,973	
	Agr. Machinery Private Purchase	1,417,960	
	Unused Balance	1,059,840	
265-6-015	Project Assistance	\$ 4.71 M	30 yr. @ 3/4%
	For Primary School Construction & Facilities	\$1,281,108	
	Agriculture Credit	2,851,493	
265-G-120	Project Assistance	\$ 4.11 M	30 yr. @ 3/4%

(3/4)
or
3 to 4

TITLE II

Title II of Public Law 480 authorizes the use of surplus agricultural commodities for disaster relief and other assistance. Section 201 of the legislation provides emergency commodity assistance to meet famine or other urgent or extraordinary relief requirements. Section 202 authorizes grants of commodities to promote economic and community development through voluntary relief agencies. To date, some \$39.2 million for 205,915 metric tons of commodities have been given to Iran under Title II, including amounts in each of the years as follows:

<u>Section 201 - Disaster Relief</u>					<u>Dollar Value</u>
Wheat	103,710	metric tons			\$17,694,651.73
Corn	10,000	"	"		1,297,680.69
Barley	50,000	"	"		6,063,212.73
Flour	30,002	"	"		4,751,189.98
Veg. Oil	<u>1,000</u>	"	"		<u>525,337.02</u>
Total	194,712	metric tons			\$30,332,072.15
<u>Section 202 - Economic Development</u>					<u>Dollar Value</u>
Wheat	6,200	metric tons			\$ 1,109,397.21
Flour	741	"	"		131,916.33
Veg. Oil	479	"	"	(SPIDO)	
Flour	3,600	"	"	"	1,143,891.83
Dry Milk	<u>288</u>	"	"	"	
Total	11,203	metric tons			<u>\$2,385,205.37</u>

Through Section 201 of Title II, commodities have been granted to meet emergencies caused by drought, flood, locust invasion and earthquakes. A graphic example of aid to overcome disaster was the action taken to meet the 1962 earthquake in the Ghazvin area. This disaster killed approximately 15,000 people and damaged or destroyed 200 villages in a 4,000 square mile area.

To meet this emergency, the United States donated 44,000 metric tons of wheat to Iran. In turn, the wheat we sold to generate the rial equivalent of \$3,037,701, which was used to reconstruct five villages, including: 1080 housing units of three rooms each with a total 42,828 square meters; 1080 stables totaling more than 60,000 square meters; 42 shops; four community bath houses with hot and cold water tanks; four laundry houses; four village water systems, including covered reservoirs and pipe lines and four wells with pumps, pipe lines and faucets throughout the villages; three village electricity systems with generators and street and house wiring; three village schools with 15 rooms and teachers' offices, toilets, desks, chairs and stoves; and 31 miles of gravelled streets and access roads.

Other Section (201) proceeds were used in the feeding of thousands of sheep, goats and other village livestock during the severe winter of 1964-1965, with the major disaster areas located in the Moghan Plain of northwestern Iran, including the isolated south-central areas of Isfahan,

Fars and Kerman provinces, where migrating flocks were caught in unseasonably early and heavy snows. Earlier, the prolonged drought of 1962-63-64 required emergency feeding of vast numbers of livestock and human populations throughout areas of southern Baluchistan, Kerman, Fars and portions of Khuzistan.

Examples of Section (202) economic development include the providing of flour, vegetable oil and dry milk in 1964-65 to the Southern Ports and Isles Development Organization to assist the unemployed and to provide drought relief work employing almost 3,000 workers in the construction of sections of the Bushere-Bandar Lengeh Road.

Some 340 tons of wheat were used as part wages in 1963-64 on irrigation layout modernization, road construction, grounds development and related projects on the Karaj Agricultural College farm and campus.

The Shabankareh Irrigation Project near Bushere was granted 1,075 tons of wheat in 1963-64 for food-for-work activities for 8,000 meters of concrete lining canal repair work, 12,000 meters of new irrigation canals, and 12,000 meters of drainage ditching. For this project 1,100 men were employed for an estimated 268,600 man-days of work.

Ahwaz Agricultural College in Khuzistan was given 165 tons of wheat to pay for 35,680 man-days of work while establishing 30,000 meters of drainage for 100 hectares of college farm land and draining an additional

150 hectares of adjoining farm land.

Iran's Agricultural Bank was provided 972 tons of wheat to employ 1,700 men (243,000 man-days) to construct 50 cooperative office buildings, and to repair 400 km of village roads, and eight km of irrigation canals in the Maragheh district where land distribution first started.

TITLE III

Under Title III the U.S. gave surplus agricultural commodities for the needy people throughout Iran. Since the inception of the Title III program in Iran in 1950-52, the people of this country have received some 232,000,000 pounds of dry milk, flour, bulgar wheat, butter, beans, rice, vegetable oils, rolled wheat and feed grains (wheat, barley and corn) valued at \$21.3 million.

These commodities have been mainly distributed through three different volunteer agencies:

A. CARE

1. School Feeding: This program, which started in 1961, is carried out in cooperation with the Iranian National Organization for the protection of children. Currently it is conducting a limited 100 day school feeding and bread baking program to provide fresh bread and limited amounts of powdered milk to 300,000 primary school children in some 2,641 government schools in all the provinces of Iran. Under this program 60 parts U.S. surplus flour is mixed with 44 parts Iranian flour, baked into local bread and delivered

fresh to the schools each morning. Through 1965, this program has utilized some 82,167,749 pounds of U. S. surplus Title III flour, butter, and milk with a total value estimated at \$9,271,488.

2. Hospital Feeding: The mid-1961 agreement CARE signed with the Ministry of Health provided for the U. S. contribution of food commodities, through CARE, to hospitals and institutions operating under the Ministry. In almost 3-1/2 years of operation this program has served some 185 different institutions throughout Iran. In doing so, some 34,028,013 pounds of Title III commodities valued at \$4,118,504 have reached 25,000 persons in MOH hospitals. The 1966 contract will provide for over 18,000 patients in more than 170 Ministry of Health hospitals.

3. Food Crusade: This program operates under a CARE and Red Lion and Sun's (Iran's Red Cross) agreement dating back to May 1958, in which Title III U. S. donated commodities are distributed under CARE's supervision to four different organizations:

- a. Institutions of the Imperial Organization for Social Services of Iran.
- b. Rehabilitation Centers of the Ministry of Interior throughout Iran.
- c. Orphanages of Pahlavi Foundation throughout Iran.

From 1958 through 1965, CARE, through RLSS, has distributed some 114,967,741 pounds of surplus commodities valued at \$12,263,196 to 25,000

beneficiaries in 396 different institutions throughout Iran.

B. FOOD FOR WORK

Two programs were carried out. One for drouth relief purposes in Southern Iran, providing the major portion of 50,000 tons of food commodities and feed grains valued at \$8,564,240, reached an estimated 800,000 recipients. The second, for regional development in cooperation with the Southern Ports and Isles Development Organization, provided 33,055,424 pounds of food commodities valued at \$4,788,938 for wages in connection with the construction of 90 kms. of all-weather topped road, with 125 culverts and fords, and six schools, four clinics, one canal, one feeder road and one brick factory.

C. THE AMERICAN JOINT DISTRIBUTION COMMITTEE (AJDC)

This organization is maintaining a program that reaches 8,164 children in a school feeding and bread baking program; 1,268 individuals in institutions, including 200 hospital patients on full meals; almost 2,000 nursing mothers and infants who are provided dried milk through hospitals; and 3,000 individuals who receive bread, oil and bulgar wheat in the needy family category.

TITLE IV

This title provides for the sale of agricultural commodities for dollars on long-term credit, through (a) government-to-government sales agreements and (b) through government-to-private trade sales agreements. Through September 30, 1965, the following sales had been consummated:

Under government-to-government sales, the November 1964 agreement and amendments authorize the transfer of 250,000 metric tons of wheat and feed grains, which should generate approximately \$19 million equivalent (estimated) from their sales. Repayment of this Title IV loan, with three per cent interest, is scheduled over a 19-year period.

Under government-to-private trade sales, the May 1965 agreement with the Persian Gas Distribution Co. authorized 8,000 MT of wheat for \$633,500. The April 1965 agreement with Bank Omran (Bank of Development and Rural Cooperatives) authorized the sale of 46,000 MT of wheat for a total of \$3,293,500. Dollar repayment of the 4-1/8 per cent loan is scheduled for 14 installments. Bank Omran will use the local currency sales proceeds for loans to farmer cooperatives, which in turn, will lend funds to their members to finance agricultural production.

PRIVATE SECTOR

In the period following World War II, private enterprise in Iran, with the exception of petroleum and agriculture, concentrated on foreign and domestic commerce and banking. Relatively high interest rates in the bazaar and high demand for consumer goods motivated the concentration of the private sector on commerce rather than on industrial investment.

The Government of Iran has taken a variety of legislative and institutional measures to assist private sector development and to encourage private foreign and domestic industrial investment in Iran. In 1944, the Majlis passed a law for "The Attraction and Protection of Foreign Capital Investments in Iran." Because a clause in this law appeared to be in conflict with the U. S. Investment Guaranty legislation, a second Act was passed by the Majlis on July 11, 1957, entitled "An Act for the Promotion of Private American Investments." This legislation enables U. S. investment guaranty coverage against expropriation and inconvertibility for American private investments in Iran. (See Appendix D.)

AID Assistance to U. S. Investors

An American businessman who is making investment plans is able, with the assistance of AID, to obtain information on investment opportunities

In less developed countries; to obtain assistance relative to conducting an investment survey of a proposed investment project; to protect himself against specific risks that may occur if he invests in a less developed country; and to obtain loans for approved investment projects. By these means and other advice and assistance, AID helps an American businessman to carefully study investment opportunity in Iran. He is then in a position to compare the alternatives with those in other countries interested in the type of investment he is prepared to make.

Investment Surveys

AID will undertake an agreement with a given American investor to provide an investment survey grant wherein it agrees to pay half the cost of an investment survey if, upon completion of the survey, the prospective investor decides not to go forward with the project. In the latter case, AID receives title to the survey report and is authorized to make it available to other prospective American investors. One instance of an Investment Survey in Iran is that made by the International Paper Company, which, in February 1965, investigated the prospects for construction of a paper mill (designed to process cane bagasse) in the vicinity of Ahwaz in southwestern Iran. As of December 1965, International Paper had not finally determined upon this investment. In the event the Company does not proceed, it will

receive reimbursement of half of the survey costs, or about \$10,000.

Investment Guaranty Programs

Investments in less developed countries often face commercial risks or political risks that generally are not factors in the investment climate of an industrially developed country. AID's investment guaranty program safeguards against certain of these risks. In Iran, Bilateral Agreements between the Governments of Iran and the United States have authorized U. S. investment guaranty coverage against the risks of inconvertibility of currency and against expropriation of funds or property. Negotiations are in process at this writing to obtain an agreement for investment guaranty coverage of war/revolution/invasion, as well as extended risk coverage. As and when all four forms of guaranty have been agreed upon between the two governments, Iran will be in a position to receive investment by American pension funds, investment trusts, and other financial institutions which would greatly expand the sources of private capital for investment in industrial ventures. Since the Extended Risk Investment Guaranty coverage provides much greater protection to investors than the specific risk program, projects consequently require very careful examination, both as to feasibility and evaluation of project objectives with emphases on advancing economic development or social progress.

GOI Investment Assistance

The Government of Iran has also passed laws providing tax holidays to approved industrial investments, domestic or foreign, for the first five years after commencement of operations. Also, capital imports have been granted customs exemption. Institutionally, the Ministry of Economy has prepared plans for the development of important industrial sectors. Although some heavy industries may be developed by the public sector, it is anticipated that private sector investment will be in complimentary industrial activities.

An impediment to the placement of new industrial investments in Iran has been the difficulty of effecting a free flow of savings to viable industrial projects. In the two years between October 1963 and October 1965, the volume of savings in financial institutions in Iran nearly trebled. However, the flow of these savings to viable industrial investments does not easily take place. Commercial and Development Banks presently are a main source of financing for industrial investments. Also family companies or partnerships are undertaking industrial investments.

Investment Institutions

The launching of the Industrial and Mining Development Bank of Iran, the Industrial Guarantee Fund and the Industrial Management Institute were efforts to assist private industrialists in solving financial, managerial,

technical and other problems. The first two are discussed below. The Industrial Management Institute (IMI) received assistance from AID through the contract services of George Fry Associates, and its importance is growing steadily.

The AID financed contract with George Fry Associates assisted in developing the IMI by providing technical guidance for the development and encouragement of private industry. The Institute's personnel can assist a potential investor to conduct an industrial survey of a proposed project, to conduct industrial engineering studies, to estimate markets, to plan marketing programs for an industrial plant and to plan its management.

The Government of Iran is interested in attracting foreign investment, particularly in joint ventures wherein the foreign investor will have management and technical control of the project in the initial years plus a sufficient investment to assure full commitment to the project. In the ensuing years, it is anticipated that foreign private investment will occur in many industries, including the petrochemical industry, paper manufacture, and glass manufacturing, followed by a succession of other important industries.

Following are accounts of the Revaluation Loan Fund, and the Industrial and Mining Development Bank, the Industrial Guarantee Fund, and Cooley Loans issued by US AID, Iran.

Revaluation Loan Fund Support of Private Sector (1957)

In 1957, devaluation of the Rial provided the Government of Iran with more than Rials 7 billion (\$95 million). From this, an Industrial Loan Fund of about Rials 3.6 billion (\$48 million) was made available for loans to private industry during the Second Plan. However, some public sector loans were made from the ILF. Of about 40 industrial projects, seven were also recipients of foreign investments. As self-sufficiency was desired in sugar and textiles, nearly 60 per cent of the ILF concentrated on these industries. Other so assisted industries included construction materials, metal goods and repair shops, mining, rubber, artificial fibers, plastics and dairy pasteurization.

AID, the World Bank, and related institutions are agreeable to providing loans funds to intermediate credit institutions in Iran in order to facilitate sub-loans by these institutions to suitable industrial and other private investments in Iran. One noteworthy credit intermediary is the Industrial and Mining Development Bank of Iran, whose activities are noted below.

Industrial and Mining Development Bank of Iran (1959)

Pursuant to an Act of Majlis during 1959, authorizing the establishment of a private industrial development bank in Iran, 1,700 Iranian shareholders purchased 60 per cent, and a consortium of European and American

Banks 40 per cent, of the equity capital in amount Rials 400,000,000. The IMDBI was established on October 14, 1959. The U. S. Development Loan Fund provided \$5,200,000 for 15 years at 5-3/4 per cent, to be loaned by the IMDBI to private industrial and mining investment projects in Iran. The World Bank (IBRD) matched this loan. Furthermore, the Central Bank provided an interest-free loan of Rials 600,000,000, and an interest bearing loan was provided by the Government of Iran for Rials 750,000,000. In addition, a portfolio of managed loans was placed under the administration of the IMDBI to augment its financial resources by Rials 1,400,000,000.

The IMDBI makes medium and long-term industrial loans. After five years of management by a foreign chairman, management of the IMDBI at the end of 1964 passed into Iranian hands.

The present management has been highly successful in expanding the Bank's industrial financing activities for the private sector in Iran. As of March 20, 1965, the IMDBI had extended loans from own funds of Rials 1,183,088,402, from DLF funds in amount of Rials 137,679,843 ^{AND} from IBRD funds of Rials 129,572,341. 

The Industrial Guarantee Fund (IGF) (1961)

By agreement between the Plan Organization and AID the IGF was created to assist small industrial enterprises. It inherited the assets

of the Joint Fund for Industrial Development (JFID), which had been formed by joint agreement of the Iranian Government and a US AID predecessor. These assets included outstanding loans to a variety of industrial and other projects launched by the JFID valued at \$6.5 million equivalent and cash of about \$1.5 million equivalent.

The IGF shares 50 per cent in the industrial loans of other banks, thereby spreading the coverage of its funds while keeping administrative expenses at a minimum. Loans normally do not exceed \$66,500 each.

Cooley Loans (PL 480, Section 104 (e))

Providing U.S.-owned rials in the form of loans to private enterprises in Iran and for joint American-Iranian ventures, the Cooley loan program has made available a total of Rials 204,000,000 (\$2,790,000) to four projects in Iran as of 9/30/65.

Rials 7,500,000 provided working capital to a Foremost Dairy joint venture with Labaniat Pak Dairy in Tehran in 1962. In the following year, a loan to an Iranian company, Pars Cotton Ginning and Oil Mill Corp., provided Rials 25,000,000 for the construction of a bulk vegetable oil terminal in Khorramshahr and a fleet of tank trucks. The capability of receiving bulk vegetable oil from the U.S. created by this project contributed to the very substantial increase of U.S. vegetable oil exports to Iran since 1963.

In 1964, Rials 152,000,000 was loaned to General Tire International for a joint venture to construct a factory in Tehran with an annual capacity of 120,000 tires, 72,000 tubes and 243,000 pounds of camelback.

Fourth, a loan of Rials 19,500,000 was made to the Iran-American Poultry, S. A. in July 1964. This project contributed to the construction of a modern chicken breeding plant and hatchery using the controlled strains of Arbor Acres (USA) genetic lines. The resultant chick, when raised by Iranian purchasers, will be about 40 per cent heavier than indigenous strains within a four-month period. The hatchery with capacity of 2,800,000 chicks per annum is at the northwestern outskirts of Tehran.

Approval is anticipated of an additional loan of about Rials 46,000,000 to Pfizer Corporation for the construction of a pharmaceutical plant in Tehran.

SUMMARY OBSERVATIONS

At the outset of the economic assistance program, the major portion of rial expenses, as well as all dollar components, were provided by the United States. As the GOI recovered from the set-backs of the early 1950's, and as the initial expenses of the first projects were cancelled out, the rial financing of joint projects was gradually transferred to the Iranian Government. In 1957, the GOI was bearing 50 per cent of the rial costs, in 1958-1959 60 per cent, in 1960 75 per cent, in 1961 90 per cent, and by 1962, the GOI was paying a full 100 per cent of project rial expenses.

The events of the past 17 years show a definite trend from almost total supervision of project activities at the outset by American advisors to a gradual integration of controls and responsibilities into GOI agencies. At the same time, the GOI willingly assumed a greater burden of the costs for project activities, and in numerous instances it has borne almost the total cost of a project in its final stages.

Today, there are many fewer American advisors in Iran. Between the years 1952 and 1959, the Mission carried an average of 300 Americans on its rolls. Since 1959, that number has steadily dropped, and today there are less than 100. The most important reason for the declining numbers of U.S. technicians is that in the past decade, large numbers of Iranians have been trained in health, education, agriculture, police work, public administration, and many other fields. The need for a large corps of foreign advisors

in Iran no longer exists. A second reason for a decreased Mission staff is the United States policy of channeling more and more of its technical assistance funds through United Nations agencies. The United States now pays almost one-half the cost of the increasing number of U. N. technicians in Iran. Further, the participation of other countries in providing technical assistance in Iran is rapidly increasing. Finally, more emphasis is being placed on recruiting short-term specialists for assistance on new or unusually advanced matters for which there is not yet an Iranian expert available. Where the Mission has long-term advisors, the emphasis is placed on training and the strengthening of Iranian institutions.

The result of these trends--and the ultimate objective of all economic assistance--is that as projects are completed, their activities are shifted to Iranian agencies. These agencies now possess the facilities and personnel to accept full responsibility for the future success of programs initiated by joint Iranian-American teams to speed the economic and social growth of the country.

APPENDIX A

TECHNICAL ASSISTANCE PROJECTS

WOULD ALSO BE HELPFUL
TO HAVE NUMBER OF PROJECTS - SINCE
SUBSEQUENT LISTS ALSO USE NUMBER.

CURRENT TECHNICAL ASSISTANCE PROJECTS

(SEPTEMBER 1965)

DOES THIS SECTION DESCRIBE ONLY
WORK REMAINING TO BE DONE? IF SO, INTRODUCTORY
STATEMENT WOULD BE HELPFUL
Agriculture

Agriculture Credit and Cooperatives (1962-1967) \$338,000

Working through government credit and cooperative institutions, and # 228
utilizing PL 480 loans, pilot supervised credit programs are being established
in selected village cooperatives in Fars and Gilan Ostans and in former
Crown Lands in the Caspian area. The crops and enterprises being
developed by this means are: sugar beets, kenaf and oil crops and their
processing, and the feedlot feeding of sheep.

Agriculture Education and Extension (1953-1967) \$2,344,000

Effective agriculture extension and field support services are being
developed to demonstrate improved agriculture and home economics practices
to the rural population. The competence of provincial extension specialists
is being upgraded in both methodology and technical knowledge. Emphasis is
on increased coordination between the Extension Service and the various
technical departments of the Ministry of Agriculture, the Agriculture
Colleges, the supply and credit functions of government agencies and private
industry.

039
?

Agricultural Production and Marketing (1962-1967)

\$682,000

Assistance is concentrated on increasing production and improving marketing in the following fields: citrus; forage and feed crops; double sugar beet yield to utilize factory capacity and reduce imports; rehabilitate kenaf production to permit four existing factories to operate year around and make Iran self-sufficient in jute-type products; integrate oil seed efforts of GOI and private interests into national program to reduce imports; develop feedlot sheep feeding demonstration program utilizing residual sugar beet pulp; expand scope of and coordinate pest and disease control activities; and develop GOI and private enterprise land preparation and water utilization programs and practices toward maximum agricultural production.

231

Water Resources and Management (1957-1966)

\$847,000

Through in-service and U.S. training, this project seeks to develop ability of the Ministry of Water and Power staff to utilize and manage the water resources of Iran. Engineers and technicians of the Planning and Design Unit, Agriculture Engineering Agency, Ministry of Agriculture, are trained in preparing farm and village irrigation and drainage plans and designs.

105

Education

Armed Forces Vocational Training (1961-1966)

\$453,000

Six Conscript Training Centers have been established in the provinces and equipped to give limited basic vocational training in one of ten trade areas

223

to Imperial Iranian Forces conscripts during three months of their two-year enlistment period. Seventy-two hundred conscripts annually benefit from this civic-action type program, which is a joint AID, MAAG, IIF and GOI Plan Organization endeavor.

General Education (1962-1966) \$535,000

This project funds the final six months of a two and one-half year contract with the Near East Foundation. Through it, the services of one elementary teacher training specialist have been provided to assist the Ministry of Education in establishing a program for the training of approximately 200 young women teachers annually for village schools. (230)

Pahlavi University (1953-7/31/67) \$1,896,000

A University of Pennsylvania contract team of approximately 20 members is working with the faculty of Pahlavi University to create a new educational program patterned where appropriate after the American system of higher education, but designed to meet the particular needs of Iran. The basic concepts and philosophy of the university as a closely integrated academic community are being established, high standards of university administration are being developed, and an undergraduate College of Liberal Arts and Sciences is being organized to serve as the base structure of the university in all fields. (091)

Vocational Education (1962-1967) \$541,000*

A. A vocational education program to better meet the needs of the country is being established at the Technical Teachers College and Trade (231)

School in Tehran. The organization and administration of the school is being improved through on-the-job and U.S. training of key staff members. Shop courses are being prepared for all nine trade areas and evening and summer courses are being introduced.

B. The vocational agriculture education portion of this project will terminate at the end of FY 1966. It provides advisory assistance at the national level to the Director of Rural and Agricultural Education Department of the Ministry of Education, and technical assistance in developing the potentialities of the Karadj Vocational Agriculture Demonstration Center. Modern concepts and practices of vocational agriculture education are demonstrated here for adoption in the provincial agriculture training centers.

Public Administration

Administrative Reforms and Training (1962-1966) \$184,000

Establishment of a national program of budgetary reform, including the introduction of an integrated and comprehensive budget and improved budget analysis. Assistance is also given toward improving revenue administration, the preparation of a long-range tax structure policy and a new income tax law, and the collection of delinquent taxes.

232

Financial and Economic Statistics (1958-1967) \$433,000

The Central Bank of Iran is being assisted to develop its staff and to establish surveys, series and indexes of construction statistics; a comprehensive set of industrial statistics leading to a valid production index; systems

131

of expenditure and product accounts to provide annual estimates of GNP and related economic indicators. Assistance is also being given the Central Statistics Office of Plan Organization on preparing, processing and publishing the 1966 General Census of Population.

Human Resources Development (1966-1967) -----

Initiated in FY 1966, this project provides on a very small scale short-term consultant services and participant training in areas: (1) in which Mission projects have been phased out; (2) which may support the over-all Mission program; or (3) which are of special and immediate concern to the GOI. (274)

(\$50,000 is programmed for FY 1966.)

Public Health

General Health Services (1965-1966)

\$22,000

The Ministry of Health in Fars Ostan has been assisted to improve its total health program and to extend health services to the rural and tribal areas: the Southern Sanitary Aides School has been set up in Shiraz; a curriculum in Sanitary Science and Civil Engineering has been developed at Pahlavi University; a qualified midwife home delivery service has been established in the Ministry of Health; and the General Department of Sanitary Engineering has been encouraged and assisted to plan and construct an experimental water system in Homajan village. (261)

Public Safety

Internal Security (1955-1968)

\$2,569,000

The National Police Organization is being developed to enable the existing force of 26,000 men to maintain law and order and to preserve internal security consistent with modern democratic policing concepts. Assistance is being given in organization and administration, training, investigations, narcotics, motor maintenance administration, precinct and patrol operations, and police communications.

033

Public Works, Capital Development and Private Enterprise

Electricity Study for Development Planning (1963-1967)

\$60,000

(See also Loan Section)

Twin objectives are: (1) to catalyze GOI action to establish the essential policy base for long-range power development; and (2) to assure the effectiveness of measures designed to meet immediate pressing power needs. The rational basis for power policy will be established by means of a comprehensive power survey to be undertaken in FY 1966 by a team recruited by Mr. Walker Cislser, Chairman of the Board of the Detroit Edison Company. AID will provide approximately \$250,000 and the GOI approximately \$150,000 (in rials) to carry out this study. AID is also recruiting an electric utilities engineer to advise the Ministry of Water and Power and to help assure the effective utilization of the AID and Export-Import Bank resources being provided.

236

General Mining Engineering Services (1956-1966)

\$43,000

Through exploratory core drilling by AID-trained Iranian drillers, this project is revealing the extent and quality of Iran's important mineral resources, and information relative to mining prospects, including the legal and operational problems involved, is being extended to potential foreign investors. This project was instrumental in the discovery of ore reserves amounting to 33 million tons containing 16 per cent in zinc and lead combined. Mined and upgraded, this would have an estimated value of roughly \$666 million. Assistance is also extended to the GOI and the private sector in improving mining practices, adopting modern equipment, and introducing efficient and safe methods.

262

Mobilization of Capital (1964-1967)

\$11,000

Private industrial and business development in Iran is being encouraged by the support of measures and institutions which serve to attract foreign and domestic investment. New emphasis is on American private investment--which brings with it technical know-how and management. Attention is being directed toward industrial investment loans by commercial banks, the development of savings and loan associations, and the encouragement of private investment in housing.

240

LEAVES STATUS OF #118 AND #129
IN DOUBT, SINCE NOT LISTED AS
TERMINATED IN FOLLOWING PAGES.

COMPLETED TECHNICAL ASSISTANCE PROJECTS

Agriculture

<u>Project No.</u>	<u>Project Title</u>	<u>Expenditures in \$1000</u>
003	Control of Insect Pests and Plant Diseases	175
009	Karaj Agricultural College	1,101
010	Agriculture Project Under Rural Improvement Program	2,752
014	Completion of Golpayegan Dam	131
019	Initiating an Agriculture Census	50
021	Completion of Sheikh Ali Khan Dam & Kuhrang Tunnel	50
022	Development of Land and Water Use Plans	188
025	Completion of Karkheh Dam	151
028	Demonstration of Ghanat Construction	140
030	His Imperial Majesty's Land Distribution Program	379
032	Livestock Improvement and Management	691
036	River Basin Surveys	205
043	Range and Forest Management	579
057	Farm Machinery Repair Shops & Agriculture Machinery Demonstration	82
059	Improvement of Farm Irrigation System and Irrigation Practices	84
060	Laboratory Procedures Animal Diseases	152
067	Agriculture Engineering	517

Agriculture (Continued)

<u>Project No.</u>	<u>Project Title</u>	<u>Expenditures In \$1000</u>
071	Tehran University Soil Laboratory	40
074	Development of Zayendeh Rud Basin	42
075	Improvement of Crop Production & Pest Control	920
104	Regional Range Management Training	12
107	Development of Agricultural Economic Services	9
121	Support of USAC-ICA Contract	273
130	Forest Survey	36
133	Technical Assistance to Agricultural Bank	152

**Communication
Resources**

070	Radio Production Training	295
076	Audio-Visual Training	1,111

**Community
Development**

006	Construction of Community Center	1,319
064	Community Development	5,189
077	Tehran Municipal Children's Home	15

Education

012	Educational Project Under Rural Improvement Program	358
045	Educational Facilities	3,362

Education (Continued)

<u>Project No.</u>	<u>Project Title</u>	<u>Expenditures in \$1000</u>
046	Buildings & Facilities for Improvement/Education System	186
047	of Establishment/Demonstration School	67
048	Administration & Supervising Program	65
049	Books, Magazines & Audio-Visual Aids for Schools	9
066	Gendarmerie Literacy Training Program	20
115	Improvement Teacher Education	494
126	Vocational Education Facilities	1,303
132	Technical Assistance to Tehran University	22
224	Gendarmerie Training	76

Labor

041	Labor Services & Training	1,401
-----	---------------------------	-------

**Public
Administration**

044	Public Statistics	561
078	Selection & Placement of Personnel	48
088	Institute for Administrative Affairs	1,409
090	Improvement of Banking Operation	120
110	GOI Public Administration	2,266
113	Study of Municipal Management	354
116	Seven Year Plan Organization	1,088

Public Administration (Continued)

<u>Project No.</u>	<u>Project Title</u>	<u>Expenditures in \$1000</u>
221	Civil Service Agency	179
239	Village, Town and Province Development	80

Public Health

011	Health Project Under Rural Improvement Program	896
013	Bandar-Abbas Water	50
015	Malaria Control in Iran	4,006
018	Completion of Dezful Sanitation Project	52
027	Deep Water Wells	15
034	Administrative Support to Public Health Cooperatives	63
072	Rural Public Health	3,330
207	General Nursing Services	479
208	Health Administration	183
209	Environmental Sanitation	669
210	Quarantine and Vessel Sanitation	20
211	Medical Education	73
212	Nursing Education	350
213	Malaria Eradication	439
214	Hospital Administration and Medical Care	253
215	Health Education	424
229	Health Programming	75

APPENDIX B

CAPITAL PROJECTS

CAPITAL PROJECTS UNDER IMPLEMENTATION

<u>Loans</u>	<u>U. S. Loan Agreement</u>
DLF Loan #34 in support of various capital projects:	\$45,912,478
-Highway	\$ 8.6 m (rounded)
-RR Equipment	7.7 m "
-Municipal Development	9.3 m "
-Tehran Electricity System	2.5 m "
-RR Terminals	1.6 m "
-Airports	6.1 m "
-Agricultural Machinery	4.7 m "
-Silo Mechanization	1.7 m "
-Tchitsagi Textile Mill	2.1 m "
DLF Loan #89 (265-A-007) to IMDBI for private enterprise industrial projects	\$5,200,000
DLF Loan #97, 97A, 97B (265-A-006) Second Plan Highway Construction	\$63,200,000
DLF Loan 97C (265-H-011)	\$6,000,000
AID Loan 265-H-017 Bandar Abbas Port Construction	\$15,000,000
Part of Loan ICA-X-65-4 (265-B-003) Capital for Mortgage Bank of Iran which, in turn, provided funds for construction of KAN 1000-Unit Apartment Project	\$3,300,000
CENTO Loan 290-K-001 Iran CENTO railway	\$7,840,000

<u>Grants</u>	<u>U. S. Contribution</u>
Project #104, CENTO Telecommunications Link	\$20,000,000 (circa)
Project #120, CENTO Air Navigation Aid	\$152,378,000
Project #129, Shiraz-Isfahan Telecommunications Link	\$847,412,000
Lake Rezayieh Navigation	\$1,445,000
Tehran Slaughterhouse	\$570,000
Lumbering Operations in Caspian Region, Assalem Sawmill	\$1,097,000

COMPLETED CAPITAL AND EQUIPMENT PROJECTS IN IRAN
(SEPTEMBER, 1965)

<u>Project No.</u>	<u>Project Title</u>	<u>Grant or Loan</u>	<u>Amount</u>
c01	Completion of Fars Cement Plant	Loan	\$ 1,287,000
002	Construction of Tehran Water Treatment Plant	Grant	2,046,000
004	Construction of Fassa Sugar Refinery	Loan	635,000
005	Installation of Air Navigational Aid	Grant	2,439,000
006	Gendarmerie Housing - Community Center	Grant	1,319,000
007	Improvement of Shiraz Power System	Loan	387,000
008	Expanding Tchitsazi Mill	Loan	2,161,000
016	Expanding Ray Cement Plant	Loan	125,000
017	Tehran Slaughterhouse	Grant and Loan	600,000
020	Kerman Water Supply System	Grant	54,000
024	Improvement of Telecommunications	Grant	675,000
026	Improvement of Hormoz Salt Mines	Loan	241,000
029	Improvement of Highways	Grant	182,000
037	Wool Sorting and Scouring Plant	Loan	169,000
038	Establishment of Bureau of Standards	Loan	450,000
054	Demonstration of Kerman Street Paving	Grant	40,000
055	Gendarmerie Housing - Community Center	Grant	88,000
061	Improvement of Hand Loom Industry	Loan	101,000
063	Urban and Rural Low-Cost Housing	Grant	495,000

<u>Project No.</u>	<u>Project Title</u>	<u>Grant or Loan</u>	<u>Amount</u>
065	Construction of Two Sugar Refineries	Loan	\$ 934,000
073	Construction of Karaj Dam	Grant	627,000
080	Improvement of Shirgah Wood Treatment	Grant	274,000
081	Cotton Classing and Ginning	Loan	15,000
082	Lumbering Operations in Caspian Region	Loan	594,000
085	Demonstration Tea Processing Plant	Loan	16,000
086	Automatic Bottle Making in Iran	Loan	237,000
087	Rehabilitation of Yazd Deep Wells	Loan	147,000
095	Purchase of Heavy Construction Equipment	Grant	274,000
096	Heavy Equipment	Grant	375,000
109	Industry and Mines Development Center	Grant	945,000
118	Engineering and Industrial Advisor Services	Grant	1,614,000
119	Transportation Facilities	Grant	2,637,000
124	Highways Equipment and Repair Shops	Grant	1,004,000
137	Improvement of Mehrabad Airport	Loan	5,045,000
225	Highway Development in Western Iran	Loan	8,667,000
256	Civil Servants Housing	Loan	4,654,000
257	Construction of Assalem Sawmill	Grant	473,000
259	Construction of Karaj Power Line	Loan	903,000
501	Extended Special Aid (Engineering Services)	Grant	205,000

APPENDIX C

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

(in thousands of dollars)

<u>Project No.</u>	<u>Title</u>	<u>Amount</u>
001	Completion of Fars Cement Plant	1,092
002	Construction of Ferric Chloride Plant for Tehran Water Treatment Plant	1,669
003	Control of Insect Pests and Plant Diseases	109
004	Construction of Fassa Sugar Refinery	635
005	Installation of Air Navigation and Meteorological	1,008
007	Improvement of Shiraz Municipal Power System	200
008	Expanding Tchitsazi Cotton Mill	1,648
009	Technical Assistance to Karaj Agriculture College*	214
010	Agriculture Project Under Rural Improvement Program	2,752
011	Health Project Under Rural Improvement Program	896
012	Educational Projects Under Rural Improvement Program	358
013	Completion of Bandar-Abbas Water System	50
014	Completion of Galpayegan Dam	131
015	Malaria Control in Iran	3,399
016	Expanding Ray Cement Plant	125

*Active Project

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

(in thousands of dollars)

<u>Project No.</u>	<u>Title</u>	<u>Amount</u>
020	Preparation of Mineral Resources Development Plans	54
021	Completion of Shaikh Ali Khan Dam and Kuhrang and Irrigation Tunnel	50
022	Development of Land and Water Use Plans	116
024	Improvement of Post and Telecommunication Services	316
025	Completion of Karkheb Dam	151
026	Improvement Operation of Hormoz Salt Mine	241
027	Development of Deep Water Wells	15
028	Demonstration of Ghanat Construction	30
029	Development and Improvement of Highways	182
032	Livestock Improvement and Management	122
033	Improvement of Law Enforcement Services*	70
036	River Basin Surveys	83
037	Establishment of Wool Sorting and Scouring Plant	136
038	Establishment of a Bureau of Standards	183
039	Agriculture Extension Services*	188

*Active Project

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

(in thousands of dollars)

<u>Project No.</u>	<u>Title</u>	<u>Amount</u>
041	Labor Training and Relations*	233
043	Forestry and Conservation	96
044	Public Statistics	192
046	Proving Buildings and Facilities for Improving Educational System in Iran	186
048	Establishing an Administrative and Supervising Program	65
049	Providing Books, Magazines, Pamphlets, and Audio-Visual Aid for Schools of Iran	9
055	Extension of Project Agreement for Construction of Community Center	88
057	Establishment of Farm Machinery Repair Shops and Agriculture Machinery Demonstration Training Centers	79
059	Improvement of Farm Irrigation System and Irrigation Practice	38
060	Training Demonstration of Laboratory Procedures, Animal Disease Diagnostic Procedure and Vaccine Production	85
063	Urban and Rural Low-Cost Housing	384
064	Rural Community Development	2,711
065	Construction of Two Sugar Refineries	931

*Active Project

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

(in thousands of dollars)

<u>Project No.</u>	<u>Title</u>	<u>Amount</u>
067	Establishment of Experimental Farm Machinery Cooperative in Iran	109
070	Radio Production Training	169
071	Tehran University, Soils Laboratory	41
072	Training and Demonstration of Rural Public Health	1,950
075	Development of Crop Production and Range Management	224
076	Establishment of Audio-Visual Training	97
079	Providing for Professional Services	50
082	Lumbering Operations in the Caspian Region	141
086	Introduction of Automatic Bottle Making in Iran	60
089	Program Support Agreement for MJF	747
095	Project Fund Agreement No. 7 Purchase of Heavy Const. Equip. & Material	274
096	Project Fund Agreement No. 8 Purchase of Heavy Const. Equipment	375
098	Project Fund Agreement No. 10 Purchase and Installation of Heating and Humidification for Tchitsazi Tehran	3
099	Architectural Services	48
118	Engineering and Industrial Advisory Services (92)	434

PROJECTS USING SPECIAL ASSISTANCE

FUNDS (IN PART OR IN TOTAL)

(in thousands of dollars)

<u>Project No.</u>	<u>Title</u>	<u>Amount</u>
119	Transportation Facilities (51, 52, 88, 93)	859
124	Highway Equipment Maintenance and Repair Shops	962
126	Demonstration Vocational Education Facilities	837
128	Development of Lake Rezaieh Navigation*	103
130	Project for Contribution to the Completion of Forest Surveys in Iran*	36
218	Equipment for National Police	214

*Active Project

APPENDIX D

CHARTS AND TABLES

IRAN
(U.S. Fiscal Years - Millions of Dollars)

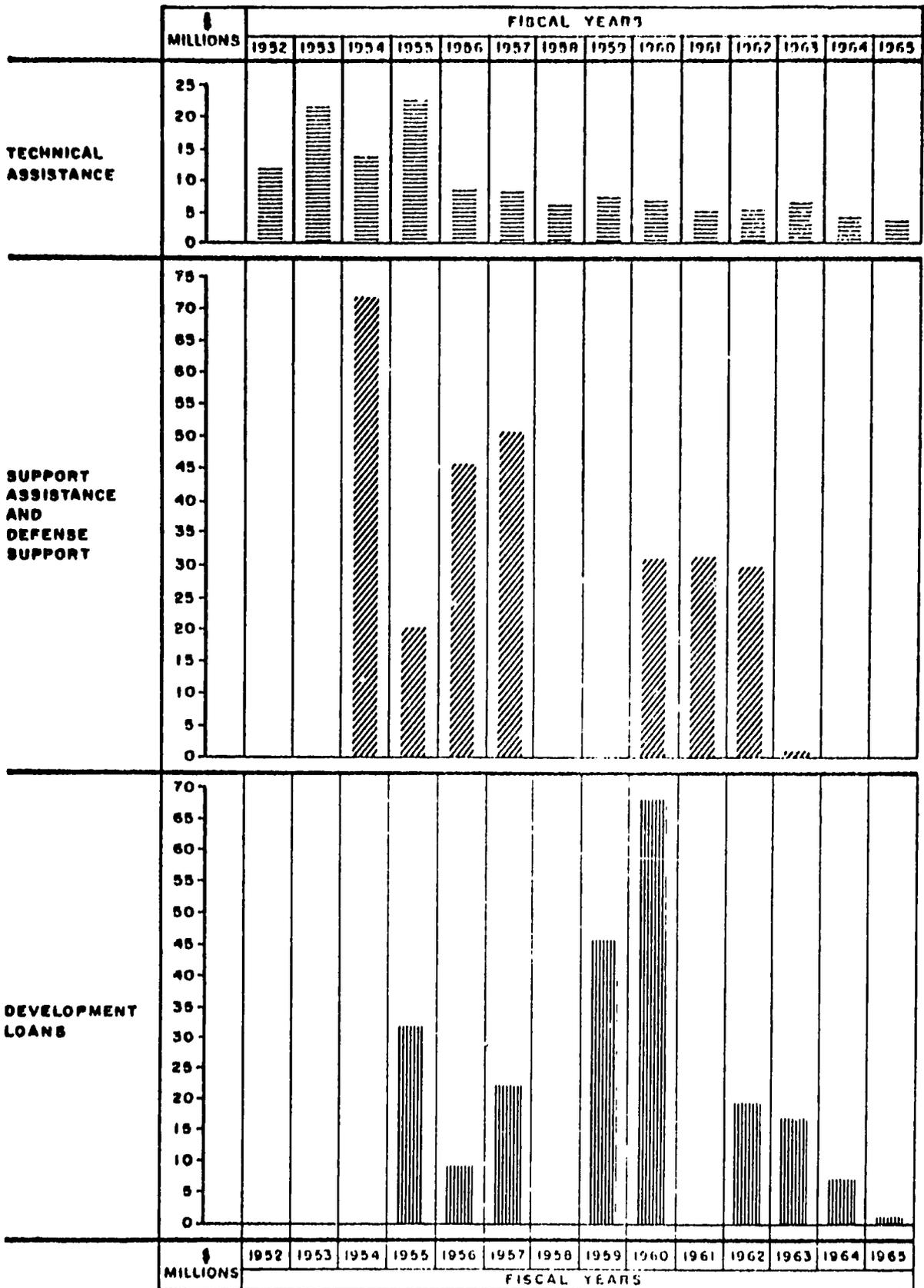
PROGRAM	U.S. Overseas Loans And Grants - Net Obligations And Loan Authorizations											Repay- ments And Interest 1946- 1965	Total Less Repay- ments and Interest	
	Post-War Relief Period	Marshall Plan Period	Mutual Security Act Period					Foreign Assistance Act Period						Prelim Total 1946-
	1946-1948	1949-1952	1953-1957	1958	1959	1960	1961	1962	1963	1964	Prelim. 1965			1965
A.I.D. and Predecessor Agencies - Total	-	14.9	303.4	51.4	48.0	37.5	62.0	53.0	22.0	4.3	2.5	526.9	66.5	520.4
Loans.....	-	-	65.0	40.0	37.7	-	37.2	19.7	17.4	1.3	-	218.2	66.5	151.7
Grants.....	-	14.9	238.4	11.4	8.3	37.5	24.8	33.3	4.6	3.0	2.5	378.7	-	378.7
Social Progress Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Food For Peace - Total	-	0.1	14.7	0.5	0.9	0.7	23.9	17.9	22.4	12.6	23.3	117.0	1.9	115.1
Title I - (Total Sales Agreements).....	(-)	(-)	(12.4)	(-)	(-)	(-)	(19.5)	(9.0)	(7.7)	(6.2)	(11.5)	(66.4)	(-)	(66.4)
Less: (Planned for U.S. Uses).....	(-)	(-)	(4.0)	(-)	(-)	(-)	(5.8)	(2.2)	(1.9)	(1.9)	(5.8)	(21.6)	(-)	(21.6)
Title I - Planned For Loans And Grants	-	-	8.4	-	-	-	13.7	6.8	5.8	4.3	5.8	44.7	1.0	42.3
104c - Grants For Common Defense.....	-	-	5.9	-	-	-	-	-	-	-	-	5.9	-	5.9
104e - Grants For Economic Development.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104e - Loans to Private Industry.....	-	-	-	-	-	-	1.6	0.5	1.2	0.3	1.2	4.7	0.1	4.6
104g - Loans to Governments.....	-	-	2.5	-	-	-	12.1	6.3	4.6	4.0	4.6	34.1	1.7	32.4
Title I - Ass't From Other Country Sales Agreements.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title II - Emergency Relief & Economic Development.....	-	-	3.4	-	-	-	8.6	8.2	13.2	2.5	3.3	39.2	-	39.2
Title III - Voluntary Relief Agencies.....	-	0.1	2.9	0.5	0.9	0.7	1.6	2.9	3.4	5.8	2.4	21.3	-	21.3
Title IV - Dollar Credit Sales.....	-	-	-	-	-	-	-	-	-	-	11.9	11.9	-	11.9
Export-Import Bank Long-Term Loans	-	-	48.8	-	-	-	21.3	-	-	8.7	18.5	97.3	61.4	35.9
Other U.S. Economic Programs	25.8	1.5	-	-	-	-	-	0.4	0.2	1.1	0.8	29.8	2.4	27.4
Total Economic	25.8	16.5	366.9	51.9	48.9	38.2	107.2	71.3	44.6	26.7	45.1	841.1	132.2	708.9
Loans.....	25.8	-	116.3	40.0	37.7	-	72.2	26.5	23.2	14.3	36.1	392.0	132.2	259.8
Grants.....	-	16.5	250.6	11.9	9.2	38.2	35.0	44.8	21.4	12.4	9.0	449.1	-	449.1
Military Assistance Program - (Chg. to App.)^{2/} (Additional Grants from Excess Stocks)	-	16.6	133.9	73.0	90.9	89.1	49.2	33.3	66.0	27.3	58.4	723.5	-	723.5
Additional Grants from Excess Stocks.....	(-)	(0.7)	(21.1)	(1.8)	(6.0)	(7.0)	(10.1)	(1.1)	(2.7)	(4.0)	(1.7)	(56.2)	(-)	(56.2)
Other Military Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Military	-	16.6	133.9	73.0	90.9	89.1	49.2	33.3	66.0	27.3	58.4	723.5	-	723.5
Loans.....	-	-	-	-	-	-	-	-	-	-	-	9.0	-	9.0
Grants.....	-	16.6	133.9	73.0	90.9	89.1	49.2	33.3	66.0	27.3	58.4	714.5	-	714.5
Total Economic and Military	25.8	33.1	500.8	124.9	137.8	127.3	156.4	104.6	110.9	54.0	103.5	1564.6	132.2	1432.4
Loans.....	25.8	-	116.3	40.0	37.7	-	72.2	26.5	23.2	14.3	36.1	401.0	132.2	269.8
Grants.....	-	33.1	384.5	84.9	100.1	127.3	84.2	78.1	87.4	39.7	67.4	1163.6	-	1163.6

* Less than \$50,000.

^{2/} Annual data represent deliveries, including any credit sales; total through 1964 is the cumulative program.

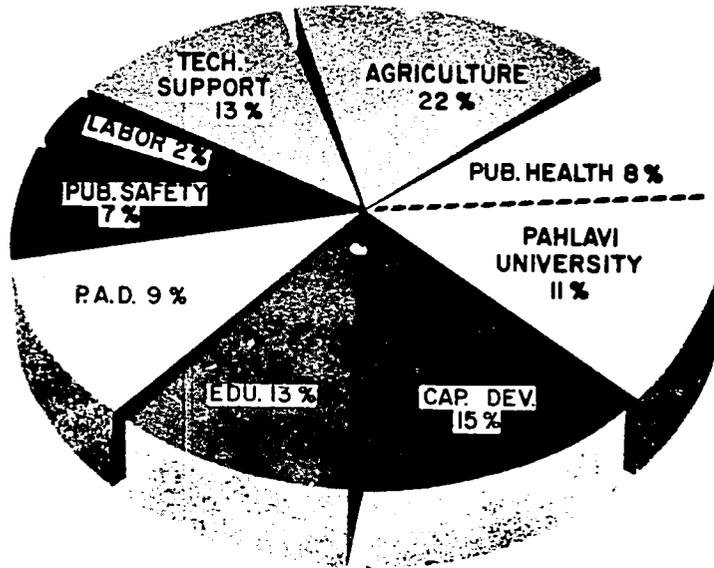
Statistics and Reports Division
Agency for International Development
November 22, 1965

U.S. ASSISTANCE TO IRAN

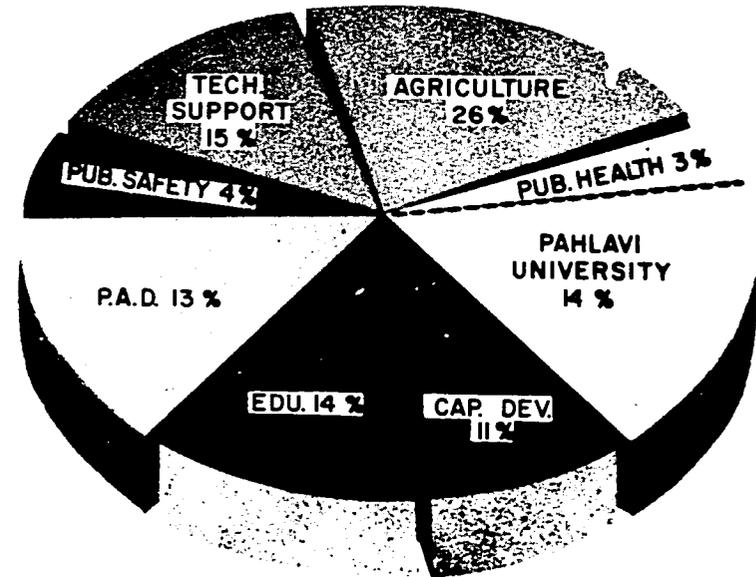


RESOURCE DISTRIBUTION

IN
FY 1965, 1966 TECHNICAL ASSISTANCE PROGRAM
TO
IRAN



FY 1965



FY 1966

STATUS OF AID LOANS TO IRAN

Country Loan No.	Borrower Purpose	Date of Loan Agree- ment	Initial Amorti- zation Date	Yrs. Rep.	Interest Rate %	Amount of Loan Agreement	Loan Disbursements	Repayment of Principal	Balance Outstanding	Interest Collections
IRAN										
LOANS REPAYABLE IN DOLLARS										
265-B-001 FOAX 65-1	Government of Iran Budget Support & Project Assis	3-21-65	9-30-68	25	3	\$32,000,000.00	\$32,000,000.00	\$7,403,151.40	\$24,596,848.60	\$5,596,978.80
265-B-002 IXAC 65-2	Government of Iran Budget Support	2-17-66	10-01-69	25	3	10,000,000.00	10,000,000.00	1,927,780.16	8,072,219.84	1,510,613.25
265-B-003 ICAX 65-4	Government of Iran Non-Project Assistance	6-05-57	1-01-62	25	3	23,000,000.00	23,000,000.00	2,396,302.17	20,603,697.83	2,326,699.25
265-G-004 ICAX 65-3	Government of Iran Commodity Assistance	10-10-58	8-01-63	30	3	2,500,000.00	2,444,008.35	8,031.75	2,435,976.60	146,560.70
265-A-005 DLF 34	Plan Organization Economic Development	1-07-59	1-16-60	12	C	45,912,478.24	45,912,478.24	10,700,195.32	35,212,282.92	6,158,237.72
265-A-006 DLF 97 A&B	Plan Organization Highway Construction	10-07-59	6-17-61	17	3-1/2	63,200,000.00	63,200,000.00	7,183,901.71	56,016,098.29	6,976,759.49
265-A-007 DLF 89	Ind-Mining Devel Bank of Iran Development Bank	11-19-59	12-01-63	15	5-3/4	5,200,000.00	2,142,756.21	409,461.42	1,733,294.79	264,816.19
265-H-011 DLF 97 C	Plan Organization Highway Construction	2-20-62	6-17-61	17	3-1/2	6,000,000.00	4,978,806.10		4,978,806.10	294,111.51
265-K-012 AID-6	Government of Iran Plan Organization	2-20-62	3-20-64	17	3-1/2	14,000,000.00	14,000,000.00	903,225.80	13,096,774.20	1,220,387.98
265-H-016	Government of Iran Master Electrification Plans	6-26-63	1-03-64	30	3/4	2,400,000.00	461,590.65		461,590.65	458.36
265-H-017	Government of Iran Bandar Abbas Port	6-26-63	10-21-71	30	3	15,000,000.00	1,588,795.65		1,588,795.65	
265-H-022	Government of Iran Train Personnel	12-01-64		20		1,500,000.00				

STATUS OF AID LOANS TO IRAN

Country Loan No.	Borrower Purpose	Date of Loan Agree- ment	Initial Amorti- zation Date	Yrs. Rep.	Interest Rate %	Amount of Loan Agreement	Loan Disbursements	Repayment of Principal	Balance Outstanding	Interest Collections
IRAN										
<u>LOANS REPAYABLE IN DOLLARS</u>										
TOTAL						\$220,712,478.24	\$199,728,235.20	\$30,932,049.73	\$168,796,185.47	\$26,525,624.15
<u>Loans Repayable in Local Currency-Iranian Rials (without maintenance of value)</u>										
265-G-008 IXAX 65-5	Government of Iran Project Assistance	4-27-61	8-01-65	30	4	126,990,000.00	126,990,000.00		126,990,000.00	\$15,238,300.00
265-G-009 ICAX 65-6	Government of Iran Project Assistance	4-27-61	8-01-65	30	4	875,313,000.00	789,586,971.45		789,586,971.45	71,177,970.00
265-G-013 AID 65-8	Government of Iran Project Assistance	6-29-62	8-01-67	30	4	481,950,000.00	349,065,626.00		349,065,626.00	11,013,444.85
265-G-015	Government of Iran Project Assistance	2-27-63	10-01-67	30	3/4	353,430,000.00	309,944,478.00		309,944,479.00	
265-G-020	Government of Iran Economic Development	12-31-63		30	3/4	308,295,000.00				
TOTAL RIALS						2,145,978,000.00	1,575,587,075.45		1,575,587,075.45	97,430,214.35
TOTAL U.S. DOLLAR EQUIVALENTS						\$28,355,192.41	\$20,749,980.09		\$21,007,327.67	\$1,290,302.10
<u>Grady Loans Repayable in Local Currency-Iranian Rials (without maintenance of value)</u>										
265-E-014 C-65-1	International Dairy Engineering Working Capital	8-29-63	9-26-64	4	8	7,500,000.00	7,500,000.00	437,500.00	7,062,500.00	329,315.40
265-E-018	Pars Cotton Ginning & Oil Mill Bulk Storage Facilities	10-16-63	3-31-64	8	5	25,000,000.00	25,000,000.00	3,613,781.69	21,386,218.31	1,055,954.51
265-E-019	The General Tire & Rubber Co. Construct Tire Plant	7-01-64		9	8	152,000,000.00				
265-E-021	Iran American Poultry S A Estab Poultry Farm and Hatchery	7-31-64		6	8	19,500,000.00	19,500,000.00		19,500,000.00	
TOTAL RIALS						204,000,000.00	52,000,000.00	4,051,281.69	47,948,718.31	1,385,269.91
TOTAL U.S. DOLLAR EQUIVALENTS						\$2,719,385.98	\$692,719.31	\$54,017.08	\$639,318.24	\$19,440.94
GRAND TOTAL FOR IRAN										
DOLLARS AND DOLLAR EQUIVALENTS						\$251,787,058.63	\$221,170,934.60	\$30,986,066.81	\$190,443,329.38	\$27,334,367.19

Cooley Loans (PL 480 Sec. 104(e) in Iran to 9/30/65)

<u>Loan Number and Borrower (Affiliate)</u>	<u>Date Agreement Signed</u>	<u>Interest Rates</u>	<u>Repayment Terms</u>	<u>Graca Repayment</u>	<u>Amount In Rials</u>	<u>Dollar Equivalent</u>
Loan C-65-1 International Dairy Engineering (a Foremost Dairy Subsidiary in joint venture with Labanist PAK Dairy, Tehran)	8/29/62	8%	5 years	1-1/2 years	7,500,000	100,000
Loan 265-E-013 Pars Cotton Ginning & Oil Mill Corp. (Solely Iranian*)	10/16/63	5% **	6-1/2 years	3/4 years	25,000,000	329,000
Loan 265-E-019 General Tire & Rubber Co. Iran (General Tire Int'l and 4 Iranian Shareholders)	7/1/64	8%	7 years	2 years	152,000,000	2,000,000
Loan 265-E-021 Iran American Poultry, S.A. (Middle East Mgt. and Inv. Corp.)	7/31/64	8%	6 years	2 years	<u>19,500,000</u> R 204,000,000	<u>260,000</u> \$2,639,000

* Pars project creates a bulk storage facility for vegetable oil in Khorramshahr which supports increase in U.S. vegetable oil exports to Iran

** The 5% interest rate was authorized to accommodate a 3% charge to borrower for obtaining required guarantees from Iranian commercial bank.

IRAN
U. S. Specific Risk Investment Guaranties Issued up to 6/30/65

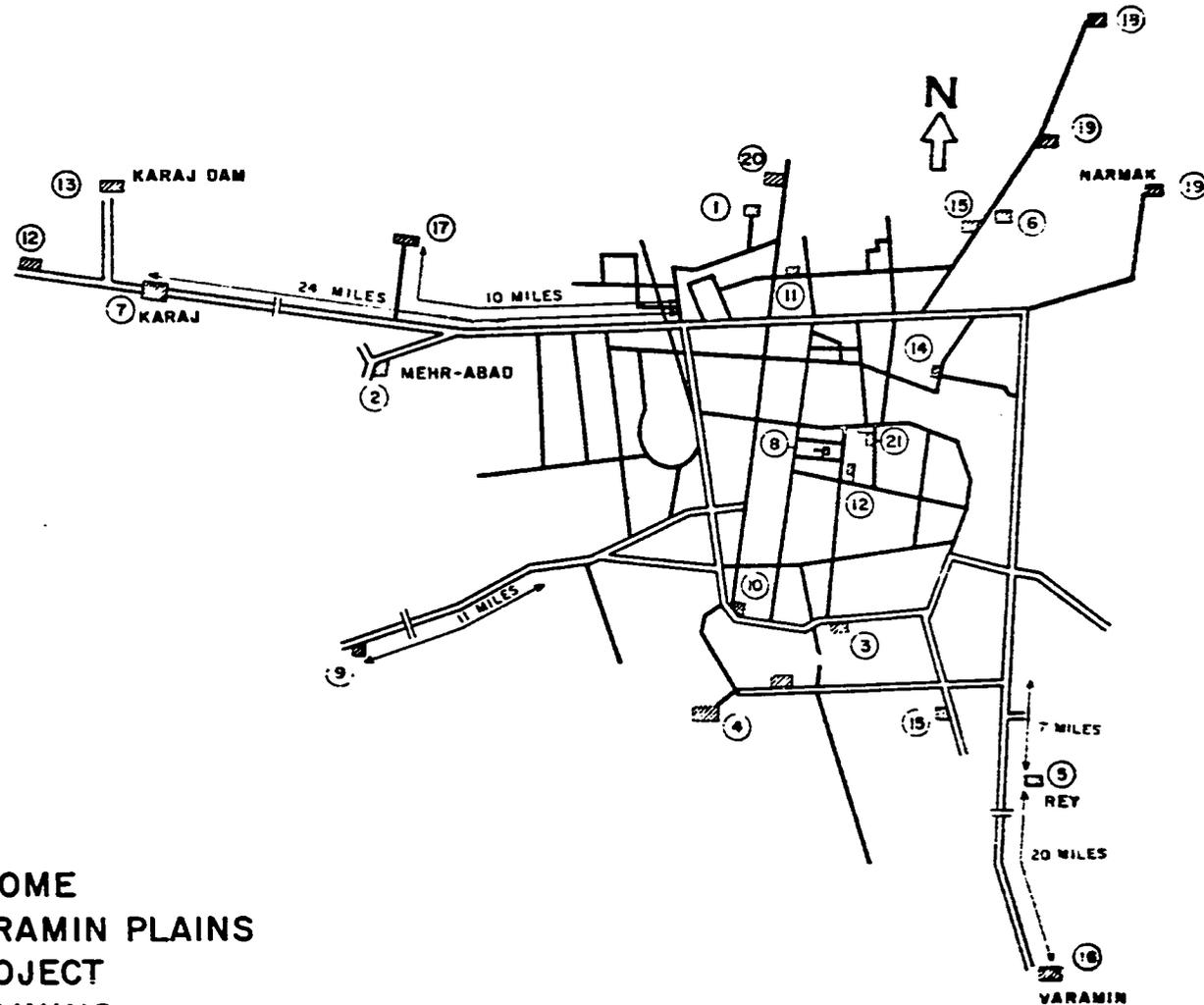
<u>INVESTORS</u>	<u>PRODUCT</u>	<u>CONVERTIBILITY</u>	<u>EXPROPRIATION</u>	<u>WAR RISK</u>
Dresser Industries, Inc.	Mining & process. barite	\$ 250,000	\$ 250,000	N. A.
" "	" " "	175,000	175,000	" "
Electric Storage Battery Co.	Dry cell batteries	140,000	350,000	" "
" " "	" " "	235,200	235,200	" "
General Tire Intn'l. Co.	Pneumatic tires	2,601,600	4,000,000	" "
General Tire Intn'l. Co.	Tires, tubes, repairs	1,200,000		
B. F. Goodrich Co.	Rubber tubes & tires	3,080,000	3,080,000	" "
" "	Rubber, Plastic, Chem. Prods.	133,334-A	133,333-A	" "
" "	Rubber, Plastic, Chem. Prods.	1,450,000	1,120,000	" "
" "	" " " "	6,000,000	2,000,000	" "
International Dairy Engrs. Co.	Milk & milk products	506,666	506,666	" "
" " "	" " "	56,333	56,333	" "
" " "	" " "	710,000	150,000	" "
" " "	" " "	188,667	188,667	" "
Minerals & Chem. Div. Phillips Bros.	Chrome mining/marketing	522,666	522,666	" "
Olin Mathieson Chemical Corp.	Pharmaceuticals/medicine	306,000	306,000	" "
Pfizer Corporation	Pharmaceuticals	1,200,000	1,200,000	" "
Proctor & Gamble A. G.	Synthetic detergents	1,700,000	1,700,000	" "
Webster Publishing Co.	Book publishing	<u>20,177</u>	<u>20,177</u>	" "
		\$20,475,643	\$15,994,042	
TOTALS (37) \$36,469,685				

**SELECTED COOPERATING COUNTRY PROJECTS
IN AND AROUND GREATER TEHRAN
SUPPORTED BY THE US/AID TECHNICAL ASSISTANCE PROGRAM**

DECEMBER 1965

AID PROJECTS IN THE TEHRAN AREA

- 1- TEHRAN WATER PLANT
- 2- CIVIL AVIAITION
- 3- TCHITSAZI COTTON MILL
- 4- TEHRAN SLAUGHTER HOUSE
- 5- REY CEMENT PLANT
- 6- COMMUNICATIONS (P.T.T.)
- 7- KARAJ AGRICULTURE COLLEGE
- 8- INTERNAL SECURITY
- 9- BUREAU OF STANDARDS
- 10- NATIONAL IRANIAN RAILROADS
- 11- RADIO PRODUCTION
- 12- RAZI INSTITUTE
- 13- KARAJ DAM
- 14- AUDIO-VISUAL CENTER
- 15- DEMONSTRATION CHILDREN'S HOME
- 16- COMMUNTY DEVELOPMENT IN VARAMIN PLAINS
- 17- KAN 1000-UNIT APARTMENT PROJECT
- 18- ARMED FORCES VOCATIONAL TRAINING
- 19- NARMAK VOCATIONAL SCHOOL
- 20- SCHOOL OF PUBLIC AND BUSINESS ADMINISTRATION
- 21- IRAN MUNICIPAL ASSOCIATION
- 22- COOLEY LOANS



No 1 TEHRAN WATER PLANT (FY 1952-1957): U.S. assistance provided necessary foreign exchange for the purchase of filtration, clarification, chlorination and related water treatment equipment. The plant is self-sustaining, with an annual capacity of 54,000,000 cubic meters of water and a monthly high during summer months of approximately 7,000,000 cubic meters.

U.S. Dollar Contribution:	\$2,046,000
U.S. Technicians --	19,000
Commodities --	2,027,000

No. 2 CIVIL AVIATION (FY 1952-1963): AID provided assistance for a minimum nation-wide network of air navigation facilities to insure a safe and efficient civil and military air system. Components include six high frequency omni-directional range systems, 25 non-directional beacons and other facilities for 30 telecommunication stations. The project also provided a Civil Aviation School, an organization within the Department of Civil Aviation for maintaining and expanding navigation and communications facilities and improved fire control facilities at selected airports.

U.S. Dollar Contribution:	\$2,439,000	U.S. Local Currency Contribution:	\$1,515,000
U.S. Technicians --	557,000	(Comingled U.S. and GOI local currency)	
Commodities --	1,586,000		
Contract Services --	24,000		
Participants --	153,000		
Other Costs --	119,000		

No. 3 TCHITSAZI COTTON MILL (FY 1952-1958): United States assistance consisted of expansion of plant facilities of a cotton mill constructed by the GOI Plan Organization to 10,000 spindle capacity. The GOI later purchased additional equipment to increase its capacity to 30,000 spindles and contracted with an American firm to provide management services for its operation.

U.S. Dollar Contribution:	\$2,161,000	U.S. Local Currency Contribution:	\$29,800
U.S. Technicians --	92,000		
Commodities --	2,020,000		
Participants --	2,000		
Contract Services --	47,000		

No. 4 TEHRAN SLAUGHTERHOUSE (FY 1957-1966): Provided engineering design, construction supervision and special equipment for a modern slaughterhouse for Tehran. When present installation work has been completed, the plant will have a capacity for the sanitary processing of 800 cattle and 8,000 sheep per day. Ten days' supply of meat may be refrigerated, preventing meat shortages which commonly occur during winter months when it is difficult to transport livestock to Tehran. Completion date for installation is estimated as 6/30/66. Technical training of staff in Europe awaits clearance of Iranian participant trainees.

U.S. Dollar Contribution:	\$600,000	U.S. Local Currency Contribution:	\$170,148
U.S. Technicians --	33,000		
Contract Services --	141,000		
Commodities --	426,000		

No. 5 REY CEMENT PLANT (FY 1952-1956): U.S. assistance expanded production from 300 to 600 tons per day, thereby reducing the expenditure of foreign exchange for the import of cement.

U.S. Dollar Contribution (Loan):	\$125,000
Commodities --	125,000

No. 6 COMMUNICATIONS (FY 1952-1961): In mutual recognition of the need for improvement in Iran's external and domestic communication system, the U.S. Government through CENTO has provided a micro-wave telecommunications system connecting Turkey, Iran, and Pakistan. The Ministry of PTT's main terminal building located in downtown Tehran is the nerve center of the telecom system in Iran. The overall three-country system costs approximately \$20 million with some \$10 million representing the Iranian portion of the system. The GOI has contributed approximately \$5 million rial equivalent to the project.

U.S. Dollar Contribution:	\$678,000	U.S. Local Currency Contribution:	\$61,026
U.S. Technicians & Other Costs --	314,000		
Participants --	19,000		
Commodities --	345,000		

No. 7 KARAJ AGRICULTURE COLLEGE (FY 1951-1964): Through a contract with Utah State University improvements were made in the college curriculum and operations and in research. Twenty-one technicians worked on this project, and 16 participants were sent to the US for training and are now working at the college. Dollar funds provided laboratory and office equipment, teaching materials, library books, a vehicle and the equipment for 4 deep wells for irrigation on the experimental farm. Rial funds (USAID, Plan Organization, Agriculture College Fund and Master Joint Fund) contributed: (1) Construction of basic sciences building, auditorium, dormitory for 21 students, infirmary of 25 beds; (2) repair of all buildings on campus; (3) paving or resurfacing of roads; (4) 2 generators for illumination; and (5) 8 houses for Utah State Advisors and a deep well.

U.S. Dollar Contribution:	\$1,287,000
Contract Services --	927,000
Direct-hire Tec. --	6,000
Commodities --	300,000
Participants --	33,000
Other Costs --	21,000

U.S. Local Currency Contribution: \$2,820,000

No. 8 INTERNAL SECURITY (FY 1955-1967): This Project improved the organization and administration of the National Police Organization in Tehran and the ostans. It developed formal training courses in police activities in Iran and hastened the establishment of a National Police College. A modern records and identification systems in Tehran and selected ostans was created; the number of precincts in Tehran was reduced, night patrols were provided in the suburbs of Tehran and a radio patrol car system was initiated in Tehran; and a National Police Highway Patrol was formed.

U.S. Dollar Contribution:	\$2,886,000
U.S. Technicians --	1,109,000
Participants --	509,000
Commodities --	1,268,000

No. 9 BUREAU OF STANDARDS (FY 1953-1963): AID assisted the GOI establish a Bureau of Standards which establishes minimum standards for grading export commodities, thereby increasing foreign exchange earnings.

U.S. Dollar Contribution:	\$468,000
U.S. Technicians --	134,000
Contract Services --	20,000
Commodities --	285,000
Participants --	29,000

U.S. Local Currency Contribution: \$110,528

No. 10 NATIONAL IRANIAN RAILWAYS (FY 1953-1962): U.S. assistance improved management, operation and the maintenance of Iran State Railway (ISR). Through a \$36,000,000 Export-Import Bank Loan the ISR was completely dieselized. A contract was awarded to General Motors for 215 diesel locomotives and the installation of a diesel locomotive repair and maintenance shop fully equipped with modern facilities. USAID financed the installation of Diesel Locomotive Repair Shop in Tehran. A training school was established in the Diesel Locomotive Department where some 500 employees have been given training in the Repair Shop and in Locomotive operation.

U.S. Dollar Contribution:	\$2,637,000	U.S. Local Currency Contribution:	\$701,729
U.S. Technicians --	562,000		
Participants --	86,000		
Commodities --	1,989,000		

No. 11 RADIO PRODUCTION (FY 1953-1960): Following the installation of a 50KW radio transmitter provided on a long-term loan by USIA to the GOI, AID provided assistance in the equipping of broadcast studio facilities and the training of radio personnel in mass communication techniques. In the course of the project over 150 personnel received program and production training through courses offered in Iran, while three specialists were sent to the U.S. for advanced training.

U.S. Dollar Contribution:	\$295,000	U.S. Local Currency Contribution:	\$281,000
U.S. Technicians --	\$1,000	(Comingly U.S. and GOI local currency)	
Contract Services --	1,000		
Commodities --	208,000		
Participants --	5,000		

No. 12 RAZI INSTITUTE (FY 1951-1955): AID and predecessor agencies provided assistance in the form of participants, commodities, and technical assistance. This Institute has played an important part in the veterinary service program during the past 33 years of operations. Much has been done to safeguard the livestock industry by producing vaccines for Iran and neighboring countries. In addition, the Institute makes vaccines and antigens for the control of human diseases in this area. Assistance was given on a part-time basis by an AID veterinary advisor for the period of 1955 to 1963.

U.S. Dollar Contribution:	\$167,904.62
Contract Technician	4,800.00
Participant Training	6,775.00
Commodities --	156,329.62

No. 13 KARAJ DAM (FY 1953-1961): U. S. funds provided for the exploration of the dam site, a geological survey, testing of dam foundations and studies for highway relocation (by the U. S. Bureau of Reclamation and Harza Engineering Company) and for equipment purchases.

U. S. Dollar Contribution:	\$627,000	U. S. Local Currency Contribution:	\$481,400
Contract Services --	2,000		
Other Costs --	494,000		
Commodities --	131,000		

No. 14 AUDIO-VISUAL CENTER (FY 1953-1962): U. S. assistance was devoted primarily to training Iranian education personnel in the methods and techniques for the design, production and utilization of communications materials vital to their development program. An important phase of the project was the equipping of a modern media center capable of producing teaching materials to be used in the classroom and in regional and national information programs.

U. S. Dollar Contribution:	\$1,111,000	U. S. Local Currency Contribution:	\$1,482,000
U. S. Technicians --	181,000		
Contract Services --	555,000		
Commodities --	333,000		
Participants --	42,000		

No. 15 DEMONSTRATION CHILDREN'S HOME (FY 1953-1956): Through AID assistance a model demonstration children's home was constructed in Tehran. The buildings were equipped with modern furnishings and, most important, the country was given an example of how a modern orphanage should be designed, equipped, staffed and operated. Although their contribution was an unofficial one, much of the success of the project resulted from the voluntary efforts of American women in the community trained in social work who assisted and informally instructed technicians and attendants in modern orphanage practices.

U. S. Dollar Contribution:	\$15,000	U. S. Local Currency Contribution:	\$375,000
Commodities --	9,000	(Comingled U. S. and GOI local currency)	
Participants --	6,000		

No. 16 COMMUNITY DEVELOPMENT IN VARAMIN PLAINS (FY 1952-1963): Aid technicians planned and implemented a comprehensive country-wide Community Development program, including the enactment of a basic local self-government law; improved organization of the Community Development Agency; and the establishment of a grant-in-aid program financed by the GOI for encouraging and assisting local self-help projects. The Varamin Plains District was selected as a pilot area to be the pattern for rural developing activities leading to increased agricultural income, better health and improved home and family living.

U. S. Dollar Contribution:	\$5, 190, 000	U. S. Local Currency Contribution:	\$9, 972, 000
Contract Services			
(NEF)	-- 1, 534, 000		
U. S. Technicians	-- 628, 000		
Participants	-- 90, 000		
Commodities	-- 780, 000		
Other Cost			
(Administration &			
Operation of Program)	2, 158, 000		

No. 17 KAN 1000-UNIT APARTMENT PROJECT (FY 1958-1967 estimated): Standing about three miles northwest of Mehrabad Airport, the Kan apartment house development provides for middle income groups, including civil servants, the opportunity to purchase an apartment for \$4, 930 under a 20-year mortgage with a down payment of \$480. Five hundred Sixty-five units had been sold by November 1, 1965. A grade school and high school, shopping center, and regular bus transportation from Tehran to the project have been provided by the Government of Iran. This project was assisted by \$3. 3 million in rials generated from a 1958 U. S. loan administered through The Mortgage Bank.

No. 18 ARMED FORCES VOCATIONAL TRAINING (FY 1961-1966): American assistance helped develop a program for preparing Iranian soldiers to return to civilian life through participation in 3-months of basic training in one of 9 skills: carpentry, plumbing, electricity, shoe repair, tailoring, welding and black smithing, metal working, auto mechanics and masonry. Six conscript training centers in the provinces and a teacher training center in Tehran have been established. More than 5000 conscripts have been trained to date, and under the future program 7200 will be trained each year. The American MAAG has contributed approximately \$300, 000 worth of equipment, tools and supplies.

U. S. Dollar Contribution:	\$473, 000
U. S. Technicians	-- 341, 000
Commodities	-- 132, 000

No. 19 NARMAK VOCATIONAL SCHOOL (FY 1952-1967): AID assisted the improvement of education programs in vocational education and vocational agriculture education through the construction and development of 2 national demonstration centers: (1) the Technical Teachers College and Trade School at Narmak (Tehran) and (2) the Vocational Agriculture Demonstration Center (Karaj). The United States provided US architectural-engineering services for constructing the two institutions, equipped them and provided advisors and participant training in the U.S.

U.S. Dollar Contribution:	\$1,875,000	U.S. Local Currency Contribution:	\$4,058,000
U.S. Technicians --	520,000		
Contract Services --	247,000		
Participants --	42,000		
Commodities --	1,066,000		

No. 20 SCHOOL OF PUBLIC AND BUSINESS ADMINISTRATION (FY 1954-1961): In order to provide Iran with a modern institution of higher learning for the academic training of high level administrators, both government and private, AID financed a contract with the University of Southern California to establish an institute of administrative affairs, within the Faculty of Law, University of Tehran. The contract provided for the establishment of curricula, the administration of the institute, a viable research program for training of Iranian faculty in advanced degrees and teaching business and public administration by American professors. In 1964 the institute successfully established with Iranian administration and faculty, was upgraded to a separate School of the University of Tehran. Approximately 150 persons a year graduate from the school under the various programs ranging from Masters' Degree to one year certificate programs.

U.S. Dollar Contribution:	\$1,409,549	U.S. Local Currency Contribution:	\$543,682
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No. 21 IRAN MUNICIPAL ASSOCIATION (FY 1956-1961): In order to improve the quality of municipal management in Iran, AID was the principal force for the creation of the Iran Municipal Association. as the institutional base for an organization free of direct government control which represents and speaks for Iran's municipalities. This agency provides research into municipal problems and training programs for municipal administrators. The establishment of this institution was a part of a large project in municipal management.

U.S. Dollar Contribution:	\$354,000	U.S. Local Currency Contribution:	\$21,000
U.S. Technicians --	302,000		
Contract Services --	6,000		
Participants --	37,000		
Commodities --	9,000		

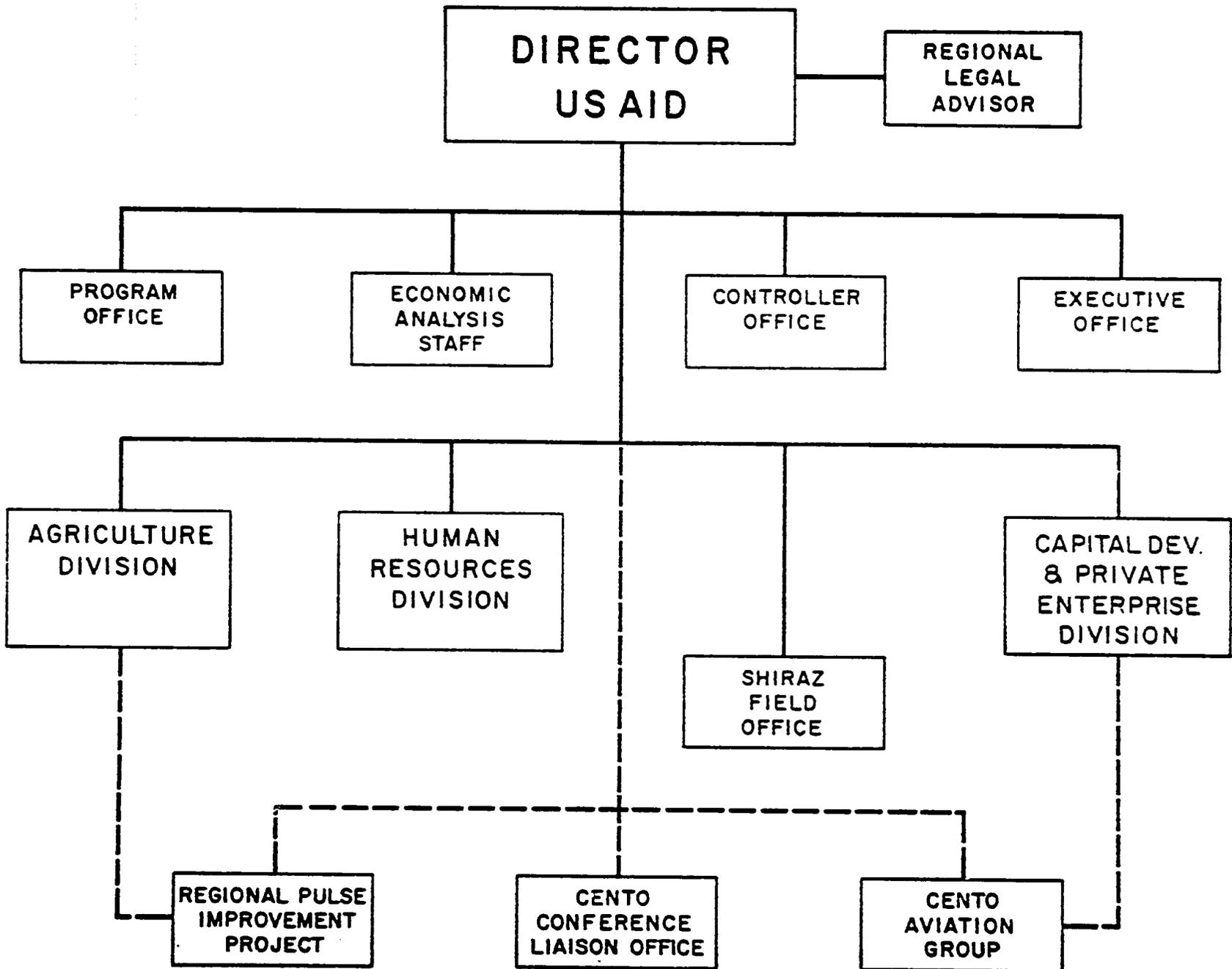
No. 22 COOLEY LOANS (PL 480, Section 104(e)): Providing U.S. owned rials in the form of loans to private enterprises in Iran, including joint American-Iranian ventures, the Cooley loan program as of 9/30/65 had supplied a total of Rials 204,000,000 (\$2,689,000) to four projects in Iran.

Rials 7,500,000 provided working capital to Foremost Dairy for a joint venture with Labaniat Pak Dairy in Tehran in 1962. In the following year, a loan to an Iranian company, Pars Cotton Ginning and Oil Mill Corp., provided Rials 25,000,000 for the construction of a bulk vegetable oil terminal in Khorramshahr and a fleet of tank trucks. The capability of receiving bulk vegetable oil from the U.S. created by this project contributed to the very substantial increase of U.S. vegetable oil exports to Iran.

In 1964, Rials 152,000,000 were loaned to General Tire International for a joint venture to construct a factory with annual capacity of 120,000 tires, 72,000 tubes, and 243,000 pounds of camelback.

A fourth loan supplied Rials 19,500,000 to Iran-American Poultry, S.A. This project contributed to the construction of a modern chicken breeding plant and hatchery, using the controlled genetic strains of Arbor Acres (USA). The resultant chick that will be raised by Iranian purchasers will average 50% heavier than indigenous strains within a four-month period. This hatchery with capacity of 2,800,000 chicks per annum is at the northwestern outskirts of Tehran.

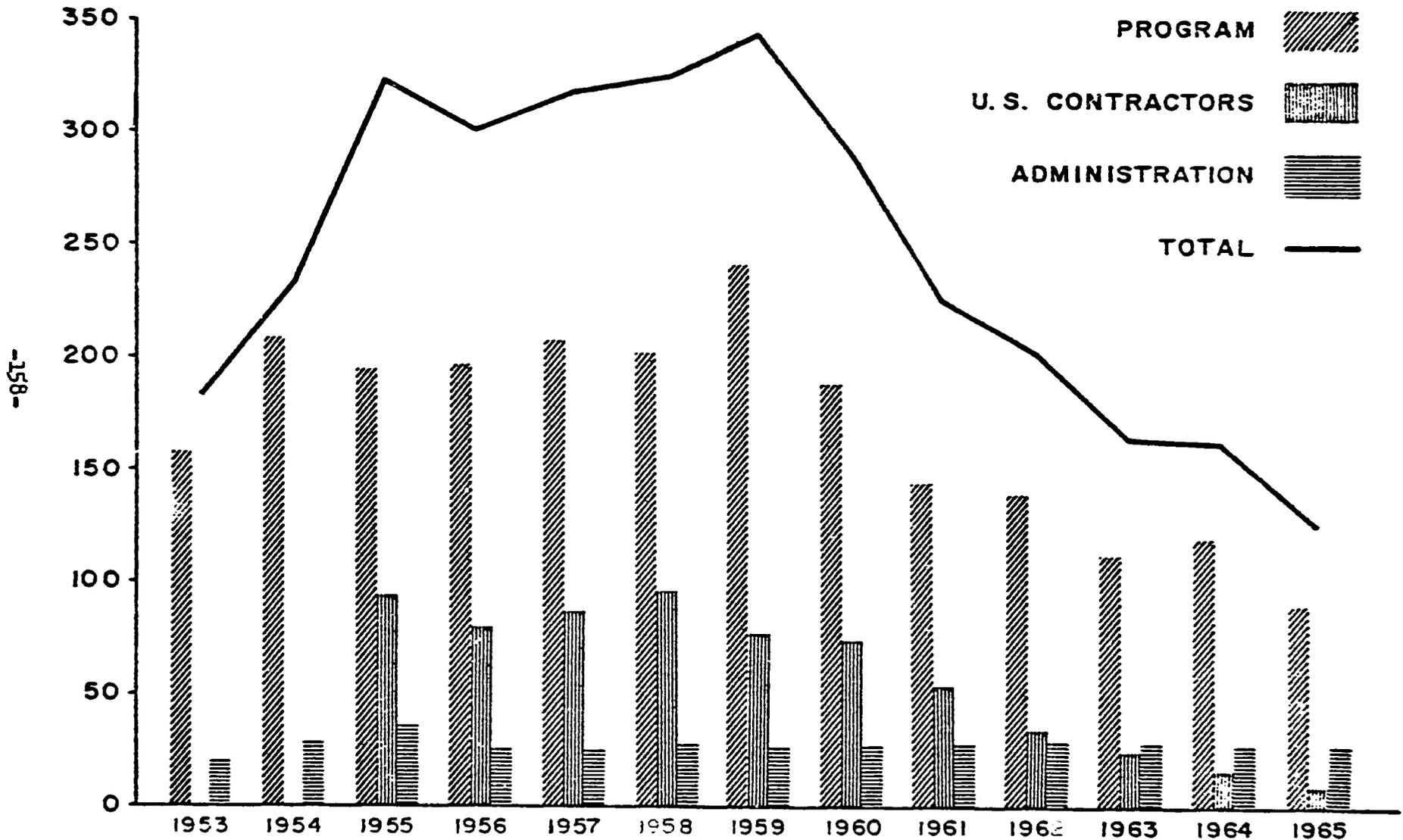
Approval is anticipated in the near future for a loan to Pfizer Corporation of Rials 46,000,000, for the construction of a pharmaceutical plant in Tehran.



U. S. TECHNICAL ASSISTANCE TO IRAN

TOTAL U. S. PERSONNEL STRENGTH 1952-65

(ON BOARD AS OF JUNE 30)



AID SPONSORED PARTICIPANT TRAINEES AT AMERICAN INSTITUTIONS AND THE AMERICAN UNIVERSITY AT BEIRUT (AUB)

<u>FIELD OF ACTIVITY</u>	<u>FY 1951-1962</u>	<u>FY 1963</u>	<u>FY 1964</u>	<u>FY 1965</u>	<u>TOTAL</u>
AGRICULTURE	249	18	9	9	285
INTERNAL SECURITY	93	18	42	31	184
PUBLIC HEALTH	140	17	10	4	171
-159- PUBLIC ADMINISTRATION	137	11	7	12	167
EDUCATION	118	9	8	5	140
INDUSTRY AND MINING	101		3	12	116
TRANSPORTATION	98	3			101
LABOR	92		5		97
COMMUNITY DEVELOPMENT	64	4			68
GENERAL	44	27	15	7	93
SUB TOTAL	<u>1136</u>	<u>107</u>	<u>99</u>	<u>80</u>	<u>1422</u>
AUB	<u>315</u>	<u>28</u>	<u>36</u>	<u>24</u>	<u>403</u>
GRAND TOTAL	<u>1451</u>	<u>135</u>	<u>135</u>	<u>104</u>	<u>1825</u>