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AGENCY FOR INTERNATIONAL DEVELOPMENT

FY 1974 Program Presentation to the Congress



COVER PHOTOS

Upper Left

In Afghanistan, one of the 25 least developed countries, a farmer winnows his grain in the traditional way before grinding it into flour in a water-powered mill with a stone wheel.

Lower Left

In India, a nation of nearly 600,000,000 people, this family planning slogan is prominently displayed everywhere: "It is best to have only two or three children in the family."

Middle

In Vietnam, a nation still suffering from the ravages of war, a child learns to read and write in a makeshift schoolroom in a refugee camp.

Lower Right

In Niger, one of the countries of sub-Saharan Africa and part of the famine belt, a child shows signs of malnutrition caused by a lack of protein.

DEVELOPMENT ASSISTANCE

TABLE OF CONTENTS

<u>PAGE NO.</u>	<u>PAGE NO.</u>
<u>DEVELOPMENT ASSISTANCE AND U.S. NATIONAL INTEREST</u>	<u>HUMAN RESOURCES DEVELOPMENT</u>E-1
The Challenge..... 1	<u>SELECTED DEVELOPMENT PROBLEMS</u>F-1
The Opportunity..... 2	<u>SELECTED COUNTRIES AND ORGANIZATIONS</u>G-1
The U.S. Interest..... 3	<u>LEAST DEVELOPED COUNTRIES</u>H-1
The Response..... 4	<u>LATIN AMERICA (I)</u>
<u>SUMMARY OF FY 1974 DEVELOPMENT ASSISTANCE (A)</u>	Regional Narrative.....I-1
The Need for Change.....A-1	Summary of Program by Country and Appropriation
The FY 1974 A.I.D. Program.....A-3	Account.....I-8
Food for Peace (P.L. 480).....A-10	Summary of Program by Country and ObjectiveI-9
The Overseas Private Investment Corporation (OPIC)...A-12	Economic and Social Data Tables.....I-10
Inter-American Foundation.....A-13	Central America.....I-13
ACTION (Peace Corps).....A-13	Caribbean.....I-31
Multilateral Development Banks.....A-14	South America.....I-45
Sharing in Development.....A-16	Inter-American & Regional Programs.....I-67
Domestic Impact of U.S. Foreign Assistance.....A-20	<u>ASIA (J)</u>
Where Does Development Assistance Go?.....A-22	Regional Narrative.....J-1
<u>FY 1974 A.I.D. Budget Request (B)</u>	Summary of Program by Country and Appropriation
Development Loans.....B-1	Account.....J-6
Development Grants.....B-3	Summary of Program by Country and ObjectiveJ-7
Population Programs.....B-4	Economic and Social Data Tables.....J-8
International Organizations and Programs.....B-4	Near East and Regional Programs.....J-11
American Schools and Hospitals Abroad.....B-5	South Asia.....J-19
International Narcotics Control.....B-5	East Asia.....J-37
Contingency Fund.....B-6	<u>AFRICA (K)</u>
Administrative Expenses (A.I.D.).....B-6	Regional Narrative.....K-1
Administrative Expenses (State).....B-6	Summary of Program by Country and Appropriation
Housing Investment Guaranties.....B-6	Account.....K-8
Indochina Postwar Reconstruction.....B-7	Summary of Program by Country and Objective.....K-9
Supporting Assistance.....B-7	Economic and Social Data Tables.....K-10
<u>FOOD PRODUCTION AND NUTRITION</u>C-1	North Africa.....K-15
<u>POPULATION PLANNING AND HEALTH</u>D-1	Central and West Africa.....K-21
	Eastern Africa.....K-39
	Southern Africa.....K-57
	Regional Programs.....K-61

DEVELOPMENT ASSISTANCE

TABLE OF CONTENTS

<u>PAGE NO.</u>	<u>PAGE NO.</u>
<u>MULTILATERAL COOPERATION (L)</u>	<u>MANAGEMENT & ADMINISTRATION (O)</u> 0-1
Multilateral Cooperation for Development.....L-1	<u>SUMMARY TABLES (P)</u>
International Organizations and Programs.....L-3	Total Program Availability (FY 1974).....P-1
International Financial Institutions.....L-15	Total Program Availability (FY's 1972-1973).....P-2
Coordination.....L-21	Summary of Program by Area and Appropriation
<u>WORLDWIDE PROGRAMS (M)</u>	Account (FY's 1972-3-4).....P-3
Introductory Statement.....M-1	Summary of Program by Area and Objective
Worldwide Technical Assistance and Research.....M-2	(FY's 1972-3-4).....P-4
Worldwide Population Programs.....M-15	Disbursements and Unliquidated Balances (FY 1974)..P-5
Private Voluntary Agency Activities.....M-19	Disbursements and Unliquidated Balances
Participant Training Services.....M-26	(FY's 1972-1973).....P-6
Disaster Relief and Reconstruction.....M-29	P.L. 480 Sales and Donation Shipments (CCC value)..P-7
Acquisition and Utilization of Excess Property.....M-33	Programs Subject to "Number of Countries"
<u>OTHER PROGRAMS (N)</u>	Limitation.....P-11
International Narcotics Control.....N-1	Authorization and Appropriation Legislative
American Schools and Hospitals Abroad.....N-16	History (FY's 1948-1973).....P-12
Contingency Fund.....N-17	
Housing Guaranty Program.....N-20	

LIST OF CHARTS BY PAGE NUMBER SEQUENCE

	<u>PAGE NO.</u>
The Development Gap.....	1
The U.S. Depends on Resources from Abroad.....	3
Sharing the Responsibility for Aid	A - 1
Population Growth Limits Advances in Per Capita GNP	A - 4
Proposed FY 1974 U.S. Development Assistance Programs	A - 10
Increased Assistance from International Financial Institutions.....	A - 14
A.I.D. Programs Are A Small Part of the FY 1974 Federal Budget	A - 17
U.S. Economic Assistance as a Percent of GNP	A - 17
Other Countries Provide More than 60 Percent of all DAC Aid.....	A - 18
A.I.D. Financed Commodity Expenditures (Major Commodities Purchased in the U.S. -FY 1960 vs 1972)	A - 20
Proposed FY 1974 Economic Assistance Programs Under the Foreign Assistance Act	B - 1
A.I.D. Population Programs.....	B - 4
Food Output is Up in the Less Developed Countries	C - 1
Use of Miracle Seeds Up Sharply	C - 2
Population Explosion in the Less Developed Countries.....	D - 1
Population Growth Overburdens Schools in the Less Developed Countries.....	E - 1
Participants in Training Totalled 12,268 in FY 1972	M - 26
Better Programs with Fewer Employees.....	O - 1

DEVELOPMENT ASSISTANCE AND U.S. NATIONAL INTERESTS

Why should the United States continue to assist the Developing Countries?

We persist for two basic reasons:

--Our ideals compel it.

--Our self-interest requires it.

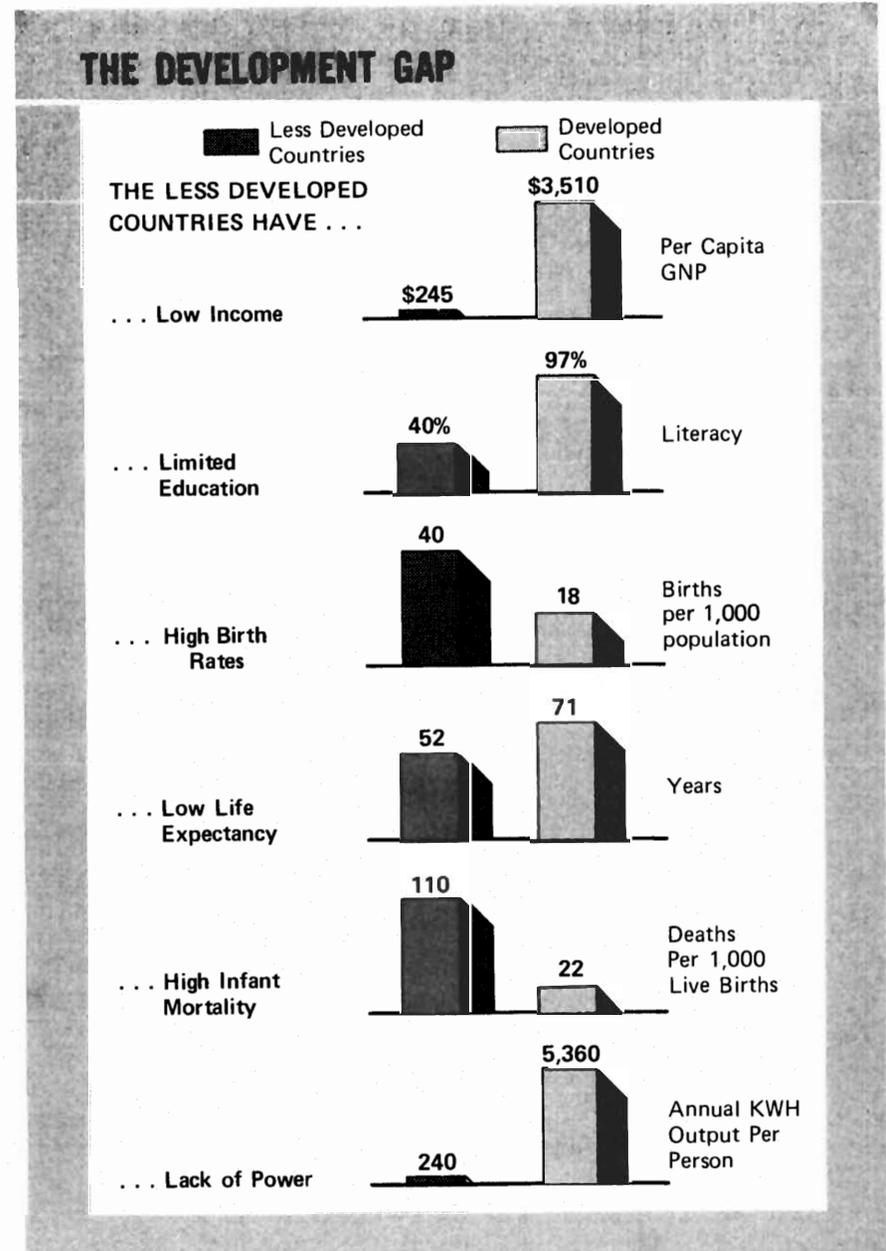
The Challenge

The fact that three-fourths of the world's population lives in developing nations will be a major determinant of the world's political condition for years to come. We cannot achieve our aspirations for an expanding economy and a peaceful world community in isolation from these countries. Recognition of this basic truth is essential to achieving a new, more stable structure of peace.

Important progress has been made toward this fundamental goal. The basic character of our relations with the Soviet Union and the Peoples' Republic of China has turned from confrontation to negotiation. The ceasefire in Indochina seems to be a fact. Our association with traditional allies and trading partners is being reinvigorated.

Encouraging as these developments are, they cannot obscure the condition or importance of the less developed world, whose common and predominant feature is poverty.

It is true that many of these nations enjoyed more rapid economic growth during the last decade than the developed countries did at any comparable period in their history; their economies grew at an average rate of 5.6% per year; their manufacturing output increased by 90%; their food production rose by one-third; and average life expectancy reached 52 years.



DEVELOPMENT ASSISTANCE
COUNTRY INDEX

<u>COUNTRY</u>	<u>DIVIDER TAB</u>	<u>PAGE NO.</u>	<u>COUNTRY</u>	<u>DIVIDER TAB</u>	<u>PAGE NO.</u>
Afghanistan.....	South Asia.....	J-19	Jamaica.....	Caribbean.....	I-39
Africa Regional.....	(Africa) Regional Programs.....	K-61	Kenya.....	Eastern Africa.....	K-42
Asia Regional.....	Near East & Regional Programs...	J-16	Korea.....	East Asia.....	J-41
Bangladesh.....	South Asia.....	J-22	Latin America Regional.....	Inter-American & Regional Programs	I-69
Bolivia.....	South America.....	I-45	Liberia.....	Central & West Africa.....	K-24
Brazil.....	South America.....	I-47	Morocco.....	North Africa.....	K-15
Caribbean Regional.....	Caribbean.....	I-31	Nepal.....	South Asia.....	J-29
Central America Regional.....	Central America.....	I-13	Nicaragua.....	Central America.....	I-23
Central & West Africa Regional.....	Central & West Africa.....	K-32	Nigeria.....	Central & West Africa.....	K-26
Chile.....	South America.....	I-49	Pakistan.....	South Asia.....	J-31
Colombia.....	South America.....	I-51	Panama.....	Central America.....	I-25
Costa Rica.....	Central America.....	I-16	Paraguay.....	South America.....	I-56
Dominican Republic.....	Caribbean.....	I-33	Peru.....	South America.....	I-58
East Africa Regional.....	Eastern Africa.....	K-51	Philippines.....	East Asia.....	J-44
Ecuador.....	South America.....	I-54	ROCAP.....	Central America.....	I-14
El Salvador.....	Central America.....	I-17	Southern Africa Regional.....	Southern Africa.....	K-57
Ethiopia.....	Eastern Africa.....	K-39	Sudan.....	Eastern Africa.....	K-45
Ghana.....	Central & West Africa.....	K-21	Tanzania.....	Eastern Africa.....	K-47
Guatemala.....	Central America.....	I-19	Tunisia.....	North Africa.....	K-17
Guyana.....	Caribbean.....	I-35	Turkey.....	Near East & Regional Programs....	J-11
Haiti.....	Caribbean.....	I-37	Uganda.....	Eastern Africa.....	K-50
Honduras.....	Central America.....	I-21	Uruguay.....	South America.....	I-60
India.....	South Asia.....	J-26	Venezuela.....	Caribbean.....	I-41
Indonesia.....	East Asia.....	J-37	Yemen Arab Republic.....	Near East & Regional Programs....	J-14
Inter-American Organizations.....	Inter-American & Regional Programs.....	I-67	Zaire.....	Central & West Africa.....	K-29

Yet the gains of the last decade have been unevenly distributed in the less developed countries or too often overwhelmed by unchecked population growth. Gaps between the small groups of their citizens who have benefitted from modernization and the much larger groups who remain trapped in conditions of severe deprivation may have grown:

- Per capita food production is only a little higher today than it was ten years ago.
- Half of mankind still has no modern health care.
- There are no schools for some 300 million children -- more than the number ten years ago. Yet the number of schools in developing countries doubled in the past decade.
- Mass unemployment faces young workers who flood into the job markets. Unemployment and underemployment rates range up to more than 30% in many developing countries -- higher than the United States experienced in the worst years of the Depression.
- Mass poverty which pervades the developing nations perpetuates malnutrition, ill-health, illiteracy and the whole catalogue of human miseries which comprise underdevelopment.
- Some 40% of the people in all developing countries are caught in this cycle of abject poverty and their numbers grow by about a million people a week.

This stark situation demands a U.S. response. But it is more than a moral issue. Peace cannot be sustained in conditions of social upheaval or a growing confrontation between rich and poor.

The Opportunity

Today, the developing nations present, first, a record of progress; second, a continuation of substantial problems, many requiring new solutions; and third, a sense of confidence and independence as they face these problems. Across the globe, cadres of bright, energetic, well-trained technicians and managers have moved into positions of responsibility. They are confident of their ability to direct future development for the benefit of their own people. A new sense of distinctiveness, self-assertiveness and independence among the developing countries has emerged.

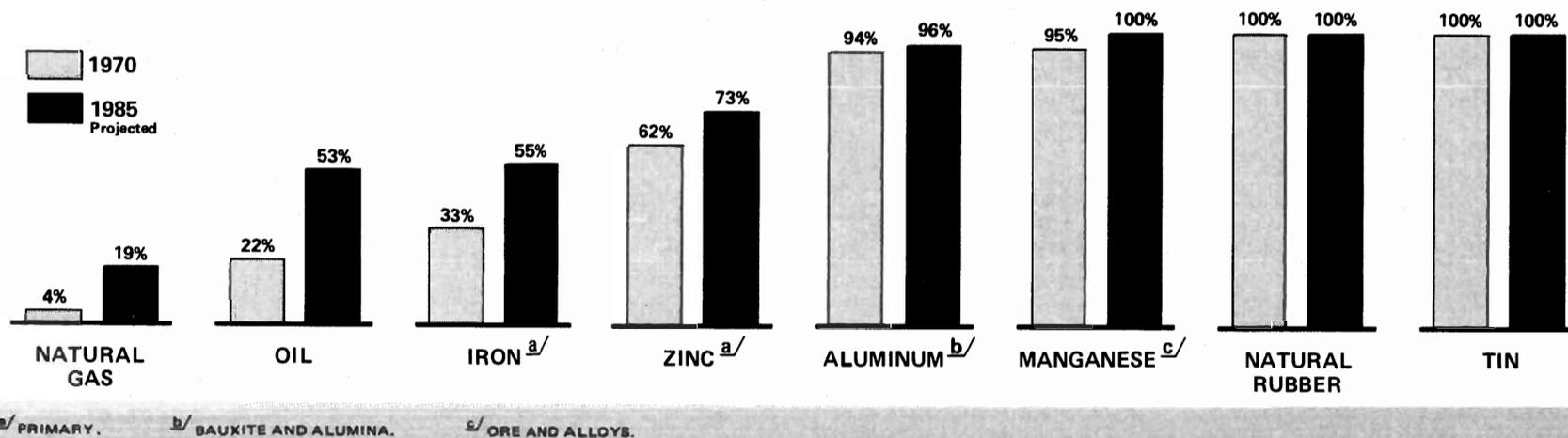
The U.S. Interest

The United States and other industrial countries are linked to the developing countries through trade, investment, and critical resource needs. We share with them a common interest in an open international economic system in which all nations benefit from an increased flow of goods and services.

The United States represents 6% of the world's population, 7% of the earth's land surface, and consumes about 40% of its annual output of raw materials and energy. The poor countries represent about 75% of the total population, occupy 60% of the land surface, and control large untapped resources.

Between 1970 and 1985, U.S. imports of energy fuels and minerals are expected to increase nearly fourfold to nearly \$32 billion. By then, half or more of our petroleum imports may need to come from a dozen nations which align themselves with the less developed countries. Extensive known reserves of many minerals are located in the developing countries. Chile, Peru, Zambia and Zaire already supply half of the world's exportable copper while Malaysia, Bolivia, and Thailand account for

THE U.S. DEPENDS ON RESOURCES FROM ABROAD COMPARISON OF NET IMPORTS AS % OF U.S. DEMAND, 1970 and 1985



80% of the primary tin in international trade.

On the other side of the trade ledger, the developing countries are becoming increasingly important as markets for U.S. exports and investments. In 1972 they accounted for 30% of all U.S. exports. The investments of U.S. corporations in the developing countries currently total some \$25 billion and are growing at about 9% a year.

The developing countries have an equal, perhaps even greater, stake in trade with the industrialized nations since export earnings are of vital importance to their future development. The inclusion of nine developing countries on the Committee of Twenty, charged with world monetary reform and related trade problems, is recognition of their importance in the consideration of these issues.

Beyond these economic considerations, the United States

has security interests that are closely and inevitably linked to the maintenance of world peace. Economic assistance is often essential to the furtherance of these interests--whether by assuring the vitality of countries such as Jordan and Israel or by reinforcing U.S. relationships with countries of strategic importance such as Panama.

Finally, solution of such world problems as environmental pollution, narcotics control, and security of travel requires broad international cooperation, including participation by the developing countries.

For all the economic, political, and moral reasons outlined above, a continuing U.S. response to the challenge of development is as much in our own interest as it is in that of the developing nations. It is a major requisite to an expanding international economy and a more stable international order.

The Response

The appropriate response to the challenge of development is a system of technical, institutional, and economic relationships between the industrial and the poor countries which enhances the ability of the poor to mobilize their own energies and determination for development and to make better use of their own resources. Much of the machinery for this joint and systematic attack by the rich and poor countries on world poverty is already in place.

The U.S. international development assistance program is a key element of this system, and bilateral assistance is the dominant component of the U.S. contribution. The system has been building since the mid-1950s. Other developed countries have joined in the effort and have increased their contributions over the years. Although the United States is still the largest single donor, others now provide about 60% of such assistance. Measuring official development assistance as a percentage of GNP, the United States now ranks twelfth among the sixteen major western aid-giving countries, behind Australia, Belgium, Canada, Denmark, France, Germany, Netherlands, Norway, Portugal, Sweden and United Kingdom.

International lending institutions -- the World Bank Group, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank -- have come into being and are now well established. The UN agencies also play important roles.

Over the past decade, U.S. participation in the multilateral development institutions has been a significant factor in their continuing growth. Together, they now account for 25% of total aid flows. We should continue to provide our fair share to support the efforts of these institutions.

At the same time, the United States must continue its bilateral program. Both bilateral and multilateral aid are needed now, and both will continue to be needed, in careful coordination, for the foreseeable future. This fact is reflected in the development assistance policies of all major donor countries.

The U.S. bilateral aid program can meet unique U.S. purposes more directly, more quickly, and more effectively than other modes of assistance. It provides a flexible and innovative tool for carrying out U.S. national policy in countries or geographic areas of particular U.S. interest. It can apply special American techniques and expertise, largely drawn from the private sector, more effectively to development problems. It provides a channel for U.S. leadership, a clear identification of U.S. participation, and a visible demonstration of U.S. constancy and dependability.

A.I.D. development programs seek to meet the basic human needs of the masses of poor people in the developing countries. Rapid economic growth remains the first requisite of development. But the success of the long-term development effort requires more attention to programs such as health and nutrition which improve the welfare and productivity of people. Attention is being given to spreading the benefits of development by lowering the cost of public services, creating employment opportunities, and ensuring more equitable distribution of income.

There is no sensible alternative. It is in our own selfish interest to join with the other developed nations of the world to help the peoples of the poor countries who seek to help themselves.

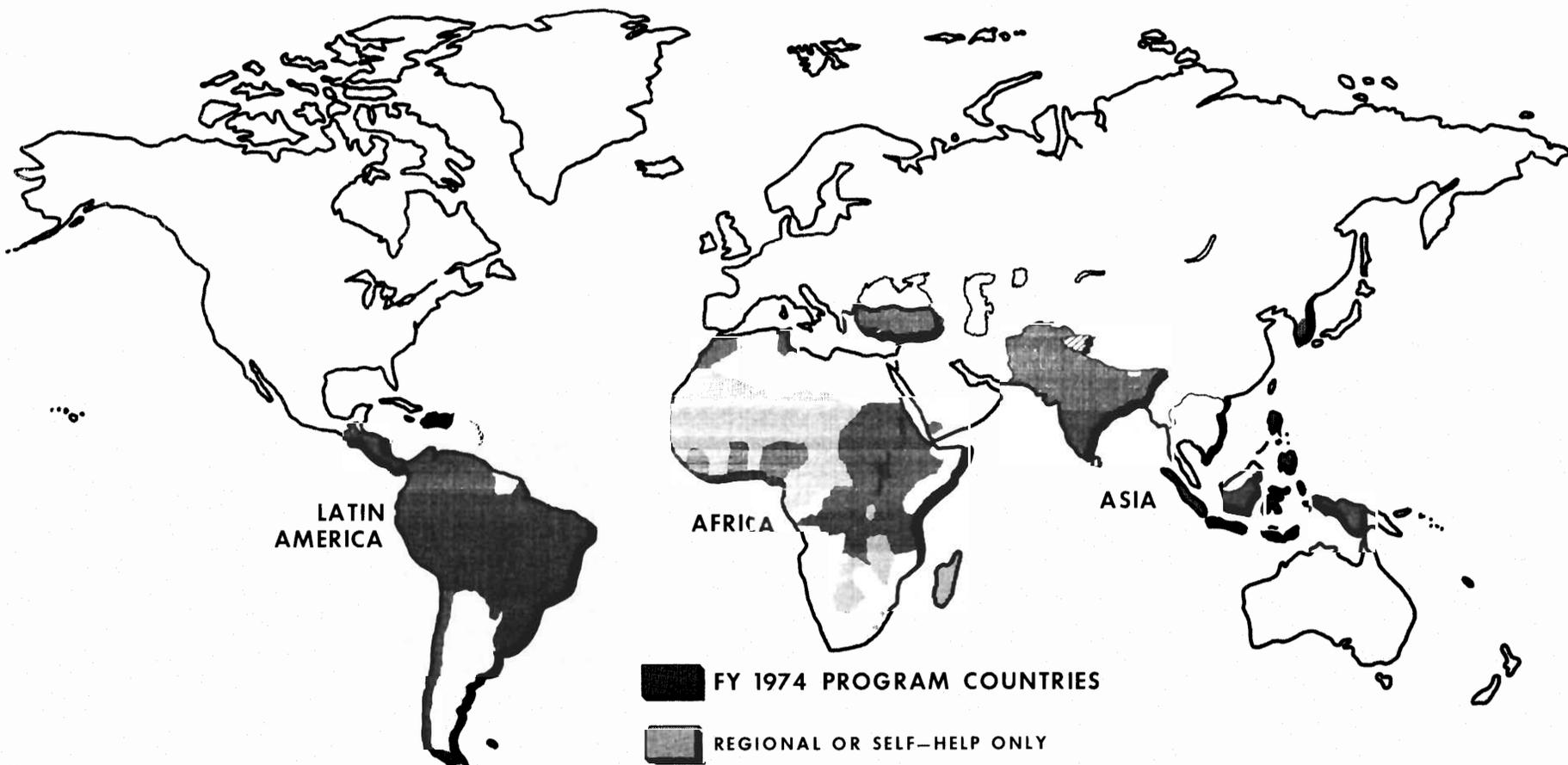
Human problems do not stay bottled up behind national

borders. Uncontrolled human reproduction vitally affects the well-being of all nations. Diseases ignore national boundaries. Polluted air and polluted waters flow freely between countries.

Our children and our grandchildren must live in the same

world with the children and grandchildren of the peoples of all continents, races and creeds. The kinds of lives our children and their children after them will live, and the kind of world they will live in tomorrow, depends on whether we do our part to help today.

DEVELOPMENT ASSISTANCE PROGRAMS



DEVELOPMENT ASSISTANCE PROGRAM - FY 1974

THE NEED FOR CHANGE

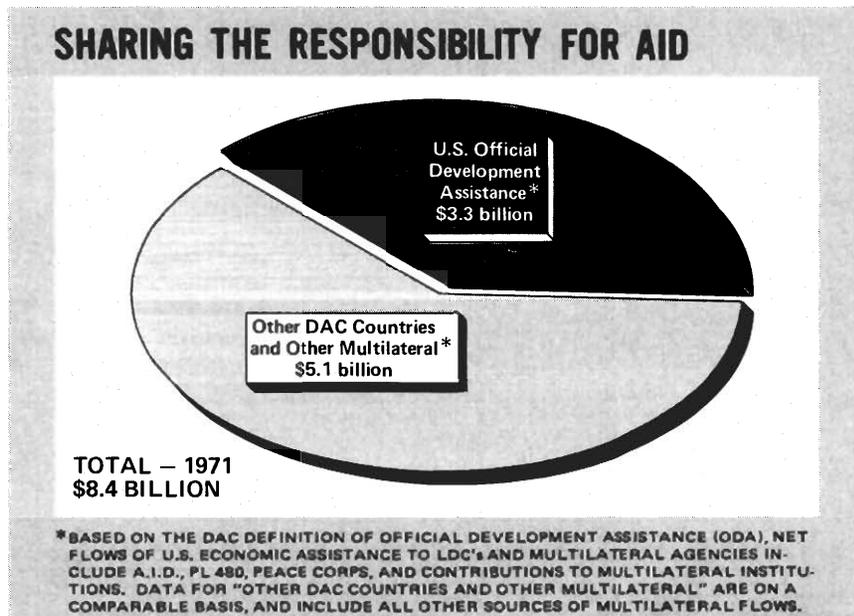
During the decade of the '60s, the international development effort recorded a number of significant achievements.

- First, the development process gathered impressive momentum. The developing countries achieved an annual increase of 5.6% in GNP; a number of nations experienced growth rates considerably above this average. Growth is taking place.
- Second, the development process has brought fundamental changes to the economic and social systems of the less developed world. The developing nations are steadily increasing their capacity to manage their resources, their ability to plan, and their perception of development priorities and problems. In many of them their need for foreign advisors has diminished substantially.

- Third, the international development assistance system, both bilateral and multilateral, is now in place and functioning more effectively each year. The major bilateral donors, the international lending institutions, and the mechanisms of consultation through consortia and coordinating groups are now operative and responsive. As a result, it is no longer necessary for the United States to assume a predominant role in assistance programming.
- Fourth, the role of aid as the critical catalyst in the achievements of the development decade is now widely recognized.

These facts have made it both possible and timely to propose fundamental changes in the manner and method of providing U.S. development assistance. In recognition of the realities of the '70s, the initial response of the Administration was a major reform plan proposed in April 1971. Although the Congress preferred to extend the present Foreign Assistance Act, there was nonetheless a clear endorsement of the need to re-examine and reshape the aid program.

In late 1971, A.I.D. undertook its own major internal review to develop a program based on the realities of the '70s. The objective was to develop an approach which responded to the desires of the President and the Congress for improvement, recognized the major changes that had taken place in the developing nations during the 1960s, drew on the lessons we had learned, and incorporated the realistic new directions in the A.I.D. program that were already underway. The resulting action proposal is the heart of the FY 1974 program. It was formally announced by the A.I.D. Administrator in January 1972. The plan calls for a tighter, more responsive A.I.D. program characterized by:



--A more collaborative style of assistance which places the developing countries at the center of development. We now look to the developing countries to assume more responsibility for carrying out the assistance process, not only in planning and project development, but in project implementation as well.

--Concentration on a few key human problems to whose solution the United States can bring special competence and sufficient resources to make a significant contribution. A.I.D. is increasingly concentrating its efforts on the three key sectors of food and nutrition, population planning and health, and human resource development; and on a limited range of problems or activities within each sector. A corollary of this is that we look to the international aid agencies to take the lead in overall planning and coordination of external assistance, working with the developing countries.

--Increased emphasis on innovative activities. A.I.D. has long supported innovation in development assistance and is playing an increasing role in creating international research networks to link LDC research efforts with international centers of excellence on a continuing and mutually supporting basis. Research efforts are being concentrated on fundamental problems such as the need for high protein cereals with the aim of adopting existing technology to the needs and capabilities of the developing nations.

--Application of sector analysis and programming. The developing nations must build their capacity for economic analysis of major development problems. A.I.D. assistance will be increasingly used to support the sector plans the LDCs devise.

--Increased attention to the growing problems of income distribution and unemployment in the developing nations, through programming and support for projects designed to reach the greatest possible number of rural poor.

--Increased participation of U.S. private organizations in project planning, evaluation and implementation.

--Better integration of technical, capital and food assistance.

--A reduced U.S. Governmental presence and profile overseas.

The Progress So Far

A.I.D. has made substantial progress in implementing these reforms. The FY 1974 program builds upon and accelerates the pace of that progress.

--In FY 1974, 59% of the assistance proposed for the five major program objectives is concentrated in the three key sectors of food and nutrition, population planning and health, and human resource development. In FY 1972, only 48% of the program was concentrated in these sectors.

--In the past five years, the number of active capital and technical assistance projects has been reduced by 30% and there will be further reductions this fiscal year and next.

--A few years ago, A.I.D. made its first sector loan of \$10 million. Such loans are an important means of focusing on key problem areas. In FY 1974 we propose to make 13 sector loans totalling \$151.5 million.

--A.I.D. has continued to reduce its total direct hire staff and its U.S. presence overseas. In FY 1972, A.I.D.'s full-time staff was reduced by 13%, the Agency's largest single annual reduction ever. By June 30, 1974, A.I.D. will reduce its staff by an additional 1,800 personnel -- an overall reduction of 44% since the end of FY 1968.

THE FY 1974 A.I.D. PROGRAM

The proposed FY 1974 A.I.D. program for economic assistance totals \$1,338.3 million, down \$135.9 million from the FY 1972 actual program and up slightly from the FY 1973 estimated program. Of the total, \$962.1 million -- 72% -- is for development assistance to attack priority problems in the following major sectors:

Food and Nutrition (FY 1972 - \$192.0 million; FY 1973 - \$195.8 million; proposed FY 1974 - \$299.6 million.)

In most developing countries agriculture provides not only food and fiber, but also jobs for the unemployed, increased incomes for the poor and foreign exchange earnings. A dynamic agricultural sector is a prime requisite for energizing the whole process of development. Despite the great gains of the Green Revolution, the drive to raise food faster than people remains an imperative. Thirty-nine percent of the food and nutrition funds in FY 1974 are programmed for this purpose.

If the present LDC population growth rates continue, world food production must double by the year 2000 merely to maintain current inadequate diets. Output will have to increase by two and one-half times to provide adequate diets. Since there is little arable land not already in use, this enormous increase must be achieved by major breakthroughs in agricultural productivity and technology -- fields in which the United States is renowned.

Development Assistance Programs

by Objective

(\$ Millions)

	<u>FY 1972 Actual</u>	<u>FY 1973 Estimated</u>	<u>FY 1974 Proposed</u>
Food & Nutrition	192.0	195.8	299.6
Population Planning & Health	137.3	167.9	152.8
Human Resource Development	<u>100.3</u>	<u>84.4</u>	<u>113.8</u>
Selected Development Problems	273.8	232.2	177.6
Selected Countries & Organizations	<u>200.3</u>	<u>204.7</u>	<u>218.4</u>
Sub-Total	(903.8)	(885.1)	(962.1)
International Organi- zations	151.0	131.5	152.0
Refugee Relief & Rehabilitation Assistance (Bangladesh)	194.4	101.1	.5
Other Programs & Support Costs ^{1/}	<u>225.0</u>	<u>216.7</u>	<u>223.7</u>
Total Development Program	<u>1,474.2</u>	<u>1,334.4</u>	<u>1,338.3</u>

^{1/}Includes American Schools and Hospitals Abroad, Narcotics Control, Contingency Fund, and Administrative Expenses.

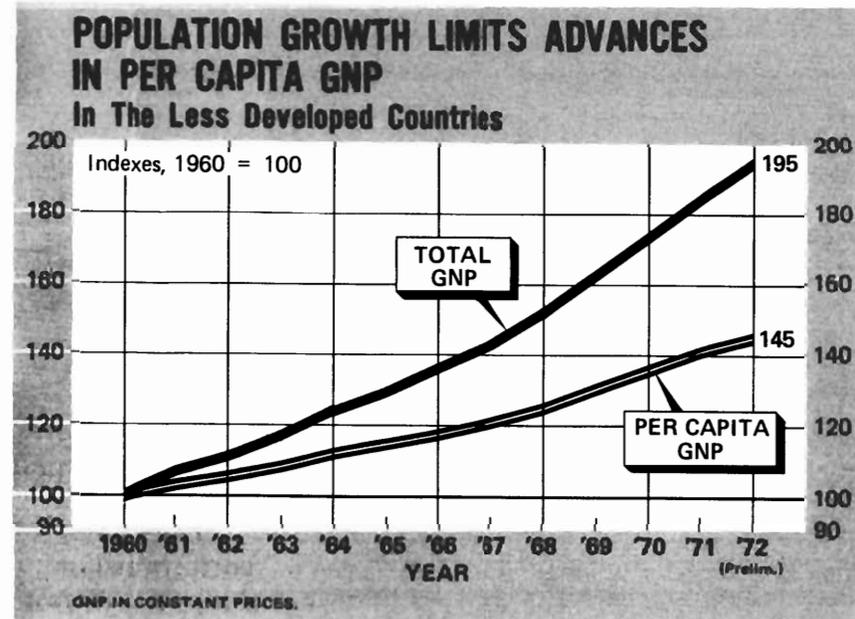
But a better understanding of conditions in the developing countries has led to the realization that increased production of food grains is not enough. The gains of the Green Revolution must be more equitably distributed and better nutrition is essential to increased well being. If the poor of the developing nations are to afford adequate amounts of protein, innovative ways must be found to create new, low cost foods and to increase the nutritive content in the traditional cereals and starchy foods which are the source of most of the world's calories and protein. This is a key objective of the research and related activities to which A.I.D. will allocate \$31.8 million in FY 1974.

Two other problem areas -- agriculture planning and rural development -- will receive 40% of the funds programmed for FY 1974. Much of the pioneering sector work in support of systematic planning and policy making has occurred in agriculture. We are helping the LDCs develop their capability to conduct such analyses which identify, measure and cost out changes that result from policy decisions affecting a nation's economy. Policy makers are thus able to balance conflicting goals and make better plans and decisions. Sector loans are geared to the resultant operational plans and support them in their execution.

Rural development projects are designed to increase productivity and speed general rural development, but they will greatly assist small farmers and help reduce existing income disparities. They include land reform, rural feeder roads and comprehensive development for specific rural areas.

Population Planning and Health (FY 1972 - \$137.3 million; FY 1973 - \$167.9 million; proposed FY 1974 - \$152.8 million.)

The continued high rates of population growth in the poor countries today is the most significant difference between



them and the industrialized nations at a comparable period in their development. All too often, gains in productivity are eroded by population growth, leaving little or no improvement in the lives of the neediest. For example, despite government programs to reduce population growth, India must feed, clothe, house and educate an additional one million people each month.

The poor countries now account for about 85% of the annual world population growth. Family size in the developing countries now averages about six children per family. At this fertility level, world population will grow from today's 3.8 billion to about 6.6 billion by the end of this century, and will reach more than 10 billion in the next fifty years. These grim statistics underscore the obstacles confronting us in the quest for international stability. If development is to succeed, the poor countries must overcome the formidable challenges of rapid population growth and debilitating disease and malnutrition. They have made

and are making progress in providing their people with the means and information for birth control, and in controlling disease. But current population and health programs do not yet benefit the great mass of rural and urban poor who tend to have the highest fertility, least adequate diets, and the poorest health.

In FY 1974, \$74.6 million -- almost half of the total population and health program -- will be used to build effective systems for delivery of family planning and health services. The amount programmed for FY 1974 is an increase of one-third over FY 1972, but A.I.D.'s intent to intensify efforts on low-cost delivery systems is more important than the increase in funds proposed. We are seeking new ways to provide family planning, preventive health, and nutrition services to far greater numbers of people at a cost that limited national budgets can absorb and promise the lowest cost, greatest reliability, and widest application.

Personal acceptance of family planning depends on a host of influences -- economic, legal, social, cultural and religious. The FY 1974 program includes \$5.7 million -- nearly a five-fold increase over FY 1972 -- for research, pilot, and operational projects designed to understand better the determinants of acceptance of family planning.

Once more is known about the factors that affect the decisions of parents to have large or small families, concrete plans must be devised and governments must make firm commitments to deal effectively with the demographic implications of all national planning. To meet this need, A.I.D. is helping various LDC and multilateral programs develop demographic and family planning statistics and improve their ability to plan realistic health and population programs. The FY 1974 program includes \$17.9 million for these purposes.

A.I.D. is a major source of support for international action toward solution of population problems. In FY 1974, A.I.D. will continue to support various international programs, including the leadership and operational role of the UN Fund for Population Activities (UNFPA) for which \$20 million is proposed.

The success of population and health programs in the developing countries depends largely on the availability of trained manpower and local institutions. In coordination with the developing countries, international agencies and other donors, A.I.D. will help support the growth of institutions for research, training, program administration and evaluation, and information dissemination; as well as provide training for key LDC personnel. A total of \$18.7 million -- 12% of the program -- is planned to support these activities in FY 1974.

The remainder of the FY 1974 program totals \$15.9 million. It will enable continued support for research on both fertility and disease control. Particular emphasis is being given to the improvement of contraceptives, especially prostaglandins, and on field testing and evaluation of new fertility control methods. Funds are also included for general technical assistance in support of the various activities described above.

Human Resource Development (FY 1972 - \$100.3 million; FY 1973 - \$84.4 million; proposed FY 1974 - \$113.8 million.)

Developing countries have doubled the size of their school systems in the past ten years, but it is likely that more children are out of school today than there were ten years ago. It is now clear that these countries cannot afford universal education according to Western standards; and that, moreover, our academic pattern is often inappro-

appropriate in a developing country. These countries must develop nontraditional low-cost systems of education if the tide of illiteracy is to be rolled back and people are to participate in the process of development.

Learning systems that can reach larger numbers of people at lower costs must be found. New concepts and systems must be designed and tested before they are adopted on a wide scale. In FY 1974, \$2.7 million is programmed for research and for tests of low cost nonformal education methods in countries such as Korea and Guatemala.

A.I.D.'s support for education continues at about the annual level of the past decade, because new educational techniques are yet not adequate to obtain dramatic cost reductions; and because expansion of education is severely limited by a lack of local resources for salaries, publication of books and materials, and operating costs for training facilities.

To achieve greater impact on specific problems, a significant part of A.I.D.'s investment in education will shift to sector loans. This broader involvement in the education sector as a whole is relatively new. In FY 1974, \$40.5 million will be allocated for five education sector loans in Latin America. This is double the amount programmed in FY 1972.

While it is evident that formal education systems cannot achieve universal education and literacy, formal systems must continue to train minimum essential professional, technical and clerical personnel. For this reason, A.I.D. will continue to support formal education programs in FY 1974 on a selective basis. A total of \$37 million is programmed for this purpose, primarily for higher education. This is a reduction of \$6.4 million from the FY 1972 level.

The degree to which human talent, capital, and technology are successfully combined to achieve development goals and improve people's lives depends on management skills, and these skills are in very short supply in the less developed countries. There is a continuing need for bilateral aid in development administration -- in FY 1974, \$16.5 million is allocated for this purpose. In addition, food production, health and other sectoral activities will increasingly emphasize the development of administrative and management skills, methods and perspectives.

Finally, in recognition of the fact that civic order is a necessary condition of development, A.I.D. proposes to continue a modest public safety program which strives to build police forces that will provide responsive, humane and timely police services to all of the people. In FY 1974, \$3.2 million in development grant funds is allocated for the public safety program -- a decrease of 38% from FY 1972.

Programs for Selected Development Problems (FY 1972 - \$273.8 million; FY 1973 - \$232.2 million; proposed FY 1974 - \$177.6 million.)

Many countries still need substantial external resources to provide adequate roads, power supplies and other basic elements of development. The World Bank and other international institutions are providing a large part of aid in this category. A.I.D. support for infrastructure is declining in favor of concentration on the three sectors-- food production and nutrition, population planning and health, and human resource development. In certain countries where infrastructure is critical to further development, A.I.D. continues to finance such projects.

Africa has been chronically short of transportation and the landlocked areas of Central Africa have a particular problem. Often acting with other donors in consultative

groups, A.I.D. is continuing to help finance projects designed to develop transportation networks which will serve the internal requirements of particular African countries, open up remote areas of the continent and facilitate the movement of agricultural, mineral, forest and other products to new markets.

A.I.D. is also heavily involved in transportation and power projects in Indonesia where the Government has placed strong emphasis on the rehabilitation and expansion of the country's infrastructure as an essential first step in mobilizing agricultural and industrial resources and increasing investment and economic growth.

The FY 1974 program includes \$105.7 million for support of infrastructure projects and related feasibility studies.

Rapid urbanization is occurring in practically all of the underdeveloped world. It has intensified every problem of development: housing, municipal facilities and services, unemployment, and environmental conditions. It affects, first and foremost, the poorest part of the population. Adequate land use controls, essential municipal services, increased employment opportunities and more housing are all urgent needs which are all too evident in almost every developing country.

The United States provides a modest amount of technical and capital assistance in support of urban, regional and neighborhood development programs. This assistance goes mostly to Latin America, where urban populations have tripled -- to 100 million people -- in the last 20 years and where governments are committed to action. Whenever possible, the assistance is tied to sector analysis strategies. A.I.D. loans and grants for reconstruction in earthquake and flood disaster areas are also directed toward the creation of viable urban communities.

There are now 11 countries in Latin America with savings and loan systems created with A.I.D. technical and financial assistance. Serving middle income families, they consist of 110 associations with over 635,000 accounts, net savings totalling \$700 million, and 192,000 home loans totalling \$190 million.

The FY 1974 program provides \$50.5 million for urban development. This work will also be supported by the housing guaranty program funded under separate authority. Private investment, assisted by the Overseas Private Investment Corporation and the Export-Import Bank, is the logical channel for assistance to the developing countries in expanding their industrial capacity. A.I.D. has limited its efforts in this area, and has concentrated on export promotion and on a few critical activities such as the development of more efficient technology that uses substantial amounts of labor and provides access to the substantial pool of U.S. private expertise. \$7.4 million is programmed for these purposes in FY 1974.

The balance of the program -- \$14.0 million -- is programmed for worldwide science and technology projects, such as with the National Science Foundation, and general technical assistance which affects several areas or is provided to a country under a block grant.

Programs for Selected Countries and Organizations
(FY 1972 - \$200.3 million; FY 1973 - \$204.7 million;
proposed FY 1974 - \$218.4 million.)

Inadequate foreign exchange to buy imports of materials, equipment and commodities can severely restrict growth. Program loans help fill the gap and introduce American goods to LDC private industry. Such loans are normally worked out in concert with a consultative group of donors and involve significant self-help steps by the recipient country. Since FY 1967 when \$680 million was committed

for 21 program loans, the amount for such loans has declined to \$185 million proposed for six countries in FY 1974.

In FY 1974, \$33.4 million is programmed for grants to selected private international and inter-governmental organizations which offer a range of services to private and public groups in the developing countries. They range from the Organization of American States to the International Executive Service Corps. This type of assistance affects several other sectors.

American private voluntary agencies represent a great segment of the American people, and it is in the U.S. interest to get them to participate as directly as possible in the overseas development effort. A.I.D. is making a major effort to employ the energies and expertise of the private and voluntary agencies in development programs. Their flexibility of operation and grass roots approach lend themselves to programs which help to assure that the fruits of development are distributed more equitably. Their sister voluntary organizations in the developing countries have an important role to play in development, particularly in the promotion of widespread participation in decision-making, implementation, and benefit-sharing.

Disaster Relief and Reconstruction Assistance

There is no program in which the practical compassion of the American people is more visible than in the U.S. response to disasters which occur throughout the world each year. Emergency relief of human suffering abroad -- in the wake of floods, earthquakes, typhoons, epidemics and civil war -- continues to be a priority humanitarian program of A.I.D. As the official disaster relief coordinating agency of the U.S. Government, A.I.D. works closely with other U.S. civilian and military agencies and the community of U.S. voluntary agencies which tradi-

tionally respond to the needs of disaster victims abroad. Between July 1971 and February 1973, A.I.D. coordinated and provided assistance for 42 major overseas disasters which claimed the lives of 122,000 people, left 51 million victims in desperate need of immediate external help, and wreaked incalculable economic loss.

Because of the nature of the disaster relief program, it is impossible to forecast assistance requirements. When disaster strikes, the initial source of funds is the Contingency Fund, but a major share of U.S. disaster assistance is in the form of PL 480 Food for Peace commodities. For these 42 disasters, \$1.5 million in FY 1972 and \$11.2 million in the first six months of FY 1973 were obligated from the Contingency Fund. In FY 1972, emergency food aid amounted to approximately \$135 million; in the first eight months of FY 1973, \$60 million in commodities were donated. Available program funds, sometimes supplemented by special Congressional appropriations for specific disasters of unusual magnitude, are used for longer-term rehabilitation and reconstruction. Funds obligated for such activities amounted to \$178.7 million in FY 1972 and \$53.9 million for the first eight months in FY 1973.

The bulk of A.I.D. efforts in FY 1972 and the first six months of FY 1973 were in response to three major disasters: Bangladesh, the Philippines, and Nicaragua.

International Organizations (FY 1972 - \$151.0 million; FY 1973 - \$131.5 million; proposed FY 1974 - \$152.0 million.)

The purposes and policies of U.S. development assistance require both bilateral and multilateral programs. Both forms of aid have special attributes not easily duplicated by the other. Both are needed now and will continue to be needed to support U.S. national interests for some time to come.

Multilateral programs increase burden sharing in global development needs by other industrialized nations, assure better access to other technologies and energies, enhance international cooperation in areas such as ecology and narcotics, desensitize social and political considerations in programs such as family planning, increase the total resources available to the poor countries, and support improvement of administrative capacities of international assistance organizations.

The funds requested will finance our fair share of that effort. They provide for voluntary contributions to UN-related organizations. The major portion of these funds is for the United Nations Development Program (UNDP) which serves as the focal point for all UN technical assistance activities. Related programs for which funds are sought include the UN Fund for Population Activities (UNFPA); the UN Children's Fund (UNICEF); the UN Fund for Drug Abuse Control (UNFDAC); the UN Relief and Works Agency (UNRWA); the UN Food and Agriculture Organization's World Food Program (WFP) non-food administrative expenses contribution; and several smaller programs. Also included are the UN Environment Program Fund for which a separate authorization is requested, and continued support for the multilateral program to develop the Indus River Basin.

These voluntary contributions are distinct from the assessed contributions which the United States also makes to many of these and other international organizations for their administrative and operating expenses. Such assessments are funded under the Department of State Appropriation Act.

Other Programs and Support Costs (FY 1972 - \$225.5 million; FY 1973 - \$216.7 million; proposed FY 1974 - \$223.7 million.)

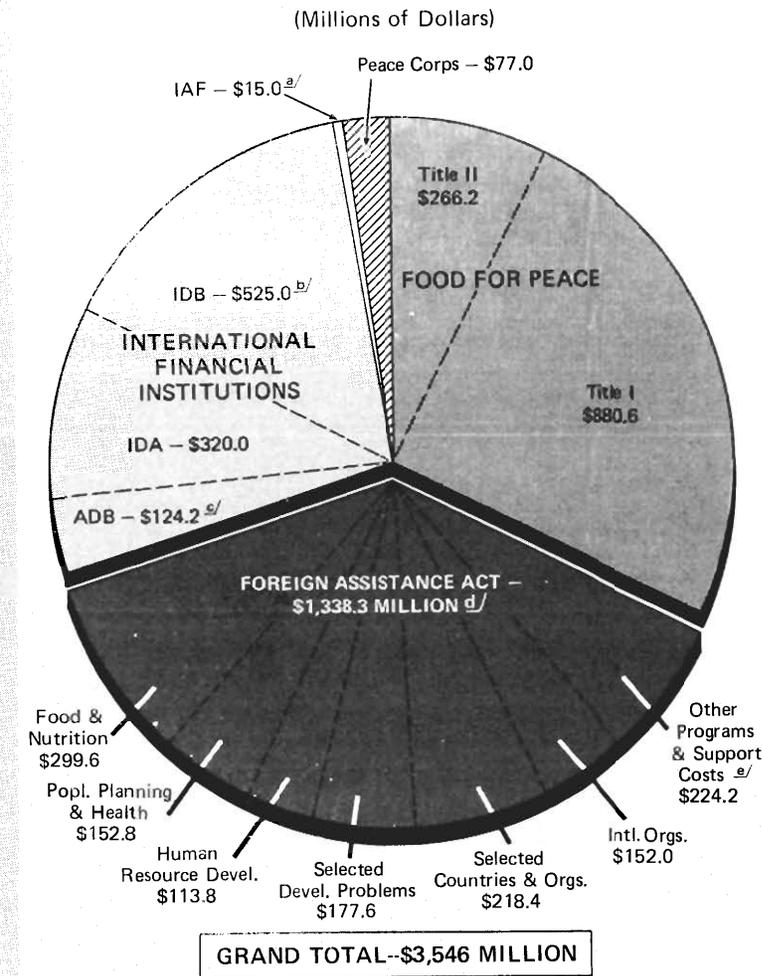
Contingency Fund -- \$30.3 million in FY 1974 -- is the primary source of funds to assure early and rapid response to natural and man-made disasters and situations involving the security interests of the United States. In recent years, the majority of the funds have been used for disaster relief.

American Schools and Hospitals Abroad -- \$10 million in FY 1974 -- provides grant support to overseas private, non-profit institutions sponsored or founded by U.S. citizens. It assists them to maintain high standards and to operate in a manner favorably reflecting the values and standards of the United States.

To achieve the U.S. goal of curbing the illicit supply of drugs, the International Narcotics Control Program strengthens law enforcement activities abroad and supports efforts to decrease narcotics production. The FY 1973 program of \$20.5 million is increased to the proposed level of \$42.5 million for FY 1974.

The remaining funds in this category are for Program Support Costs. They finance the salaries and supporting costs for all personnel involved in the policy and planning, managerial and operational support functions of the Agency's economic assistance program, both in Washington and overseas. Despite increasing salary and other costs, the funds programmed for these purposes in FY 1974 is less than the amount in FY 1972, primarily because of personnel reductions.

PROPOSED FY 1974 U.S. DEVELOPMENT ASSISTANCE PROGRAMS



a/ INTER-AMERICAN FOUNDATION; AMOUNT REPRESENTS LIMITATION ON OBLIGATIONS.
 b/ \$500 MILLION CONTRIBUTION TO FUND FOR SPECIAL OPERATIONS AND \$25 MILLION IN SUBSCRIPTION TO ORDINARY PAID-IN CAPITAL.
 c/ \$100 MILLION CONTRIBUTION TO SPECIAL FUNDS AND \$24.2 MILLION IN SUBSCRIPTION TO PAID-IN ORDINARY CAPITAL.
 d/ INCLUDES ALL A.I.D. PROGRAMS EXCEPT RECONSTRUCTION (\$630.9 MILLION) AND SUPPORTING ASSISTANCE (\$124.1 MILLION).
 e/ INCLUDES AMERICAN SCHOOLS AND HOSPITALS ABROAD, NARCOTICS CONTROL, CONTINGENCY FUND, REFUGEE RELIEF & ASSISTANCE, AND ADMINISTRATIVE EXPENSES.

OTHER U.S. DEVELOPMENT ASSISTANCE PROGRAMS

Authority for A.I.D.'s development assistance and other programs is contained in the Foreign Assistance Act. Other U.S. development programs, such as contributions and subscriptions to international financial institutions, Food for Peace (PL 480), the Peace Corps, and the Inter-American Foundation, are contained in other legislation and are presented to the Congress by other agencies.

Food for Peace (P.L. 480)

The unparalleled agricultural productivity of the United States is used for a number of critical purposes under the Food for Peace program -- energizing economic development in the developing countries, combating hunger and malnutrition, developing and expanding international trade, and otherwise supporting U.S. foreign policy objectives.

Authorized in 1954 by the Agricultural Trade Development and Assistance Act (Public Law 480), assistance under this program may take the form of long-term credit sales to foreign governments at low interest rates repayable in dollars or convertible local currencies (Title I) or donations to governments, private U.S. voluntary agencies, and multilateral institutions (Title II).

Both programs are used as an integral part of U.S. bilateral development assistance efforts. A.I.D. and the U.S. Department of Agriculture cooperate closely in the conduct of these programs.

Since the enactment of P.L. 480, about \$22 billion worth of agricultural commodities has been provided -- about \$16 billion under concessional sales programs and \$6 billion in donations. FY 1974 program commodity shipments under Title II are estimated at \$198 million in FY 1974.

Title I Sales

While the developing countries have made considerable progress in increasing food production, many countries must continue to import food and fiber to meet the needs of their expanding population. Concessional sales of agricultural commodities under Title I of the Food for Peace program help these countries meet their food needs and minimize diversion of scarce foreign exchange from development purposes by helping fill the gap between domestic agricultural production and the amounts which countries can afford to buy commercially. Sales are made on credit terms repayable in dollars over periods of up to 40 years. Negotiations are conducted and approved by A.I.D. in cooperation with other U.S. agencies, including the U.S. Department of Agriculture.

Food for Peace sales may fulfill part of a U.S. pledge of assistance as part of an international consortium or consultative group. Wheat, cotton, vegetable oil and other commodities provided are sold within the recipient countries, and the local currency proceeds of the sales are used to finance development efforts.

Title II Donations

Food is donated under Title II of P.L. 480 to meet short-term emergency needs due to famine or other extraordinary relief requirements and to combat long range problems such as hunger and malnutrition, especially in children. Food can also be used as payment to workers engaged in economic and community development.

U.S. non-profit voluntary agencies, including CARE, Catholic Relief Services, Church World Service and other church-related organizations, sponsor a wide variety of people-to-people Food for Peace programs. The greatest emphasis is placed upon using donated food, including

specially formulated high-protein blended foods, to supplement and enrich the diet of children. Maternal and child health, school feeding and other programs benefit about 47 million children. Food is also used in community self-help and other incentive programs as partial payment for work by unemployed and underemployed needy people. Similar programs are also carried out in cooperation with friendly governments.

Grants of food are also an important part of U.S. assistance in emergency situation -- natural disasters, civil strife and refugee problems. In response to the continuing need for assistance in Bangladesh, the United States provided substantial amounts of food to the Government of Bangladesh and to UNICEF for child feeding activities. Relief efforts resulting from unprecedented floods in the Philippines were also heavily supported by U.S. food donations to the Government of the Philippines and through American voluntary agencies. Substantial food grain assistance from the United States to the Afghan Government helped to ease suffering from persistent droughts. Other emergency programs included drought relief in Yemen, refugee feeding in Vietnam and prompt and substantial assistance for the victims of the Nicaragua earthquake.

The World Food Program (WFP) is a multilateral food assistance organization to which the U.S. contributes food and ocean transportation (under Title II) and a small amount of A.I.D. funds. Established in 1962 on an experimental basis, WFP has substantially increased its global operations, and the number of donor countries has more than doubled. WFP provides food at the request of developing countries for emergency relief and a variety of economic and social development projects. The program is scheduled to reach \$340 million for the two-year period 1973-74. The United States plans to contribute on a matching basis up to 40% of the commodities required, compared to 50% during the preceding two years.

Title II program administration is shared by A.I.D. with the United States Department of Agriculture. Program operations are the responsibility of A.I.D. while USDA determines the types, quantities, and value of commodities available and participates in the programming process. In the field, A.I.D. works closely with host governments on Title II operations; deals with representatives of voluntary agencies and makes sure that their activities within the country are coordinated; and monitors physical handling of Title II commodities.

The Overseas Private Investment Corporation (OPIC)

Established as a U.S. Government corporation in 1971, OPIC uses selective incentives to encourage U.S. private investment in the developing countries:

- insurance of new U.S. investment against the unpredictable political risks of expropriation; currency inconvertibility; and war, revolution or insurrection;
- financial guaranties of private loans from U.S. institutional lenders against default or loss from any cause other than fraud or misrepresentation of the lender;
- direct loans to U.S. investors in dollars or local currency;
- pre-investment assistance, especially for smaller businesses, in the form of information, counseling and financial loans.

Under the guidance of a joint public-private Board of Directors, chaired by the A.I.D. Administrator, OPIC assumed responsibility for the insurance and guaranty portfolios previously administered by A.I.D. OPIC has introduced more rigorous insurance risk-management policies and has sought to make the finance program self-supporting.

OPIC supports U.S. investment only in proposed projects which benefit both the host country and the U.S. economy. OPIC does not encourage investments which may adversely affect U.S. employment or the U.S. balance of payments. All projects must be approved by the host government.

Insurance written since the beginning of the program in 1948, and in force as of December 31, 1972, totals \$2.5 billion for expropriation, \$2.1 billion for war risks, and \$764 million for inconvertibility.

As of December 31, 1972, guaranteed loans totaled \$194 million in 21 projects. The direct loan portfolio, funded from the Corporation's \$40 million capital, as of the same date was \$15.4 million in 10 projects. Local currency (Cooley) loans outstanding totaled \$160 million (U.S. dollar equivalent) in 177 projects as of December 31.

OPIC's gross income was \$33.2 million in FY 1972; in FY 1973 its income may reach \$33.4 million.

In September 1972, a special investment program for small and medium-sized U.S. businesses was started. Priority will be given to small business for loans from the Corporation's Direct Investment Fund.

OPIC also administers an experimental local capital mobilization program in five Latin American countries called the Productive Credit Guaranty Program. This pilot effort uses government guaranties to make more local bank lending accessible to poorer people for farming and business development. As of December 31, 1972, guaranties covering about \$3 million in potential loans had been issued. A new system of local central bank management of the OPIC guaranties now being tested will require a two-year authorization extension to permit testing of the program in other countries with different economic and financial systems.

Inter-American Foundation

Created as a public corporation in the Foreign Assistance Act of 1969, the Inter-American Foundation (IAF) is governed by a seven-member Board of Directors. Multi-year funding was authorized and up to \$50,000,000 of appropriated funds were made available for the programs of the Foundation with the funds remaining available until expended. During its first two years of operations, IAF approved grants totaling \$7,074,242 for 49 projects in 19 countries.

Dedicated to the support of indigenous efforts to solve their own "grass roots" economic and social development problems, IAF responds primarily to initiatives of private and semi-autonomous organizations in Latin America and the Caribbean. The program grants mobilize local resources by providing seed capital and matching funding.

The Foundation represents a new approach to development in the Western Hemisphere and seeks to satisfy the need for experimentation and innovation in development and to place increased emphasis on the social aspects of development.

ACTION (Peace Corps)

As part of the U.S. development assistance effort, Peace Corps Volunteers contribute services requested by the

host countries and, by working closely with the nationals of these countries, improve the knowledge of the United States in these countries, and broaden American understanding of the less developed world.

There are now about 8,000 volunteers in 58 countries, working in agriculture and rural development, business and public management, education, health, urban and municipal development, and other specialized fields. Of these countries, only 27 receive other kinds of bilateral aid from the United States. Volunteers generally perform middle level activities. At the request of host governments, an increasing number with advanced degrees and skills are being placed overseas.

Education-related activities, including teacher training, curriculum development, and vocational education, remain the principal occupation of volunteers, with agriculture increasingly important as a secondary activity.

Returned volunteers play an important role in American communities. About half of the estimated 50,000 returned Peace Corps volunteers are active in education, social action and foreign aid.

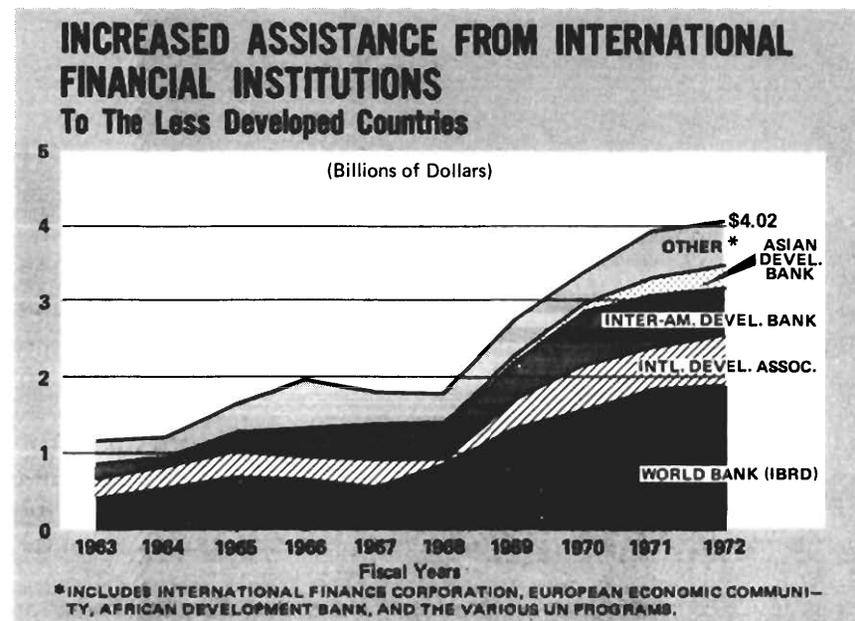
The proposed FY 1974 program (net of supporting operations) for the Peace Corps, which is now the International Operations branch of ACTION, is \$77 million.

MULTILATERAL DEVELOPMENT BANKS

Multilateral cooperation in providing development assistance to the less developed countries is one of the fundamental tenets of U.S. aid policy. This policy reflects the principal that the industrialized countries must share the responsibilities and costs of the development effort, that pooling or coordinating use of resources and ideas can increase the effectiveness of aid, that international institutions should now take the lead in the worldwide development effort, and that international channels are especially advantageous in sensitive fields such as population programs. Multilateral aid coordination can heighten efficiency, minimize overlap and strengthen integration of aid from many sources to a particular recipient. It also helps strengthen international institutions which are essential to a more peaceful and progressive world.

Multilateral institutions fall into two general categories: the UN related organizations for which contributions are authorized under the Foreign Assistance Act, described earlier; and the international financial institutions which are separately authorized and described below.

The United States contributes directly, under separate legislation, to international financial institutions including the International Bank for Reconstruction and Development (IBRD) and its affiliate the International Development Association (IDA), the Inter-American Development Bank (IDB), and the Asian Development Bank (ADB), which pool contributions from member countries to provide assistance to developing countries.



These institutions have gradually assumed a leadership role in the financing of international development assistance. Over the past decade their annual commitments rose from \$1.2 billion to \$4.0 billion. They also coordinate bilateral assistance and, to an increasing extent, they compile and analyze information on individual countries' development performance and future needs.

The World Bank Group of financial institutions -- the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), and International Finance Corporation (IFC) -- is the largest multilateral channel for aid.

The IBRD was created in 1945 to help reconstruct the war devastated European countries. It has since become a pivotal force in development assistance to the poor countries of the world. Because of its sound financial reputation, the IBRD is able to obtain the major part of its funds by borrowing in world capital markets. IBRD loans are made on approximately commercial terms. No funds are requested for the IBRD in FY 1974.

IDA credits are provided on soft terms to poorer developing countries. The same staff administers IBRD and IDA loans, and proposals for both are subjected to the same rigorous evaluation. IDA credits are generally repayable in 50 years, including a 10-year grace period, with only 3/4 of 1% service charge in lieu of interest. IDA obtains most of its resources from developed government contributions. Under the IDA Third Replenishment, the United States agreed to contribute \$960 million, 40% of the total, over a three year period. This amount has been authorized, and \$320 million is requested in FY 1974 for the second installment.

Both IBRD and IDA have recently shifted their programming to give greater attention to projects to improve the social welfare of more people. Whereas the bulk of IBRD past financing built infrastructure such as roads, railroads, and power plants, increasing emphasis is now being given to education, population, and agriculture.

IFC encourages private investment in developing countries by lending to private companies and taking equity positions in commercial ventures. It has a separate staff. No funds are requested for the IFC in FY 1974.

The Inter-American Development Bank (IDB) is the largest regional bank. Its membership includes 22 Latin American countries, the United States and Canada. IDB ordinary capital is obtained from borrowing on private capital mar-

kets and is used to make loans at commercial rates. The Fund for Special Operations (FSO) makes soft loans and is supported by government contributions. Under the last FSO replenishment, the United States agreed to contribute \$1 billion or two-thirds of the total. This sum has been authorized and \$275 million has been made available. In FY 1974 \$500 million is requested for the FSO. An increase of \$823.5 million in the U.S. subscription to the IDB's ordinary capital was authorized in FY 1971. The FY 1974 request for \$25 million paid-in capital and \$168.4 million callable capital represents the remainder of this commitment.

The Asian Development Bank (ADB) has 17 industrialized country members and 21 less developed. Ordinary capital to finance loans at commercial rates is increasingly raised by bond sales on the private market. A much smaller Special Fund provides loans at low interest rates. The United States has not yet contributed to the Special Fund although we indicated some years ago that we would contribute \$100 million. This amount was authorized in FY 1973 and its appropriation is sought again in FY 1974. Legislation requesting authorization of an increase in the U.S. ordinary capital subscription will be submitted to Congress during the current session. A proposed supplemental appropriation will request \$24.2 million paid-in capital and \$86.9 million callable capital as the first of three equal annual payments.

The African Development Bank (AFDB) has 36 African members and no non-African members. An African Development Fund which will receive contributions from non-African donors and make soft loans to poorer African countries was established in 1972. The United States has made no commitment to join the Fund, but a \$15 million contribution, over three years, has been considered. No appropriation is requested for this purpose in FY 1974.

SHARING IN DEVELOPMENT

Congress has continued to urge support for programs which contribute to maximum popular participation in the task of economic development. As expressed in Title IX of the Foreign Assistance Act, the central concern is the proposition that the people of the developing nations should be involved in decisions that affect their lives. The main thrust of A.I.D.'s FY 1974 programs is more involvement of the people in the LDCs in the process and a greater share in the benefits of development.

Popular participation is achieved by such activities as taxation to improve income distribution, land reform and other government policies to assist the small farmer or businessman, and leadership and management training. It also requires a wide variety of institutions to perform economic, social and civic functions at all levels of society. These institutions -- rural cooperatives, labor unions, women's and youth groups, credit unions, legislatures and legal institutions, and many others -- enable people to express their demands and perform their tasks more efficiently, and cause governments to respond more effectively to the needs of the people.

Distribution of Income and Employment

Soaring labor force growth in most developing countries has caused land shortage and rapid urbanization which in turn have created large numbers of unemployed and partially employed workers. Millions of people on farms and in cities see around them the tangible signs of growing wealth but little or no improvement in their own lives. The joint problems of improving the distribution of the product of development and providing jobs is perhaps the greatest challenge to all LDCs today.

A.I.D.'s programs are increasingly designed to reach larger numbers of people. Careful evaluation of past program has taught us some lessons about the limitations inherent in an attempt simply to transfer Western experience to the developing world. In industrialized countries like the United States, where labor costs are high, use of advanced technology can result in great savings. In most developing countries, however, labor is plentiful while capital is scarce and very expensive. Too often, both the developing countries and the external aid agencies have paid inadequate attention to this important difference. Consequently, broad development policies and the technologies of specific projects turned out to be less efficient in terms of the availability of resources and disappointing in their ability to extend the benefits of growth to large numbers of the poor.

In the light of this realization, A.I.D., along with other donor agencies, is now examining all its programs at the design stage to make sure that they make maximum use of the LDC's greatest resource--their people. We are experimenting through research and pilot projects with new ways to generate employment. Since much depends on the outlook of local officials at the planning stage, A.I.D. is modifying its training programs--especially those in the United States--to see that greater attention is given to labor intensive forms of production in both industry and agriculture. In addition, we are increasing the emphasis of our programs in agriculture, population, health and nutrition, and education--programs focussing directly on the income sources and well-being of the poorest segments of the populations in the developing world.

U.S. Share in the World Effort

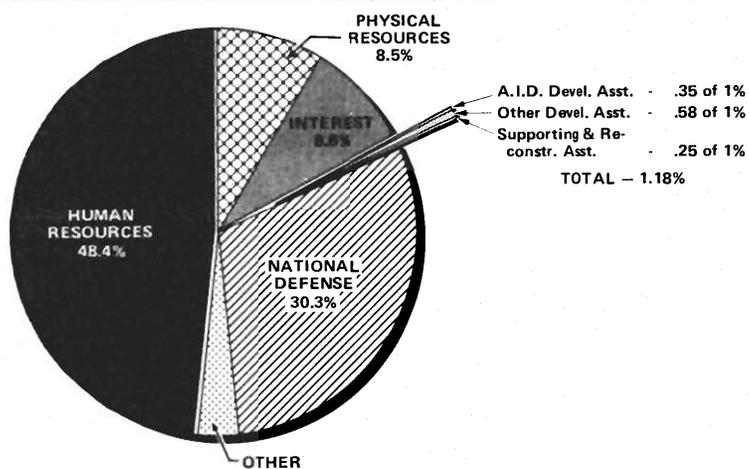
The amount of development assistance provided by the United States is modest compared to this country's economic resources. Our efforts are a declining percentage of world efforts to assist the less developed countries. The \$1,338.3 million program requested in FY 1974 for A.I.D.'s development assistance programs carried out under the Foreign Assistance Act amount to:

--only about 1/10 of one percent (0.1%) of the estimated U.S. Gross National Product (GNP) for 1974.

--less than 1/2 of one percent (0.35%) of the proposed Federal Budget for FY 1974.

The total U.S. development assistance program proposed for FY 1974 -- both bilateral and multilateral -- amounts to \$3.5 billion which is less than 1/3 of one percent (0.28%) of our estimated GNP and amounts to about 1-1/4 percent of the proposed Federal Budget for FY 1974.

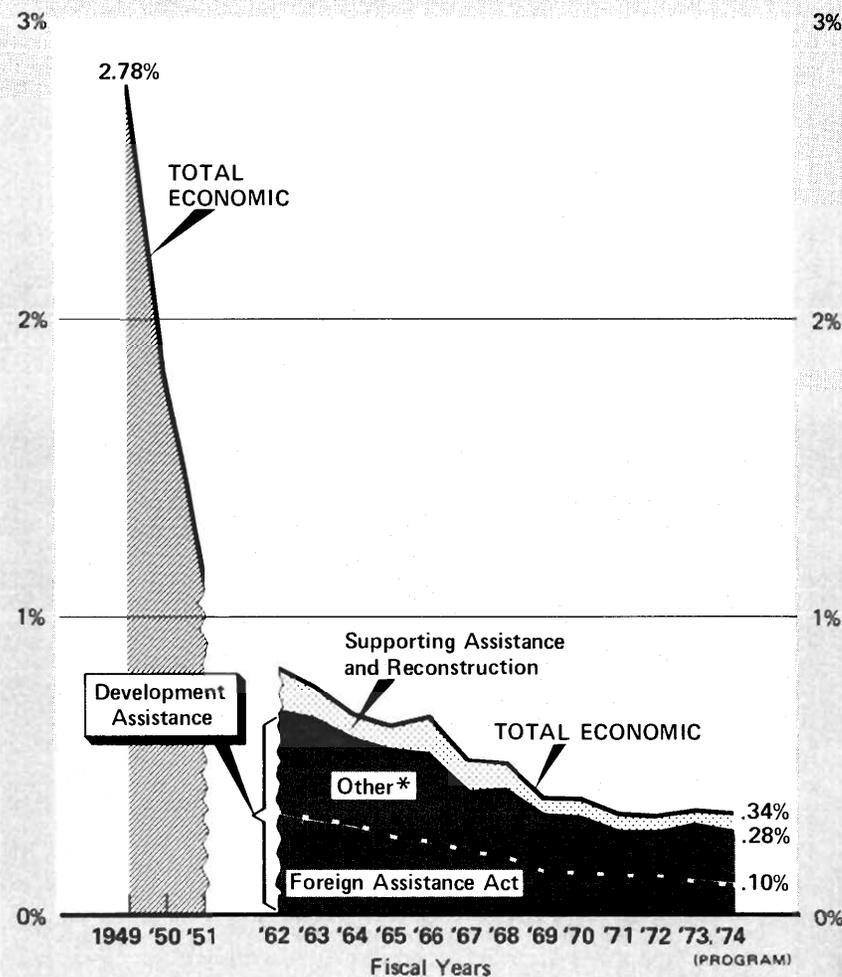
A.I.D. PROGRAMS ARE A SMALL PART OF THE FY 1974 FEDERAL BUDGET*



* RECOMMENDED BUDGET AUTHORITY.

U.S. ECONOMIC ASSISTANCE as a PERCENT OF GNP

Net Obligations and Loan Authorizations



* INCLUDES FOOD FOR PEACE (PL 480), CONTRIBUTIONS TO MULTILATERAL FINANCIAL INSTITUTIONS, PEACE CORPS, INTER-AMERICAN FOUNDATION, AND SOCIAL PROGRESS TRUST FUND.

All U.S. foreign economic aid, including both development and security supporting assistance, amounts to \$4.3 billion which is 1/3 of 1% of our estimated GNP and 1.2% of the Federal Budget for FY 1974. This is about 1/9 of the relative effort the United States carried during the start of the Marshall Plan.

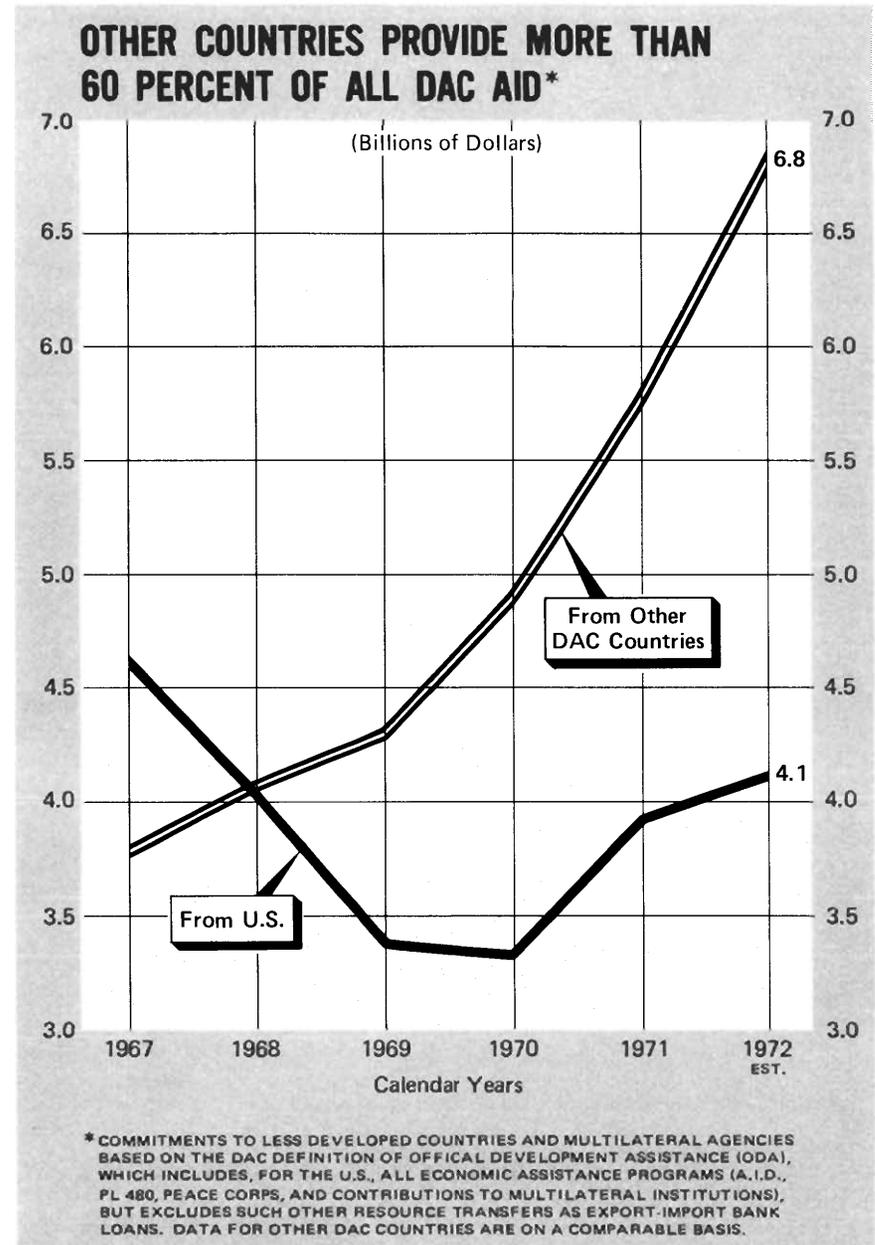
How the United States Compares with Other Donors

While U.S. economic assistance programs have remained about level for the past few years, other bilateral and multilateral donors have increased their assistance. U.S. assistance is a declining part of the expanding world effort.

Made up of the United States, Canada, 12 major Western European countries, Australia and Japan, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) is the major forum for considering the need for and the terms and conditions of development assistance. Its members provide, together with the international lending institutions, over 85% of the total assistance going to the poorer nations.

The United States now contributes 38% of the economic aid going to less developed countries and multilateral agencies, with other countries' contributions expected to continue rising during the 1970s. This compares to 62% for the United States in 1963.

The DAC and UN target for all financial flows to the developing countries is 1% of the GNP of the donor countries. In 1971, seven of the 16 DAC member countries achieved or exceeded the 1% target. Most DAC members, including the United States, have endorsed the 1% target in principle and some have offered specific timetables for achievement. The United States, however, has set no



time limit in which to reach the target. In terms of "Official Development Assistance", which includes all government-to-government transactions designed to promote economic development on a "concessional" basis, the United States ranks 12th among the 16 DAC countries, behind Australia, Belgium, Canada, Denmark, France, Germany, Netherlands, Norway, Portugal, Sweden and the United Kingdom.

Multilateral Cooperation

Bilateral and multilateral development aid programs, including those described throughout this Presentation, are coordinated internationally through consortia and consul-

tative groups for individual developing countries and through various arrangements for general consultation on assistance policies.

Consortia, consultative groups and similar mechanisms, normally led by the World Bank or other multilateral agencies, are the primary means used by donor countries and international institutions to coordinate development aid programs to individual countries. These coordinating groups provide a framework to assess the problems, requirements and performance of particular developing countries. They maximize the effectiveness of all donors' assistance by assuring that programs are complementary. In FY 1974, 93% of A.I.D.'s proposed Development Loans will be committed through such groups.

DOMESTIC IMPACT OF U.S. FOREIGN ASSISTANCE

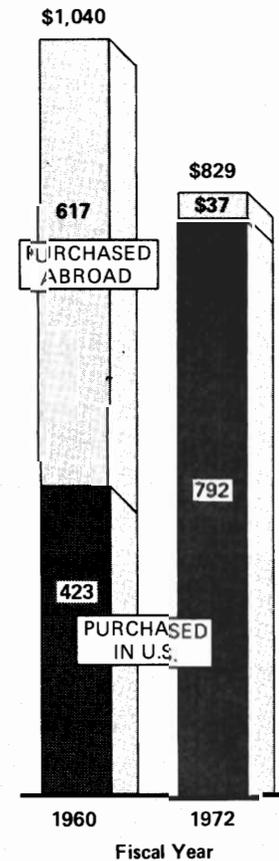
Despite widespread misconceptions, U.S. development assistance is not provided by sending dollars abroad, nor is it all given as outright gifts to recipient countries, nor is it responsible for the U.S. balance of payments deficit.

Virtually all of the economic assistance administered by A.I.D. consists of the products of American factories and farms, or the services of American experts transferring skills and experience to the needy countries of the world. For instance:

- In FY 1972, over 4,000 American manufacturers and suppliers from 48 states received \$792 million payment for commodities shipped to the less developed countries under A.I.D. economic assistance programs. Turned out by U.S. workers, these American goods and products were required for A.I.D.-supported economic development programs overseas and accounted for 96% of all A.I.D. commodity procurement.
- 1,323 active A.I.D. contracts for technical services with U.S. institutions, private companies, and individual technical experts were valued at \$840 million as of June 30, 1972. Of this amount, 395 contracts valued at \$273 million were held by 137 American colleges and universities located in 43 states.
- In addition, American carriers earned about \$70 million in FY 1972 for transporting A.I.D. financed exports to the poor countries.

More development assistance is financed through loans and credits than on a grant basis. Over half of the \$1.3 billion development assistance proposed for FY 1974 under the Foreign Assistance Act consists of loans requiring repayment in dollars.

A.I.D. - FINANCED COMMODITY EXPENDITURES MAJOR COMMODITIES PURCHASED IN THE U.S. FY 1960 vs 1972 (Millions of Dollars)



Selected Major Purchases in the U.S.	FY 1972
Iron & Steel	\$95
Misc. Industrial Machinery	81
Chemicals	77
Motor Vehicles	67
Fertilizer	56
Electrical Equipment	48
Construction Equipment	36
Fats and Oils	32
Engines & Turbines	23
Rice	22
Petroleum Non-fuels	21
Pulp & Paper	21
Nonferrous Metals	18
Tractors	17
Textiles	14

This emphasis on credit rather than grant assistance applies as well to the PL 480 (Food for Peace) program. Most PL 480 commodities are sold, not donated; and these credit sales are repayable in dollars or convertible local currencies.

Effect on U.S. Balance of Payments

No! Merely untied
A.I.D. development programs in FY 1972 had a net favorable effect on the U.S. balance of payments. In FY 1972, 80% of A.I.D. spending for development assistance was for goods and services from U.S. sources. The remaining 20% was spent for goods and services overseas. This off-shore spending -- amounting to only \$266 million out of total expenditures of \$1,339 million -- was more than offset by \$276 million in net receipts of U.S. dollars due to repayments and interest on prior-year loans and credits. Moreover, \$22 million of the \$266 million spent overseas was in the form of excess foreign currencies used in lieu of dollars for development assistance. Thus, in FY 1972, the A.I.D. development assistance program actually resulted in a net flow to the United States of \$32 million. Supporting assistance expenditures in FY 1972 were \$684 million. Of this total, \$174 million represented offshore expenditures -- \$96 million in cash grants and \$78 million for personnel costs and procurement abroad.

The total level of ^{net} offshore expenditures under ^{all} A.I.D. programs thus came to \$142 million in net terms during the last fiscal year.

Creating Future Markets

U.S. development assistance programs continue to help expand the demand for U.S. exports by strengthening developing economies, thus making them better customers for U.S. exports.

In the 1960s, exports to the developing countries more than doubled. During the period 1966-1970, the value of U.S. exports to developing countries averaged \$11 billion annually. In 1971, the value of these exports increased to \$13.4 billion and, in 1972, rose to \$14.6 billion. In each of the past three years, U.S. exports to the developing countries have accounted for about 30% of total U.S. exports. Often, U.S. products are exported to countries for the first time through aid financing, creating a favorable climate for later commercial sales and expanded markets for American suppliers.

This favorable climate is further reflected in the growth of investments by U.S. corporations in the developing countries. These investments now total some \$25 billion and are increasing at an annual rate of about 9%.

WHERE DOES U. S. DEVELOPMENT ASSISTANCE GO?

U.S. development assistance goes to less developed countries in the non-Communist world. Many of the countries in Europe and elsewhere which the United States assisted at one time since 1946 have not received aid for years. And no Communist country receives foreign aid from the United States, except for limited emergency assistance to relieve human suffering in time of natural disasters.

Numbers of Countries Receiving Development Aid

The total number of countries receiving some form of development assistance under the Foreign Assistance Act has dropped to 69 in FY 1974. Over one-third (24) of ~~this~~ the FY 1974 total are African countries which, apart from regional programs, will be receiving only self-help funds ranging normally from \$50,000 to \$100,000 a piece.

Excluding the African countries for which only self-help funds are planned, the total number of countries participating in A.I.D.'s bilateral programs will drop from 68 in FY 1967 to 45 proposed for FY 1974.

Regular bilateral Development Grant programs will have dropped during the same period from 65 to 41 (45 to 22 excluding Latin America). Development Loan programs will have decreased from 38 in FY 1967 to 30 in FY 1974 (23 to 18 excluding Latin America).

Development Assistance Program by Region

Most development assistance funds are used directly for countries in Latin America, Asia, and Africa.

Latin America. The proposed FY 1974 program for Latin America totals \$273 million, of which \$182 million will fund programs in Colombia, Central America, and Inter-American and regional activities.

Asia. For countries in Asia, \$442 million is proposed for FY 1974. Over three-fourths (77%) of this amount is programmed for Indonesia, India, Bangladesh, Pakistan, and Turkey--where almost one-half of the population of less developed countries resides.

Africa. A total of \$160 million is proposed for Africa in FY 1974. Twelve countries will be the recipients of bilateral assistance amounting to \$97 million. Self-help assistance is planned for twenty-four other countries in Africa. Assistance provided on a regional basis will constitute 38% (\$61 million) of the proposed program.

Other. In addition, development assistance funds are used for activities not directly connected with a particular country or region, e.g., contributions to and support for international and private organizations involved in overseas development work, research on development problems, and program operating expenses.

**FY 1974 A.I.D.
(B) BUDGET REQUEST**

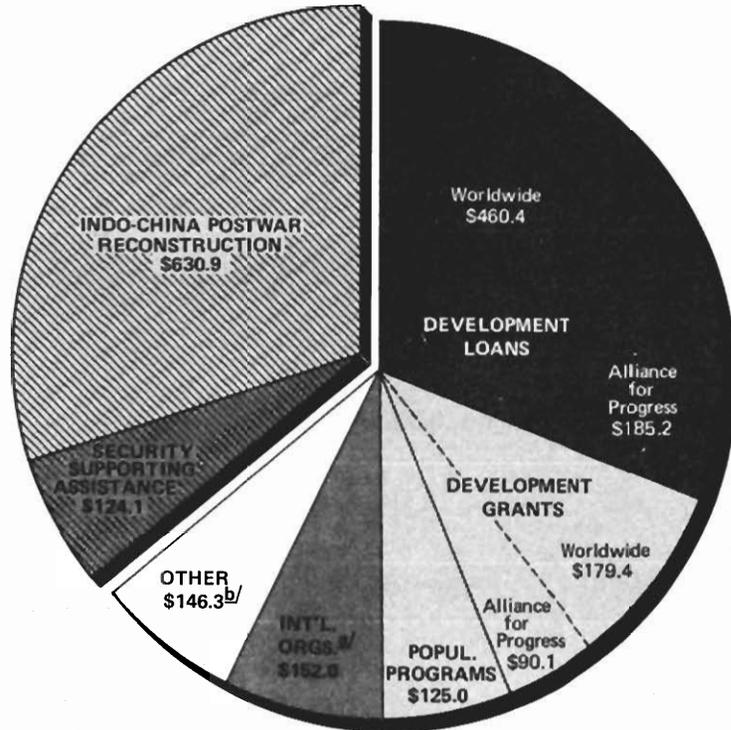
FY 1974 ECONOMIC ASSISTANCE REQUEST AND PROPOSED PROGRAMS UNDER THE FOREIGN ASSISTANCE ACT
(In thousands of dollars)

Assistance Category	Authorization/ Appropriation Request (NOA)	Transfers (Net), Other Funds Available	FY 1974 Proposed Program
DEVELOPMENT ASSISTANCE			
Development Loans	(351,400)	(294,150)	(645,550)
Worldwide	201,400 ^{a/}	258,950	460,350
Alliance for Progress	150,000	35,200	185,200
Development Grants	(251,750)	(17,717)	(269,467)
Worldwide	165,650	13,717	179,367
Alliance for Progress	86,100	4,000	90,100
Population Programs	116,000 ^{b/}	9,000 ^{b/}	125,000 ^{b/}
International Organizations	(152,000)	(22)	(152,022)
UNDP and Other Programs	134,800	22	134,822
UN Technical Assistance and Other Programs	(124,800)	(22)	(124,822)
UN Environment Fund	(10,000)	(-)	(10,000)
Indus Basin, Loans	2,200 ^{c/}	-	2,200
Indus Basin, Grants	15,000	-	15,000
Refugee Relief Assistance (Bangladesh)	-	500	500
American Schools & Hospitals Abroad	10,000	-	10,000
International Narcotics Control	42,500	-	42,500
Contingency Fund	30,000	300	30,300
Admin. Expenses - A.I.D.	53,100	4,775	57,875
State	5,100 ^{d/}	-	5,100
Prototype Desalting Plant	-	(20,000) ^{e/}	-
Total, Development Assistance	1,011,850	326,464	1,338,314
INDO-CHINA POSTWAR RECONSTRUCTION	632,000	-1,055	630,945
SECURITY SUPPORTING ASSISTANCE	100,000	24,055	124,055
TOTAL A.I.D.	1,743,850	349,464	2,093,314

- a/ Excludes \$280 million authorized in prior years but unappropriated which is available in addition to the above authorization.
b/ A total of \$125 million of FY 1974 economic assistance funds authorized by the Foreign Assistance Act is earmarked for population programs.
c/ \$51.22 million was authorized in the Foreign Assistance Act of 1967. The amount shown is the level of the FY 1974 appropriation request.
d/ Permanently authorized. The amount shown is the level of the FY 1974 appropriation request.
e/ Funds are available but not programmed in FY 1974.

PROPOSED FY1974 ECONOMIC ASSISTANCE PROGRAMS UNDER THE FOREIGN ASSISTANCE ACT

(Millions of Dollars)



Development Assistance Total \$1,338.3 Million

GRAND TOTAL \$2,093.3 MILLION

^{a/} INCLUDES IN MILLIONS OF DOLLARS: UN TECHNICAL ASSISTANCE AND OTHER PROGRAMS, \$124.8; UN ENVIRONMENT FUND, \$10.0; AND INDUS BASIN (LOANS \$2.2, GRANTS \$15.0).
^{b/} INCLUDES IN MILLIONS OF DOLLARS: AMERICAN SCHOOLS AND HOSPITALS ABROAD, \$10.0; INTERNATIONAL NARCOTICS CONTROL, \$42.5; CONTINGENCY FUND, \$30.3; REFUGEE RELIEF ASSISTANCE (BANGLADESH), \$0.5; AND ADMINISTRATIVE EXPENSES (A.I.D. \$57.9, STATE \$5.1).

Development Loans

For FY 1974 A.I.D. requests new obligational authority of \$201.4 million for Worldwide Development Loans and \$150 million for Alliance for Progress Development Loans in Latin America. Combined with receipts from prior year loans and recoveries these funds will support a total program of \$460.4 million Worldwide and \$185.2 million Alliance for Progress.

Development loans are repaid to the United States in dollars with interest. A.I.D. loans generally are made at the lowest concessional rate permitted by law: 2% during a 10-year principal grace period and 3% during the following 30-year principal repayment period. In the early 1960s the interest rate was 3/4% for the life of the loan; this was gradually increased to the current rate. As the United States has hardened its loan terms, most of the other donor nations have softened theirs. According to the Development Assistance Committee (DAC) of the OECD, the average interest rate charged by seven of the 15 member countries extending loans was lower than the United States.

A.I.D. loans provide long-term, concessional financial support for the efforts of the developing nations to introduce new policies for more effective use of all resources; curb inflation; remove import restrictions; expand investment opportunities for private enterprise; and emphasize vital sectors such as agriculture and education. Since they are often provided within a multi-lateral context, they can also encourage other bilateral and international lending agencies to provide additional aid.

A.I.D. has three basic types of loans:

Project loans help finance capital projects such as roads, schools, irrigation works, power plants, water supplies and housing, and account for about half of A. I. D. lending. Project loans also support agricultural and industrial development banks. Typically, these loans help finance equipment and materials as well as technical, engineering and managerial services. Recently, some technical assistance programs to the relatively better off developing countries have been financed under these loans. Project lending will involve \$309 million, 48% of the loan funds requested in FY 1974. This represents a relative decline extending over the last two years.

Program loans finance the import of essential industrial materials and equipment or agricultural supplies such as fertilizer (virtually all from the United States) needed to sustain overall economic development. Often associated with fiscal or monetary reforms or other measures designed to affect the entire economy of the borrowing country, they promote use of existing productive capacity by helping close a foreign exchange gap; they stimulate new private investment by supplying import needs of private businesses which make up the main productive capacity of most developing countries; and they help avoid or minimize government controls on a nation's economy which might otherwise be necessary, and thus permit adoption of sound market-oriented economic policies. About half of A. I. D. 's lending has been in the form of program loans which are often made in association with other donors in consultative group arrangements. This percentage has declined to under 30% with the change to sectorally based lending. In FY 1974, \$185 million is requested for program lending. (For details see "Programs for Selected Countries and Organizations")

Sector loans assist a country to carry out an integrated program in one sector of its economy. Sector lending is largely concentrated in agriculture and education with some lending in health and urban development. Basic to

the sector loan approach is a comprehensive sector plan which enables the host country to focus its policies and resources on key constraints to development within a given sector. A. I. D. sector loans provide part of the foreign exchange or local currency necessary to carry out the plan. In some cases technical assistance is also provided. In FY 1974 sector lending will total \$151.5 million, up 60% from the average level of the last three years.

Programming of Loans

A. I. D. reviews the requests of LDC governments for loan assistance and identifies project, sector and program loan possibilities. In this process A. I. D. has found, as all major international lending agencies have, that a portion of firmly identified proposed loans fall aside due to unanticipated developments of a political or economic nature, or other changes adversely affecting the proposal. Thus, the number and amount of loans under review during any fiscal year exceeds the number and amounts ultimately approved. For example, the World Bank has found that it must intentionally over-program by 60% because of these factors. However, on the basis of current information, all of these projects are deemed worthy candidates for A. I. D. financial support. Therefore, if a proposed loan is delayed or dropped from further consideration, A. I. D. will then consider another loan consistent with the needs of the country or regional situation and sound financial review practices.

A. I. D. 's development lending to major recipients is usually coordinated with the lending of other donors through consortia and consultative groups led by the World Bank and other international agencies or through mechanisms such as the Inter-American Committee on the Alliance for Progress (CIAP). Multilateral coordination of development lending will be further strengthened as the United States increasingly looks to international institutions to provide the framework for U. S. lending programs.

Development Grants

For FY 1974 A. I. D. requests new obligational authority of Development Grants for Worldwide Technical Assistance at \$165.7 million and Alliance for Progress Technical Assistance at \$86.1 million for program levels of \$179.4 million and \$90.1 million respectively.

Almost all grants finance technical assistance projects although a limited amount will help finance capital assistance efforts in some of the least developed countries. U.S. advisory services and training expand knowledge and skills in the LDCs and help create the institutional and related facilities needed to solve key development problems.

Almost every economically developed country now provides some form of technical assistance. In 1971, over 102,800 experts and volunteers were supplied and over 82,400 people from the developing countries were trained under bilateral programs. Three-quarters of this assistance was provided by other bilateral donors. In addition, multilateral organizations such as the UN provided over 12,000 experts and 15,000 training fellowships.

In the 1960s, these activities emphasized the institutional bases for development. By the end of that decade, several significant changes had occurred.

- Most developing countries are better able to plot their courses and carry out their own development. In general, institutions built in the 1960s are operational in the 1970s.
- There was increased concern that economic development efforts be focused on raising the quality of the life of people in the developing countries.
- The success of the Green Revolution had demonstrated the great potential of research and related activities.

American scientific and technological skills can be used to adapt and apply modern methods and technologies. In addition, attention must be given to sector-wide analysis and program management and evaluation to build institutional capacity for the long-term tasks of development. Finally, the impact of donor assistance must be expanded through improved coordination with other donors and collaboration with and support of multilateral technical assistance activities.

In addition to technical advisory services, general institutional development and support for an international network of research institutions, the United States has long invested in the training of people from the developing countries. It includes formal education, on-the-job training in skills from crop spraying to computer technology, and other experiences related to adoption of modern methods to the problems of development. Technical assistance is most effective when it trains people to use their new skills and to pass them along to others.

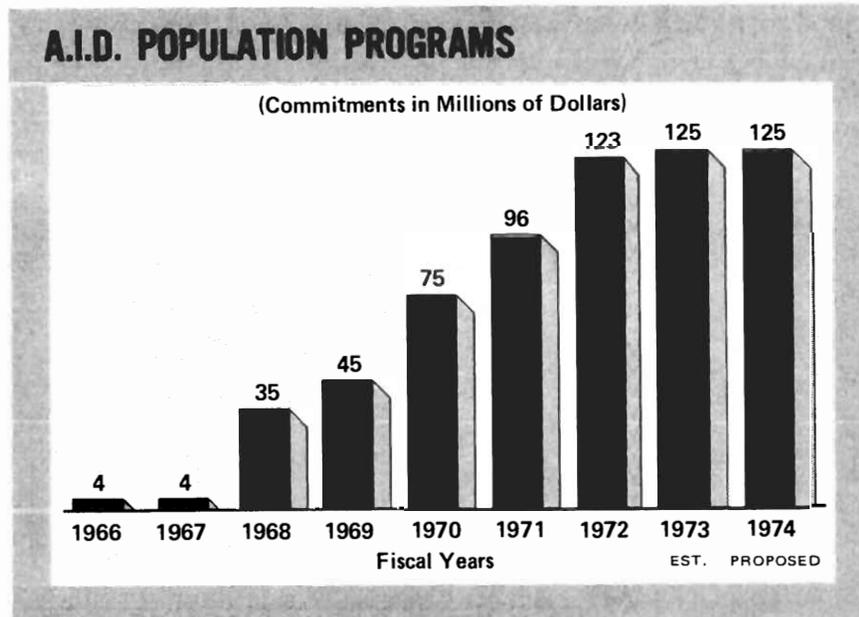
Since the program began, more than 162,000 foreign nationals have received technical training in the United States and third countries under the U.S. foreign assistance program. More than 99.5% have returned to their own countries to use their training. In FY 1972 the number of participants in training was 12,268 of whom 6,321 were new arrivals; about the same number is estimated in FY 1973.

Practically all technical assistance projects are now carried out through the active participation of intermediary organizations. A. I. D. will continue its efforts to use the competence and resources of U.S. and multilateral organizations, public and private, to plan and implement development projects in cooperation with developing countries. Increasingly, implementation of projects will be primarily through other organizations, with A. I. D.'s role limited to monitoring these operations.

Population Programs

Since 1967, Congress has annually earmarked funds for programs relating to population growth. In FY 1974 the \$116 million request will fund a program of \$125 million.

Population programs are grant-funded and emphasize technical assistance, often through international or private voluntary organizations. Some funds are used for the provision of contraceptives. Research efforts also are supported to develop more effective contraceptives for use in developing countries and to determine the various influences on family size.



International Organizations and Programs

The \$124.8 million request will permit voluntary U.S. contributions to 10 UN technical assistance and other programs including:

UN Development Program (UNDP). The UNDP is the focal point for UN grant assistance to developing countries. For FY 1974, \$90 million is requested for the U.S. contribution to UNDP activities, which include surveys to attract investment capital, aid for development of institutions for economic and social growth, and technical advice.

UN Children's Fund (UNICEF). UNICEF provides supplies, equipment and training to help improve the health and welfare of children and mothers in over 100 developing countries.

UN-FAO World Food Program. The World Food Program uses food aid on an international basis to improve nutrition, pay for work on development projects and feed victims of natural disasters.

UN Relief and Works Agency (UNRWA). Contributions to UNRWA help feed, house, educate and provide health services for Palestine refugees.

UN Environment Program Fund (UNEP). Separate legislation has been submitted to authorize support for this new program which will provide international leadership for coordination of environmental activities, including identification and evaluation of global problems, assignment of priorities, and monitoring. A \$10 million appropriation is requested under the International Organizations account for FY 1974.

Indus Basin Development Fund. Established by international agreement and administered by the World Bank, this Fund finances construction of dams and other facilities to provide an equitable distribution of the waters of the Indus Basin between India and Pakistan. Begun in 1960, the project is nearing completion and is already providing irrigation to over 50 million people. Work on the last part of the project, the Tarbela Dam, is expected to be completed in 1976. The United States, seven other countries and the World Bank have contributed to the \$1.5 billion Fund. For FY 1974, \$15 million in grant funds and \$2.2 million in loans is proposed.

UN Fund for Population Activities (UNFPA). The UNFPA is a central coordinating and financing body for population activities throughout the UN system and helps UN member countries identify and cope with population problems. In FY 1974, \$20 million will be allocated from funds appropriated for Population Programs.

UN Fund for Drug Abuse Control (UNFDAC). The UNFDAC provides assistance to control narcotics production and traffic, disseminate information on drug abuse, and treat and rehabilitate addicts. In FY 1974, \$5 million of International Narcotics Control funds will be allocated for this purpose.

American Schools and Hospitals Abroad

Under this program grant support is given to selected private, non-profit institutions overseas sponsored or founded by U.S. citizens. Grants provide the extra margin required to maintain standards that reflect favorably on the United States. To the extent that these institutions represent U.S. excellence in education and medicine, they attract the caliber of students who may become leaders in their countries.

To qualify for grants, applicants must provide evidence that they represent viable institutions identified with the United States. Sponsors are required to take full responsibility for the management of these institutions and to make substantial financial contributions.

In FY 1974, \$10 million is requested for the American Schools and Hospitals Abroad program.

International Narcotics Control

In June of 1971, President Nixon announced a major U.S. effort to control illicit international narcotics traffic. The Cabinet Committee on International Narcotics Control, chaired by the Secretary of State, coordinates the program, which involves a number of departments and agencies.

Because of its experience and expertise in overseas assistance activities, A.I.D. plays a major supporting role. As amended in 1971 with section 481, the Foreign Assistance Act permits assistance to any country to support its efforts to control drug production and trafficking.

Current efforts involve two major initiatives to thwart distribution and restrict production in each of the countries producing illicit drugs. First, to achieve the U.S. goal of reducing the illicit supply of drugs, heavy emphasis is placed on law enforcement activities abroad. Second, where feasible, support is also provided to efforts to decrease the production of narcotics. Particular emphasis is placed on action through United Nations agencies, especially the UN Fund for Drug Abuse Control, which was established in 1971 at U.S. initiative.

For FY 1974, \$42.5 million is requested for the International Narcotics Control program.

Contingency Fund

Requirements for assistance frequently arise which were unforeseen or could not be accurately defined at the time the proposed program was prepared and submitted to the Congress. The Fund is used primarily for two purposes -- for disaster relief and for situations involving the security interests of the United States.

The precise amount needed from the Contingency Fund in any given year cannot be predicted. It can be predicted, however, that natural and man-made disasters and other urgent contingencies will inevitably arise and that funds will be needed to meet them. The need to have funds available is illustrated by such recent emergencies as relief for the victims of the Nicaragua earthquake and aid for refugees in southern Sudan. In such circumstances, it is imperative that the United States be able to respond quickly and effectively and, in an international context, to encourage positive action on the part of other donors.

For FY 1974, \$30 million is requested for the Contingency Fund.

Administrative Expenses (A. I. D.)

A. I. D. 's operating expenses are funded from a variety of sources. Approximately one-third of the appropriated dollar funding is from the Administrative Expenses appropriation, with the remainder divided between worldwide program funding and country program funds shown in other parts of the Presentation.

The FY 1974 request of \$53.1 million for A. I. D. Administrative Expenses, together with other availabilities, will provide a total of \$57.9 million. Almost 80% of the costs are for salaries and benefits. FY 1974 funding requirements are only slightly higher than FY 1973.

Although added costs result from the January 1973 pay raise, these are largely offset by the proposed reductions in the numbers of personnel.

Administrative Expenses (State)

These funds are administered by the State Department for personnel and support costs for the U.S. Mission to the North Atlantic Treaty Organization (NATO), the Mutual Defense Assistance Control Act (Battle Act) staff, the Military Assistance and Arms Sales supervision function, and the U.S. Mission to the Organization for Economic Cooperation and Development (OECD). The FY 1974 request is for \$5.1 million.

Housing Investment Guaranties

The U.S. Government guarantees housing loans made by U.S. private investors throughout the developing world. Authority to issue guaranties now amounts to \$780.1 million. Fees charged for guaranties are used to meet claims and pay administrative expenses for the program. Thus, it operates essentially without cost to the U.S. taxpayer.

The original authority to finance pilot demonstration projects was broadened in 1965 to include projects involving housing finance institutions, trade unions, cooperatives, and lower-income housing. An increasingly large percentage of new guaranteed loans are reloaned by central housing finance institutions to local savings and loan institutions and mortgage and other housing institutions in the developing countries. Thus the financial institutional capacity of developing countries is strengthened as they cope with their own housing problems. For future programs, increasing emphasis is to be placed on assisting recipients to meet the housing needs of low-income groups.

Indochina Postwar Reconstruction

A postwar assistance program in Indochina is an important element in maintaining the peace and turning the energies of the people toward the reconstruction and development of their countries.

It is important -- particularly during the transition period from war to peace -- to provide economic support to meet the immediate humanitarian needs of Vietnam, Laos and Cambodia; to help restore the agricultural and commercial productivity of the region; and to undertake development activities that can provide the means for the Indochina people eventually to become economically self-sufficient.

The most urgent requirements are to provide sustenance and shelter to refugees, to assist them to re-establish themselves, and to rebuild hospitals, schools, public utilities and other facilities damaged by the conflict.

At the same time, imports of essential commodities must be provided so that the economies of these nations can continue to function and to permit rebuilding and restoration to go forward. The peoples of Indochina can and must restore their own countries. The United States, as well as other donors, can assist with the necessary imported materials and machinery. These countries must also begin upon development to increase their productive capacity and permit a decrease in their requirements for assistance from abroad.

Authorization and appropriation of \$632 million is requested for Indochina Postwar Reconstruction in FY 1974.

Supporting Assistance

While the international security situation of the 1970s differs markedly from that of the 1950s, security assistance is still needed to help friendly governments maintain their independence. Our goal continues to be to create and maintain an environment in which nations can use their resources for economic and social progress. But some nations must have support, economic and military, to maintain a reasonable measure of security while seeking to remove the causes of tension through negotiation.

Supporting Assistance funds normally contribute to the economic growth or to the developmental goals of the recipient country, but the primary purpose of these funds is neither economic growth nor development per se. Rather, it is to stabilize the economic or political situation, usually in the context of a given security situation. Supporting Assistance seeks, therefore, to help the recipient nation avoid deterioration of the national economy as much as possible while it overcomes a security threat.

Last year, by far the major portion of the proposed supporting assistance program was for Indochina. For FY 1974, assistance for Indochina is presented separately now that a cease-fire permits new emphasis on relief and reconstruction. Supporting Assistance is requested for five countries: Israel, Jordan, Malta, Thailand and Spain, and for the U.S. contribution to the United Nations Forces in Cyprus. The FY 1974 request of \$100 million will fund a program of \$124 million.

FOOD PRODUCTION AND NUTRITION

An Overview of the Food Problem

Virtually all the poor countries are predominantly rural. Thus, development of their agriculture is pivotal to their growth. In addition to producing the vital requisites of food and clothing, the agricultural sector:

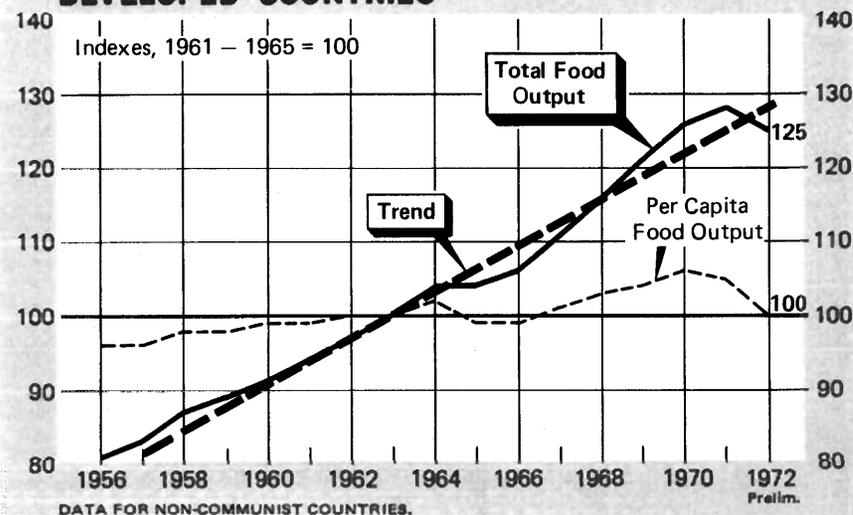
- determines the economic and social life of three-fourths of the people;
- provides employment for almost two-thirds of the population;
- generates perhaps a third of national income; and
- except for those few with high-demand minerals or petroleum, earns nine-tenths of all foreign exchange income.

A.I.D. continues to place greatest emphasis on agricultural programs with a particular focus on those that help the developing countries grow more food, improve nutrition, and attack employment and income distribution problems.

In FY 1974, A.I.D. plans to devote \$300.5 million--29% of the total development program--to this effort. In addition, \$1,028 million worth of Food for Peace commodities will be supplied under PL 480. Under Title I of PL 480, commodities totalling \$830 million will be sold, primarily on dollar repayable loans, to help countries meet internal demand for agricultural products. The remaining \$198 million consists of food to be granted under Title II to improve nutrition and to promote development through Food-for-Work projects. Most of these commodities will be supplied through U.S. voluntary agencies, non-profit organizations, and the World Food Program.

During the 1960s, the precarious balance between food supplies and population growth became a matter of major concern. This concern remains despite the impressive successes of the Green Revolution. And, a greater understanding of condi-

FOOD OUTPUT IS UP IN THE LESS DEVELOPED COUNTRIES



tions in the developing countries has led to the realization that increased production of food grains alone is not enough. Better nutrition--in particular more protein for young children and pregnant women--is essential to increased well being. In some countries there is emphasis on more equitable distribution of the gains from the Green Revolution and in all countries more concern about chronic unemployment in the rural areas.

Food Production in Developing Countries

In the last 15 years, U.S. assistance has helped the developing countries increase their food production by nearly 60%. In view of their limited skills and lack of modern technology, this is an impressive accomplishment. Rapid population growth has used up the increases in production so that per capita production of food has increased only 0.4% per year, one-third the growth rate per capita in the developed countries.

In 1972, total food production in the developing countries

FOOD PRODUCTION AND NUTRITION

was about 25% above the average for 1961-1965, despite widespread bad weather, although population growth held per capita production back to the 1961-65 average. The persistent drought hurt rice crops in South Asia, demonstrating again the vulnerability of the poor countries' food situation to weather variations, especially shortages of rain.

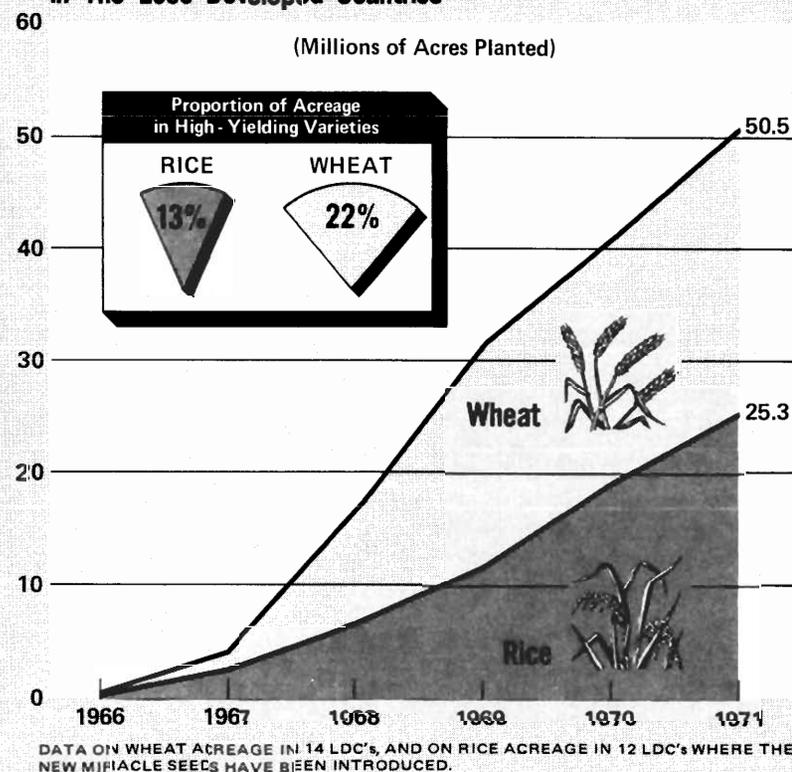
A.I.D. has played a significant role in the "Green Revolution"--the dramatic increases in wheat and rice yields that began to occur in the mid-1960s, particularly in India, Pakistan, Turkey and the Philippines. Last year in India alone, planting of new high-yielding varieties increased by 6.5 million acres--over 20%. In Bangladesh, despite the terrible dislocations of devastating cyclones, tidal waves and civil war, plantings of new high-yielding rice varieties in 1971 increased 74% over 1970.

The Nutrition Problem

Although the increases in production are encouraging, nutritional levels in developing countries have not materially improved. The problem is the calorie shortages and the lack of protein cheap enough to be available to the very poor. In the lowest income countries, one out of every five children dies before reaching age five. At least half of these deaths are related to malnutrition. Widespread nutrient shortages--particularly proteins, but also essential vitamins and minerals--arrest the physical and often the mental development of the children who survive. Per capita levels of consumption are also lower in large families than in small, and the available food goes first to the adults (and wage earners) to satisfy their needs. However, children's needs, especially for protein, are proportionately greater because both maintenance and growth must be covered.

Cereals are the principal food in most developing countries, particularly for the poor. They account for almost two-thirds of the caloric intake in East Asia. In west and northwest Africa

USE OF MIRACLE SEEDS UP SHARPLY In The Less Developed Countries



FOOD PRODUCTION AND NUTRITION

and in Asia the caloric availability is expected to continue below basic requirements during the 1970s.

Although cereals are the world's major protein source, the quality of cereal protein is relatively low because it is deficient in essential amino acids. There is a critical need to increase the nutritive content of cereals and other low-cost foods.

A.I.D. Support for Food Production

Agricultural programs must be tailored to the strengths, weaknesses and priorities of each country. Turkey is an example of how A.I.D. helped a country meet its special needs. For the Turk, wheat is literally the staff of life. To provide for a rapidly growing population--2.6% a year--Turkey recognized that it had to produce higher yields per acre. An A.I.D.-sponsored short-term advisory team worked with Turkish experts to plan a successful wheat production effort which began in early 1967. In the first year more than 50,000 farmers planted 425,000 acres of high-yielding wheat along the coastal areas. Average yields more than doubled from 22 bushels to 52 bushels per acre. By 1972, Turkey was one of the few less developed nations with a domestic surplus of wheat. Today the program is entirely a Turkish effort.

Improved Policy Making and Investments

Most less developed countries cannot cope with the complex problems related to increased food production. Conflicting goals must be balanced: the need for more and better food competes with the need for more foreign exchange earnings from agricultural exports and the need for more employment.

Improvement of their ability to make decisions requires comprehensive planning through more careful analysis of goals and the costs of achieving them. The poor countries are learning that successful agricultural production projects alone are not enough. Success depends upon other factors, such as

the long-term impact on improved nutrition, expanded employment opportunities, more equitable sharing of higher incomes, sound pricing policies, adequate credit and extension of knowledge and services to farmers.

Sector Analysis: A.I.D. has encouraged the use of sector analysis to describe and measure the effect of changes throughout a nation's economy and to ensure more efficient use of foreign aid and the resources of developing countries. Such a systematic and comprehensive analysis of problems provides alternative solutions and allows policy-makers to balance conflicting goals and make better decisions. Since many poor countries lack the statistical data required to undertake complex analyses of this type, less sophisticated alternatives are also being developed.

In FY 1974, 23% of the food and nutrition program will be in the form of sector loans, an increase of \$24 million over 1972. These loans support related parts of a country's overall plan for its agriculture.

International Agricultural Research

Production increases of wheat and rice in developing countries demonstrate the high payoff of agricultural research. Continued investment in research is essential to:

- develop superior varieties of wheat, rice, other cereals and high protein crops such as peas and beans;
- continue efforts to develop crops resistant or immune to local disease and insects;
- improve the nutritional quality of cereals by increasing the protein content following the pattern of the high lysine corns;
- develop crop varieties which do well in poor soil or arid

FOOD PRODUCTION AND NUTRITION

areas;

--improve techniques of irrigation on tropical soils; and

--develop better and cheaper fertilizers.

A.I.D. has joined with other international and private donors in a coordinated effort of worldwide agricultural research. This group oversees and arranges financing for six international research centers for rice, corn and wheat, and tropical agriculture; potatoes; and semi-arid agriculture. Also, a tropical livestock center is being started. By 1974, the budgets of the international centers are expected to total \$28 million. A.I.D. contributes 25% of the total with the balance provided by the other donors.

Livestock: Rinderpest has ravaged cattle populations of Africa periodically since the end of the 19th Century. In East and West Africa a multidonor program supported by A.I.D. has virtually eliminated outbreaks of rinderpest in recent years. Based on a vaccine also developed with A.I.D. support, control of this killer disease has had a profound effect on Africa's livestock economy. The success of this project has made it possible to support a major program for increased livestock production in Africa in FY 1974.

Research Network: By supporting a coordinated research at three levels--at U.S. universities, at international centers and in developing countries--A.I.D. is encouraging networks of institutions which are mutually reinforcing. Results can be rapidly passed from one institution to another, with national research institutions in developing countries not only receiving information which can then be adapted to local conditions, but also feeding back information into the networks on such questions as the disease problems of new varieties.

Agriculture Inputs

Yield increases from new varieties of seed generally depend upon adequate quantities of fertilizer and water.

Fertilizer: World fertilizer consumption is projected to climb from 68 million metric tons of plant nutrient in 1971 to 106 million tons in 1980. Only seven million tons of this increase will be in the developing countries. In the future, however, the developing countries will have to look to indigenous production or production by their neighbors for new supplies. Over \$1 billion worth of new factories must be built in energy rich regions to produce urea, ammonium nitrate and other nitrogen fertilizers. There is little likelihood that A.I.D. will be able to make a substantial contribution to the total capital investment needed. However, A.I.D. can help cooperating countries understand the dimensions of the problem by working with other agencies such as TVA to provide information, training of managers, engineers and operators and assistance in fertilizer marketing.

A.I.D. works with private industry, non-profit institutions and other U.S. Government agencies on fertilizer research. One result is the recent development of an improved nitrogen fertilizer, Sulphur Coated Urea (SCU), developed as part of an A.I.D. project with TVA. SCU functions like a "time pill"--nourishing the plant when it needs it most. The coating makes SCU more durable. It handles better, cakes less, resists humidity, is less harmful to the environment, and adds sulphur to the soil. A.I.D.-sponsored field tests have shown that SCU is particularly effective with rice in areas where flooding is delayed or intermittent--a condition that exists in most of the rice growing areas of the developing world.

Herbicides: Modern agriculture depends heavily on manufactured chemicals. A recent A.I.D.-financed discovery at the University of Nebraska will probably permit reduction of the amount

FOOD PRODUCTION AND NUTRITION

of weed controlling herbicides that are used. The new procedure could have a major impact on world agriculture by making available more potent herbicides at less cost to farmers.

Farm Information

Given weather, soil conditions and availability of inputs, food production is largely determined by the collective decisions of each farmer. He must understand a new idea and decide to risk a change in his traditional ways. But trained agriculture technicians are also needed to operate local research centers, testing stations and extension services; to distribute inputs; and to manage government and private investments in water supply, market roads or fertilizer industries.

In many countries, an agricultural university has been the key to change throughout the agricultural system. Universities produce the trained manpower and undertake research useful for policy-making. A.I.D. helps develop agricultural universities by training the faculty members at U.S. universities; by supplying U.S. professors and researchers until the local faculty is trained; and sometimes by providing books and research equipment.

For several years A.I.D. assisted four agricultural universities in Brazil by matching them up with Purdue, Wisconsin, Arizona, and Ohio State. This work is complete and these Brazilian universities now provide a core of talent needed to improve other Brazilian agricultural colleges, particularly in the poverty-stricken North and Northeast areas.

Programs to Improve Nutrition

In most developing countries, the diet of the masses is primarily a starch staple: a grain, such as wheat, corn and rice; or a root, such as cassava; or a tuber, such as potatoes. Supplemented with only small amounts of vegetables and occasional bits of meat or fish, most of the protein and calories is derived

from this staple. But a large quantity must be consumed to get an adequate amount of protein. The digestive tracts of infants are too small to get adequate protein, and the mother may reduce amounts of protein that is eaten (e.g., beans) during diarrheal infections. As a result, the child is deprived of protein when he most requires it for brain and body growth.

Recent A.I.D.-sponsored research has developed a bread baking process which increases the protein content by about 6%--enough to satisfy a child's basic protein requirements. This new bread baking method is being tried in India, Colombia and the Philippines for application on a massive scale.

Rural Employment and Income Distribution

While the new high-yielding varieties have been used by both large and small farmers, major successes of the Green Revolution have been concentrated primarily on better lands with adequate water from rainfall or irrigation. There is growing concern in the less developed countries and among donors over the fact that the benefits of increased production have not been adequately spread among all levels of the rural population.

Small Farm Income: The small farmer operates under special disadvantages in attempting to improve his farm earnings. He may be nutritionally deficient as well and, therefore, less productive. He is less able to invest in seed, fertilizer, credit information, and irrigation water. He usually is illiterate. Thus many small farmers are unable to use the new technological advantages.

Unemployment: Although common to many of the developing countries, this situation is made even worse by the growing numbers of landless laborers who lack even the meager incomes of the small farmers. The employment problem is particularly acute in Latin America. For example, Colombia's active rural labor force is about 30% underemployed. With a growing number of the rural population reaching working age and with existing

FOOD PRODUCTION AND NUTRITION

unemployment and underemployment, there is increased pressure for migration to the over-burdened urban centers in search of employment.

In approaching these problems, A.I.D. draws on past experience in agricultural credit, rural public works, extension services to small farmers, and distribution systems for seed, fertilizer and other physical inputs. For example, in Bangladesh the United States financed a rural works program. It provided several million Bengalees with employment on rural infrastructure projects, such as roads and small irrigation and drainage works to meet the needs of small farmers. The projects were planned and executed at the local level; the Government provided funds, building materials and training.

In assisting food production programs, A.I.D. aims to encourage the use of new technologies that produce more jobs. New seeds and fertilizers need not displace labor. Indeed, they may increase jobs by making it possible to grow an additional crop each year. A.I.D. also is supporting research leading to technical innovations of direct benefit to small farmers. For example, under an A.I.D.-financed weed control project, Oregon State University is working to devise control techniques tailored to the needs of the small farmer that maximize the use of labor and minimize the need for capital equipment.

Farm Credit: Small farmers in the developing countries rarely have access to credit on terms they can afford. A.I.D.'s involvement in the credit field is designed to benefit the small farmer. For example, a loan authorized in FY 1973 for Guatemala provides financing for cooperative credit in the poorest agricultural area of that country.

Much of the work at this stage concerns policy analysis in the agriculture sectors of developing countries. A.I.D. is working with planners in a number of countries to identify the rural poor, define their problems, and devise policies to

alleviate these problems. In Colombia, it is estimated that in 1971-1972 some 156,500 Colombian families will benefit at the grass roots level from A.I.D.-assisted agriculture programs.

Rural Institutions: Finally the problem of rural poverty in the developing countries is not entirely agricultural. It encompasses the full range of rural institutions -- educational, health and family planning programs, small business, and local government. Special development programs designed expressly for the poor must be conceived broadly. A program of literacy training, for example, may be as important to increased incomes of small farmers as agricultural programs in credit for physical inputs.

FY 1974 A.I.D. PROGRAM

Of the \$299.6 million proposed for assistance in food production and nutrition -- 29% of the total A.I.D. Development Assistance effort -- \$230.5 million is in Development Loans and \$69 million in Development Grants. This is a substantial increase from the FY 1972 allocation of \$192 million, which was only 19% of the total FY 1972 A.I.D. development program.

Overall concentration is reflected within the components of the program: 86% of the program -- versus 60% in FY 1972 -- is directed at three of the key food and nutrition problem areas: planning and policy direction, food production and rural development.

Planning and Policy Direction: \$77.2 million--26% of the program--is allocated for improved planning and policy direction. The majority (\$69.5 million) is for sector loans to support new policies directed toward expanded agricultural production.

Food Production: A total of \$117.3 million--39% of the program--will be used to support increased food production in the develop-

FOOD PRODUCTION AND NUTRITION

ing countries. This is almost three times the amount allocated to this purpose in FY 1972. Of the total, \$53 million, almost all in loans, is programmed for key agriculture inputs -- fertilizer and farm credit.

Rural Development: In addition, in FY 1974, \$61.5 million--21% of the program -- is allocated for work in rural development -- double the share allocated in FY 1972. Most of these projects are oriented toward increased productivity and general rural development, but they will assist small farmers and provide short-term employment for rural poor.

Research and Related Activities: Nearly \$28 million--double the FY 1972 level--is allocated for research and related activities. The proposed program will support the international research centers and networks, work at U.S. universities, and related non-research activities.

In FY 1974, \$5.8 million, principally in technical assistance grants, is allocated to improve the agricultural colleges and universities.

The remainder of the proposed program -- nearly \$10 million-- is for projects of general technical assistance.

POPULATION PLANNING AND HEALTH

The Problem

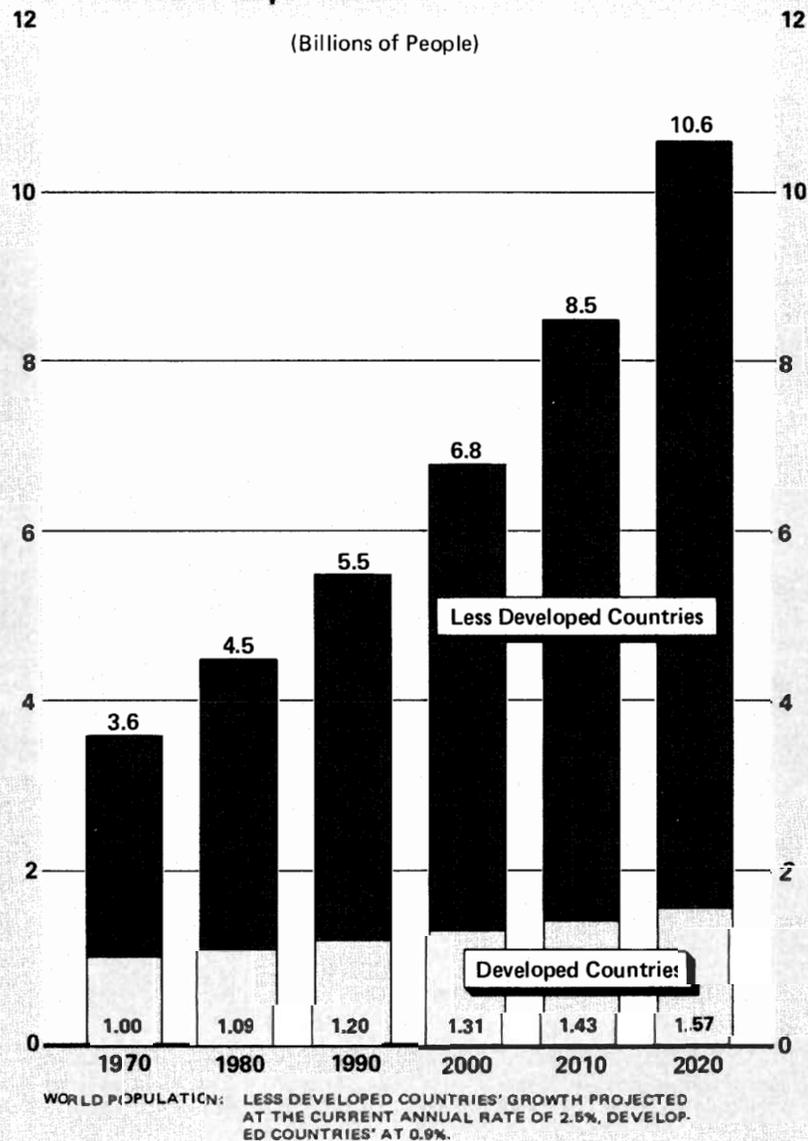
Persistent increases in the population of the poor countries produce a formidable dilution of economic growth. One sees this most clearly in the data on the growth of GNP and population.

In spite of an annual average GNP increase in the less developed countries of 5.6% over the past decade, average annual per capita GNP increased only 3.1%. Their per capita food production is barely higher today than it was ten years ago, and pressure on their arable lands continues to grow. They have no schools for some 300 million of their children, even though their school enrollment has increased by 80% in the last decade. They face similar problems with employment, housing, health, and the kinds of social services that people in the developed world take for granted. The high rate of population growth overwhelms their ability to alleviate these conditions.

The developing countries account for about 85% of the annual world population growth. At current growth rates world population will increase from today's 3.8 billion to about 6.6 billion by the end of this century, and will reach more than 10 billion in the next fifty years.

--Debilitating Disease and Malnutrition: Disease and malnutrition are common conditions in the developing countries. Over two-thirds of the people in developing nations suffer from some form of intestinal disease. Children are particularly vulnerable. One-half the deaths in the less developed countries are children under the age of six--whose deaths are caused primarily from intestinal infection and poor nutrition. Most people in the developing world have no clean water and only minimal sanitation systems to help reduce the incidence of disease from water and food contaminated by human wastes. An estimated 200 million persons in the developing countries are infected with snail fever

POPULATION EXPLOSION In The Less Developed Countries



and more than 20 million with river blindness.

--The Population-Health Link: Family size, poor health, low nutrition and poverty are interrelated. Many family planning services are conveniently supplied along with other medical services. But the relationship runs deeper. In many countries the only social security depends upon the children's support for their family. Until parents can be sure that one or two sons will survive to care for them in their old age, mothers are likely to continue to have large families. Health care and nutrition programs help enhance children's chances for survival and so ease the perceived "need" for large families. With fewer pregnancies mothers' health improves and malnutrition among children decreases, reinforcing the attractiveness of a smaller family.

Other factors also influence parents' preference on family size. For example, an A.I.D.-sponsored study in Turkey showed that women with even five years' education had significantly fewer children than those with no education. Employed women have fewer children, especially when their jobs take them from home. And as income distribution improves, increases in personal income tend to encourage lower fertility.

Developing country governments and leaders are increasingly aware of these factors. They have begun to appreciate the social costs of soaring populations and to understand that public policy in seemingly unrelated areas such as taxation, social security and other welfare programs, education, or child or adult health can affect the attractiveness to parents of large or small families.

A.I.D.'s Response

A.I.D. is engaged with others in encouraging and supporting programs designed to lower birth rates, facilitate child spacing, improve nutrition, and expand health care--particularly preventive programs.

But, despite areas of important progress it is estimated that family planning services are available only to 10-15% of couples of reproductive age in the developing countries. Likewise rudimentary health services are still non-existent in many areas. In FY 1974 A.I.D. will intensify its own efforts and encourage developing countries, donor nations and multilateral organizations to focus on the extension of low-cost systems for delivering family planning, preventive health, and nutrition services as a major part of the effort to surmount the world population problem and improve health.

Population and Related Health Services

Strategy: Since inception of the population program in 1965 A.I.D. has used its resources primarily to (a) promote understanding of the population problem, (b) encourage multilateral and other donor support for the population effort worldwide, and (c) help create and maintain the means for attacking the problem.

A.I.D. recognizes that the ultimate responsibility for action and success rests with the developing countries themselves. A.I.D. has taken the initiative to develop new programs, particularly the training of personnel, the provision of contraceptives, and the conduct of costly, specialized research in the means of contraception. As programs gain momentum, A.I.D. increasingly emphasizes the strengthening of developing countries' capacity to identify their own problems and define appropriate solutions. Some of these countries are undertaking sophisticated and wide-ranging approaches to their population problems.

A.I.D.'s population efforts have included:

--Fostering a better understanding among developing country leaders and people of the underlying causes and implications of population growth and of the need and means for controlling population growth.

POPULATION PLANNING AND HEALTH

- Improvement of developing country programs for compilation, analysis and use of demographic, social, and other related data.
- Development of new or improved methods of fertility control better suited to the needs of developing countries.
- Establishment and expansion of developing country systems for delivering family planning services, often through health facilities or commercial channels.
- Training of developing country technical and managerial manpower needed to develop and support population and family planning activities on a broad scale.

A.I.D. has recognized from the outset of its operations in this sector that alternative sources would be needed to deal with the worldwide population growth problem and has actively encouraged and supported multilateral and private efforts to deal with the problem. A.I.D. assistance to the UN Fund for Population Activities (UNFPA) has encouraged other UN members to provide financial and technical assistance to help meet the challenge. Also, A.I.D. contributions to the UNFPA help stimulate population activities by a number of the UN specialized agencies--e.g., UNESCO, UNICEF, WHO, and ILO.

A.I.D. has also encouraged private organizations to expand their population education and family planning activities. These experienced private voluntary organizations are particularly helpful in countries where U.S. bilateral assistance may not be feasible. For many years private organizations have led the way in calling attention to the dangers of unchecked population growth and in encouraging countries to establish family planning programs.

In many countries, the International Planned Parenthood Federation (IPPF) has sponsored educational programs and pilot

clinics to prepare the way for national policies and programs to encourage child-spacing and fewer births. Even after governments have assumed major responsibility for providing family planning facilities and services, IPPF's national associations have helped to sustain interest and high standards. The Pathfinder Fund also has pioneered in introducing new and improved methods for delivering family planning services and for motivating people to use such services.

The annual funding requirements for these and other organizations are growing as their programs and capabilities expand. A.I.D.'s support and encouragement have helped the UNFPA and the IPPF attract increasingly larger contributions from a growing number of other donors to help meet their expanding population program needs. This has permitted a decline in the percentage of their total costs supported by the United States. For example:

- In 1969 seven donor countries pledged about \$4 million to the UNFPA. In 1972 41 donor countries pledged over \$30 million. The U.S. share of total pledges is expected to be 45% in 1973 and 1974, down from 92% in 1969, 50% in 1970 and 1971, and 48% in 1972.

Recent Progress: A.I.D.'s dollar obligations for population programs increased from \$10.5 million in the 1965-67 period to \$123.3 million in FY 1972. The estimated program for FY 1973 is \$125 million; the same amount is requested for FY 1974.

A.I.D. has been the largest single contributor of financial and technical support to the worldwide population effort. U.S. bilateral programs have supported family planning programs in 39 developing countries, funded contraceptives and other commodities distributed to more than 70 countries, sought new means of fertility control, and supported population activities by a number of international organizations.

The impact of family planning programs--including those assisted by A.I.D.--on the birth rates of the developing countries cannot yet be fixed precisely. In some countries birth rates are already falling; in others, where programs were initiated in the latter half of the sixties, substantial reductions in birth rates are not likely to be significant for several more years.

The lack of reliable census and vital statistic registration data in many developing countries hampers assessment of the demographic situation. Recognizing this, A.I.D. is assisting various developing countries and multilateral programs to improve reporting and analysis of demographic and family planning data. For example, A.I.D. is providing funds to the University of North Carolina to help establish "population laboratories" in such developing countries as Morocco, Colombia, Kenya and the Philippines which now conduct research on techniques for collecting demographic data.

But even with improved demographic data, it is difficult to determine the impact on birth rates of any single program or any single donor's input--because of the number of other factors (social, economic, etc.) that also affect birth rates. A.I.D. is sponsoring research to sort out the demographic impact of various family planning programs, as well as of other social and economic policies.

Research to date indicates family planning programs help reduce birth rates, especially when accompanied by favorable economic and social policies. Thus there is considerable promise for future progress in reducing population growth through the adoption of population policies and the increased support for family planning programs by developing countries.

--In 1963 only four developing countries had national family planning policies and programs; by the beginning of 1973, 34 developing countries had established such policies and programs. For example, before 1966 no Central American country had started a major family planning effort. Today

every Central American government supports family planning and offers services through its Health Ministry; private agencies affiliated with IPPF and other organizations operate in each country; and regional cooperation on family planning issues has increased. Some two-thirds of the region's 16 million people now have some access to family planning, and there is some evidence that birth rates have fallen significantly.

--In the Philippines, following the 1960 census which showed population growth exceeding 3%, the Government reversed its earlier policy of encouraging additional births. In 1969 President Marcos initiated a population policy and program. By 1973, with A.I.D. assistance, 1,700 family planning clinics were in operation.

--An additional 21 developing countries currently provide some support for family planning programs though they do not have an announced national family planning program.

Review of Priorities

The ultimate resolution of the population problem requires accelerated momentum, and internationally concerted efforts. There is growing evidence that family planning efforts will be successful only if they are based on interrelated policies affecting all aspects of a country's social, political and economic fabric.

A.I.D. has already consolidated the management of all its population activities into a single staff unit in order to focus its energies and resources for maximum impact in the future.

A.I.D. is currently reassessing the scope of its population and health activities to maximize the impact on reducing birth rates. Discussions with other national, international, multi-lateral, private corporations and agencies will help achieve a consensus on priorities, permit a better division of labor

POPULATION PLANNING AND HEALTH

and promote more efficient use of the world's resources to cope with the population problem in a collaborative way.

Other Health Programs

Strategy: Historically the vast majority of people in developing countries have been afflicted by serious endemic disease. Since shortages of resources and trained personnel preclude providing Western-type medical technology and health facilities for these millions of people, A.I.D.'s health programs have focussed on preventive health measures designed to reach millions rather than more expensive curative programs that would help fewer people. Thus A.I.D. health programs have stressed control of specific diseases such as malaria, smallpox, measles and cholera; environmental and pollution control through construction of water and sanitation facilities; and planning and manpower training. The broader objective of reaching the majority of people with a fuller range of health, nutrition, and family planning services has become a possibility only as these countries have achieved a development base which can produce the necessary manpower and resources.

Recent Progress

Disease Control: Some 1.7 billion persons were exposed to malaria when the global control program, supported substantially by A.I.D., began. Over three-fourths of them now live in regions where the disease has been eradicated or greatly reduced. A.I.D. has sharply phased down its participation through the U.S. Public Health Service in malaria control following the expectation that the World Health Organization (WHO) would assume primary responsibility for technical advisory assistance.

Through A.I.D.-funded research by the Technical Development Laboratories, Center for Disease Control, U.S. Public Health Service, a stable form of water-dispersible DDT was developed, malathion was demonstrated to be a suitable substitute.

During the widespread cholera outbreak in 1972, the A.I.D.-supported Cholera Research Laboratory in Bangladesh developed a lifesaving oral therapy technique. Previously half the people stricken with cholera died from it; now the new techniques reduced the death rate to less than 1% by maintaining necessary body fluid levels.

Environmental Health: Throughout the poor nations the majority of deaths in children under five years are due to infections caused by water-borne diseases. A.I.D. has addressed this problem by providing assistance for sanitation and water supply systems. A.I.D. loans financed urban water and sanitation systems in dozens of less developed countries, thereby improving health and personal well-being. Some of the most recent were in Panama City, Casablanca, and Ibadan.

Planning and Manpower Training: A.I.D. continues to assist in health planning training and manpower development. Under an A.I.D. contract, Johns Hopkins University has improved analytical techniques for examining health needs, resources, and organizational requirements. In addition, health services in many developing countries have been improved with A.I.D. assistance. In Brazil, for example, A.I.D. funds helped to establish planning units in the health secretariats of eleven states, to strengthen disease control programs, and to expand training in preventive medicine, nutrition, and public health. In Liberia, an A.I.D.-financed U.S. Public Health Service team has advised the National Medical Center in administration and training. A.I.D. loans permitted construction of 56 rural health centers in Nicaragua and others in Guatemala and Panama, focusing on mobile dispensary units.

The training of paramedical personnel--mid-wives, laboratory technicians, and practical nurses--and of public health officers mainly for rural service was carried on for many years at the Haile Selassie I University in Ethiopia with A.I.D. assistance. A similar paramedical training capability has been incorporated in the plans of the Liberian National Medical Center and the

POPULATION PLANNING AND HEALTH

Guatemala National Health Plan.

New Directions in FY 1974 Program

Proposed FY 1974 population and health programs total \$152.8 million. Of this amount \$125 million is provided under Title X, and \$27.6 million is allocated from Development Loans and Development Grants. The program includes \$73.2 million for country and regional activities and \$79.4 million for non-regional programs, of which \$20 million is for the UNFPA.

Main Emphases: Recent reviews of population and health programs have identified areas that require increased attention in order to cope with the challenges of rapid population growth, debilitating disease and malnutrition. In FY 1974 and beyond, major emphasis will be given to:

- increase support for low-cost systems to deliver broad-based family planning, preventive health and nutrition services;
- expand efforts to understand the determinants of fertility behavior such as legal, social, cultural and religious, and thereby facilitate and sharpen the focus of population assistance efforts; and
- encourage multilateral and other donors to increase their support for the worldwide effort to curb rapid population growth.

The developing countries have made progress in providing the means for and information about fertility control, and in controlling disease. A.I.D. has played a leading role in stimulating family-planning services and public health measures.

But current population and health services programs do not yet benefit the great mass of rural and urban poor, who tend

to have the highest fertility, least adequate diets, and the poorest health.

Accordingly, A.I.D. is experimenting with various approaches to expand and improve the delivery of elementary family planning, preventive health, and nutrition services, in combination or separately, to far greater numbers of people at low costs that limited developing country budgets can absorb. Building on our experience, in FY 1974 A.I.D. will intensify its efforts to determine which approaches promise lowest cost, greatest reliability, and that can be adapted widely at an early date.

The scale and urgency of the challenge will require firm host country commitments to long-term efforts and financial support from many sources. Other donor nations, multilateral agencies, and private organizations will be asked to collaborate with A.I.D. and host countries to help extend these elementary family planning, preventive health, and nutrition services.

In FY 1974, \$74.6 million--almost half of the total program--will be used to support the creation of effective systems for delivery of family planning and health services. Included in this amount is a \$14 million sector loan for Colombia to help support the Colombian health sector strategy which has as its proposed objective expanded delivery of health services to the rural poor. The amount programmed for FY 1974 is an increase of one-third over FY 1972, but our intent to intensify efforts on low-cost delivery systems is more important than the size of the increase.

In total, the FY 1974 program includes \$5.7 million--nearly a five-fold increase over FY 1972--to support work on influences on fertility behavior.

Multilateral and Other Donor Support in Population: A.I.D. is likely to continue to be a foremost source of support for international action toward solution of population problems in developing countries during the balance of this decade.

POPULATION PLANNING AND HEALTH

However, the U.S. proportionate share of this action will decrease as other countries increase their contributions and as the developing countries themselves assume a larger share of the effort.

In FY 1974, A.I.D. will continue to support the leadership and operational role of the UNFPA in population through a proposed contribution of \$20 million. To facilitate the UNFPA's role as the coordinator of population assistance programs by the UN and its specialized agencies, A.I.D. is phasing out its direct grant to the Pan American Health Organization (PAHO) and PAHO is seeking funding from the UNFPA in 1974.

Improved Understanding of Population Dynamics and Formulation of Adequate Policies: If population problems are to be resolved, there must be a national commitment on the part of governments to deal effectively with the demographic variable in all national planning. Therefore, A.I.D. will continue efforts to create a higher degree of awareness among developing country policy-makers and influential groups of the impact of rapid population growth on real prospects for economic and social development. We will also continue to help developing countries design and implement specific population and health policies and programs to alleviate their self-identified demographic problems. In FY 1974 \$5.7 million is allocated for this purpose.

Development of Effective Fertility Control Techniques: New or better methods of fertility control which are more suitable for use in the developing countries are badly needed. As noted above A.I.D. is sponsoring research in a variety of techniques for fertility control.

In particular, prostaglandins and other combinations show promise of breakthrough in contraceptive technology well suited to the needs of developing country programs. With A.I.D. assistance, prostaglandin and related studies are underway at 18 academic and research institutions.

A major component of A.I.D.'s research program involves field testing and evaluation of new fertility control methods. An International Fertility Program established in FY 1971 through an A.I.D. contract with the University of North Carolina, coordinates field trials, in collaboration with developing countries institutions, of new intra-uterine devices, sterilization techniques, pharmacologic means of contraception, and other promising new means of fertility control. In FY 1974 \$5.5 million is proposed for a range of activities in fertility control.

Institutional Development: The success of population and health programs in the developing countries depends to a large extent on the existence of trained manpower and local institutions to lead and conduct the effort. A.I.D. has helped develop institutions for research, training, program administration and evaluation, and information dissemination.

For instance, in Venezuela, A.I.D. is assisting a public administration education and research center to design and recommend management and marketing systems for Venezuelan agencies engaged in family planning. At the University of Ghana, A.I.D. funds are assisting the development of a population center to expand local research and teaching on population problems.

In coordination with the developing countries, international agencies, and other donors, A.I.D. will continue to help support the growth of developing country institutions. A total of \$18.7 million--12% of the program--is planned to support these activities in FY 1974.

Health Research: Better methods of disease prevention, sanitation, and analysis of health sector problems are needed to cope with debilitating disease and malnutrition. Thus, A.I.D. will continue its contract with the University of New Mexico to develop a promising anti-malaria vaccine to replace total dependence on mosquito control campaigns using insecticides. A.I.D. will also collaborate with a number of Asian countries

POPULATION PLANNING AND HEALTH

in developing improved techniques for the prevention and eventual eradication of cholera. To improve sanitation in developing countries, developing country technicians will be trained in the design and operation of sanitary systems through an A.I.D. contract with the University of North Carolina.

A remarkable start in family planning has been made, particularly in Asia. But much remains to be done if population growth is to be reduced soon enough to prevent massive, unmanageable increases in population in much of the world. Because of the very large percentage of the total population now constituted by children under fifteen, there will be very large population

increases even if these children reduce their family size to two children.

On the health front, despite tremendous progress in combatting certain diseases, endemic disease and malnutrition still plague countless millions of people in the world, sapping their strength, their intelligence, and their capacity to achieve a better life.

While there is increasing concern and action emerging in most parts of the world, it is too little and too slow in coming. Better strategies with more promise of eventually controlling fertility, malnutrition and disease are emerging. A.I.D. will continue to play a leading role as a catalyst in the next years to help assure success of the worldwide effort.

POPULATION PLANNING PROGRAMS
FISCAL YEARS 1972, 1973, 1974
(In thousands of dollars)

	FY 1972 Actual	FY 1973 Estimated	FY 1974 Proposed
GRAND TOTAL	123,267	125,000	125,000
LATIN AMERICA - TOTAL	11,134	12,768	10,537
Bolivia	309	286	279
Chile	21	-	-
Colombia	680	600	600
Costa Rica	313	336	290
Ecuador	1,346	1,105	992
El Salvador	465	522	355
Guatemala	693	745	800
Haiti	-	400	400
Honduras	833	976	626
Jamaica	779	449	500
Nicaragua	560	500	500
Panama	615	500	520
Paraguay	417	544	595
Peru	193	115	50
Uruguay	-	100	-
Regional	3,911	5,590	4,030
ASIA - TOTAL	17,345	20,952	24,029
Afghanistan	275	1,432	1,087
Bangladesh	-	1,000	3,000
India	512	135	-
Indonesia	2,686	5,417	6,013
Korea	436	305	361
Laos	500	780	910
Nepal	310	740	1,275
Pakistan	282	1,376	1,692
Philippines	6,290	5,396	5,016
Thailand	1,600	1,850	1,500
Turkey	-	93	60
Vietnam	1,108	1,256	1,500
Asia Regional	3,347	1,172	1,615
AFRICA - TOTAL	11,267	10,303	12,180
Burundi	10	a/	a/
Cameroon	1	a/	a/
Central African Republic	25	a/	a/
Chad	3	a/	a/
Ethiopia	36	21	325
Ghana	650	1,105	945
Kenya	489	215	1,200
Lesotho	12	a/	a/
Liberia	308	99	-
Malawi	20	a/	a/
Mali	1	a/	a/
Mauritania	1	a/	a/
Mauritius	1	a/	a/
Morocco	417	548	982
Niger	4	a/	a/
Nigeria	-	595	655
Senegal	8	a/	a/
Tanzania	-	1,800	1,400
Tunisia	3,884	950	2,118
Uganda	125	125	-
Upper Volta	16	a/	a/
Zaire	610	301	525
Central West Africa Regional	2,500	75	690
Africa Regional	2,146	3,759	2,812
Southern Africa Regional	-	510	228
Self-Help	(113)	200	300
UN POPULATION PROGRAM	29,040	9,000	20,000
INTERREGIONAL PROGRAMS	54,479	71,977	58,254

a/ Self-Help Programs. Population self-help funds are available for countries eligible for regular self-help.

**HUMAN RESOURCES
DEVELOPMENT**
(E)

HUMAN RESOURCE DEVELOPMENT

Education for Development: The Problem

The pre-eminent role of education--formal and informal--in the development process has always been evident, and the drive to establish national educational systems has been one of the major aims of new nations. At the time of independence they often set ambitious goals which turn out to be laudable aspirations rather than realistic objectives for a single decade.

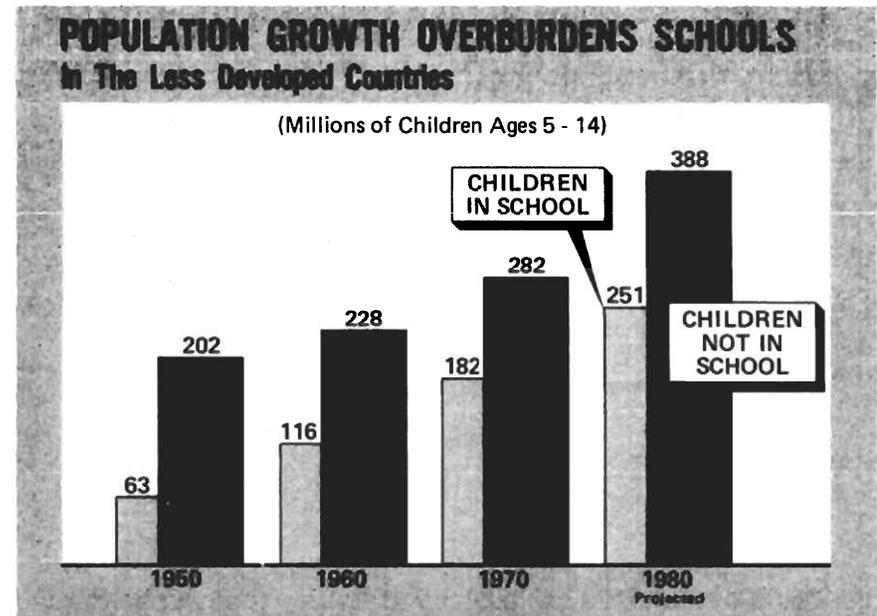
In terms of quantity, quality and rate of progress, most developing countries have succeeded in building school systems for far larger numbers of people than ever had access to education before. Primary school enrollments have doubled and secondary and higher education have quadrupled since 1950. While the increase in the absolute number of school age children enrolled in school is impressive, only 40% of all school age youth in the developing countries are in school today. If population growth and school enrollment increase at the same rate during the 1970's without any change in the methods of education, less than half of all school age youth will be in school by 1980.

The capacity of most developing countries to increase their education budgets is very limited.

--A recent study by the Indian Government projected an estimated sixfold increase in total educational expenditures from 1965 to 1985 and a fivefold increase in per capita expenditures to achieve essential improvements by 1985.

--Uganda would require operating expenditures four times the present cost just to maintain 47% of its elementary age population in school through the 1970's.

At the same time, expanded education is a prerequisite for accelerated development. In 1960 there were an estimated 700 million adult illiterates in the developing countries; by



1970 the absolute number of adult illiterates had increased to 755 million. Traditional forms of schooling cannot cope with the problem of education in the developing countries. Alternative teaching methods outside the formal school system offer possibilities for larger numbers of people to become literate.

Unless dramatically different and more efficient educational systems are devised, the developing nations will fall farther behind in meeting their national needs for education. Thus, learning systems that can reach larger numbers of people at lower cost must be found. New concepts and new systems must be devised and tested before they are adopted on a wide scale.

The New Approach

--In Guatemala youngsters in four rural pilot schools are planting vegetables and learning to read and write at the

HUMAN RESOURCE DEVELOPMENT

same time. Third graders work with fractions as they sell carrots at a roadside stand. In the three years the A.I.D.-supported pilot program has been in effect dropouts--usually about 80% in rural schools--have decreased dramatically. Attendance is 40% above normal. The Guatemala experience is one of the ways A.I.D. is helping to attack the education problem in the developing countries--a problem exacerbated by rapid population growth. Such imaginative programs seek to find answers to this awesome challenge.

- In Thailand an A.I.D.-supported effort is encouraging the use of family planning information in literacy programs. Newly devised methods were based on recent findings about the learning process and an analysis of the rural population of Thailand. Supplied with teaching kits, trained teachers are using methods and motivational techniques. Now active in 102 villages, the Thai Government expects to incorporate the program in its national system of education by 1975. Significant elements of this program are now being adopted in Turkey, India, the Philippines and Malaysia.
- In Korea an elementary middle school program, now supported by an A.I.D. loan of \$2.5 million, started with an analysis organized and conducted by the Korean Ministry of Education with the help of Florida State University. Using advanced systems techniques the analysis called for major changes in the Korean education system, including changing the size of existing instructional units, adopting a new system of individualized instruction, modification in the use of professional staff, and development of radio-television instructional systems. Currently, A.I.D. is helping the Korean Educational Development Institute design a five-year pilot project based on the proposals in the study. The results of this effort will determine the scope of future reforms of the Korean educational system.
- Some of the most successful projects to date have been organized by labor unions. A.I.D. has supported the African-

American Labor Center in carrying out successful training programs in Ethiopia and Kenya. In Addis Ababa, construction workers are receiving part-time, evening training in modern building skills. In Nairobi, 200 journeyman and master printers have been trained in up-to-date printing methods. In each case, local unions and employers have contributed to the success of the project.

A.I.D.'s Investment

Over the past decade, A.I.D. assisted 70 developing countries in the field of education and education-related components of other development activities, principally in agriculture, health and sanitation, labor, and public administration. For the most part, this assistance helped train people, reform curricula, and improve programs, rather than underwrite the cost of "bricks and mortar"; 88% was for technical assistance and less than 12% to support the cost of construction of school buildings and purchase of equipment.

Close to 50% of A.I.D. education funds was for improvement of higher education. Technical education accounted for 10%, elementary 10%, secondary 8%, and the remainder for other purposes.

A.I.D. has played a major role in helping many developing countries train the professional, technical, and administrative manpower vital for national development, and to create the institutions to train such manpower in the future. A review of selected A.I.D. projects suggests the impact of these investments.

Higher Education: In Ethiopia, the Haile Selassie I University, the largest university in sub-Saharan Africa, now has an enrollment of over 5,000 students and a faculty of 500. Approximately 60% of its faculty are Ethiopians, ranking it among the top institutions in sub-Saharan Africa in faculty nationalization. Since assistance began in 1952, A.I.D. trained 156 of the

HUMAN RESOURCE DEVELOPMENT

Ethiopian faculty members and another 38 Ethiopians are now studying in the United States. This assistance has made the University the principal source of high level manpower required for Ethiopia's economic and social development.

Technical Education: The Kanpur Indo-American Program (1962-1972) is an example of a joint effort of several U.S. institutions to assist in the development of the Indian Institute of Technology in Kanpur. The American advisors worked on the development of curricula and research programs, supporting facilities and services, and building and equipment requirements and helped select faculty for study in U.S. institutions. By 1972 the Institute had become a leading education and research center for undergraduate and graduate engineers and scientists. Moreover, the outstanding reputation of the Institute has helped reverse the "brain drain" by attracting Indian scholars back from developed countries.

Literacy: While general opportunity for education remains a major objective of the developing countries, simple literacy is critical in ensuring access of the poor to a more equitable share in the benefits of economic and social development. Access to and distribution of the limited educational resources has been extremely uneven. Solutions to this problem using currently available techniques of education require massive financial and human resources, primarily from the less developed countries themselves. In recognition of this fact, A.I.D. limited its allocations for literacy programs in the 1960's.

Training: The United States has served as a major training center for people of the developing countries. Over the past decade an average of 15,000 participants was trained each year in various programs covering education, agriculture, health and other development-related fields.

Education Needs in the Less Developed Countries

At the start of the 1960's education was generally regarded as

as the touchstone of "modernization" and development. Primary emphasis was placed on technical and higher education. The American land grant college tradition provided a strong influence and A.I.D. programs were directed primarily toward agricultural, engineering and technical education. The doctrine of universal literacy was largely accepted as a prerequisite to political, social, and economic development. As a result, essentially all of A.I.D.'s education funds--probably in excess of 90%--were invested in formal education systems.

In the second half of the decade, expanding education budgets in developing countries began to conflict with demands for other essential development sectors. The phenomenon of the "educated unemployed" appeared more often and the high cost of technical and higher education was questioned for the first time as graduates could not find acceptable jobs. The problem was multiplied by the migration of partially educated and unemployed young farm workers to cities where they joined a growing pool of unemployed. The labor force in developing countries is expected to grow about 25% between 1970 and 1980. In many countries, real unemployment could be on the order of 40%.

Under conditions of rapid economic growth, lack of specialized skills in technology, management, and the crafts can impede economic growth and employment. However, there is little evidence that more education alone can create growth conditions.

There are growing apprehensions about the adequacy and increasing costs of formal education systems. Both the developing nations and the international donors have begun to address the central issue of costs, benefits, and efficiency of education. The "Faure Report" published by UNESCO in September 1972 expresses concern over the continuing crisis in education in the developing countries and recommends inter-regional cooperation in assistance to developing country educational development, stressing the need for new approaches.

HUMAN RESOURCE DEVELOPMENT

A Strategy for the Future

Over the next few years A.I.D.'s support for education will not increase above the average level of the past decade. But a significant part of the investment will shift to education sector loans. Despite the obvious need the allocation for education will remain level for two basic reasons:

- First, new educational techniques are not adequate to obtain dramatic cost reductions needed to achieve any significant impact on illiteracy and to provide access by the poor to educational opportunities.
- Second, expansion of education is severely limited by a lack of local resources for salaries, publication of books and materials and operating costs for training facilities. The need for U.S. support is limited to specialized equipment and technical assistance. Thus, A.I.D. will rely on the recipient country to provide the necessary local costs from its own resources. Alternatively A.I.D. will use dollar loans or grants to help finance local costs. In Latin America, A.I.D. has supported broad education programs by financing a portion of local costs. In other regions, our education programs have emphasized technical assistance.

At the same time A.I.D. has increased its investments in programs more broadly aimed at general development problems and less narrowly focused on education systems.

In the immediate future A.I.D.'s technical assistance will continue to emphasize professional and higher education while sector loans attack the fundamental problems of the education system as a whole. In this context, the FY 1974 education program will focus on:

- (1) selective technical assistance projects;
- (2) comprehensive sectoral analyses;

- (3) education projects related to other sectors; and
- (4) research and development of low-cost education systems.

Technical Assistance: Development Grants totalling \$20 million in FY 1974 will continue support for projects related to educational institution development, such as the Curriculum and Textbook Project in Afghanistan. Since the start of the project in 1967, 25 locally produced primary school textbooks and teachers' guides have been printed and, by 1977, 142 texts will be written and distributed. The program also calls for the in-service training of all primary teachers in the country to use the textbooks.

Education Sector Programs: Broader involvement in the education sector as a whole is relatively new. Such programs feature comprehensive analysis of the education sector and may combine the use of Development Loans and Development Grants.

Beginning in 1968 in Brazil, A.I.D. assisted in an extensive analysis of the Brazilian education system. As a result, A.I.D. made two education sector loans of \$82 million matched by an equal amount from the Brazilian Government. The first loan of \$32 million supported a complete reform of the junior high school system and the construction of 112 schools in four states and ten model schools in capitals of other states. Five thousand teachers are being trained to staff these schools, a new curriculum has been developed, and special instructional materials have been designed. The second loan of \$50 million is helping six more states develop integrated four-year education development plans with the help of a technical manual prepared by Brazilians with U.S. technical assistance.

Education in Other Sectors: Support for educational components of other sector programs will increase. For example, A.I.D.'s population program supports curriculum development in social work which includes training in population dynamics and

HUMAN RESOURCE DEVELOPMENT

family planning. An A.I.D. project is being carried out by the University of California (Santa Cruz) with the African Kingdom of Lesotho to improve the Government's maternal and child health/family planning services. As a part of the overall training programs for nurses, mid-wives and economic assistants in the Health Education Division, 600 school teachers also participated in in-service education courses.

Research and Innovation: As discussed before, current efforts to expand and improve school systems and curricula, although often quite successful, will not prepare the majority of less developed country youth for more productive lives. Some way must be found to reach more young people with training suited to the needs of a developing country. This situation calls for a two-pronged effort.

First, research must be stepped up to devise new instructional methods and technologies to reach more people both in and out of school. At the same time, experiments must be carried out on innovative approaches to train people on the farm and in the factory.

Past education programs too often attempted only to apply modified western methods in developing countries. Today, A.I.D. seeks to test nontraditional, comprehensive systems of education designed for and in the less developed countries. Efforts to develop "nonformal" education or training on the job are still at a preliminary stage. American experience in designing such programs for use in the United States has had mixed results. Nevertheless, most developing country leaders join us in recognizing the need to find new means for training large numbers of people to play a productive role in the economy.

DEVELOPMENT ADMINISTRATION

Beyond its work in education, A.I.D. also provides limited assistance in the general field of public administration. The

degree to which human talent, capital, and technology are successfully combined to achieve development goals and improve people's lives depends on management skills. These skills are in very short supply in the less developed countries.

In the past decade U.S. assistance helped build public management capability in taxation, statistics and civil service and strengthen business schools in Nicaragua, Korea, Nigeria, Peru, Colombia, Brazil, and the Philippines. About 10,000 people from developing countries came to the United States or went to other countries for training in public and business administration.

The Agency's public administration effort has declined in recent years as assistance from other sources, notably the UN, has increased. However, there is still a need for bilateral aid in development administration on a selective basis. For example, Liberia is setting up a new Institute of Public Administration to train administrators with the help of an A.I.D.-financed contract team. Contract advisors are helping Bolivia and Peru carry out budget and fiscal reforms. Advisors from the U.S. Internal Revenue Service have helped the Guyana Government achieve a 20% increase in tax collections in 1972 as compared to 1971.

The use of existing institutions to build additional management capacity is illustrated by the Central American Institute of Business Administration. The Institute has received A.I.D. grant and loan assistance, including technical assistance from the Harvard Business School, and has emerged as one of Latin America's leading business schools.

In recent years the Turkish Municipal Association, supported by U.S. technical assistance, has become an effective vehicle for training local officials and improving local administration.

To a greater extent, development administration skills, methods, and perspectives are being incorporated into food production,

HUMAN RESOURCE DEVELOPMENT

health, and other sectoral activities. A.I.D. assistance on modern management methods and emphasis on techniques to stimulate local involvement in development will increasingly help developing country programs attain the goals of greater equity and balanced growth.

PUBLIC SAFETY

Finally, in recognition of the fact that civic order is a necessary condition for development, A.I.D. will continue to fund limited public safety programs directed to building civilian police forces that will provide responsive, humane and timely police services to all of the people. Emphasis is on training, telecommunications, transportation, records and identification, criminal investigation, and the administration and management of police resources.

In addition to the professionalization of police forces, public safety advisors encourage police officers and government

leaders to embrace the concept of public service, in law enforcement as an accurate reflection of the proper role of the police in a free and open society.

Since its inception in 1954, the worldwide public safety program has provided technical assistance to 52 countries; more than 7,500 police officers have been trained in the United States and thousands of other officers have received training in their respective countries.

Of the 16 countries to be funded from Development Grants in FY 1974, 13 are in Latin America, 2 are in Africa and 1 in Asia. Some 70 public safety advisors will be assigned in those countries and some 600 foreign police at the International Police Academy in Washington, D.C. A.I.D. plans to continue the African regional training project which supports training of a limited number of police officers from African countries in our International Police Academy.

PROGRAMS FOR SELECTED DEVELOPMENT PROBLEMS

While concentrating its resources on food production, education and population and health, A.I.D. recognizes that some countries will continue to need assistance in fields beyond these three. One of the major demands is for assistance to the general economic structure of a country. Without adequate roads, power, urban development, and other institutions and systems, it is impossible for a nation to use its resources efficiently. To meet this need a smaller but important share of A.I.D. resources will continue to support infrastructure development projects. In FY 1974 these assistance efforts will involve \$177.6 million of the total Development Assistance request.

Transportation and Power

Transportation and power networks are inadequate or have become weakened through inattention in the last several years in many developing countries, largely in Africa and Asia. Working through consultative groups with other donors A.I.D. will continue to help finance capital projects on a loan basis.

A particularly important project is the Tanzania/Zambia highway. The road will give Zambia access to the port of Dar es Salaam in Tanzania and remove Zambia's dependence on a link to the sea through Rhodesia and Mozambique. It will also open up markets for farm products and provide access to national parks and game preserves for a growing tourist trade. A.I.D. has financed some sections of the road; the World Bank, U.K. and Sweden are financing other sections.

A.I.D. is also part of a multi-donor effort to help the Government of Mali improve major trunk roads and help the Highway Department with a road maintenance system. A.I.D. is considering support for a further extension of the trans-Cameroon railroad to open up land-locked areas of Central Africa. All of these projects are designed to develop transportation networks which will serve the internal requirements of particular countries, open up remote areas of their nations and facilitate the movement of agricultural, mineral, forest

and other products to new markets.

In Indonesia power and transportation networks have deteriorated over time or are seriously inadequate for an expanding economy. The Government of Indonesia has placed strong emphasis on the rehabilitation and expansion of the country's infrastructure as an essential first step in mobilizing agricultural and industrial resources and increasing investment and economic growth. A comprehensive plan for the improvement and expansion of the power network has been approved by the Government, and various donor members of the Indonesian Consultative Group have financed parts of the network. U.S. support is largely for transmission and distribution systems. A.I.D. is also financing road construction in Indonesia which will support subsequent work on farm-to-market roads and secondary distribution centers.

In FY 1974 Development Loans for infrastructure projects and related feasibility and other engineering/economic studies will total \$103.7 million

Industry

While the developing countries still need to expand their industrial capacity, A.I.D. has concentrated its limited resources in fewer areas in the belief that private investment is the logical channel for such assistance. There are areas, however, where effective support of industrial development can be provided. One such area is the development of more efficient technology using substantial amounts of labor. A small portion of A.I.D. central research funds will be used for this purpose.

A.I.D. will support efforts to increase industrial production when appropriate. A \$5 million Development Loan will help Korea establish a national standards organization to assure higher quality agricultural and industrial products for both overseas and domestic markets.

PROGRAMS FOR SELECTED DEVELOPMENT PROBLEMS

Total A.I.D. assistance to the industrial sector will be \$6 million in FY 1974.

Assistance to private U.S. firms investing and trading in the less developed countries is offered through the Overseas Private Investment Corporation and the Export-Import Bank.

Urban Development

A.I.D. is concerned with the problems of urban development. Rapid urbanization, occurring in practically all of the under-developed world, has exacerbated every urban problem: housing, municipal facilities and services, unemployment, and environmental conditions. All of this affects, first and foremost, the poorest people who form the vast majority of each city's population.

The rapid growth of cities is dramatically illustrated in Latin America. In 1970 there were over 100 million more people living in urban areas than in 1950. For every city and town dweller of 1950 there are now three. Urban residents outnumber rural inhabitants. The urgency increases for effective urban and regional development plans, efficient municipal administration institutions, adequate land-use controls, essential municipal services, increased employment opportunities and more housing.

The United States provides a modest amount of technical and capital assistance for the formulation and implementation of urban, regional and neighborhood development programs. Where feasible, such assistance is conducted within the context of studies which include the economic, social and cultural aspects of the development process. The analyses are carried out by cooperating country personnel with assistance from A.I.D. specialists when needed.

Supported by A.I.D. urban/regional sector loans, Colombia is attempting to divert rural-urban migration away from the

major metropolitan areas toward intermediate-sized cities. This program is integrated with a concurrent effort to decentralize industrial development so that new job opportunities and potential workers will be brought together to create new centers of development.

In Peru, A.I.D. loans and grants for reconstruction in earthquake and flood disaster areas are also being directed toward the creation of viable urban communities. This also applies to A.I.D. support to reconstruction in the Managua earthquake disaster area. At a level even closer to the people, squatter families in Panama, Colombia and Guatemala have been organized at the neighborhood level for self-help action through cooperative processes with A.I.D. help.

Almost all A.I.D. programs in urban development have been in Latin America. This reflects the decision of many Latin American countries to devote significant attention and resources to solving urban problems. Governments in other areas can be expected to become more involved as their urban problems become more apparent to them.

Housing is one aspect of urban development which has been heavily assisted in Latin America and is now being addressed in other areas of the world as well. A.I.D. has extended both loans and housing investment guaranties to help develop indigenous housing institutions and construct low-cost housing. The housing guaranty program is discussed elsewhere in this Presentation.

Concentrated in Latin America, most housing loans have supported the construction of homes for low-income families and smaller amounts have been used as "seed" capital for credit institutions serving middle income families. Eleven countries in Latin American now have savings and loan systems created with A.I.D. technical and financial assistance. They represent 110 associations with over 635,000 accounts and net savings totalling \$700 million, and home loans numbering 192,000

PROGRAMS FOR SELECTED DEVELOPMENT PROBLEMS

and totalling \$990 million.

A.I.D. will increase emphasis on adequate housing for the lowest income groups. Along with the World Bank, A.I.D. is now exploring the possibility of minimum shelter projects through "sites and services", "core" and "shell" housing programs, and cooperative approaches. In view of the enormous demand, A.I.D. must restrict its contributions to technical assistance, institution building, and limited pilot demonstrations. This effort is similar to the mobilization of resources for middle income groups. In addition to housing investment guarantees under consideration, loan and grants for urban development involve \$50.5 million of the FY 1974 Development Assistance request.

Export Development

Economic growth in developing countries is directly affected by expansion of their exports. These countries are eager to exploit opportunities to their development effort. Exports now provide nearly 4/5ths of their foreign exchange earnings. In this sense foreign trade is often more important to developing countries than external aid.

A.I.D. assistance in export development to the poor countries has been in the form of technical guidance, export strategy

development, and identification and development of non-traditional products for the international market. A.I.D. has concentrated on improving their capabilities to find international markets most suitable for their particular products.

Export development programs have been designed to develop U.S. institutions that can assist in this activity. These programs involve the merchandising expertise and training skills of the U.S. private sector. A.I.D. has worked with organizations such as the World Trade Center in New York, the Young Presidents Organization, the International Marketing Institute in Cambridge, Massachusetts, the Retail Merchandising Corporation, Chambers of Commerce, universities, and financial institutions. A.I.D. also works actively to cooperate with international organizations active in this field.

In the last two years A.I.D. has financed the training of over 50 representatives from 22 countries in Africa, Latin America and Asia at the World Trade Center. For many years others have been trained by the International Marketing Institute. A.I.D. has also financed U.S. private sector teams to identify products and help locate international markets for those products. A.I.D. is helping Morocco develop food and non-traditional industrial products for export to Europe. Such assistance has also increased exports from Central America and Colombia.

An FY 1974 budget of \$1.45 million is proposed for these programs.

PROGRAMS FOR SELECTED COUNTRIES AND ORGANIZATIONS

While a large part of A.I.D.'s resources in FY 1974 will flow into the major sectoral activities discussed in the foregoing, there remain two other significant categories of activity--lending in support of the general economy of the recipient and grants for programs conducted by private and certain international organizations. Both kinds of assistance of course cut across sectors.

Program loans provide foreign exchange with which the recipient nation can obtain additional imports of materials, equipment and commodities needed for its development programs. The object of such loans is to break the constraint that inadequate foreign exchange availability exercises upon growth. The shortage may arise from natural catastrophes, crop failures, unforeseen and sharp reductions in the price of basic export commodities, a generally deteriorating economic position, or from growth at a rate beyond that which existing foreign exchange resources could sustain.

The focus in the provision of such aid must then be upon the country's overall economic management, for the question of the effectiveness of aid in this form can only be answered by an overall appraisal. A program loan implies an endorsement of the country's general development program and a belief that such a loan is the most appropriate form of assistance for that particular nation.

Two other general points apply. Program loans are normally agreed to in cases where the loan is part of a total aid package worked out by members of a multilateral consultative group. Second, it is now the normal approach for the secretariat of the consultative group to do the necessary negotiation with the recipient on the self-help quid-pro-quo.

Where the above situations exist neither a specific project loan nor a sector approach which looks at problems in a single sector will do the job. Project loans isolate a too small part of the economy to be useful as a help in meeting more

generalized problems. A loan confined to a single sector in which, for example, commodities such as fertilizer are imported for that sector and where associated policy changes in that sector, such as changes in the subsidization rate, can be agreed upon as part of a loan, may be too narrow an attack on more generalized country-wide foreign exchange shortfalls or more basic economic problems.

From a U.S. point of view, program loans have another advantage. They tend to channel resources to private industry in the recipient country and to acquaint indigenous private enterprises with American goods. This can lead to fruitful and permanent trade links even after the need for U.S. development assistance has passed.

While over the past few years A.I.D. has been moving away from program loans and toward sectoral approaches, there are still cases in which the need for program lending will continue. The following are such cases for FY 1974:

--In Ghana, since the regime of Kwame Nkrumah was deposed, the country's balance of payments has been at a crisis point. During the Nkrumah era export earnings declined while at the same time investments were being made on the assumption of unlimited access to imported raw materials and goods. This led to the complete draw-down of Ghana's own foreign exchange reserves and the build-up of massive short and medium-term debts. In recent years, with assistance from the World Bank, the International Monetary Fund, the United States and other bilateral donors, Ghana has been able to take major steps to correct its most serious structural problems. It has formulated a stabilization program, carried out a major devaluation and is negotiating on debt rescheduling. A program loan of \$10 million in FY 1974 is necessary to assure the success of these important actions and to help sustain the pace of development in Ghana.

--The situation in Indonesia is similar. The end of the Sukarno

PROGRAMS FOR SELECTED COUNTRIES AND ORGANIZATIONS

era in late 1965 left the Indonesian economy in a state of chaos. Inflation was rampant; the basic infrastructure had deteriorated; and foreign exchange for essential rice and textile imports was lacking. As in Ghana, the Government of Indonesia has made impressive progress as a result of its own self-help measures and substantial foreign assistance provided within the framework of a multilateral Consultative Group. Indonesia formulated and carried out a stabilization program to curb inflation. Fiscal and credit restraints were imposed; many direct economic controls were abandoned; and the heavy foreign debt burden was rescheduled. For all of this substantial aid from abroad was needed and received. Export earnings and domestic revenues have increased steadily and there has been a significant rise in the production of rice, the main staple, over the past several years although this year's crop has suffered considerably from drought. Inflation which at one point in 1966 hit an annual rate of 640% is now running at about 25%.

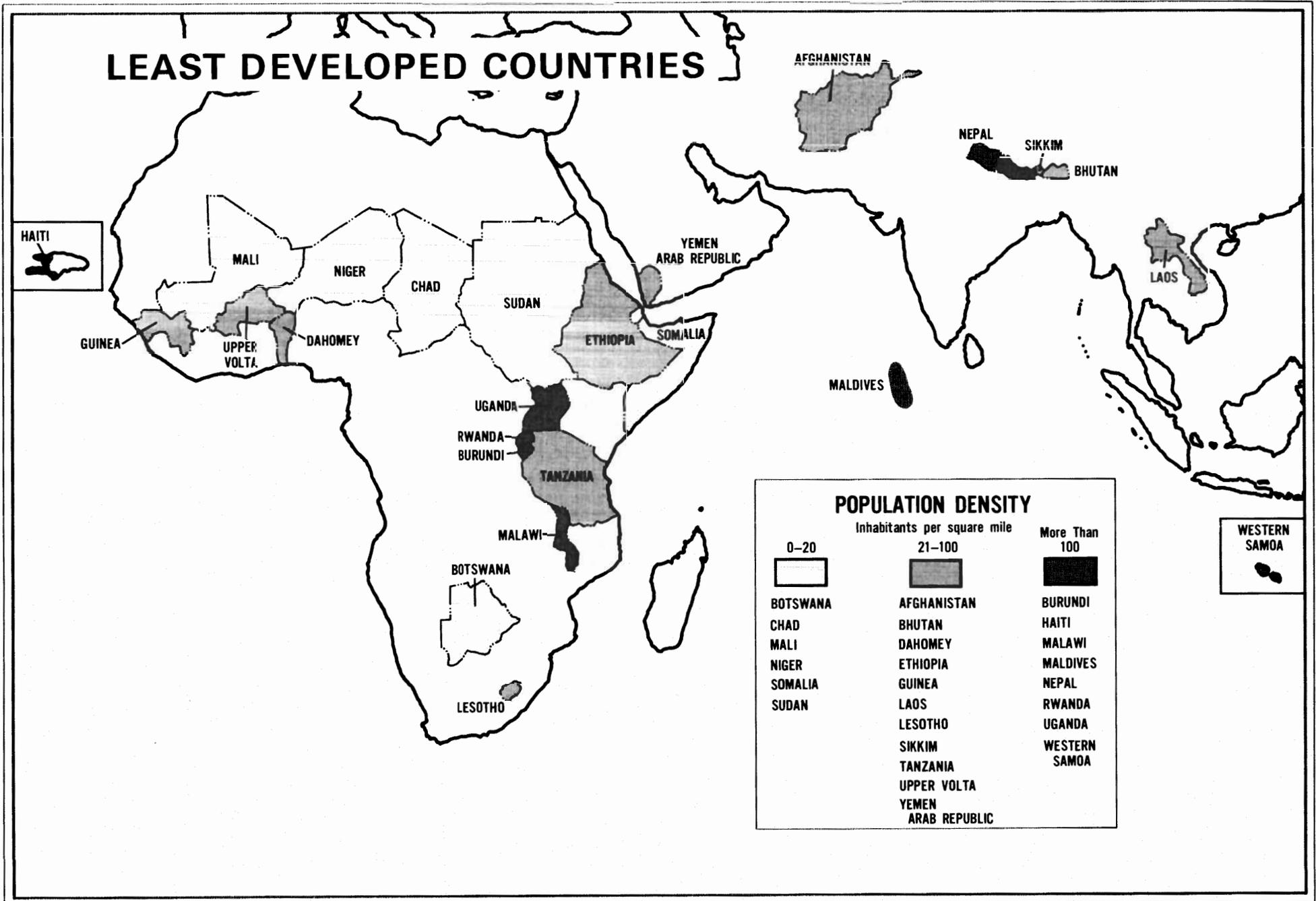
(The rice shortage last year forced this rate up from what had been a much lower rate.) The general economic situation has improved very considerably. While A.I.D. provides a major part of its assistance to Indonesia in project lending, we believe that a program loan is appropriate as part of the U.S. aid level to Indonesia in FY 1974.

--Both India and Pakistan require imports to sustain growth. Such imports are needed for a wide range of industrial enterprises and in the agricultural sector. A.I.D. loans have in the past financed the purchase of raw materials, equipment and spare parts to enable industry to grow thus generating new jobs, increased earnings and additional revenue for social and economic programs. A \$75 million

aid level is proposed for India in FY 1974. The Government of India may choose to use a part of this for imports of fertilizer and other agricultural commodities. In the case of Pakistan, following the 1971 war with India and the breakaway of Bangladesh, the depressed economy needed to be reactivated and alternative markets needed to be found to compensate for trade between the two former wings of Pakistan. Pakistan has made progress especially on the export side but still requires some further balance of payments help. A.I.D. proposes a FY 1974 program loan to Pakistan of \$35 million.

The second category of assistance which cuts across several sectors is assistance to selected private international and inter-governmental organizations. In FY 1974, A.I.D. proposes to grant a total of \$33.4 million to aid such organizations. These grants, discussed in detail elsewhere in the Presentation, are made for selected programs of regional organizations such as the Organization of American States (OAS), the Central Treaty Organization (CENTO), and the South East Development Advisory Group (SEADAG) as well as private non-profit organizations operating in areas larger than a region such as the Asia Foundation and the International Executive Service Corps. These latter groups are representative of a great number of private voluntary organizations which provide a multiplicity of services to private groups in the developing countries.

The United States has attached importance to and has taken an active supporting role with such organizations. For example, the U.S. share of contributions to OAS programs--for technical advisory services, training and research to reinforce national efforts through multilateral cooperation--represents about a fifth of the total A.I.D. request for grant programs in Latin America.



THE LEAST DEVELOPED COUNTRIES

The primary object of U.S. economic assistance is to help the developing nations achieve modernization and prosperity peacefully, within an open international economic system, without social chaos and violence.

During the last decade as we have worked toward this goal, the United States has become increasingly aware of the special situation of certain developing countries whose incomes and natural endowments are so low that very little of the basic prerequisites for growth and development exist. These nations--the least developed countries--are poor almost beyond measure. Their literacy rates are minimal; their economies are almost entirely rural and overwhelmingly devoted to traditional agriculture.

In the 25 countries in this category live 150 million people--about 10% of the total population of all developing countries (excluding the Peoples' Republic of China). While they differ in size, population, culture and language, they face many of the same extreme conditions of human poverty.

The UN Committee for Development Planning uses three criteria to identify the least developed countries:

- Per capita gross domestic product per annum is \$100 or less;
- Manufactured goods represent 10% or less of total product; and
- The literate portion of the total adult population (age 15+) is less than 20%.

The least developed countries share other common characteristics:

--Fifteen of them are landlocked; most have arid climates and difficult terrain;

--There are few schools and fewer hospitals and clinics. On the average there is only one doctor for every 40,000 people;

--Malnutrition and disease are common; life expectancy is about 40 years;

--Over 80% of the people barely make a subsistence living off the land using primitive farming methods. During the last decade there has been virtually no increase in per capita agricultural output.

Some nations not included on the UN list believe they meet the criteria. For example, Bangladesh is not included since it did not exist as an independent nation when the list was prepared.

In sum, the process of development has largely bypassed these countries. They will continue to be left behind unless they can make the transition from subsistence to market agriculture using modern institutions and practices and changed policies.

An International Response

The growing concern for the critical situation in these least developed countries was expressed at the UN Conference on Trade and Development (UNCTAD) held in Santiago, Chile in 1972. A major resolution adopted by all representatives urged every country to take special measures to aid the least developed--in trade and commercial policy, business and technology and technical and capital assistance. The United States strongly supported this resolution.

THE LEAST DEVELOPED COUNTRIES

In the areas of development finance and technical assistance the resolution raised a series of major issues regarding the quality and quantity of aid. Not only do those countries require more aid, but assistance must be specially designed to meet their particular problems. These countries lack skilled manpower, technical and institutional capacity to manage their own development, and the capital resources required to construct basic infrastructure such as schools, roads, factories and health clinics.

Our assistance can make a significant difference, but only if they demonstrate a desire and capacity to help themselves and demonstrate the determination to make the difficult decisions required. Many things must be done immediately and simultaneously. There are several generally accepted, priority steps to be taken in these countries:

- The acute shortage of trained and skilled manpower in business, government and schools is the central bottleneck impeding their efforts to help themselves. Managerial, technical, professional and clerical personnel and skilled labor are in short supply. Programs to train middle level manpower skills rapidly and to develop relevant and low cost educational systems must be given the highest priority.
- During the short term the effort to increase agricultural production must include the provision of such farm inputs as irrigation equipment, fertilizer and the seeds plus the acceptance of new cultivation practices, the creation of adequate extension and marketing systems and the adoption of appropriate incentives. Longer term programs must focus on expanded research efforts to seek solutions to the problems of severe water shortage and the adaptation of crops to extremely arid conditions.
- Modern industry is virtually non-existent in most of these countries. Their exports are limited to a few traditional commodities. Their industrial base must be expanded and

new exports identified and promoted. An adequate system of transportation must also be created to undergird basic agricultural and industrial development. In the absence of adequate exploration, little has been done to survey and exploit their natural resource and mineral potential with modern tools and techniques.

- Debilitating endemic diseases must be controlled. Effective and extensive health delivery systems, including child health and population planning, must be developed to provide a strong working force and prevent continued rapid population growth.

The response to the needs of the least developed countries thus far has been encouraging. Special efforts have been made to expand and accelerate assistance programs and adapt them to the special situation of each country. The UNDP, which has initiated a special country programming effort in the 25 least developed countries, expects to increase its resource flows by at least \$25 million during the next annual program cycle. The UN has also agreed to eliminate its requirement for a local contribution by these countries. The World Bank has decided to assist these countries with long-term, concessional loans only and will increase the amount of local costs it will finance. Sweden, Australia, Canada, Germany and other countries have taken similar steps and are meeting all local costs, making interest free loans and using grant funds or earmarking special additional funds for technical assistance to these countries. Together, the donor countries, through the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), have agreed to give loans on improved terms and are studying the possibility of further agreements to give special benefits to these countries. We are hopeful that the United States may also be able to make available interest-free loans to the least developed countries.

THE LEAST DEVELOPED COUNTRIES

U.S. Support for the Least Developed Countries

The United States has pledged its support for this special effort. A.I.D. has devised new policies and programs of assistance to meet the most urgent needs of these countries. To ensure the success of this new effort maximum flexibility must be maintained to respond most effectively to the varying conditions and needs of each country. We will pursue this policy initially in countries where we already have established A.I.D. programs such as Tanzania, Lesotha, Botswana, Ethiopia, Afghanistan, Nepal, Haiti, and others.

A.I.D. Initiatives

1. Special Integrated Project Grants: First, A.I.D. will fund selected integrated technical and capital assistance projects in high priority development sectors on a grant basis. Although grant funds have been provided for capital projects at various times in the past, this policy was changed as conditions in many of the developing countries improved. As a result, A.I.D. became more selective and restricted Development Grants primarily to technical assistance. Thus, capital assistance has been primarily funded from Development Loan funds in recent years. However, this has penalized the poorest nations whose potential revenue and repayment capabilities are, and will continue to be, severely limited. Therefore, we propose to use Development Grants on a case-by-case basis to fund projects designed to expand basic institutions and strengthen production organizations, as well as technical assistance requirements. For example, the provision of rural credit to small farmers in Tanzania and the development of an institutional capability to manage and use the credit effectively through cooperatives and other means are activities deserving of special integrated project grants.

2. Improving Our Ability to Respond: The procedures and practices through which we provide aid are being changed to take into account the realities of working in the least devel-

oped countries. For example, A.I.D. is supporting an innovative program to develop private enterprise and entrepreneurs in West Africa. Regional banks are being strengthened to play a more dynamic role in national and regional development and to mobilize private capital. Drawing upon past experience and the problems faced in these countries, a more flexible approach will be used in local operations, lending procedures, local cost financing and procurement policies.

Fewer demands will be placed upon the capabilities and supporting facilities of the host countries. A.I.D. advisors will work more closely with host country personnel and at their pace. The measures taken to adapt Agency procedures and practices to facilitate our assistance to the least developed include:

- Increased funding of local costs and recurrent expenditures to fit particularly difficult circumstances.
- More flexible contracting procedures, including greater U.S. assistance to host governments during the contracting process if necessary.
- Provision of A.I.D. experts either directly to the least developed countries or to development advisory teams; and
- Special guidelines for provision and training of host country counterpart personnel to meet the manpower constraints and local support requirements of the least developed countries.

3. Mobilizing U.S. Private Voluntary Agencies: Many U.S. voluntary agencies have been active in the least developed countries and have gained extensive experience and knowledge of their development needs and problems. While their resources are often limited, they have attracted highly motivated volunteer personnel and have committed substantial financial resources

THE LEAST DEVELOPED COUNTRIES

of their own.

The total aid volume can be expanded by supporting the work of these organizations in priority development areas in which they are especially well experienced--middle level manpower training, rural health delivery systems, small enterprise development, and related activities which reach out into rural areas and other disadvantaged parts of society.

Multilateral Cooperation

7 1. Collaboration: As new programs for assistance are developed by the World Bank, the UNDP and other donors, A.I.D. will participate in joint technical assistance and capital investment projects. Such cooperation and coordination is essential to overcome the difficulties of working in these countries and to reduce duplication of projects and the resulting burden upon local planning and management skills.

A.I.D. has actively supported the development of regional competence to control communicable diseases in West and Central Africa. After 6 years and 148 million smallpox vaccinations, the valuable and successful program of smallpox eradication in the region is being concluded. In the process, a competent locally-managed health delivery system was created. Building upon this experience, and with our active encouragement, the 17 participating countries of the region have joined in a new program to develop an effective organization to combat communicable diseases. Several donors are assisting this important cooperative effort.

2. Capital Investment: Coordination is especially important for infrastructure investments and agricultural and industrial production projects where joint financing with the World Bank or other donors helps achieve a multiplier effect in assistance. Such coordination also decreases the need for separate expert staffs, overlapping technical studies and analysis, while increasing the drain on scarce manpower in the host countries.

Better results can also be achieved by insisting on adequate self-help measures.

Thus A.I.D. joined with other donors to support an irrigated farming project managed by the World Bank in the Sudan. We have also joined with France and other European countries in providing capital and technical assistance to help a newly established organization, the Entente Livestock Community. This program is designed to improve livestock production, sanitation, marketing and related support for expansion of the livestock industry in the five Entente countries of West Africa.

3. Special Technical Assistance Activities: As a special measure to get development projects underway in these countries, A.I.D. will make experts available for joint international technical assistance activities. Through this effort, U.S. technicians will help alleviate the critical shortage of technical experts now delaying implementation of priority projects. Moreover, A.I.D. will avoid incurring project management and support requirements in countries where there are no bilateral aid missions and none are expected to be started.

4. Development Advisory Teams: Parallel to the effort to expand technical assistance activities is the need to help the least developed countries organize and manage their own resources in order to exploit foreign assistance opportunities more effectively. In the short run, the bottleneck in absorptive capacity can be overcome, in part, by providing planning advisors for the appropriate planning and executing ministries to improve the scope and quality of their development plans. Such planning assistance teams, working directly within the executing agencies, will be able to serve as resident experts with respect to program and sector planning, project development, as well as to help accelerate aid flows.

Such small groups of advisors should be multidisciplinary and multinational covering economics, agriculture, education,

THE LEAST DEVELOPED COUNTRIES

transport, industry, health and other disciplines. Because of the extreme shortage of such expertise and the relatively small size of the African least developed countries, six to eight such teams are planned to cover the 16 least developed countries in Africa. Sweden has already taken the lead to fund two such teams in Central and West Africa. Management support has been provided by the UN.

Preliminary indications show a positive response to the first field teams. The demand for such assistance now exceeds the supply of skilled personnel. Based on the experience already gained by the multilateral agencies and the African countries, A.I.D. will fund two such development advisory

teams in the eastern and southern Africa regions.

While relatively small in absolute terms, our aid flows to the 25 least developed countries have steadily increased from \$58 million in FY 1970 to \$116 million in FY 1972 and to the proposed level of \$130 million in FY 1974.

These measures taken within our bilateral programs and through the multilateral framework are the initial steps needed to expand the development capacity of these countries and to meet the challenge of helping the least developed countries in their struggle for a better future. We will further expand this assistance effort in the next decade, and beyond, to support our commitment to a generation of peace.

THE LEAST DEVELOPED COUNTRIES: ECONOMIC AND SOCIAL DATA

COUNTRY	POPULATION (Mid-1972)	PER CAPITA GNP 1972	MANUFAC- TURING as % of GDP	AGRICUL- TURAL OUTPUT (Growth rate 1967-72)	EXPORTS (Growth rate 1966-71)	EDUCATION		HEALTH	
						LITERACY	SCHOOL ENROLLMENT RATE ^a	LIFE EXPECT- ANCY	PEOPLE PER DOCTOR
	Millions	\$	Percent	Percent	Percent	Percent	Percent	Years	Number
Afghanistan	17.9	90	11	n.a.	7.6	8	11	39	20,670
Bhutan	0.9	n.a.	n.a.	n.a.	n.a.	n.a.	55	n.a.	n.a.
Botswana	0.7	105	8	n.a.	23.4	20	39	43	16,900
Burundi	3.8	60	4	1.7	6.3	10	15	41	60,700
Chad	3.9	76	n.a.	n.a.	3.6	5-10	15	40	63,900
Dahomey	2.6	97	n.a.	2.7	33.2	20	19	41	29,900
Ethiopia	26.4	79	7	1.6	4.1	5	8	40	71,200
Guinea	4.1	81	n.a.	4.1	-0.8	5-10	15	40	49,800
Haiti	5.1	93	n.a.	2.2	5.6	10	20	47	13,210
Laos	3.1	65	n.a.	n.a.	25.0	15	34	50	16,570
Lesotho	1.1	90	1	n.a.	-13.0	n.a.	50	45	29,800
Malawi	4.7	89	12	5.5	8.0	22	23	40	43,500
Maldives	0.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	50,000
Mali	5.3	60	8	0.4	23.9	5	12	39	37,100
Nepal	11.5	80	10	n.a.	-5.4	9	15	42	49,100
Niger	4.1	100	n.a.	-5.2	3.2	5	6	43	54,100
Rwanda	3.8	65	3	2.6	14.9	10	31	43	58,100
Sikkim	0.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Somalia	2.9	88	n.a.	n.a.	2.5	5	6	40	17,900
Sudan	16.7	117	9	1.6	10.2	10-15	14	50	14,300
Tanzania	14.0	103	10	0.7	2.1	15-20	19	44	29,100
Uganda	10.4	141	9	2.1	3.7	20	24	49	8,600
Upper Volta	5.6	64	6	-0.8	1.2	5-10	6	37	92,800
Western Samoa	0.2	140	n.a.	n.a.	n.a.	86	62	63	2,860
Yemen Arab Rep.	6.1	80	n.a.	n.a.	-3.0	10	4	44	62,700

a - Primary and secondary students as a percent of 5 - 19 age group.



LATIN AMERICA

PROGRAM SUMMARY (In millions of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	242.4	61.9	5.8	24.4	118.3	32.0	-
Devel. Grants	91.5	13.8	13.3	28.4	6.3	14.7	15.1
Other	2.0	-	-	-	2.0	-	*a/
Total	335.9	75.7	19.1	52.8	126.6	46.7	15.1
<u>1973</u>							
Devel. Loans	225.0	62.1	30.8	25.1	92.0	15.0	-
Devel. Grants	87.5	13.9	14.4	24.4	5.0	13.9	15.9
Other	2.6	-	-	-	-	-	2.6 ^{a/}
Total	315.1	76.0	45.2	49.5	97.0	28.9	18.5
<u>1974</u>							
Devel. Loans	185.0	71.5	19.0	53.5	41.0	-	-
Devel. Grants	87.7	14.4	12.7	24.3	5.9	15.8	14.6
Other	1.9	-	-	-	-	-	1.9 ^{a/}
Total	274.7	85.9	31.7	77.8	46.9	15.8	16.5

Details may not add due to rounding

a/ Narcotics Control

*Less than \$50,000

The Latin America region is distinct from the rest of the developing world in several respects. Rather than being newly created, most of the countries have been independent for more than a century. Rather than being a widely scattered, diverse group of nations, many share significant similarities in terms of language, history and culture. Rather than being newcomers in economic development, many have been consciously involved in and actively promoting their own economic growth for a number of years. Several of the Latin American countries -- Argentina, Mexico, Venezuela, and Brazil -- in addition to being well on the path to their own development,

are playing small but increasing roles in providing assistance to the less developed countries of the hemisphere.

The efforts made by the Latin American countries on their own behalf have resulted in impressive gains over the past decade, following the inception of the Alliance for Progress. On the average the rate of growth in GNP was well above the goals of both the Alliance for Progress and the UN First Development Decade. In recent years, per capita GNP grew at one and one-half times the rate (2.5%) set as the goal for the 1960s. Brazil, with over one-third of the population in Latin America, has grown at the phenomenal overall rate of 10% over the past three years. The Dominican Republic, Ecuador, Panama, and Peru have enjoyed growth rates of 7 to 9%. During the past decade, enrollment in primary schools increased by two-thirds and more than tripled in general secondary schools. In ten short years, industrialization has changed the face of many Latin American cities and towns almost beyond recognition.

Nevertheless, many Latin American nations still have critical needs for external help. In spite of impressive gains on many fronts, the daily life of many rural Latin American families is largely unchanged from the pattern of generations ago. Growing at an annual rate of 2.8%, the population of the area, presently about 300 million, will double to 600 million before the end of the century. In many parts of the region, as many as one-third of all children die from disease and malnutrition before they reach the age of six. In some urban areas, as much as two-fifths of the labor force is unemployed or partially unemployed. Many people in the cities and most in the rural areas have no access to satisfactory sanitary water or sewerage facilities.

The small rural farmer -- typically a highland Indian family in Guatemala, Ecuador, Peru, or Paraguay--may have five or six living children. The family is likely to share-crop rather than own its one-acre plot of land, and to work

LATIN AMERICA

without fertilizer, pesticides, improved seed, or modern equipment, growing corn and beans with some of the lowest yields in the world. These two staples form the major share of the protein-deficient diet of the family. The sale of what the family does not consume of its meager output is the primary source of its income, less than \$100 annually.

Many of the rural children will never attend a school, and a majority of those that do probably will drop out after the first or second year. Frequently, the only health facility is a local midwife with no knowledge of modern preventive or curative medicine. Because only one or two of the surviving children in this representative family can inherit the family plot of land, most of the rest will migrate to the cities to join the already large number of untrained and unemployed people, the least fortunate of whom live in sub-human poverty.

Thus, one must conclude that the benefits of modernization have not yet been shared widely enough. The continuing success of efforts to improve the health, education, employment, and housing of the urban and rural poor will largely determine the future welfare and progress of Latin America and the hemisphere.

The primary responsibility for the improvement of the lives of Latin Americans lies, of course, with the Latin American countries themselves. There is no substitute for the leadership and policies that encourage adequate domestic savings and wise domestic investment, the broadening of educational opportunity, the increase of productivity of the rural population, and the export growth and labor-intensive enterprise needed to provide employment and income for more of the people.

The Latin American countries are exerting major efforts on their own behalf in these areas. While external assistance does not substitute for their efforts, it can be a critical catalyst in making that effort effective. For example, foreign aid can

never provide agricultural credit for a majority of the small farmers of Bolivia, but it can and does provide expertise to help design the most cost-effective system of small farmer assistance and to help plan a modern research and extension service. It cannot provide needed housing for any significant number of slum-dwellers, but it can provide (as in Panama) some pilot financing for both low-cost housing and "sites and services" projects that will, in conjunction with domestic resources, assist in the development of an effective long-term housing program. Aid can never provide school facilities for all the areas of Guatemala where no schools exist, but it can and does provide educational experts to work with Guatemalans in designing a low-cost, nonformal education system using radios and simplified texts. Thus, the role of external aid is to provide technical and capital assistance which will help direct local resources toward key development bottlenecks.

What Role for the United States in Aid to Latin America?

In 1961, 70% of the external economic assistance going to Latin America was provided directly by the U.S. Government; in 1972 that amount was 35% of the total. The major share of external capital and technical assistance is now being provided by the World Bank, the Inter-American Development Bank (IDB), and the UN and other multilateral organizations. To each of these organizations, the United States is a contributor. What, then, is the need for and proper role of, U.S. bilateral aid?

The United States looks to Latin America as an important source of raw materials and investment opportunities. Latin America is a major investment and trade partner accounting for some 18% of U.S. overseas investment of close to \$16 billion in book value. U.S. exports to Latin America, rising rapidly as the region develops, have increased from \$3.4 billion in 1960 to \$6.8 billion in 1972. Even with increased European and Japanese competition, Latin America still

LATIN AMERICA .

buys two-fifths of its imports from the United States. With our own well being becoming more dependent on our capacity to expand exports and on other aspects of trade and investment, we have a major economic stake in Latin America's future growth.

In addition to concentrating on key problems affecting the lowest-income groups and countries, the United States, through the bilateral programs, can direct resources toward specific regions such as the Caribbean, which do not yet have full access to some multilateral financing agencies. U.S. contributions to the Caribbean Development Bank and the proposed loan to assist the University of the West Indies complement British and Canadian assistance in this area.

A pattern of specialization has been developed in Latin America in recent years by which the large infusions of capital assistance to finance infrastructure--highways, power generating plants, urban water and sewerage systems, etc. -- are provided chiefly by the multilateral agencies, leaving A.I.D. to specialize increasingly in innovational activities for reaching the lower income groups. The United States is particularly qualified to fill this latter role, drawing on the wealth of expertise in our agricultural, university, industry, and labor communities.

In addition to encouraging selective projects reflecting U.S. interests, the bilateral program permits a concentration on problems which the United States considers important and yet for which multilateral agencies may have neither the desire nor the capacity to develop programs. Assistance in the control of narcotics and some aspects of family planning are examples.

A.I.D. seeks to make its bilateral aid responsive to multilaterally established priorities by participating in the forum led by the Inter-American Committee on the Alliance for Progress (CIAP) in which the economic status and development needs of each country are reviewed annually, and by supporting

consultative lending groups such as those that are now active for Colombia and Peru. Both formally and informally, A.I.D. encourages the sharing of information among assistance agencies and encourages Latin American governments to approach the IDB and the World Bank with appropriate requests for assistance. Joint reviews, exchanges of information, and working level contacts help A.I.D. and the other donors to benefit from each other's experiences and to reduce chances of duplication of effort.

FY 1974 A.I.D. PROGRAM

The A.I.D. program proposed for FY 1974 includes \$185 million in Development Loans and \$88 million in Development Grants to finance technical assistance provided by U.S. institutions. This assistance will be provided through 19 country programs in South America, the Caribbean and Central America, and three regional programs. Major bilateral recipients include Colombia (23%), Bolivia (9%), and Panama (5%). The five countries of Central America together -- Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua -- will receive one-fourth of the program through five bilateral programs and the Central American Regional programs. Close to one-fifth of the grants are earmarked for transfers to the multilateral programs of the Organization of American States (OAS).

A growing proportion of the bilateral program is directed to priority problems of lower-income groups in the critical areas of food production and nutrition, human resource development, family planning, and health.

Though relatively less assistance is proposed for industrial and urban development programs, efforts in these areas will increasingly focus on the problems of unemployment and underemployment and on the lack of services to lower-income urban groups. A.I.D. programs encourage, for example, the growth of labor intensive industries and the adaptation of technologies to provide maximum employment.

LATIN AMERICA

The United States continues to encourage economic integration within Latin America. For instance, a loan is proposed to the Central America Bank of Economic Integration (CABEI) for grain market stabilization throughout the Central American Common Market. Such a loan, while promoting economic integration of the countries of the area, also will assure stable, year-round grain prices and thus be of direct benefit to the small grain-producing farmers.

Food Production and Nutrition

In spite of the rapid urbanization of Latin America, a large proportion of the people still live in rural areas, and a majority still derive their livelihood directly or indirectly from agriculture. It is among the small farmers, the landless agricultural laborers, and their families that the poverty is greatest, the lack of education and health facilities most acute, malnutrition most widespread, and per capita productivity most inadequate. As a result of these conditions, pressure builds up to migrate to the cities that lack adequate housing and employment opportunities for unskilled rural migrants. Thus, the problem of rural poverty contributes directly to urban instability.

A fundamental problem is that of agricultural production. While total food production in the region increased by about 35% in the past decade, per capita output of food actually increased only slightly due to the region's high rate of population growth. In particular countries and crops, there have been some dramatic successes -- corn production increased by as much as 100% in El Salvador, rice output rose about 75% in the Dominican Republic and in Nicaragua, and total food production almost doubled in Costa Rica. However, much of the increased production in any individual country came from the relatively large farms. In the not untypical case of Colombia, moreover, the poorer half of the rural population accounts for only 16% of total agricultural production.

The factors which keep poor farmers poor are highly complex

and interrelated. It is not enough to make additional credit available to small farmers or to improve the extension service or the research capacity of the Government. There must also be an adequate market at fair prices, storage and transportation facilities keeping pace with additional production, and, preferably, the creation of new jobs.

To help bring about balanced growth in agricultural productivity which will directly benefit those in greatest need, comprehensive analyses of the sector are required. A.I.D. is instrumental in helping interested Latin American governments carry out such analyses and, through integrated technical and capital assistance, supports the agricultural programs resulting from them. Upon completion of sector studies in Guatemala, Costa Rica, and Colombia, programs were developed to provide technical assistance for modernized extension and research; to direct credit specifically to small farmers for the purchase of fertilizers and improved seeds; to make credit available for cooperative storage facilities to help stabilize prices to small farmers; and to improve marketing systems.

In FY 1974, technical assistance will be provided for agricultural sector analyses in Colombia, Honduras, El Salvador, Nicaragua, Ecuador, and Bolivia. A \$9 million agricultural sector loan to Bolivia and another for \$15 million in Nicaragua will help initiate an integrated program for increasing small farmer productivity. Because a key constraint in rural development is the lack of human expertise, A.I.D. will continue to support technical assistance relationships between U.S. institutions and their Latin American counterparts. For example, experts from North Carolina State University are helping set up soils analysis and testing units in several countries; agricultural economists from Iowa State and the University of Missouri are working with several agricultural planning agencies in sector analyses; plant scientists from Mississippi State University are helping develop improved seed programs in several countries, and Auburn University is helping some countries to develop inland fisheries as additional sources of protein.

LATIN AMERICA

The unparalleled success of U.S. agriculture makes the United States uniquely qualified to provide essential human expertise to help solve some of the key bottleneck problems in Latin America. And the benefit is mutual as our own expertise increases in the process.

Human Resource Development

Recognizing the necessity of improving the productive capacity of their population and the consequent importance of expanded and improved educational opportunity, the Latin American countries, through steadily expanded investment in education, increased their primary school enrollment dramatically between 1960 and 1972. Secondary, technical school and university enrollments more than tripled in this same period. Unfortunately, substantial increases in enrollment were partly offset by population growth so that the actual number of students not in school is higher today than in 1960. Moreover, the drop-out rate continues to be extremely high by developed country standards. Important qualitative improvements in the education systems, designed to prepare graduates to contribute more fully to the development of their societies, have also been made. With A.I.D. playing a key role, vocational agriculture has been added to rural school curricula throughout Latin America; general comprehensive secondary schools have been established; textbooks have been made available to primary schools in several countries for the first time; and model vocational and teacher-training institutions have been established. Despite these improvements, however, the content of education in many cases continues to be inappropriate to today's manpower requirements.

The nature and magnitude of education problems require radical and innovative solutions to reduce the per-pupil cost of instruction. Latin American education authorities are working with U.S. experts, financed through A.I.D., on several approaches to the present high-cost educational systems, including nonformal, out-of-school instruction; the use of

simpler, less expensive instructional materials (e.g., the "five-cent textbook," a byproduct of an educational newspaper supplement); year-round schooling; educational television, and radio-programmed instruction.

Good examples of the progress being made and the catalytic role of A.I.D. in that progress are in Colombia and El Salvador. Beginning in 1969 with A.I.D. support, U.S. educational specialists began working in Colombia to improve the analysis, planning, and management within the education sector so that maximum benefit could be obtained from the increased Government expenditures for education. A loan was approved to help finance the establishment of pilot comprehensive high schools -- providing vocational, agricultural, industrial, and commercial preparation as well as regular academic courses -- to serve as the basis of a reformed secondary education program throughout Colombia. The World Bank also made two loans for this program.

When the first school was to be opened in Bogota in 1970, crowds started forming the night before in order to assure that they would be among those able to apply for admission. Since then, sixteen schools have been completed with a current capacity of 30,000 students. More importantly, the revised curricula in these schools, emphasizing practical skills and coupled with teacher retraining, have formed the basis for modernizing the remaining secondary schools in Colombia. As the pilot schools are integrated into the school system, the revision of curricula and teaching at the lower levels are also influenced. Thus, a sectoral reform program supported by A.I.D. is performing the catalytic role of modernizing and expanding educational opportunity throughout Colombia. Thirteen million dollars is proposed in the FY 1974 program to continue support for additional pilot schools, teacher retraining, and production of new educational materials.

In El Salvador, A.I.D. has helped introduce a system of educational television as part of a revised curriculum now in use

LATIN AMERICA

in all junior high schools, All of the teachers and supervisors were retrained and innovative instructional materials provided, serving as the basis for expanded educational opportunity throughout the country. Again, by providing U.S. specialists and technical equipment for pilot schools and innovative educational materials, A.I.D. has helped set the pace of modernization which other international financial institutions will continue to support. In 1974, a \$2.5 million loan will help extend instructional television to three more grades in the primary school system and thus further expand educational opportunity in the rural areas.

Financing is also proposed in FY 1974 for sector loans in Bolivia and the Dominican Republic to help establish improved school systems, with accompanying technical assistance in educational planning, establishment of improved teacher training institutions, and production of low-cost teaching materials. U.S. experts will be assisting the Government of Ecuador in a major analysis of the education sector.

As part of U.S. support for human resource development in the hemisphere, A.I.D. finances the training activities of the American Institute of Free Labor Development (AIFLD) in 20 Latin American countries and contributes to the union-to-union assistance provided by individual U.S. unions, through International Trade Secretariats, to their Latin American counterparts.

U.S. assistance will continue to help strengthen multinational training and research centers and national institutions under the Special Multilateral Fund of the OAS. Through this Fund, the OAS members finance planning, research, and applied programs in education and science.

Population Planning and Health

Pervading every development issue in Latin America and threatening every advance is the shadow of the high population

growth rate. Latin America must face up to the effects of unchecked population growth on efforts to promote economic development. The projected costs of providing health and educational facilities as well as employment for a population which continues to grow at the present rate are staggering. Voluntary family planning services must become widely available, and therefore, Latin American countries must develop delivery systems they can afford. People must be trained to provide such services; family planning devices must be available at virtually no cost; and unsophisticated populations must be educated in their use.

Only by combining family planning services with more general health services, especially those for maternal and child care, will the former be widely available and effectively used even by one-third of the people who now have access to health services. The sophisticated high-cost health systems of the developed countries, with hospitals throughout the country and cadres of specialized doctors, dentists, and the like, are simply not feasible. Relatively low-cost multipurpose clinics, often of the mobile variety and staffed with low-cost paramedical personnel, are more appropriate vehicles for such services.

A.I.D. plays a role in the provision of family planning and integrated health delivery services by financing the activities of multilateral and private agencies throughout Latin America, as well as by experimenting with lower-cost comprehensive health care systems. In FY 1974, direct technical assistance in family planning will be provided by A.I.D. in 15 countries in Latin America at a proposed cost of \$10 million. Through pilot projects, efforts will be made to provide family planning services to the majority of the population that lacks access to regular health services.

A recent A.I.D. loan of \$19.4 million will finance training, health supplies, rural sanitation and low-cost clinics to provide, for the first time, integrated services in disease control,

LATIN AMERICA

sanitation, nutrition, education, and maternal and child care in Colombia. Under an A.I.D. loan, low-cost integrated health services will be provided and evaluated in some of the rural areas of northeast Brazil.

Northeast Brazil has already benefited from the A.I.D.-supported program to provide and improve urban sanitation systems throughout the country. For ten years, A.I.D. has been an active partner with Brazilian state and federal authorities in developing a Sanitation Finance System through which states can obtain, on concessional terms, partial financing of municipal projects to supply sewerage and potable water. All such projects are structured to be self-liquidating through charges to consumers. An A.I.D. loan of \$15.4 million in 1970 provided about 19% of the cost of construction of urban water systems in 98 cities, over half of which are located in northeast Brazil.

A second health sector loan of \$14 million will support the expansion of health services to the 75% of the people who have no access to private medical care or health insurance plans. In Panama, rural health centers and clinics will be established with a proposed \$5 million loan.

In many countries, planners have lacked the most simple, basic information on the characteristics and dynamics of the population. Without this and related information, it is impossible to divide scarce resources efficiently and effectively among such needs as malaria control, nutrition education, water sanitation, and smallpox vaccination.

In Paraguay, the Statistics and Census Office, with the assistance of the U.S. Census Bureau funded by A.I.D., has recently made a determined effort to improve the coverage and effectiveness of the 1972 census in comparison with earlier ones. The enumeration took place in July and the returns are now being edited and prepared for computer processing. The permanent improvements in its plant, equipment, and staff will enable the principal statistical office to expand its own activities and to provide services to other offices requiring basic data for planning.

CONCLUSION

Bilateral aid to our neighbors in Latin America reflects U.S. concern with the problems of that area's poverty and clearly serves U.S. interests. Massive poverty among our neighbors is as potentially threatening as it is morally disturbing. The very limited resources which we can make available must be used with maximum effectiveness to benefit the lives of the maximum number of the lowest income groups. Through concentration on innovative techniques to improve small farmer agriculture, education of the rural and urban poor, and health services to the most deprived, A.I.D. resources can continue to play a catalytic role in mobilizing and directing far greater resources from the countries themselves and from the multilateral donors. It can draw on the expertise of the U.S. technical community to work with their Latin American counterparts on key development problems. The entire region, including the United States, benefits.

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION ACCOUNT
FISCAL YEARS 1972 - 1973 - 1974

REGION: LATIN AMERICA

(In thousands of dollars)

TABLE I

COUNTRY	TOTAL			DEVELOPMENT LOANS			DEVELOPMENT GRANTS (Including Population)			OTHER		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
LATIN AMERICA - TOTAL	335,911	315,064	274,664	242,400	225,000	185,000	91,475	87,468	87,737	2,036	2,596 ^{b/}	1,927 ^{b/}
Bolivia	55,592	15,568	23,683	50,000	11,700	20,000	3,573	3,721	3,679	2,019 ^{a/}	147	4
Brazil	9,965	36,654	6,100	--	29,600	--	9,965	7,050	6,000	--	4	100
Chile	1,021	921	647	--	--	--	1,021	815	572	--	106	75
Colombia	92,596	69,901	63,731	89,000	66,600	60,000	3,596	3,250	3,493	--	51	238
Dominican Republic	6,855	1,075	10,894	5,100	--	10,000	1,755	1,075	894	--	--	--
Ecuador	4,852	4,963	4,661	--	--	--	4,852	4,655	4,361	--	308	300
Guyana	15,600	776	4,174	14,300	--	3,500	1,300	776	672	--	--	2
Haiti	3,182	6,800	8,900	--	3,700	5,000	3,182	3,100	3,900	--	--	--
Jamaica	1,159	5,998	7,965	--	5,000	7,000	1,159	965	939	--	33	26
Panama	22,780	14,758	13,082	19,100	11,600	10,000	3,680	3,110	3,062	--	48	20
Paraguay	2,769	5,494	6,295	--	2,500	3,000	2,769	2,944	3,273	--	50	22
Peru	31,738	3,919	4,028	27,600	--	--	4,138	3,776	3,778	--	143	250
Uruguay	1,355	1,382	1,305	--	--	--	1,355	1,242	1,170	--	140	135
Venezuela	850	493	399	--	--	--	850	471	359	--	22	40
Central America Regional Programs (ROCAP)	13,198	42,523	13,260	9,900	40,000	10,000	3,298	2,523	3,260	--	--	--
Costa Rica	1,662	1,249	1,065	--	--	--	1,662	1,249	1,065	--	--	--
El Salvador	6,050	2,079	9,564	4,000	--	7,500	2,050	2,079	2,064	--	--	--
Guatemala	12,518	9,471	12,807	8,400	5,700	9,000	4,118	3,771	3,807	--	--	--
Honduras	3,583	5,486	18,026	--	2,000	15,000	3,583	3,486	3,026	--	--	--
Nicaragua	2,489	22,720	18,553	--	20,300	16,000	2,489	2,420	2,553	--	--	--
Caribbean Regional	40	22,490	5,750	--	22,300	5,000	40	190	750	--	--	--
Latin America Regional	31,387	24,908	23,260	15,000	4,000	4,000	16,387	20,908	19,260	--	--	--
Inter-American Programs	14,653	13,892	15,800	--	--	--	14,653	13,892	15,800	--	--	--
International Narcotics Control Only:												
Argentina	17	234	310	--	--	--	--	--	--	17 ^{b/}	234	310
Bahamas	--	--	15	--	--	--	--	--	--	--	--	15
Barbados	--	5	12	--	--	--	--	--	--	--	5	12
Mexico	--	1,305	375	--	--	--	--	--	--	--	1,305	375
Netherlands Antilles	--	--	3	--	--	--	--	--	--	--	--	3

a/ Contingency Fund \$2,000,000; International Narcotics Control \$19,000.

b/ International Narcotics Control.

SUMMARY OF PROGRAM BY COUNTRY AND OBJECTIVE

(in thousands of dollars)

TABLE II

REGION: LATIN AMERICA

COUNTRY	Total			Food Production and Nutrition			Population Planning and Health			Human Resource Development			Selected Development Problems			Selected Countries and Organizations			Other Programs and Support Costs		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
Bolivia	55,592	15,568	23,683	12,071	5,078	13,290	309	286	279	1,194	5,812	8,959	7,320	3,286	50	32,000	--	--	2,698	1,106	1,105
Brazil	9,965	36,654	6,100	2,422	8,896	437	51	7,766	222	4,812	3,209	4,265	50	15,000	--	--	--	2,630	1,783	1,176	
Chile	1,021	921	647	--	--	--	21	--	--	234	75	65	69	155	155	--	--	697	691	427	
Colombia	92,596	69,901	63,731	31,209	28,000	--	680	20,000	14,600	21,446	14,593	13,593	37,749	5,732	33,800	--	--	1,512	1,576	1,738	
Dominican Republic	6,855	1,075	10,894	469	375	274	--	--	--	630	--	10,000	5,101	10	25	--	--	655	690	595	
Ecuador	4,852	4,963	4,661	288	418	286	1,346	1,206	1,148	1,927	1,785	1,733	369	308	213	--	--	922	1,246	1,281	
Guyana	15,600	776	4,174	322	334	2,722	2,400	--	--	637	52	1,000	11,950	50	50	--	--	291	340	402	
Haiti	3,182	6,800	8,900	760	4,859	6,800	2,087	1,771	1,900	--	--	--	335	50	50	--	--	--	120	150	
Jamaica	1,159	5,998	7,965	--	5,000	--	779	449	500	211	196	7,179	50	50	50	--	--	119	303	236	
Panama	22,780	14,758	13,082	467	8,178	5,350	621	4,300	5,520	747	468	380	19,492	256	50	--	--	1,453	1,556	1,782	
Paraguay	2,769	5,494	6,295	926	950	3,934	417	544	595	591	702	1,052	227	2,525	50	--	--	608	773	664	
Peru	31,738	3,919	4,028	11,266	1,291	1,380	193	115	50	1,155	991	600	18,178	175	623	--	--	946	1,347	1,375	
Uruguay	1,355	1,382	1,305	377	381	425	--	100	--	608	420	425	88	129	93	--	--	282	352	362	
Venezuela	850	493	399	--	--	--	--	--	--	752	245	227	--	50	50	--	--	98	198	122	
Central America Regional Prog. (ROCAP)	13,198	42,523	13,260	6,168	175	10,555	--	--	200	5,522	767	725	557	40,577	780	--	--	951	1,004	1,000	
Costa Rica	1,662	1,249	1,065	389	328	325	313	336	290	450	123	100	259	249	145	--	--	252	213	205	
El Salvador	6,050	2,079	9,564	4,703	766	5,955	465	522	355	468	391	2,803	41	50	50	--	--	373	350	401	
Guatemala	12,518	9,471	12,807	1,011	5,303	1,076	4,093	745	800	1,568	2,452	7,145	5,151	102	3,050	--	--	695	869	736	
Honduras	3,583	5,486	18,026	793	2,737	10,955	833	976	626	970	610	602	150	153	5,140	--	--	837	1,010	703	
Nicaragua	2,489	22,720	18,553	427	300	15,377	560	500	600	363	5,510	1,200	424	219	250	--	15,000	715	1,191	1,126	
Caribbean Regional	40	22,490	5,750	--	--	--	--	--	--	--	--	5,000	40	22,490	750	--	--	--	--	--	
Latin America Regional	31,387	24,908	23,260	1,586	2,619	6,742	3,911	5,590	4,030	8,512	11,128	10,784	16,983	5,341	1,515	20	--	375	230	189	
Inter-American Programs	14,653	13,892	15,800	--	--	--	--	--	--	--	--	--	--	--	--	14,653	13,892	15,800	--	--	
International Narcotics Control	17	1,544	715	--	--	--	--	--	--	--	--	--	--	--	--	--	--	17	1,544	715	
Total	335,911	315,064	274,664	75,654	75,988	85,883	19,079	45,206	31,715	52,797	49,529	77,837	124,583	96,957	46,939	46,673	28,892	15,800	17,126	18,492	16,490

ECONOMIC AND SOCIAL DATA

REGION: LATIN AMERICA

1

COUNTRY	POPULATION				HEALTH			EDUCATION					
	TOTAL (MID-1972)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICUL- TURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECT- ANCY	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
			1960	1971					1960	1970	1960	1970	
	MILLIONS	PERCENT						YEARS		THOUSANDS	AS PERCENT 5-19 AGE GROUP	PERCENT	
Bolivia	4.9	2.4	30	35	67	2,180	46	108	426	833	34	49	40
Brazil	100.8	2.9	46	56	44	1,960	63	94	8,715	17,664	33	49	67
Chile	9.7	1.9	68 ^a	74	19	1,770	63	88	1,407	2,342 ^b	55	69 ^b	87
Colombia	22.5	3.1	53 ^a	61	45	2,220	60	76	1,933	3,387 ^b	32	44 ^b	73
Dominican Republic	4.3	3.0	30	42	61	1,610	54	98	558	861	48	55	65
Ecuador	6.5	3.4	36 ^c	40	53	2,770	59	76	663	1,230 ^d	40	51 ^d	68
Guyana	0.8	2.8	29 ^e	30	30	3,610	61	40	139	189 ^d	65	74 ^d	80
Haiti	5.1	2.0	12 ^e	19	83	13,210	47	130	258	333 ^b	19	20 ^b	10
Jamaica	1.9	1.6	23	38	36	1,480	70	26	271	417 ^f	50	60 ^b	82
Panama	1.5	3.1	41	48	35	1,750	65	47	201	375 ^f	52	70 ^f	79
Paraguay	2.5	3.1	36 ^c	36 ^h	53	1,610	61	84	330	488	49	53	74
Peru	14.4	3.1	47 ^g	60 ^h	45	1,920	57	62	1,642	3,302	45	64	61
Uruguay	3.0	1.0	72	79	18	1,040	70	43	416	598	63	78	91
Venezuela	11.5	3.3	67 ^g	76	20	1,140	66	46	1,406	2,267	50	54	76
CENTRAL AMERICAN COMMON MARKET													
Costa Rica	1.8	2.9	33	37	49	1,810	69	60	238	430 ^f	50	61 ^f	89
El Salvador	3.6	3.0	38 ^g	40	53	3,840	59	67	355	657 ^f	39	47 ^f	60
Guatemala	5.7	2.7	34 ^a	31	65	4,170	53	88	324	580	21	28	38
Honduras	2.9	3.2	22 ⁱ	27	67	3,930	51	115	220	431	29	41	45
Nicaragua	2.0	2.8	41 ⁱ	48	46	1,600	52	121	174	336	33	45	58

NOTE: Where year is not stated data are most recent information available. Data for developing countries often represent approximate orders of magnitude rather than precise measurements and may not be fully comparable between countries.

a - 1964. b - 1968. c - 1962. d - 1967. e - 1950. f - 1971. g - 1961. h - 1972. i - 1963.

ECONOMIC AND SOCIAL DATA

REGION: LATIN AMERICA

11

COUNTRY	GROSS NATIONAL PRODUCT				AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE				
	TOTAL GNP 1972	PER CAPITA GNP 1972	AVERAGE ANNUAL GROWTH RATE 1967-72		AVERAGE ANNUAL GROWTH RATE 1967-72		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)	
			TOTAL GNP	PER CAPITA GNP	TOTAL	PER CAPITA	1967	1972 EST.		1967	1972 EST.
	\$ MILLIONS	DOLLARS	PERCENT		PERCENT		\$ MILLIONS		ITEM	\$ MILLIONS	
Bolivia	1,140	234	5.7	3.2	1.2	-1.1	145	240	Tin, petroleum	151	170
Brazil	45,500	452	9.9	6.9	3.5	0.6	1,654	4,000	Coffee, cotton, iron ore	1,667	4,600
Chile	7,690	796	4.5	2.6	-1.3	-3.4	910	930	Copper, iron ore	722	960
Colombia	7,360	328	6.2	3.0	3.1	-0.2	548	830	Coffee, petroleum	525	850
Dominican Republic	1,745	404	8.1	5.0	6.9	4.0	156	345	Sugar, coffee	201	360
Ecuador	1,695	260	6.3	2.8	4.2	0.8	198	279	Bananas, coffee	190	320
Guyana	270 ^a	365 ^a	n.a.	n.a.	0.2	-2.4	115	135	Bauxite, sugar	131	132
Haiti	462 ^a	93 ^a	n.a.	n.a.	2.2	0.3	34	57	Coffee, bauxite	36	68
Jamaica	1,386 ^a	729 ^a	n.a.	n.a.	-1.7	-3.0	271	380	Alumina, bauxite	347	570
Panama	1,228	804	7.8	4.6	0.8	-2.3	94	140	Bananas, petroleum	251	438
Paraguay	689	273	5.0	1.8	2.1	-1.1	48	94	Meat & products, timber	71	82
Peru	7,110	493	5.0	1.9	-0.2	-3.2	774	1,000	Fish & products, copper	818	830
Uruguay	2,025	686	2.4	1.2	0.5	-0.8	159	197	Wool, meat	170	187
Venezuela	11,620	1,010	4.4	1.1	1.7	-1.7	2,533	3,150	Petroleum & products	1,530	2,540
CENTRAL AMERICAN COMMON MARKET											
Costa Rica	1,072	579	6.8	3.6	7.1	4.1	144	276	Coffee, bananas	191	365
El Salvador	1,110	304	3.8	0.4	4.2	1.0	207	271	Coffee, cotton	224	268
Guatemala	2,068	365	6.1	2.9	2.8	-0.2	202	331	Coffee, cotton	247	315
Honduras	765	268	5.4 ^b	2.1 ^b	1.3	-2.2	154	196	Bananas, coffee	165	192
Nicaragua	889 ^a	463 ^a	3.7 ^b	0.8 ^b	-1.3	-4.1	146	238	Cotton, coffee, meat	204	216

n.a. - Not available.

a - 1971. b - 1967-71.

ECONOMIC AND SOCIAL DATA

REGION: LATIN AMERICA

III

COUNTRY	GOLD & FOREIGN EXCHANGE ^a			CENTRAL GOVERNMENT FINANCES ^b							
				EXPENDITURES						DOMESTIC REVENUES	
				TOTAL		DEFENSE EXPENDITURES		AS % OF GNP			
				AMOUNT		AMOUNT		PERCENT			
	1970	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
\$ MILLIONS			\$ MILLIONS				PERCENT		\$ MILLIONS		
Bolivia	46	54	60	219	231 ^E	20	31 ^E	1.9	2.4	111	137 ^E
Brazil	1,187	1,746	3,917(Nov)	6,678 ^E	7,859 ^E	1,061 ^E	1,198 ^E	2.6	2.3	5,351 ^E	5,965 ^E
Chile	388	221	135(Jun)	2,947 ^E	n.a.	214	n.a.	2.8	n.a.	1,689 ^E	n.a.
Colombia	206	203	325	841	941	171	97	2.5	1.2	685	766
Dominican Republic	32	56	59	363	423 ^C	31	29 ^C	2.0	1.6	343	389 ^C
Ecuador	83	65	143	n.a.	n.a.	31	36	1.9	2.0	n.a.	n.a.
Guyana	20	26	31(Nov)	91	107 ^C	3	4 ^C	1.2	n.a.	62 ^d	74 ^C
Haiti	4	10	18	55 ^d	n.a.	n.a.	n.a.	n.a.	n.a.	53 ^d	n.a.
Jamaica	139	179	159	386	460 ^C	8	8 ^C	0.6 ^e	0.5 ^e	346	394 ^C
Panama ^f	304	476	665(Jun)	213	268 ^C	3	3 ^C	0.3	0.2	181	221 ^C
Paraguay	18	21	31	110 ^C	141 ^C	12 ^C	13 ^C	1.8	1.7	78	91 ^C
Peru	329	240	273	1,252	1,550 ^E	234	348 ^E	3.5	4.6	1,037	1,417 ^E
Uruguay	175	181	205	391	509	52	78	2.6	2.1	279	427
Venezuela	1,021	1,522	1,732	2,997	3,140 ^C	281	270 ^C	2.5	2.3	2,645	2,832 ^C
CENTRAL AMERICAN COMMON MARKET											
Costa Rica	16	28	39	264	n.a.	-	-	-	-	164	n.a.
El Salvador	63	65	82	187	214 ^C	12	13 ^C	1.1	1.2	122	131 ^C
Guatemala	78	94	135	197	243 ^C	20	19 ^C	1.0	0.9	176	192 ^C
Honduras	20	21	35	112	118 ^C	10	12 ^C	1.3	1.5	91	95 ^C
Nicaragua	49	59	79	126	n.a.	12	n.a.	1.3	n.a.	90	n.a.

E - Estimate. n.a. - Not available.

a - Official reserves, gross basis, end of year. b - Converted at 1971 year-end exchange rates. c - Budget. d - Data for fiscal year ending September 30. e - Data for fiscal year beginning April 1. f - Gold and foreign exchange data include commercial bank holdings.

Central
America

CENTRAL AMERICA

Central America comprises five countries--Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua--whose development over the past twelve years has been significantly influenced by their cooperation and trade within the Central American Common Market. The Common Market achieved dramatic growth in its early years (1961-69). The outbreak of armed conflict in 1969 between El Salvador and Honduras and the temporary withdrawal of Honduras from the free trade system in January, 1971, have inhibited development at the rate achieved before. The Managua earthquake of December 23, 1972, will further complicate the course of development. Yet, trade within the Common Market has remained at a relatively high level. Also, the major institutions of the integration movement, including the Common Market Secretariat and the Central American Bank continue to function.

For several years, the Common Market members have realized that continued progress depends upon far-reaching structural changes. A comprehensive study, completed by the Secretariat in 1972 with UN assistance, examined major problems and presented recommendations for reform of the Common Market. The five governments reviewed this document in December,

1972, and established working groups to analyze and act upon the basic recommendations. Although the Managua earthquake will slow the consultative process leading toward agreement on substantive changes, joint efforts to restructure the Common Market have begun.

The expansion of trade within the Common Market occurred principally in industrial products and thus did not bring major increases in production or employment in agriculture. Hence, the benefits of economic growth were not distributed to those living in rural areas, particularly the small farmers, who constitute the largest proportion of the population in Central America. It is now widely accepted within the region that the next step must be to expand opportunity and income for this bypassed group. To accomplish this goal, the individual nations must first integrate rural people into their own national economies. Indeed, the overall development of the Central American countries will not only be uneven but also will be constrained without fuller participation of the small farmers in their national economies. Therefore, a large part of A.I.D.'s FY 1974 program for Central America is built around the small farmers.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	9,900	6,000	-	3,900	-	-	-
Devel. Grants	3,298	168	-	1,622	557	-	951
Other	-	-	-	-	-	-	-
Total	13,198	6,168	-	5,522	557	-	951
<u>1973</u>							
Devel. Loans	40,000	-	-	-	40,000	-	-
Devel. Grants	2,523	175	-	767	577	-	1,004
Other	-	-	-	-	-	-	-
Total	42,523	175	-	767	40,577	-	1,004
<u>1974</u>							
Devel. Loans	10,000	10,000	-	-	-	-	-
Devel. Grants	3,260	555	200	725	780	-	1,000
Other	-	-	-	-	-	-	-
Total	13,260	10,555	200	725	780	-	1,000

In August 1962, A.I.D. established a Regional Office for Central America and Panama (ROCAP) to help advance the integration of the five Central American nations by supporting the Central American regional organizations, principally the Economic Secretariat and the Bank for Economic Integration. The Bank has earned the respect of the international lending community through its successful administration of approximately \$350 million in loans, nearly \$150 million of which have gone for the construction of more than 800 miles of regional highways. Another \$100 million has been used for industrial development, generating \$300 million in private industrial investment. During the past 11 years, A.I.D. has provided \$200 million in regional loans and \$40 million in grants. The Bank's management of \$21 million in A.I.D. housing guaranties will make possible 3,880 new homes in Central America by 1976.

Focus on Food Production

At the heart of the FY 1974 program is a \$10 million loan to the Bank for basic grain (corn, rice, and beans) stabilization to be coordinated with a \$10 million Inter-American Development Bank (IDB) loan for silo construction. Traditionally, grain prices peak before harvest and are lowest after harvesting when farmers must repay outstanding credit. Lacking storage facilities, small farmers must sell when prices are lowest and buy back for seed when prices have risen.

The A.I.D. loan will deal with the regional problem of unstable prices and inadequate marketing facilities by capitalizing a fund for underwriting basic grain inventories, thereby giving national grain purchasing agencies the capacity to stabilize prices. This stabilization in turn will stimulate the mobilization of private capital in the grain trade. Further, the loan will require national implementation of an existing regional grain stabilization agreement as a condition for borrowing, thereby encouraging more rational and efficient grain production in Central America. The stabilization of prices under this loan could substantially increase the income of small farmers and dampen price fluctuations for rural and urban consumers of basic grains.

Most of the regional technical assistance is directed toward increased food production. Grant assistance to the Economic Secretariat will provide a second year of advisory services by the Brookings Institution in research on fundamental economic problems, many of them related to agriculture and agro-business. Technical assistance to the regional Export Promotion Center will focus on export of non-traditional agricultural products including flowers and off-season fruits and vegetables.

To assure coordination of regional and bilateral assistance, a regional agricultural study is focusing on basic grain

CENTRAL AMERICA REGIONAL PROGRAMS (ROCAP)

production and crop diversification. Implementation of the study recommendations will improve the regional grain pricing system and serve as the feasibility study of the proposed A.I.D. loan.

In the area of agricultural education, the University of Puerto Rico's College of Agriculture is in its third year of working with five Central American agricultural colleges on faculty and curriculum improvements.

In July 1972, U.S. Department of Agriculture experts completed a study on the effects of the Mediterranean fruit fly on Central American agriculture and the insect's potential threat to U.S. fruit and vegetable producers. The findings were dramatic: some 13,000 tons of citrus fruits (20% of production) worth over \$6.8 million are damaged annually by this pest in Central America. Effective control could be achieved with A.I.D. assistance of approximately \$10 million, concentrated in areas where the threat is greatest. A.I.D. is studying a loan for this purpose, one which will benefit Central American farmers and reduce the risk of introduction of the pest into the

United States.

Low-Cost Housing

While the A.I.D. housing investment guaranties have channeled U.S. commercial loans to middle-class housing, there remains a need for promotion of low-cost housing construction. An A.I.D. housing loan of \$5 million for FY 1974, if funds are available, would help the Central American Bank to establish an area-wide secondary mortgage market.

Assistance to Belize

For five years, ROCAP has administered minimal technical assistance to Belize (formerly British Honduras) principally in vocational education, investment center operation, and civil service training. The FY 1974 program of approximately \$75,000 will be administered by the U.S. Consul for continued training of key Belizean civil servants and for small projects executed by community organizations with Peace Corps assistance.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,662	389	313	450	259	-	252
Other	-	-	-	-	-	-	-
Total	1,662	389	313	450	259	-	252
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,249	328	336	123	249	-	213
Other	-	-	-	-	-	-	-
Total	1,249	328	336	123	249	-	213
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,065	325	290	100	145	-	205
Other	-	-	-	-	-	-	-
Total	1,065	325	290	100	145	-	205

Costa Rica needs to accelerate the growth of its agricultural sector and to enhance popular participation in development. An obstacle to more rapid economic growth has been the country's fiscal situation in recent years, which has limited its ability to assign necessary resources to agriculture, education, and other development investments.

Foreign Assistance

The World Bank has provided loans for electric power, telecommunication, roads, and commercial farm credit projects, and it is studying additional infrastructure financing. The Inter-American Development Bank (IDB) has made loans in education, industry, water and sewerage, electric power projects, and livestock development. IDB is now considering

pre-investment studies for loans in irrigation, fisheries, and industry.

The A.I.D. program is focused on the agricultural sector. Aided by a \$16.4 million A.I.D. loan authorized in June 1970 and matched by a \$14.1 million Costa Rican investment, Costa Rica is implementing a program that includes agricultural services, agricultural education, agricultural credit, rural cooperatives, marketing, land titling, and community development. Implementation is on schedule. A \$3.6 million loan provides a municipal development institution with \$3 million for relending to municipalities, and \$600,000 for training and technical assistance.

FY 1974 A.I.D. PROGRAM

Approximately \$1 million will be made available in PL 480 food donations; \$775,000 will be used to continue technical assistance in agricultural productivity and in services to communities and municipalities; and \$290,000 will be provided for family planning. In FY 1974 A.I.D. will assist the integrated family planning programs of the Ministry of Health to provide family planning services: a) training some 400 paramedical personnel, b) bringing some 25,000 new contraceptive users into the program, and c) providing about 120,000 consultations.

Costa Rica has a good record in family planning. The birth rate has decreased from 48 per 1,000 in 1960 to an estimated 33 per 1,000 in 1972. The progress of the program has been facilitated by close coordination and weekly meetings of the representatives of the Ministry of Health, the Costa Rica Demographic Association, the Social Security Institute, the Center for Family Integration and other private family orientation centers.

In order to provide further resources to programs supported by current loans, A.I.D. may consider Development Loans to augment the availability of agricultural credit and to support technical assistance and financing for the municipal development institutions.

EL SALVADOR

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	4,000	4,000	-	-	-	-	-
Devel. Grants	2,050	703	465	468	41	-	373
Other	-	-	-	-	-	-	-
Total	6,050	4,703	465	468	41	-	373
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,079	766	522	391	50	-	350
Other	-	-	-	-	-	-	-
Total	2,079	766	522	391	50	-	350
<u>1974</u>							
Devel. Loans	7,500	5,000	-	2,500	-	-	-
Devel. Grants	2,064	955	355	303	50	-	401
Other	-	-	-	-	-	-	-
Total	9,564	5,955	355	2,803	50	-	401

El Salvador is a densely populated, small country, poor in resources, whose people are subject to the problems common to many developing countries: a high population growth rate, lack of education and unequal distribution of wealth. The economy depends upon traditional agricultural exports, principally coffee and cotton. Land is concentrated in the hands of a few landowners, and the productivity of small and medium farmers is low. Only 60% of the people are literate, and malnutrition is a problem of major proportion. A new Salvadoran Government which took office in July, 1972, has proposed a vigorous five-year development program, emphasizing income redistribution and employment, while continuing the education reform program of its predecessor.

Foreign Assistance

The major portion of financial assistance to El Salvador is being provided by the Inter-American Development Bank (IDB) and the World Bank. The IDB has made a loan of \$38.1 million for construction of a hydroelectric plant, and the World Bank is considering a \$27 million loan for another hydroelectric plant and for a geothermal plant. In agriculture and education, the IDB and the World Bank are considering proposals for FY 1974 that would complement A.I.D. assistance.

Responding to El Salvador's principal needs, A.I.D. assistance has concentrated on rural development, education, and family planning. A.I.D. grant assistance in FY 1973 totaled \$2.2 million, plus \$1.2 million in PL 480 donations. The Inter-American Foundation has made a grant of \$636,000 to a private Salvadoran foundation for construction of 15,000 small dwellings.

FY 1974 A.I.D. PROGRAM

In FY 1974, A.I.D. proposes \$7.5 million in Development Loans and \$2.1 million in Development Grants, including \$355,000 for family planning. PL 480 Title II grants of \$604,000 in FY 1974 will support ongoing programs in school lunch and maternal and child care programs.

Food Production and Nutrition

The Salvadoran five-year plan for the rural sector is designed to boost farm income, employment, and food production. A.I.D. will support the Government program to bring the small farm producer up to a commercial level of operation. In this effort, A.I.D. will continue to fund U.S. Department of Agriculture and university contract personnel working with (a) the new Salvadoran research, extension and education agency, (b) the Ministry of Agriculture, and (c) agricultural credit agencies. A \$5 million loan will support the Salvadoran

EL SALVADOR

program for basic grains -- including marketing, storage, and price stabilization -- and supervised agricultural credit to small producers. Assuming the availability of resources, Development Loan assistance will also be made for a program of cadastral survey and registry, and a rural land sale guarantee program.

Human Resource Development

A.I.D. assistance has focused on expansion of educational opportunities, improvement in the quality of education, and increases in the efficiency of education administration. The program is keyed to the Salvadoran Education Reform Plan, assisting particularly in the design and implementation of a more effective child-centered education system for the first nine grades. In 1968 the Government, with A.I.D. assistance, introduced television teaching into this program. Television is now used in all junior high schools, and some 1,200 teachers have been retrained for work in the reformed system. Evening

television programs for adults will be developed in the areas of family planning, nutrition, child health, home economics, and agricultural extension. A \$2.5 million loan proposed for FY 1974 will expand the use of instructional television in the lower grades.

Population Planning and Health

Population growth is a major factor in the economic projections of the Salvadoran five-year plan. A.I.D. has encouraged the Salvadoran Government to view the rate of population growth as a variable in calculations of investment required to implement the plan, as well as a biological problem affecting the health of mothers and young children. A.I.D. assistance has concentrated on expanding family planning delivery and information services sponsored by the Health Ministry, the Social Security Institute and the Salvadoran Demographic Association.

GUATEMALA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	8,400	-	3,400	-	5,000	-	-
Devel. Grants	4,118	1,011	693	1,568	151	-	695
Other	-	-	-	-	-	-	-
Total	12,518	1,011	4,093	1,568	5,151	-	695
<u>1973</u>							
Devel. Loans	5,700	4,500	-	1,200	-	-	-
Devel. Grants	3,771	803	745	1,252	102	-	869
Other	-	-	-	-	-	-	-
Total	9,471	5,303	745	2,452	102	-	869
<u>1974</u>							
Devel. Loans	9,000	-	-	6,000	3,000	-	-
Devel. Grants	3,807	1,076	800	1,145	50	-	736
Other	-	-	-	-	-	-	-
Total	12,807	1,076	800	7,145	3,050	-	736

Guatemala faces the problem of enabling the isolated Indian living in the highland regions at a subsistence level to participate more fully in the national and regional economies. This mixed Indian element, nearly half of the population of 5.7 million in 1972, provides much of the labor for the nation's principal exports (coffee and cotton) and produces the bulk of Guatemala's corn, wheat and beans. Few of these people receive more than two or three years of education. Fewer still have access to health care or potable water, and the incidence of malnutrition is high.

Guatemala's Five Year Plan is designed to integrate these small farmers into the country's economy. The Plan, which began in 1971, serves as a model for the Central American regional program. An evaluation process built into the Plan

has pointed up two essential requirements: first, the need for the new agricultural bank to make credit available to greater numbers of small farmers; second, the need for increased domestic revenues to make possible a larger investment budget.

Foreign Assistance

A.I.D. assistance is focused on food production, crop diversification, marketing, research, rural primary education, and rural health and family planning. A.I.D. loans since FY 1970 have contributed to improvements in these areas, as well as to the development of cooperatives, the training of paramedical personnel, the expansion of rural electrification, and the construction of municipal markets, slaughterhouses and waterworks in small cities and towns. Guatemala also benefits from A.I.D. loans to the Central American Bank for regional highways, export promotion, and tourism infrastructure.

Loans by the Inter-American Development Bank (IDB) of \$40 million have financed credit for medium-sized farms and for irrigation and livestock projects. The IDB has also financed water and sewer systems for larger towns and cities and secondary highways in agricultural regions. Recent loans by the World Bank have financed secondary schools, telecommunications, and the generation of electric power.

FY 1974 A.I.D. PROGRAM

A.I.D. loans proposed for FY 1974 total \$9 million, and Development Grants are planned at a level of \$3.8 million. PL 480 Title II funding is planned at \$3 million for maternal and child health and school feeding programs.

Food Production and Nutrition

At its present stage, the training of credit specialists is a major objective of the Guatemalan development program. An A.I.D.-financed contract between California Polytechnic

GUATEMALA

University, the Ministry of Agriculture, and Barcena Agricultural Training Institute has led to the training of approximately 200 graduates now employed as extension and credit specialists. To help meet the need for expansion of the extension effort to more farm families, California Polytechnic University will continue its advisory services. Grant assistance through a contract with Agriculture Cooperative Development International (ACDI) also will enable Guatemalan cooperatives to expand credit and technical services to their 50,000 farmer members. Guatemalan rural development will benefit from combined Rockefeller Foundation and A.I.D. technical assistance to agricultural research helping to improve strains of corn, wheat and other basic grains.

Human Resource Development

Through a 40% reduction in drop-out rate, pupils attending rural pilot schools constructed in connection with an A.I.D. loan have demonstrated the success of the rural-oriented curriculum designed by A.I.D. and the Guatemalan Education Ministry. These students have learned to grow fruits and vegetables on school plots that are two to four times as productive as their parents' farms. By mid-1974 the pilot phase will be sufficiently advanced to require preparation for more new rural schools, the addition of 4th, 5th, and 6th grades in some communities, and expanded training of teachers in the new curriculum. An A.I.D. loan of \$5 million for primary education is proposed for these purposes, plus grant technical assistance to help carry forward the program. Finally, to increase educational opportunities and incentives, a \$1 million loan is planned for a revolving scholarship fund for university, secondary, and vocational students.

Rural Community Support

A \$3 million loan is proposed to expand Guatemalan engineering and construction services to communities of 1,000 to 25,000 for additional water systems, markets, and other community services.

Planning Activities

In 1974, the Guatemala Planning Council will blueprint development activity for the latter half of the decade. A.I.D. assistance of \$1.5 million is proposed for loan financing of technical assistance and related support for such planning if loan funds become available. The Planning Office has identified a further requirement of \$4 million to carry out a series of projects in soil conservation, reforestation, drainage, flood prevention, and tourist site preservation.

Population Planning and Health

Many of the people of Guatemala live in areas lacking health facilities and family planning services. The A.I.D. population program (\$745,000 in FY 1973 and \$800,000 in FY 1974) is expanding the Government's capacity to deliver family planning services throughout the country by training clinical personnel, demographers, statisticians, and health administrators. A.I.D. resources are used in 84 Ministry of Health clinics and private institutions to meet widespread public demand for family planning services. To date, over 70,000 Guatemalan women have enrolled at urban and rural clinics. Rural health services are being expanded through the construction of health facilities and the training of additional paramedical personnel.

HONDURAS

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	3,583	793	833	970	150	-	837
Other	-	-	-	-	-	-	-
Total	3,583	793	833	970	150	-	837
1973							
Devel. Loans	2,000	2,000	-	-	-	-	-
Devel. Grants	3,486	737	976	610	153	-	1,010
Other	-	-	-	-	-	-	-
Total	5,486	2,737	976	610	153	-	1,010
1974							
Devel. Loans	15,000	10,000	-	-	5,000	-	-
Devel. Grants	3,026	955	626	602	140	-	703
Other	-	-	-	-	-	-	-
Total	18,026	10,955	626	602	5,140	-	703

The Government of Honduras, established by a coup in late 1972, appears seriously dedicated to economic and social development. Staffed with competent technocrats, it is attacking vigorously some of the key problems that have hindered development programs in the past. Honduras has the lowest per capita GNP and the second lowest literacy rate in Central America. Almost 70% of the population is employed in agriculture, but the mountainous terrain limits communications and access to markets. Assistance from A.I.D. and the multilateral lending agencies is vital to the ability of the Government to make reasonable progress toward development.

Foreign Assistance

The A.I.D. program in Honduras has emphasized the rural

sector and education. Since 1968, A.I.D. has provided over \$11 million for education, about \$12 million in loans for the rural sector, and grant assistance for agricultural productivity and the development of cooperatives. The Inter-American Foundation has made a grant for promotion of educational, vocational, and cultural activities for rural housewives.

In 1972, the Inter-American Development Bank made a loan of \$9.2 million to the Honduran National Development Bank for agricultural credit. The World Bank provided \$12.3 million for a program of power interconnection between Honduras and Nicaragua. For FY 1973, the World Bank is considering loans for education and highway construction.

FY 1974 A.I.D. PROGRAM

In FY 1974, A.I.D. plans \$15 million in Development Loans, \$3 million in Development Grants, and \$790,000 in PL 480 donations.

Food Production and Nutrition

A 1969 A.I.D. loan has established two grain storage facilities as part of a program to help stabilize grain prices. An FY 1973 loan of \$2 million to the National Development Bank provides support for grain marketing. These projects will improve the ability of Honduras to participate in a Central American grains program. Among the greatest needs in rural areas of Honduras today are improved agricultural production, rural electrification, and rural health, including nutrition. To serve these needs, A.I.D. proposes a \$10 million loan as part of an overall program of assistance to small farmers which is being designed by a U.S.-Honduran sector analysis team. A grant pilot cadastral survey, initiated with A.I.D. assistance in FY 1973, is the first step in a country-wide program to document land tenure and land use.

HONDURAS

Human Resource Development

A \$7 million A.I.D. loan is contributing to overall educational reform, providing technical advisors, teacher training, and school construction. An A.I.D.-supported fund has provided to date \$1.3 million in loans to university and vocational students. A continuing A.I.D. grant project assists the Ministry of Education to expand and improve its elementary education system.

Selected Development Problems

During the next decade, the urban population of Honduras will increase rapidly. This implies significant infrastructure and administrative changes, but urban planning capabilities and financing are lacking. An A.I.D. grant in FY 1973 helped in the reform of the Autonomous Municipal Development Bank, established to provide financial and technical services to municipalities. A.I.D. plans a \$5 million municipal Develop-

ment Loan in FY 1974 to help provide the resources to permit the Municipal Bank to carry out municipal infrastructure improvement programs.

Population Planning and Health

To improve the Honduran planning for population growth and its attendant problems, U.S. Census Bureau and contract advisors are working with the Ministry of Economy to develop a national census statistics system.

A.I.D. grants support family planning services as an integral part of the maternal and child health program in the rural areas. Twenty-nine clinics were participating at the end of 1972; five more will be added in 1973. A.I.D. began early in 1973 to work with the Honduran Planning Council on an assessment of current rural health problems, programs and needs.

NICARAGUA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,489	427	560	363	424	-	715
Other	-	-	-	-	-	-	-
Total	2,489	427	560	363	424	-	715
<u>1973</u>							
Devel. Loans	20,300	-	-	5,300	-	15,000	-
Devel. Grants	2,420	300	500	210	219	-	1,191
Other	-	-	-	-	-	-	-
Total	22,720	300	500	5,510	219	15,000	1,191
<u>1974</u>							
Devel. Loans	16,000	15,000	-	1,000	-	-	-
Devel. Grants	2,553	377	600	200	250	-	1,126
Other	-	-	-	-	-	-	-
Total	18,553	15,377	600	1,200	250	-	1,126

The earthquake of December 23, 1972, in Nicaragua killed 10,000 persons, injured 20,000, and left more than 250,000 homeless. Estimates of damage range up to \$800 million. The earthquake virtually destroyed 600 blocks in the capital city, Managua, whose 400,000 people make up a fifth of the country's population. Major government and commercial buildings were reduced to rubble, along with about 50,000 homes.

The world community responded promptly and generously to Nicaragua's appeal for assistance. Through the end of February 1973, contributions from UN agencies and non-U.S. voluntary agencies were \$860,000, and from the Organization of American States (OAS), \$300,000. The UN reported that 62 countries had donated a total of \$8.6 million.

A.I.D. has played an important role in relief operations, providing \$12.5 million in grant funds, including \$4.7 million in PL 480 Title II food, \$3 million for an emergency shelter program to house 50,000-60,000 people, two U.S. military field hospitals, and other emergency assistance. In addition, A.I.D. provided a program loan of \$15 million for immediate needs in construction of hospitals, clearance of rubble, and repair of water and sewage systems. Private U.S. assistance included \$3.5 million contributed through major voluntary agencies and hundreds of thousands of dollars donated by smaller organizations and private citizens.

From its own and foreign resources, the Government of Nicaragua was able to meet the initial problems posed by the disaster. Some 300,000 people were evacuated to refugee camps in a massive and successful effort to prevent the outbreak of epidemic disease. Since the earthquake, rations have been provided for an average of 350,000 people daily, and supplementary food programs will continue to be required at least until the next harvest in September 1973.

RECOVERY AND DEVELOPMENT

Nicaragua's development needs have been drastically altered, and substantial inputs of external resources are required to assist the country's recovery as well as to maintain development progress.

Now that hunger and disease no longer represent threats, the Government of Nicaragua has turned its attention to longer-range recovery and development needs. At the Government's request, development plans and seismic studies are being prepared by consultants from Mexico, by a team headed by the World Bank including representatives from the Inter-American Development Bank (IDB) and the OAS, and by the U.S. Geological Survey. Long-range assistance for reconstruction will be based on the results of these studies and on plans and priorities now being formulated by the Nicaraguans.

NICARAGUA

The World Bank and the IDB are preparing loans for this fiscal year that will make up to \$40 million available for priority projects.

Agriculture provides the major source of employment and export earnings. Although the country has become an exporter of basic grains, substantial food imports were required in 1972 because of drought along the Pacific Coast. A.I.D. assistance has been concentrated in agriculture, including support for a thorough sector analysis which, when completed, will form the basis of rural development plans for the next five years. In the education sector, A.I.D. provided a loan of \$5.3 million partly for consultant services and school construction which now also will be applied to education needs resulting from the earthquake.

A.I.D. also supports the Nicaraguan family planning program, which is being integrated with public health delivery services.

FY 1974 A.I.D. PROGRAM

Development Assistance: A.I.D. proposes Development Grants of \$2.5 million and Development Loans of \$16 million. Because of the role of agriculture in the economy and the

need for increased revenues to finance reconstruction, grant and loan assistance will continue to be concentrated in the agricultural sector. A proposed agricultural sector loan of \$15 million will be based on the results of the analysis now underway. Grant assistance will support other reconstruction activities. A \$1 million loan is also proposed to expand the "Educredito" student loan fund.

A.I.D. will provide \$500,000 for family planning to enable the Nicaraguan government to continue its expansion of services into new areas as well as to improve the effectiveness of services in existing facilities.

Recovery Assistance: A.I.D. assistance for recovery in FY 1974 is contingent upon Nicaraguan progress with overall planning and organization for the implementation of projects. Upon completion of satisfactory proposals, including appropriate administrative and management arrangements, A.I.D. will consider further assistance of up to \$50 million, including loans of \$5 million for technical assistance in planning and management, \$25 million for low-cost housing, \$15 million for schools and hospitals, and \$5 million for urban development in secondary cities.

PANAMA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	19,100	-	-	-	19,100	-	-
Devel. Grants	3,680	467	621	747	392	-	1,453
Other	-	-	-	-	-	-	-
Total	22,780	467	621	747	19,492	-	1,453
<u>1973</u>							
Devel. Loans	11,600	7,800	3,800	-	-	-	-
Devel. Grants	3,110	378	500	468	256	-	1,508
Other	48	-	-	-	-	-	48 ^{a/}
Total	14,758	8,178	4,300	468	256	-	1,556
<u>1974</u>							
Devel. Loans	10,000	5,000	5,000	-	-	-	-
Devel. Grants	3,062	350	520	380	50	-	1,762
Other	20	-	-	-	-	-	20 ^{a/}
Total	13,082	5,350	5,520	380	50	-	1,782

^{a/} Narcotics Control

Panama and the United States are currently involved in Canal treaty negotiations to replace the 1903 Convention which both parties now consider in need of modernization. In light of special U.S. interests in Panama and our desire to support Panamanian development, Panama has become a major recipient of U.S. assistance.

As a consequence of the presence of the Canal and the efforts of the Panamanian people, the present economic outlook is favorable. During the past five years, the economy has expanded at an average annual rate of 7.8% and on a per capita GNP basis has increased at an average of 4.6%. U.S. private investment in Panama is estimated at \$1.5 billion. Panama has emerged as a growing international center for banking,

commerce, tourism and communication. However, in spite of these factors, Panama faces complex development problems, including: (1) the need to expand social and economic infrastructure and services throughout the entire country; (2) the disparity in living standards between the long-neglected rural sector and the urban centers; (3) the need for a more vigorous private sector role to expand production of goods and services as well as increase employment opportunities; (4) the need to generate increased domestic savings to finance development; (5) the high population growth rate (3%); and (6) rapid rural-urban migration which has created congested slums and increasing pressure for social services.

Since it came to power four years ago, the present Government of Panama has made serious efforts to deal with these key development problems. In 1971, Panama adopted a five-year development strategy and investment plan which contemplates public outlays of \$616 million, of which \$346 million is to be financed externally. The major sectors addressed in this plan are transportation, housing, agriculture, education and health. The plan's objectives are to (1) sustain the recent 7.8% average growth rate in GNP; (2) reduce regional economic and social disparities; (3) expand and modernize physical and social infrastructure; (4) raise the level of domestic savings; and (5) effect a more equitable distribution of the benefits of growth.

In carrying out this ambitious program, the Government of Panama is faced with serious problems in the planning, management, and financing of its development efforts. In an attempt to deal with these problems, the Panamanian Government in 1972 undertook major organizational and program changes. Three new ministries were created. Foremost among them is the Ministry of Planning and Economic Policy which was given broad authority over development planning, the budget, and financial management and coordination. New Ministries of Agricultural Production and Housing were created to rationalize and coordinate development programs and priorities within

these two important sectors. At about the same time, the Ministry of Planning began a series of meetings with international assistance agencies to decide upon program priorities and a division of labor among them. Under this arrangement the World Bank is financing major projects in electrification, airport construction and fisheries development; the Inter-American Development Bank (IDB) is financing the expansion of rural farm-to-market roads, rural potable water and sewer systems, agricultural and industrial credit, and higher education. In addition, the UN Development Program and the Organization of American States are carrying out a coordinated program of technical assistance projects in many diverse areas. Starting with CY 1973, IDB and World Bank disbursements to Panama are expected to surpass those of A.I.D.

FY 1974 A.I.D. PROGRAM

Within this overall framework, A.I.D. plans a program of \$10 million in Development Lending, \$3 million in Development Grants, and \$200,000 in funds for narcotics control.

Food Production and Nutrition

During 1972, the Government of Panama restructured its public agricultural institutions. A.I.D. and the Ministries of Agriculture and Planning agree that further assistance will be necessary to expand agriculture production, reduce food imports and improve rural living standards. During FY 1973, A.I.D. plans to authorize a \$7.8 million loan based on agreed components of an agricultural sector study now underway. This loan will provide credit, improved technology, and market access for small farmers to increase their production of three staples of the Panamanian diet -- corn, rice and beans. It also will finance an expansion of Panama's Agriculture Training Institute at Divisa. In FY 1974, A.I.D. plans a \$5 million Development Loan for expansion of the private agricultural cooperative movement.

Selected Development Problems

During FY 1972, A.I.D. authorized a \$15 million loan for low-income housing construction in Panama. A \$9 million A.I.D. housing guaranty for middle-income housing was authorized in FY 1973. Both the loan and guaranty were designed to help Panama meet a severe housing shortage, particularly in the Panama City-Colon urban corridor, adjacent to the Canal Zone. The Ministry of Housing and the National Mortgage Bank were created to consolidate and simplify management and to improve coordinated programming of the specialized housing institutions.

A loan to develop tourist services by small businessmen is under consideration. In FY 1973, A.I.D. will continue to help the Government of Panama develop the institutional capacity to promote domestic and foreign private investment in the country.

Population Planning and Health

Family planning services in Panama are continuing to expand through the maternal and child health care program of the Ministry of Health. In FY 1974, A.I.D. will provide \$315,000 to support this program. The provision of health care, primarily in the rural areas, is a high priority for the Government of Panama and A.I.D. During FY 1973 A.I.D. authorized a \$3.8 million loan designed to support Panama's decentralized rural health nutrition program. Directed at the community level and emphasizing preventive health care, this loan will provide funds for seeds, water pumps and other supplies for production of nutritious foods to be consumed locally and to supply previously unavailable potable water. For FY 1974 A.I.D. plans a \$5 million loan which will help expand and improve rural health facilities.

PANAMA

Human Resource Development

A.I.D. technicians are assisting Panama in implementing the first phase of its education reform plan, partly financed by an \$8 million A.I.D. loan, designed to expand educational

opportunities and improve the quality and efficiency of administration. A limited number of scholarships are being made available for advanced technical training in agricultural planning and other fields in the United States.

COSTA RICA
(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	6.4	1.7	104.3	7.0	97.3		
Loans	4.2	-	74.5	7.0	67.5		
Grants	2.2	1.7	29.8	-	29.8		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	0.8	1.1	10.8	-	10.8		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	0.8	1.1	10.8	-	10.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.1	-	4.8	-	4.8		
VOLUNTARY RELIEF AGENCIES	0.7	1.1	6.0	-	6.0		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.7	1.0	70.0	3.2	66.8		
PEACE CORPS	0.7	0.7	6.8	-	6.8		
OTHER	-	0.3	63.2	3.2	60.0		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	7.9	3.8	185.1	10.2	174.9		
Loans	4.2	-	86.3	10.2	76.1		
Grants	3.7	3.8	98.8	-	98.8		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	0.5	0.1	34.8	30.2	4.6		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	0.5	0.1	34.8	30.2	4.6		
TOTAL ECONOMIC PROGRAMS	8.4	3.9	219.9	40.4	179.5		
Loans	4.7	0.1	121.1	40.4	80.7		
Grants	3.7	3.8	98.8	-	98.8		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	1.8	-	1.8		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	1.8	-	1.8		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	*	-	*		
OTHER GRANTS	0.1	-	0.1	-	0.1		
TOTAL MILITARY PROGRAMS	0.1	-	1.9	-	1.9		
TOTAL ECONOMIC AND MILITARY PROGRAMS	8.5	3.9	221.8	40.4	181.4		
Loans	4.7	0.1	121.1	40.4	80.7		
Grants	3.8	3.8	100.7	-	100.7		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1969-71
IBRD-World Bank	10.7	44.0	191.8	Germany	1.5	2.5	7.7
Int'l. Finance Corp.	-	33.0	117.9	U.K.	1.0	1.6	5.0
Int'l. Dev. Association	-	-	0.6	U.K.	0.1	0.2	0.5
Inter-Am. Dev. Bank	10.1	9.6	59.4	Japan	*	*	0.3
UNDP-Special Fund	0.2	0.9	3.8	Other	0.4	0.7	1.9
UNDP-TA (CY)	0.2	0.3	3.0				
Other UN (CY)	0.2	0.2	2.5				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

EL SALVADOR
(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	2.5	6.0	88.7	3.8	84.9		
Loans	4.2	-	54.0	3.8	50.2		
Grants	2.5	2.0	34.6	-	34.6		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	1.7	1.4	21.7	-	21.7		
Title I - Total	-	-	0.6	-	0.6		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	0.6	-	0.6		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	1.7	1.4	21.1	-	21.1		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.3	-	2.0	-	2.0		
VOLUNTARY RELIEF AGENCIES	1.4	1.4	19.1	-	19.1		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.5	1.0	29.7	6.4	23.3		
PEACE CORPS	0.5	0.4	5.2	-	5.2		
OTHER	-	0.6	24.5	6.4	18.1		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	4.7	8.4	140.1	10.2	129.9		
Loans	-	4.0	76.6	10.2	66.4		
Grants	4.7	4.4	63.4	-	63.4		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	1.0	0.5	14.0	11.3	2.7		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	1.0	0.5	14.0	11.3	2.7		
TOTAL ECONOMIC PROGRAMS	5.7	8.9	154.1	21.5	132.6		
Loans	1.0	4.5	90.6	21.5	69.1		
Grants	4.7	4.4	63.4	-	63.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.3	0.3	7.0	-	7.0		
Credit Sales (FMS)	-	-	-	-	-		
Grants	0.3	0.3	7.0	-	7.0		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	*	-	0.3	-	0.3		
OTHER GRANTS	-	0.1	0.1	-	0.1		
TOTAL MILITARY PROGRAMS	0.3	0.4	7.4	-	7.4		
TOTAL ECONOMIC AND MILITARY PROGRAMS	6.0	9.3	161.5	21.5	140.0		
Loans	1.0	4.5	90.6	21.5	69.1		
Grants	5.0	4.8	70.8	-	70.8		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1969-71
IBRD-World Bank	8.2	22.5	127.2	Germany	0.7	3.2	9.8
Int'l. Finance Corp.	-	-	67.4	U.K.	0.3	2.5	4.5
Int'l. Dev. Association	-	-	1.0	U.K.	0.2	0.2	1.0
Inter-Am. Dev. Bank	5.6	-	13.6	Japan	0.2	0.2	0.8
UNDP-Special Fund	2.0	11.6	31.5	Other	*	0.3	3.5
UNDP-TA (CY)	0.3	1.1	6.0				
Other UN (CY)	0.2	0.3	3.9				
	0.1	-	3.8				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	14.2	12.5	192.1	11.1	181.0		
Loans	9.5	8.4	83.2	11.1	72.1		
Grants	4.7	4.1	108.9	-	108.9		
(Supporting Assistance)	(*)	(-)	(33.5)	-	-		
FOOD FOR PEACE - TOTAL	2.0	3.4	25.7	-	25.7		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	2.0	3.4	25.7	-	25.7		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	0.2	3.4	-	3.4		
VOLUNTARY RELIEF AGENCIES	2.0	3.2	22.3	-	22.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.5	0.7	65.2	3.7	61.5		
PEACE CORPS	0.5	0.7	6.5	-	6.5		
OTHER	-	-	58.7	3.7	55.0		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	16.7	16.6	283.0	14.8	268.2		
Loans	9.5	8.4	97.6	14.8	82.8		
Grants	7.2	8.2	185.4	-	185.4		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	2.9	-	92.5	15.7	76.8		
OTHER LOANS	-	-	1.0	0.6	0.4		
TOTAL OTHER OFFICIAL LOANS	2.9	-	93.5	16.3	77.2		
TOTAL ECONOMIC PROGRAMS	19.6	16.6	376.5	31.1	345.4		
Loans	12.4	8.4	191.1	31.1	160.0		
Grants	7.2	8.2	185.4	-	185.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	5.8	1.6	24.9	0.5	24.4		
Credit Sales (FMS)	4.0	-	4.5	0.5	4.0		
Grants	1.8	1.6	20.4	-	20.4		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.3	0.2	1.7	-	1.7		
OTHER GRANTS	-	-	0.3	-	0.3		
TOTAL MILITARY PROGRAMS	6.1	1.8	26.9	0.5	26.4		
TOTAL ECONOMIC AND MILITARY PROGRAMS	25.7	18.4	403.4	31.6	371.8		
Loans	16.4	8.4	195.6	31.6	164.0		
Grants	9.3	10.0	207.8	-	207.8		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1980-71
	11.3	19.0	146.8	TOTAL	1.7	1.5	12.3
IBRD-World Bank	4.0	16.0	66.5	Germany	1.6	1.3	8.3
Int'l. Finance Corp.	-	-	0.2	Austria	*	0.1	3.5
Inter-Am. Dev. Bank	6.6	2.6	64.8	Other	0.1	0.1	0.5
UNDP-Special Fund	-	0.2	5.6				
UNDP-TA (CY)	0.2	0.2	4.5				
Other UN (CY)	0.5	-	5.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	5.2	3.6	92.3	10.2	82.1		
Loans	2.0	-	51.3	10.2	41.1		
Grants	3.2	3.6	41.0	-	41.0		
(Supporting Assistance)	(-)	(-)	(1.6)	-	-		
FOOD FOR PEACE - TOTAL	1.2	1.2	10.5	-	10.5		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	1.2	1.2	10.5	-	10.5		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.4	-	1.0	-	1.0		
VOLUNTARY RELIEF AGENCIES	0.8	1.2	9.5	-	9.5		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.8	0.9	21.5	2.6	18.9		
PEACE CORPS	0.8	0.8	7.4	-	7.4		
OTHER	-	0.1	14.1	2.6	11.5		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	7.2	5.7	124.3	12.8	111.5		
Loans	2.0	-	59.1	12.8	46.3		
Grants	5.2	5.7	65.2	-	65.2		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	0.2	1.6	5.9	4.0	1.9		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	0.2	1.6	5.9	4.0	1.9		
TOTAL ECONOMIC PROGRAMS	7.4	7.3	130.2	16.8	113.4		
Loans	2.2	1.6	65.0	16.8	48.2		
Grants	5.2	5.7	65.2	-	65.2		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.6	0.5	9.0	-	9.0		
Credit Sales (FMS)	-	-	-	-	-		
Grants	0.6	0.5	9.0	-	9.0		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.1	-	0.6	-	0.6		
OTHER GRANTS	-	0.1	0.1	-	0.1		
TOTAL MILITARY PROGRAMS	0.7	0.6	9.7	-	9.7		
TOTAL ECONOMIC AND MILITARY PROGRAMS	8.1	7.9	139.9	16.8	123.1		
Loans	2.2	1.6	65.0	16.8	48.2		
Grants	5.9	6.3	74.9	-	74.9		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1980-71
	21.5	21.4	175.1	TOTAL	0.5	0.7	7.0
IBRD - World Bank	6.0	12.3	70.4	U.K.	0.1	0.2	4.3
Int'l Finance Corp.	-	-	0.4	Germany	0.4	0.4	1.9
Int'l Dev. Association	-	-	24.0	Other	*	0.1	0.8
Inter-Am. Dev. Bank	13.8	7.6	68.8				
UNDP - Special Fund	0.9	1.2	4.4				
UNDP - TA (CY)	0.2	0.3	3.9				
Other UN (CY)	0.6	-	3.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972	1946-1972	
ECONOMIC PROGRAMS					
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	12.5	2.5	113.3	6.7	106.6
Loans	9.9	-	81.8	6.7	75.1
Grants	2.6	2.5	31.5	-	31.5
(Supporting Assistance)	(-)	(-)	(-)	-	-
FOOD FOR PEACE - TOTAL	0.3	1.7	10.3	-	10.3
Title I - Total	-	-	-	-	-
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	(-)	(-)	(-)	(-)	(-)
(Total Sales Agreements, including U.S. Uses)	-	-	-	-	-
Title II - Total	0.3	1.7	10.3	-	10.3
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	0.8	0.8	-	0.8
VOLUNTARY RELIEF AGENCIES	0.3	0.9	9.5	-	9.5
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.4	0.5	40.4	3.9	36.5
PEACE CORPS	0.4	0.5	1.5	-	1.5
OTHER	-	-	38.9	3.9	35.0
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	13.2	4.7	164.0	10.6	153.4
Loans	9.9	-	94.8	10.6	84.2
Grants	3.3	4.7	69.2	-	69.2
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>					
EXPORT-IMPORT BANK LOANS	1.1	0.1	22.1	19.8	2.3
OTHER LOANS	-	-	0.1	0.1	-
TOTAL OTHER OFFICIAL LOANS	1.1	0.1	22.2	19.9	2.3
TOTAL ECONOMIC PROGRAMS	14.3	4.8	186.2	30.5	155.7
Loans	11.0	0.1	117.0	30.5	86.5
Grants	3.3	4.7	69.2	-	69.2
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)					
Credit Sales (FMS)	-	-	-	-	-
Grants	0.8	0.8	14.4	-	14.4
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	0.3	*	0.6	-	0.6
OTHER GRANTS	-	0.1	0.1	-	0.1
TOTAL MILITARY PROGRAMS	1.1	0.9	15.1	-	15.1
TOTAL ECONOMIC AND MILITARY PROGRAMS	15.4	5.7	201.3	30.5	170.8
Loans	11.0	0.1	117.0	30.5	86.5
Grants	4.4	5.6	84.3	-	84.3

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	13.0	36.4	172.9	TOTAL	0.6	1.1	3.9
IBRD-World Bank	-	30.9	90.8	Germany	0.4	1.0	2.2
Int'l. Finance Corp.	-	-	2.1	Japan	*	*	1.2
Int'l. Dev. Association	-	-	3.0	Other	0.2	0.1	0.5
Inter-Am. Dev. Bank	12.4	4.0	64.7				
UNDP-Special Fund	-	1.2	5.9				
UNDP-TA (CY)	0.2	0.3	3.0				
Other UN (CY)	0.4	-	3.4				

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
1971 (Calendar Year)	-	-	-
1972 (Calendar Year)	-	-	-
Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972	1946-1972	
ECONOMIC PROGRAMS					
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	11.1	22.8	188.5	20.1	168.4
Loans	7.0	19.1	132.6	20.1	112.5
Grants	4.1	3.7	55.9	-	55.9
(Supporting Assistance)	(-)	(-)	(27.0)	-	-
FOOD FOR PEACE - TOTAL	0.6	1.2	12.9	-	12.9
Title I - Total	-	-	-	-	-
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	(-)	(-)	(-)	(-)	(-)
(Total Sales Agreements, including U.S. Uses)	-	-	-	-	-
Title II - Total	0.6	1.2	12.9	-	12.9
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	-	-	-
VOLUNTARY RELIEF AGENCIES	0.6	1.2	12.9	-	12.9
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	5.2	9.8	69.7	4.4	65.3
PEACE CORPS	0.5	*	6.9	-	6.9
OTHER	4.7	9.8	62.8	4.4	58.4
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	16.9	33.8	271.1	24.5	246.6
Loans	7.0	19.1	145.5	24.5	121.0
Grants	9.9	14.7	125.6	-	125.6
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>					
EXPORT-IMPORT BANK LOANS	2.7	30.1 ^{a/}	65.1	29.6	35.5
OTHER LOANS	-	-	-	-	-
TOTAL OTHER OFFICIAL LOANS	2.7	30.1	65.1	29.6	35.5
TOTAL ECONOMIC PROGRAMS	19.6	63.9	336.2	54.1	282.1
Loans	9.7	49.2	210.6	54.1	156.5
Grants	9.9	14.7	125.6	-	125.6
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)					
Credit Sales (FMS)	-	-	-	-	-
Grants	1.0	0.5	5.5	-	5.5
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	0.2	*	0.3	-	0.3
OTHER GRANTS	-	-	-	-	-
TOTAL MILITARY PROGRAMS	1.2	0.5	5.8	-	5.8
TOTAL ECONOMIC AND MILITARY PROGRAMS	20.8	64.4	342.0	54.1	287.9
Loans	9.7	49.2	210.6	54.1	156.5
Grants	11.1	15.2	131.4	-	131.4

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	23.7	25.6	155.5	TOTAL	6.3	8.1	28.9
IBRD-World Bank	-	23.4	83.4	Italy	0.5	0.8	15.0
Int'l. Finance Corp.	1.5	-	1.5	Japan	5.5	6.8	12.4
Inter-Am. Dev. Bank	19.1	*	53.1	Other	0.3	0.5	1.5
UNDP-Special Fund	2.6	1.6	10.8				
UNDP-TA (CY)	0.2	0.3	3.2				
Other UN (CY)	0.3	0.3	3.5				

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
1971 (Calendar Year)	-	-	-
1972 (Calendar Year)	-	-	-
Cumulative thru 1972	-	-	-

*Less than \$50,000.

^{a/} Includes \$21.8 million in loans for offshore projects of Panamanian corporations.

CARIBBEAN REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	40	-	-	-	40	-	-
Other	-	-	-	-	-	-	-
Total	40	-	-	-	40	-	-
<u>1973</u>							
Devel. Loans	22,300	-	-	-	22,300	-	-
Devel. Grants	190	-	-	-	190	-	-
Other	-	-	-	-	-	-	-
Total	22,490	-	-	-	22,490	-	-
<u>1974</u>							
Devel. Loans	5,000	-	-	5,000	-	-	-
Devel. Grants	750	-	-	-	750	-	-
Other	-	-	-	-	-	-	-
Total	5,750	-	-	5,000	750	-	-

The United States has close and important ties with the English-speaking Caribbean, which stretches from the Bahamas, 50 miles off Florida, to Guyana on the north coast of South America. The area includes four countries--Jamaica, Barbados, Trinidad and Tobago, and Guyana--which achieved their independence in the 1960's, and a dozen states and territories with varying degrees of self-government and of dependence on the United Kingdom. Of the latter the Bahamas is scheduled to become independent in July 1973, and Grenada has initiated negotiations for full sovereignty.

There are significant differences in the stages of development of the Caribbean states, but most have serious unemployment problems and a limited resource base. High cost agricultural production has contributed to increasing food imports, while

traditional agricultural exports have been dependent upon preferential markets in the United Kingdom. All these states have a shortage of qualified administrators and trained technicians. Moreover, there is a need for expanding development-oriented financial institutions to supplement the vital role played by the commercial banks and other traditional lenders.

A.I.D. plans to continue to channel assistance to the Caribbean area through regional institutions and projects and to avoid the establishment of additional bilateral missions. The proposed FY 1974 program emphasizes continued support to two important regional institutions--the Caribbean Development Bank (CDB) and the University of the West Indies (UWI).

This assistance is intended to supplement but not supplant continued and expanded help from multilateral agencies, the United Kingdom, and other donors. The World Bank and the Inter-American Development Bank (IDB) are the major sources of development finance in the independent Caribbean countries, while the United Kingdom and Canada provide essential financial and technical assistance to the other states and territories, as well as some aid to the fully independent nations.

FY 1974 A.I.D. PROGRAM

A.I.D. plans to provide a \$5 million loan to assist in the expansion of UWI and up to \$750,000 in Development Grants for technical assistance in support of the CDB, UWI, and other priority regional activities. A Special Development Activities Fund of \$50,000 for small self-help projects in Barbados will also be financed from grant resources.

Caribbean Development Bank (CDB)

The Caribbean Development Bank, with headquarters in Barbados, is mobilizing regional and external financial resources for development projects in the Commonwealth Caribbean

CARIBBEAN REGIONAL

states. To date, the Bank has made loans and guaranties totaling over \$25 million for transportation, agriculture, water supplies, housing, and other priority areas.

In 1970 the United States provided a \$10 million loan to the CDB for a Special Development Fund (SDF), which the Bank committed for projects in the lesser developed states of the Caribbean region. A further loan to the Fund of \$12 million was authorized in FY 1973. In addition, A.I.D. approved in FY 1973 a \$10.3 million loan to the Bank for financing low-cost housing and for establishing a secondary mortgage market. Grant-funded assistance will be provided to the CDB during FY 1974 to establish mortgage banking and low-income housing activities. A.I.D. may provide additional U.S. consultants to reinforce the Bank's analytical and administrative capacity.

The United Kingdom and Canada have contributed over \$30 million to the ordinary capital resources of the CDB and to the SDF and have indicated recently that they will increase their contributions to the latter. In addition, Venezuela and Colombia are joining the Bank and will contribute to the SDF. The CDB is also negotiating with other potential donors, and

it has received technical support through a UN Development Program grant.

University of the West Indies (UWI)

The University of the West Indies, with campuses in Jamaica, Trinidad, and Barbados, serves the English-speaking Caribbean area. Plans call for a doubling of enrollment to 12,000 by 1980, and studies have been undertaken on the special needs of the technical faculties of agriculture, engineering, medicine, and tourism. During 1972 the heads of government of the English-speaking states reaffirmed their intention to continue the UWI as a regional institution and to proceed with an expansion program. The university is seeking financing from the IDB, A.I.D. and the Canadian International Development Agency.

A.I.D. plans to support the expansion program with a loan of \$5 million in FY 1974 to supplement assistance from the IDB and other sources. In addition, A.I.D. is programming a grant to encourage and support the development of research and consulting services by the University to its member states.

DOMINICAN REPUBLIC

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	5,100	-	-	-	5,100	-	-
Devel. Grants	1,755	469	-	630	1	-	655
Other	-	-	-	-	-	-	-
Total	6,855	469	-	630	5,101	-	655
1973							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,075	375	-	-	10	-	690
Other	-	-	-	-	-	-	-
Total	1,075	375	-	-	10	-	690
1974							
Devel. Loans	10,000	-	-	10,000	-	-	-
Devel. Grants	894	274	-	-	25	-	595
Other	-	-	-	-	-	-	-
Total	10,894	274	-	10,000	25	-	595

For the fourth consecutive year, the Dominican Republic has realized a substantial rise in GNP--a 9% increase for 1972. Contributing to this growth were climatic factors favorable to agricultural production; strong demand and improved prices for the country's exportable commodities, notably sugar; the initiation of production at a new ferronickel mining facility; and the Government's austere fiscal policies. Increased export earnings, rising tourism receipts and continued foreign investments led to improvement in the country's balance of payments position. The economic outlook appears favorable in the near term.

Notwithstanding these real advances in the economy, significant problems persist. High levels of unemployment are aggravated by the large number of people entering the labor force each

year and competing for limited new job opportunities. Inadequate housing, poor nutrition and a lack of educational opportunities and health services still confront many Dominicans. Government institutions continue, in general, to lack adequate skills and organization for the tasks of development.

The Government's investment plan calls for increasing emphasis on rural sector development through a five-year integrated agricultural development plan (PIDAGRO) and a major agrarian reform program calling for redistribution, by the end of 1973, of one-third of the land now devoted to rice production. Low-cost housing and expansion of the nation's physical infrastructure have also been assigned high priorities in recent years, both for their immediate job creation effects and for their longer-term economic and social benefits. Expenditures for public health and education are rising as well.

Foreign Assistance

External assistance to the Dominican Republic is primarily through multilateral channels, principally the Inter-American Development Bank (IDB). The World Bank is also becoming increasingly active in livestock development, irrigation, and secondary education. The UN maintains active technical assistance programs in agriculture, public administration, human resources, natural resources, and industrial development.

FY 1974 A.I.D. PROGRAM

The A.I.D. program is closely coordinated with those of the multilateral donors and concentrates on assisting the Government to: (1) improve its capability to formulate and implement effective development plans; (2) increase agricultural productivity; (3) spread the benefits of growth, including educational opportunities; and (4) provide improved mother and child health care services.

DOMINICAN REPUBLIC

The proposed FY 1974 program includes an education sector loan of \$10 million and \$894,000 in Development Grants primarily in agriculture and health. The implementation of previously authorized A.I.D. loans for the development of cooperatives, mother and child health services, industrial development and educational credit will also be continued. In addition, PL 480 Title I agricultural commodity sales of about \$7 million are anticipated, and Title II food donation shipments will total about \$2.6 million.

Food Production and Nutrition

A.I.D. is reducing its technical assistance in agriculture as the Dominican Republic continues to progress in food production, in training personnel, and in strengthening rural sector institutions and as it increasingly obtains its technical assistance requirements through multilateral institutions. The IDB has authorized a \$24.8 million loan in support of the five-year integrated agricultural development plan adopted in 1972, and the World Bank has lent \$13 million towards the costs of the Yaque del Norte irrigation system.

A.I.D. will continue its successful participant training program. Although in 1966 there were only 15 Dominicans with degrees in agriculture, the number now exceeds 100, the majority of whom have received their training under A.I.D.-financed programs. Among these recipients is the current Secretary of Agriculture. In addition, technical assistance continues to be required in agricultural statistics and agricultural credit, and short-term advisors will aid in developing skills in the development, management and evaluation of capital projects in agriculture.

PL 480 Title I counterpart funds will also be a major source of support to the development of the rural sector. For example,

the equivalent of \$1 million has recently been made available to meet the first year's costs of a major cacao expansion and improvement program. Assistance in the establishment of a revolving loan fund through which small and medium-sized farmers can get essential agricultural production inputs such as fertilizer, pesticides, and farm implements will also be given consideration.

Human Resource Development

Since its incorporation in 1967, the Education Credit Foundation (ECF), supported by an A.I.D. loan, has made over 3,268 loans to deserving students in the Dominican Republic for study at home and abroad. These graduates have substantially alleviated the critical shortage of trained manpower in key sectors of the economy.

An education sector loan is proposed for FY 1974 in response to the Government's request for assistance in a program to improve the quality and increase the effectiveness of the nation's primary and secondary education system. The proposed program includes: (a) improvement of the qualifications of teachers, (b) development of effective teaching materials and methods, and (c) improvement in the Ministry's education management capacity, including the administration of research and evaluation of key sector problems and programs.

Population Planning and Health

Two A.I.D. contract advisors are active in the loan-supported program to establish a public health network of hospitals, health centers, and rural clinics. These facilities will provide better services and advice, particularly in mother and infant care.

GUYANA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	14,300	-	2,400	-	11,900	-	-
Devel. Grants	1,300	322	-	637	50	-	291
Other	-	-	-	-	-	-	-
Total	15,600	322	2,400	637	11,950	-	291
1973							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	776	334	-	52	50	-	340
Other	-	-	-	-	-	-	-
Total	776	334	-	52	50	-	340
1974							
Devel. Loans	3,500	2,500	-	1,000	-	-	-
Devel. Grants	672	222	-	-	50	-	400
Other	2	-	-	-	-	-	2a/
Total	4,174	2,722	-	1,000	50	-	402

a/ Narcotics Control

In the near term, the economy of Guyana probably will continue to be dependent on the exploitation of natural resources (bauxite mining and sugar and rice production) for export. However, several persistent problems limit development: bauxite sales reflect a generally sluggish market; sugar sales are subject to labor strife; and rice production currently falls short of its potential as a major earner of foreign exchange. Insufficient administrative and technical personnel and a basically inadequate infrastructure also inhibit development.

The Government is engaged in restructuring and redirecting its economic development efforts. These efforts emphasize greater national self-reliance and Government control of the economy, development of economic infrastructure, development

of the country's interior lands, and import substitution. Particular emphasis is placed on domestic food production.

Guyana depends heavily upon external support for financing its development needs. World Bank assistance has increased steadily since 1969 and is expected to continue to increase. Currently, the World Bank is involved in four major projects: education, construction of sea defenses, livestock development, and electric power expansion. The latter activity is being undertaken in conjunction with complementary loans by Canada and the United Kingdom. Guyana is not a member of the Inter-American Development Bank (IDB) and therefore does not have access to IDB lending. In addition to the United States, other bilateral donors are the United Kingdom (about \$7 million annually), Canada (about \$2.5 million annually), and the People's Republic of China (a line of credit of \$26 million made available in 1972).

FY 1974 A.I.D. PROGRAM

A.I.D. assistance for FY 1974 consists of \$672,000 in Development Grants and \$3.5 million in Development Loans. The grant level is significantly lower than that of previous years, reflecting the successful completion of grant projects in the fields of public safety, tax administration, and some activities in agricultural research and diversification. PL 480 Title I sales are programmed for \$300,000, and PL 480 Title II food donations are planned at \$600,000 for maternal and child care, school lunch programs, and economic and community self-help projects.

Food Production and Nutrition

A.I.D. continues to assist in improving the important rice industry. Rice is a major crop and a source of foreign exchange, contributing directly to the livelihood of 45,000 farm families located largely along the densely populated coastal areas. Production has suffered in recent years, and the poor quality

rice has been less acceptable in the traditional Caribbean markets. Reversing this trend is a Government priority.

A.I.D. assistance in modernizing the rice industry is funded from prior-year Development Loan funds. Construction of six A.I.D.-financed rice drying and storage facilities is well underway, and all are expected to be completed by the end of 1973. Grant funds in the past have been used to introduce high-yielding rice varieties, teach appropriate methods of husbandry, and provide managerial and organizational assistance in rice marketing.

A continuing priority for A.I.D. in FY 1974 is to assist the Government in its efforts to develop and diversify its agricultural base. During the first half of the year, an in-depth appraisal will be undertaken to identify those areas--geographic and functional--in which A.I.D. assistance would be beneficial. If areas of potential benefit are identified, a Development Loan of \$2.5 million will be made by A.I.D.; other donors may also participate. This undertaking would provide a logical extension of the research developments in field crops, vegetables and beef cattle resulting from the A.I.D.-funded University of Florida contract which has operated in Guyana since 1969. Four U.S. universities, under a Section 211(d) grant, will continue the research in tropical livestock development which they have been conducting on a pilot basis in Guyana. The universities expect to develop recommendations for improved livestock practices and techniques in tropical countries such as Guyana.

A.I.D. has closely coordinated its assistance in agricultural diversification with the World Bank, which has recently become

active in livestock development. The World Bank is seeking also to identify possible areas of assistance in fisheries and forestry and may finance the expansion and improvement of irrigation and drainage for rice. The feasibility study for the land rehabilitation project is being financed under an A.I.D. loan.

Human Resource Development

The restructuring of the economy is straining Guyana's limited supply of managerial and technical skills. In order to assist the Government in its urgent need to establish a reasonable level of administrative, managerial, planning and technical competence, A.I.D. has programmed a \$1 million Development Loan for FY 1974 to finance training in the United States, selected third countries, and Guyana. Provision will be made for the development and strengthening of an executive unit within Guyana's Government which will have responsibility for coordinating and administering all Guyanese training activities.

Population Planning and Health

A.I.D. has been the sole external donor for the development of potable water in the heavily populated coastal region south and immediately to the east of Georgetown. An additional loan may be provided in FY 1974 to complete the improvement of the potable water supply east of Georgetown, extending from Buxton to New Amsterdam. Other assistance in water development has been provided by the Canadians, who are financing a similar undertaking in the interior city of Linden, and the UN Development Program which is providing technical assistance to the Guyana Water Authority.

HAITI

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	3,182	760	2,087	-	335	-	-
Other	-	-	-	-	-	-	-
Total	3,182	760	2,087	-	335	-	-
1973							
Devel. Loans	3,700	3,700	-	-	-	-	-
Devel. Grants	3,100	1,159	1,771	-	50	-	120
Other	-	-	-	-	-	-	-
Total	6,800	4,859	1,771	-	50	-	120
1974							
Devel. Loans	5,000	5,000	-	-	-	-	-
Devel. Grants	3,900	1,800	1,900	-	50	-	150
Other	-	-	-	-	-	-	-
Total	8,900	6,800	1,900	-	50	-	150

Haiti, the only country in the Western Hemisphere included in the UN listing of "Least Developed Countries," has a per capita GNP of \$93, a literacy rate of about 10%, a population density of 480 persons per square mile, limited arable land and natural resources, and a basically rural population. The people of Haiti are faced with the hardships of hunger, underemployment, and disease.

While Haiti's economy was generally stagnant during the 1960's, recent economic trends have been encouraging. The rate of growth of GNP has risen steadily from 2.6% in 1968 to 5.7% in 1971 and is estimated to be above 7% in 1972. The GNP growth is paralleled by improvements in Haiti's balance-of-payments position.

The present Government is giving serious attention to economic development. The five-year development plan assigns highest priority to providing a basic physical infrastructure (in power and transportation) and to developing the agricultural sector. The plan also calls for major attention to health and tourism. Government development expenditures are budgeted to increase by more than 30% during the Haitian fiscal year 1972-1973.

Role of Foreign Assistance

With total Government domestic receipts of less than \$50 million a year, substantial external assistance, both financial and technical, will be required if economic and social progress in Haiti is to be transformed from a plan to reality. As the Government commitment to economic development has increased, the donors have demonstrated progressively a greater willingness to resume active support of Haitian development. A series of formal and informal meetings has been held in recent months to analyze the Government's economic performance and to coordinate future external assistance. Among those participating actively are the Organization of American States (OAS), the Inter-American Development Bank (IDB), the World Bank, UN agencies, A.I.D., and several bilateral donors.

Official assistance from these sources is expected to rise sharply over the next two years. A \$10 million loan for modernization of the capital's port facilities was approved by the IDB in late 1972. IDB loans under consideration include reconstruction of the South Road from Port-au-Prince to Les Cayes and construction of rural health clinics. The World Bank, which has not made loans to Haiti for more than a decade, is considering a loan to finance the reconstruction of the main road from Port-au-Prince north to Cap Haitien. Technical assistance from the UN is provided for agriculture, education, health, and natural resources development. Other bilateral assistance is also projected in these sectors.

HAITI

FY 1974 A.I.D. PROGRAM

A.I.D. assistance is closely coordinated with that of other donors and constitutes an important supplement thereto. It concentrates on rural development and rural health to help improve the life of the approximately four million Haitians dependent on the rural economy at a barely subsistence level. The projected program for FY 1974 includes a \$5 million loan for agricultural feeder roads and \$3.9 million in Development Grants in basic foods production, control of communicable disease, family planning, road maintenance, and rural community development. In addition, PL 480 Title I agricultural commodity sales of \$1 million are anticipated, and Title II food donations will total about \$1.5 million at market value.

Food Production and Nutrition

A.I.D. assistance in these fields is designed to: (1) benefit large numbers of low-income people, (2) contribute to the reduction of the serious protein deficiency in Haitian diets, (3) support free and open competition in the rural sector, (4) build on present farmer knowledge and experience, and (5) contribute to the more rational organization of institutions having responsibility for rural sector development and welfare. A program that initially will concentrate on improving the quantity and quality of corn and beans has been designed to meet these objectives. The program also provides for applied research on diversified crops which could be introduced later to raise small farmer incomes. The A.I.D.-supported rural

community development program serving 400,000 persons in northwest Haiti will continue, with the dual aim of improving the rural economy and rural welfare. PL 480 Title II food-for-work projects are an essential aspect of this program.

The present road system in Haiti is totally inadequate to the needs. In particular, major rehabilitation of the road network is required to facilitate the flow of agriculture inputs to farmers and to transport their produce to markets. In conjunction with IDB and World Bank assistance, A.I.D. authorized a \$3.7 million road maintenance loan in FY 1973. Grant-financed technical assistance in support of the loan is being provided to assist in building up a viable maintenance system. A \$5 million loan for rural feeder roads is programmed for FY 1974.

Population Planning and Health

Malaria continues to be a major hazard to health in Haiti and its eradication requires U.S. and multilateral support. Because of the technical and administrative expertise it has acquired from external support, the national malaria organization is now being assigned responsibility for control of other contagious diseases as well, and modest A.I.D. support of this broader role is projected.

In view of its high population density, the Government has recently completed a maternal and child health plan, including the provision of family planning assistance, and has solicited the support of the IDB and A.I.D. for implementation of the plan.

JAMAICA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,159	-	779	211	50	-	119
Other	-	-	-	-	-	-	-
Total	1,159	-	779	211	50	-	119
<u>1973</u>							
Devel. Loans	5,000	5,000	-	-	-	-	-
Devel. Grants	965	-	449	196	50	-	270
Other	33	-	-	-	-	-	33 ^{a/}
Total	5,998	5,000	449	196	50	-	303
<u>1974</u>							
Devel. Loans	7,000	-	-	7,000	-	-	-
Devel. Grants	939	-	500	179	50	-	210
Other	26	-	-	-	-	-	26 ^{a/}
Total	7,965	-	500	7,179	50	-	236

^{a/} Narcotics Control

Despite a good measure of economic growth based largely on U.S. and Canadian investment in the bauxite/alumina industry, and on tourism and light industry, Jamaica suffers from numerous serious problems: social strains caused by population pressures; a high unemployment rate aggravated by a large number of functionally illiterate people; poor income distribution, particularly in the agricultural sector, leading to urban migration; inadequate housing; and malnutrition.

The World Bank has been the primary source of development finance, and other UN agencies the major sources of technical assistance. The Inter-American Development Bank (IDB) has a substantial and growing loan portfolio, while the United Kingdom and Canada are major bilateral contributors to Ja-

maican development. The A.I.D. program is designed to complement the efforts of the Jamaican Government and other donors in addressing the country's problems.

FY 1974 A.I.D. PROGRAM

For FY 1974, A.I.D. has programmed a \$7 million education sector loan in support of training and manpower development; Development Grants of \$939,000, with emphasis on family planning, public safety and tax administration; and \$26,000 for narcotics control. PL 480 agricultural commodities, principally for school lunch and maternal and child nutrition programs, will total approximately \$3 million. The FY 1973 levels include loans of \$5 million, development grants of \$965,000, PL 480 shipments of \$2 million, and \$10 million in guaranties for housing construction.

Food Production, and Nutrition

The majority of Jamaicans still live in rural areas. Despite the growth of tourism and industry, agriculture provides the only source of employment for about one-third of the labor force. The Government is aware of the finite nature of bauxite reserves and is attempting to revitalize the rural sector, which has been stagnant for several years, by an expanded program of credit, training and public works.

In FY 1973, A.I.D. plans to authorize a \$5 million loan for afforestation, which will contribute to national goals by reducing the need for wood imports, increasing employment opportunities and conserving natural resources. Active loans include \$10 million for rural feeder roads. The World Bank and the IDB are providing over \$12 million for credit to small and medium size farmers.

Government-to-government PL 480 Title II commodity grants for school lunch and maternal and child nutrition programs are scheduled to terminate at the end of CY 1973, with the

JAMAICA

FY 1974 portion of the program projected at \$1 million. Beginning in January 1974, these programs will be replaced and augmented by a Title I sales agreement, with \$2 million budgeted for this purpose.

Population Planning and Health

With a population already close to two million and with unemployment at about 20%, Jamaica has placed a high priority on family planning. In FY 1974, A.I.D. is providing \$500,000 for commodities, advisory services and training in this area. A prior grant of almost \$800,000 is developing a population research and training center at the University of the West Indies (UWI). This center serves the entire Caribbean area.

Human Resource Development

Primary education, suffering from poor accommodations, overcrowding, equipment shortages, and untrained teachers, turns out students ill prepared to enter the secondary level or to assume a productive role in society.

A.I.D. is programming a \$7 million loan in FY 1974 to assist the formal and non-formal education system in meeting the requirements of Jamaican society. The loan will be based primarily on the findings of a joint sector assessment team composed of Jamaican and U.S. technicians, as well as other donor representatives.

Two World Bank loans totalling \$23 million have been devoted to improvements in secondary education, and further support by the Bank may be provided for this purpose. Canada has been assisting the UWI at an annual level of \$2 million, and the IDB has made a loan of \$4.7 million for university scholarships.

The Jamaican government is increasing revenues available for development projects and other purposes with the help of an A.I.D. program to improve the administration of the Income Tax Department. A.I.D. financing of the project will terminate in June 1974.

A.I.D. proposes to continue its support for a modest public safety program to help strengthen the Jamaican Constabulary Force and to institute a narcotics project which would improve the capability of the force to suppress illegal narcotics traffic.

Housing

A \$10 million mortgage bank loan authorized in FY 1971 looks toward more job opportunities in construction by creating and strengthening institutional arrangements to attract private capital into home building.

Previous A.I.D. guaranties totaling \$15.6 million cover the construction of about 2300 lower middle-class homes in three housing projects. A.I.D. plans to extend another \$10 million in housing guaranties through the mortgage bank.

VENEZUELA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	850	-	-	752	-	-	98
Other	-	-	-	-	-	-	-
Total	850	-	-	752	-	-	98
1973							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	471	-	-	245	50	-	176
Other	22	-	-	-	-	-	22 ^{a/}
Total	493	-	-	245	50	-	198
1974							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	359	-	-	227	50	-	82
Other	40	-	-	-	-	-	40 ^{a/}
Total	399	-	-	227	50	-	122

a/ Narcotics Control

Venezuela, with a democratic government and substantial petroleum resources, has the second highest per capita GNP in Latin America -- about \$1,000, which is only about \$50 less than that of Argentina. Nonetheless, the people of Venezuela face serious problems brought on by rapid urbanization with large unemployment, inadequate housing, and shortages of social services in the cities. At the same time, areas of the countryside are underdeveloped, especially in the South. While Venezuela has resources available to deal with most of these problems, the small A.I.D. technical assistance program is helpful in providing U.S. advisory services and training for limited areas of critical need, such as strengthening of the internal security forces and the support of planning

for the economic development of the country's unexploited southern hinterland.

In FY 1973, A.I.D. established a project under the Special Development Activity Authority to respond to Venezuelan initiatives. This project is designed to provide limited short-term technical assistance to help the Venezuelans in their plans to develop the South.

In FY 1974, A.I.D. will continue to assist Venezuela in police management and operations. This program, since 1962, has helped to establish a unified command center, modernize national police records, and train Venezuelan police officials.

DOMINICAN REPUBLIC
(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	13.5	6.9	323.4	18.0	305.4		
Loans	10.9	5.1	180.2	18.0	162.2		
Grants	2.6	1.8	143.1	-	143.1		
(Supporting Assistance)	(-)	(-)	(209.3)				
FOOD FOR PEACE - TOTAL	12.8	19.0	119.5	7.7	111.8		
Title I - Total	5.7	12.5	55.4	7.7	47.7		
REPAYABLE IN U.S. DOLLARS - LOANS	5.7	12.5	55.4	7.7	47.7		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	7.1	6.5	64.1	-	64.1		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	6.9	-	6.9		
VOLUNTARY RELIEF AGENCIES	7.1	6.5	57.2	-	57.2		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.5	1.0	18.4	2.5	15.9		
PEACE CORPS	0.5	0.5	8.9	-	8.9		
OTHER	-	0.5	9.5	2.5	7.0		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	26.8	26.9	461.3	28.2	433.1		
Loans	16.6	17.6	244.0	28.2	215.8		
Grants	10.2	9.3	217.2	-	217.2		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	2.9	34.0	17.8	16.2		
OTHER LOANS	1.5	-	1.5	0.6	0.9		
TOTAL OTHER OFFICIAL LOANS	1.5	2.9	35.5	18.4	17.1		
TOTAL ECONOMIC PROGRAMS	28.3	29.8	496.8	46.6	450.2		
Loans	18.1	20.5	279.5	46.6	232.9		
Grants	10.2	9.3	217.2	-	217.2		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	1.0	0.9	27.4	-	27.4		
Credit Sales (FMS)	-	-	-	-	-		
Grants	1.0	0.9	27.4	-	27.4		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	+	0.1	1.2	-	1.2		
OTHER GRANTS	0.1	0.9	2.4	-	2.4		
TOTAL MILITARY PROGRAMS	1.1	1.9	31.0	-	31.0		
TOTAL ECONOMIC AND MILITARY PROGRAMS	29.4	31.7	527.8	46.6	481.2		
Loans	18.1	20.5	279.5	46.6	232.9		
Grants	11.3	11.2	248.2	-	248.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971 18.5	FY 1972 2.7	FY 1946-72 103.3	DONOR	CY 1970 1.8	CY 1971 8.3	CY 1960-71 11.7
IBRD-World Bank	-	-	25.0	Canada	1.6	4.0	5.6
Int'l. Dev. Association	9.0	-	9.0	Japan	*	3.8	3.9
Inter-Am. Dev. Bank	7.6	0.1	54.0	Germany	0.2	0.4	1.8
UNDP-Special Fund	1.4	1.8	9.0	Other	*	0.1	0.4
UNDP-TA (CY)	0.4	0.5	3.2				
Other UN (CY)	0.1	0.3	3.1				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	1.2	15.6	73.5	1.0	72.5		
Loans	-	14.3	54.4	1.0	53.4		
Grants	1.2	1.3	19.1	-	19.1		
(Supporting Assistance)	(-)	(-)	(9.6)				
FOOD FOR PEACE - TOTAL	0.7	1.1	5.1	*	5.1		
Title I - Total	0.3	0.3	0.8	*	0.8		
REPAYABLE IN U.S. DOLLARS - LOANS	0.3	0.3	0.8	*	0.8		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	0.4	0.8	4.3	-	4.3		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.4	0.8	2.6	-	2.6		
VOLUNTARY RELIEF AGENCIES	-	-	1.7	-	1.7		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.1	*	1.3	-	1.3		
PEACE CORPS	0.1	*	1.3	-	1.3		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	2.0	16.7	79.9	1.0	78.9		
Loans	0.3	14.6	55.2	1.0	54.2		
Grants	1.7	2.1	24.7	-	24.7		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	1.1	1.1	-	1.1		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	1.1	1.1	-	1.1		
TOTAL ECONOMIC PROGRAMS	2.0	17.8	81.0	1.0	80.0		
Loans	0.3	15.7	56.3	1.0	55.3		
Grants	1.7	2.1	24.7	-	24.7		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	-	-	-		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	-	-	-		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	-	-	-		
TOTAL ECONOMIC AND MILITARY PROGRAMS	2.0	17.8	81.0	1.0	80.0		
Loans	0.3	15.7	56.3	1.0	55.3		
Grants	1.7	2.1	24.7	-	24.7		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971 8.0	FY 1972 5.6	FY 1946-72 32.7	DONOR	CY 1970 12.1	CY 1971 8.7	CY 1960-71 88.7
IBRD-World Bank	5.4	-	14.2	U.K.	7.4	6.5	73.9
Int'l. Dev. Association	2.2	4.4	9.5	Canada	4.4	2.1	14.1
UNDP-Special Fund	-	1.0	6.0	Other	0.3	0.1	0.7
UNDP-TA (CY)	0.3	0.2	2.3				
Other UN (CY)	0.1	-	0.7				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	26	-
				Cumulative thru 1972	-	26	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	2.8	3.2	73.2	2.1	71.1		
Loans	-	-	5.7	2.1	3.6		
Grants	2.8	3.2	67.5	-	67.5		
(Supporting Assistance)	(2.8)	(-)	(47.7)	-	-		
FOOD FOR PEACE - TOTAL	1.5	1.7	22.8	-	22.8		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	1.5	1.7	22.8	-	22.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	4.7	-	4.7		
VOLUNTARY RELIEF AGENCIES	1.5	1.7	18.1	-	18.1		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	-	-	3.0	0.1	2.9		
PEACE CORPS	-	-	-	-	-		
OTHER	-	-	3.0	0.1	2.9		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	4.3	4.9	99.0	2.2	96.8		
Loans	-	-	6.0	2.2	3.8		
Grants	-	4.9	93.0	-	93.0		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	28.1	9.7	18.4		
OTHER LOANS	-	0.4	0.4	-	0.4		
TOTAL OTHER OFFICIAL LOANS	-	0.4	28.5	9.7	18.8		
TOTAL ECONOMIC PROGRAMS	4.3	5.3	127.5	11.9	115.6		
Loans	-	0.4	34.5	11.9	22.6		
Grants	4.3	4.9	93.0	-	93.0		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	3.2	-	3.2		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	3.2	-	3.2		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	0.1	-	0.1		
OTHER GRANTS	-	-	0.8	-	0.8		
TOTAL MILITARY PROGRAMS	-	-	4.1	-	4.1		
TOTAL ECONOMIC AND MILITARY PROGRAMS	4.3	5.3	131.7	11.9	119.8		
Loans	-	0.4	34.5	11.9	22.6		
Grants	4.3	4.9	97.2	-	97.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	3.4	2.5	31.2	TOTAL	0.2	0.3	2.4
IBRD-World Bank	-	-	2.6	Germany	0.2	0.2	1.9
Int'l. Dev. Association	-	-	0.4	Other	*	0.1	0.5
Inter-Am. Dev. Bank	-	1.8	13.4				
UNDP-Special Fund	2.2	0.4	5.7				
UNDP-TA (CY)	0.3	0.3	4.5				
Other UN (CY)	0.9	-	4.6				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	20.9	1.2	41.5	2.0	39.5		
Loans	20.0	-	30.3	2.0	28.3		
Grants	0.9	1.2	11.2	-	11.2		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	1.1	3.9	28.9	-	28.9		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	1.1	3.9	28.9	-	28.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.7	3.4	11.6	-	11.6		
VOLUNTARY RELIEF AGENCIES	0.4	0.5	17.3	-	17.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.1	1.0	6.9	-	6.9		
PEACE CORPS	1.1	1.0	6.9	-	6.9		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	23.1	6.1	77.3	2.0	75.3		
Loans	20.0	-	30.3	2.0	28.3		
Grants	3.1	6.1	47.0	-	47.0		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	0.9	16.7	49.9	7.6	42.3		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	0.9	16.7	49.9	7.6	42.3		
TOTAL ECONOMIC PROGRAMS	24.0	22.8	127.2	9.6	117.6		
Loans	20.9	16.7	80.2	9.6	70.6		
Grants	3.1	6.1	47.0	-	47.0		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	1.1	-	1.1		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	1.1	-	1.1		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	*	-	*		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	1.1	-	1.1		
TOTAL ECONOMIC AND MILITARY PROGRAMS	24.0	22.8	128.3	9.6	118.7		
Loans	20.9	16.7	80.2	9.6	70.6		
Grants	3.1	6.1	48.1	-	48.1		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	35.9	4.4	94.8	TOTAL	14.9	11.9	90.2
IBRD - World Bank	17.2	-	60.0	U.K.	4.4	6.8	65.2
Int'l. Finance Corp.	-	-	3.1	Canada	10.0	4.2	22.4
Inter-Am. Dev. Bank	16.9	3.1	20.0	Other	0.5	0.9	2.6
UNDP - Special Fund	1.3	1.0	8.0				
UNDP - TA (CY)	0.2	0.3	2.6				
Other UN (CY)	0.3	-	1.1				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1948-1972	1948-1972			
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	1.0	0.8	71.1	12.3	58.8		
Loans	-	-	55.0	12.3	42.7		
Grants	1.0	0.8	16.1	-	16.1		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	-	4.7	29.3	-	29.3		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	-	4.7	29.3	-	29.3		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	4.7	4.7	-	4.7		
VOLUNTARY RELIEF AGENCIES	-	-	24.6	-	24.6		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.5	1.4	94.2	37.9	56.3		
PEACE CORPS	1.5	1.4	19.8	-	19.8		
OTHER	-	-	74.4	37.9	36.5		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	2.5	6.9	194.6	50.2	144.4		
Loans	-	-	127.9	50.2	77.7		
Grants	2.5	6.9	66.7	-	66.7		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	12.2	36.9	260.1	153.7	106.4		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	12.2	36.9	260.1	153.7	106.4		
TOTAL ECONOMIC PROGRAMS	14.7	43.8	454.7	203.9	250.8		
Loans	12.2	36.9	388.0	203.9	184.1		
Grants	2.5	6.9	66.7	-	66.7		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	8.3	8.3	110.9	68.5	42.4		
Credit Sales (FMS)	7.4	7.5	100.1	68.5	31.6		
Grants	0.9	0.8	10.8	-	10.8		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	0.1	-	0.1		
OTHER GRANTS	-	1.4	11.4	-	11.4		
TOTAL MILITARY PROGRAMS	8.3	9.7	122.4	68.5	53.9		
TOTAL ECONOMIC AND MILITARY PROGRAMS	23.0	53.5	577.1	272.4	304.7		
Loans	19.6	44.4	488.1	272.4	215.7		
Grants	3.4	9.1	89.0	-	89.0		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1948-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD-World Bank	35.0	28.0	355.9	Italy	0.2	2.7	39.0
Int'l. Finance Corp.	11.8	1.0	22.6	Germany	1.6	10.6	17.2
Inter-Am. Dev. Bank	12.8	72.7	269.5	Japan	3.6	2.0	11.0
UNDP-Special Fund	1.5	2.3	16.9	Other	*	0.3	1.5
UNDP-TA (CY)	0.4	0.4	5.7				
Other UN (CY)	*	-	2.1				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)..... -			
				1972 (Calendar Year)..... -			
				Cumulative thru 1972..... 10			

* Less than \$50,000.

South
America

BOLIVIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	50,000	11,000	-	-	7,000	32,000	-
Devel. Grants	3,573	1,071	309	1,194	320	-	679
Other	2,019	-	-	-	-	-	2,019 ^{a/b/}
Total	55,592	12,071	309	1,194	7,320	32,000	2,698
<u>1973</u>							
Devel. Loans	11,700	4,100	-	4,600	3,000	-	-
Devel. Grants	3,721	978	286	1,212	286	-	959
Other	147	-	-	-	-	-	147 ^{b/}
Total	15,568	5,078	286	5,812	3,286	-	1,106
<u>1974</u>							
Devel. Loans	20,000	12,000	-	8,000	-	-	-
Devel. Grants	3,679	1,290	279	959	50	-	1,101
Other	4	-	-	-	-	-	4 ^{b/}
Total	23,683	13,290	279	8,959	50	-	1,105

a/ Contingency Fund

b/ Narcotics Control

Bolivia's per capita GNP (\$234 in 1972) is the lowest in South America. Unemployment and under-employment are serious problems and the demands for basic government services are immense. The economy is based on mining which suffers from low productivity, low investment and uncertain world markets. Bolivia continues to have to import foodstuffs. At the same time, increased food production is hampered by primitive practices, poor communications, and the concentration of most of the rural people in the least productive areas. Serious fiscal problems are a major obstacle to sustained growth, and in past years political instability has seriously hampered development.

Despite these obstacles, the outlook for Bolivia is promising, barring renewed political upheaval and a deterioration of world metals markets. In October 1972, devaluation of the Bolivian peso provided temporary relief for immediate fiscal problems and set the stage for the Government to implement long-range fiscal reforms and to stimulate public sector investment. New investment incentives, the settlement of outstanding expropriation cases, and the political stability since August 1971 have begun to restore private sector confidence, resulting in a significant increase in actual and planned private investment.

Role of Foreign Assistance

The A.I.D. capital and technical assistance programs are closely coordinated with the efforts of other donors, both in Washington and in Bolivia. At a meeting of the major participating donors held in La Paz in February 1973, the Bolivian Government outlined its highest priority technical assistance requirements. As a result of this meeting, A.I.D. assistance will continue to emphasize rural development, education and public administration.

In FY 1972 and FY 1973, A.I.D. Development Loans to Bolivia represented about 45% of total external loan financing. In addition to lending in agriculture and rural development, A.I.D. has provided \$32 million directed specifically to the Bolivian Government's emergency program to combat severe unemployment and fiscal problems. Additional assistance expected to generate employment for Bolivians includes a \$7 million loan for industrial expansion through a private investment fund, a \$6 million housing guaranty, and a planned FY 1973 loan of \$3 million for Bolivian savings and loan associations. A loan of \$3 million for low-cost housing may be forthcoming for FY 1974.

The Inter-American Development Bank (IDB) and the World Bank are the other major lenders. The IDB is concentrating

BOLIVIA

assistance in agriculture, road construction and, possibly, the petrochemical industry. The World Bank is considering activities in power production and cattle exports and is looking into possible assistance to the mining sector. In FY 1973 the International Monetary Fund provided a \$27 million standby credit in support of the devaluation. The UN Development Program and the Organization of American States are providing technical assistance in a variety of areas.

FY 1974 A.I.D. PROGRAM

The proposed A.I.D. program for FY 1974 includes Development Grants of \$3,679,000, Development Loans of \$20 million and \$4,000 for narcotics control. PL 480 sales of \$6.9 million and grants of \$1.9 million are also planned.

Food Production and Nutrition

The agriculture sector employs 67% of the labor force but accounts for only 17% of the GNP. Improved performance in this sector is essential if people residing in the rural areas are to raise their level of living above the subsistence level at which most presently exist. Based on a comprehensive agricultural sector assessment and experience with programs in agricultural credit and improved wheat and sheep production, \$8 million is planned for loans in agriculture in FY 1974. A rural electrification loan for \$4 million is planned in FY 1974 to focus on the Bolivian altiplano region and possibly to include the areas to the southeast around Sucre and Potosi. Assistance will also be continued to the national community development service for rural self-help projects designed to increase agricultural production and small farmer incomes.

Human Resource Development

A.I.D. will continue to fund an advisory team assisting the Ministry of Education in administrative reform and improved

management of the educational system. Since the Ministry of Education employs over 50% of all Government employees and its budget represents over 30% of the total central government expenditures, such reform is essential. Management practices are inadequate for Bolivia's educational needs. An \$8 million loan for education is planned in FY 1974 upon completion of the administrative reform and a detailed sector assessment.

Public Administration

A.I.D. plans to assist the Government in building an institutional capacity to carry out development activities and to increase the relative share financed from internal resources. Toward these objectives, A.I.D. provides technical assistance in central government tax administration and fiscal reform. A loan of \$4.6 million planned for FY 1973 to the National Urban Development Service will improve local government administration and provide seed capital so that municipalities will be able to meet their development needs with local resources.

Population Planning and Health

To contribute to a better understanding of the problem of rapid population growth, A.I.D. is supporting population research as well as a modest family care program of the Ministry of Health. However, an FY 1974 survey may result in expanded A.I.D. support in the public health sector. With an average per capita intake of only 1800 calories per day, Bolivia's nutritional needs are considerable. Because nutrient shortages take the greatest toll among mothers and children, PL 480 Title II foods will continue to be distributed through maternal, child, and school feeding centers. In conjunction with these activities, A.I.D. assists the Government's program of education in nutrition.

BRAZIL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	9,965	2,422	51	4,812	50	-	2,630
Other	-	-	-	-	-	-	-
Total	9,965	2,422	51	4,812	50	-	2,630
<u>1973</u>							
Devel. Loans	29,600	7,000	7,600	-	15,000	-	-
Devel. Grants	7,050	1,896	166	3,209	-	-	1,779
Other	4	-	-	-	-	-	a/
Total	36,654	8,896	7,766	3,209	15,000	-	1,783
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	6,000	437	222	4,265	-	-	1,076
Other	100	-	-	-	-	-	100 ^{a/}
Total	6,100	437	222	4,265	-	-	1,176

a/ Narcotics Control

Brazil is expected to be able to continue its role as the most rapidly developing nation in the Western Hemisphere during the next several years. Its capacity to marshal its own resources and plan its future development is impressive. With an increasing flow of foreign lending and with carefully targeted technical assistance to remove bottlenecks impeding rapid growth, Brazil should be able to continue its phenomenal economic development at rates approaching those of the past two years (11.3% and 10.4%) at least. The country's current need for foreign lending has been assumed by the international lending agencies, various national export financing institutions, and private investors. The United States provides aid in the form of technical help for agricultural education, general education, and the transfer of science and technology. A

health and nutrition program includes provision of PL 480 Title II commodities for school lunch programs, for maternal and child welfare centers, and for work relief projects in drought areas as well as financial and technical assistance for the development of rural health delivery systems.

U.S. Assistance

Brazil's rapid development in recent years has permitted a substantial reduction in U.S. bilateral assistance. The total A.I.D. program proposed for FY 1974 is \$6 million, compared to \$37 million in FY 1973 and \$244 million in the peak year of FY 1966. The PL 480 program has also been reduced from an annual level of \$79 million to \$8 million planned for FY 1974.

FY 1974 A.I.D. PROGRAM

The \$6 million Development Grant Program in FY 1974 will support and guide activities in agricultural and general education and other aspects of human resources development. A.I.D. has made major investments in these fields in the past through Development Loans. Continued technical assistance will insure that these loans are effectively implemented. No new loans are planned for FY 1974.

PL 480 Title II commodities valued at \$8 million are planned to continue feeding programs, primarily in the poverty stricken Northeast. In several instances, the programs are integrated with other A.I.D. assistance in a combined attack on malnutrition. For example, several U.S. experts will help Brazilian nutritionists attack protein deficiency -- a fundamental health problem of the Brazilian poor. This effort will concentrate on the utilization of modern processes of food fortification for staples of Brazilian diet such as mandioca.

Human Resource Development

Over the past decade the Universities of Wisconsin, Purdue, Arizona, and Ohio State have helped sister Brazilian universities to move from nominal competence in agricultural education to a stage where their graduate agricultural training at the master's degree level equals that provided at the U.S. colleges. In FY 1974 continued Brazilian efforts to upgrade additional Brazilian agricultural colleges will be financed by Brazilian resources supplemented by past A.I.D. loans. U.S. technical assistance will be restricted to a university contract to help the Brazilian Ministry of Education plan and guide these inputs.

Similarly, A.I.D. will continue its contract with San Diego State University to provide aid in education administration and planning for the elementary and secondary school levels.

This technical assistance has already been of considerable help to Brazil in utilizing effectively its own greatly increased education budget and past A.I.D. loans. It will continue to be of importance for several more years.

Brazil's continued rapid growth requires a rapid assimilation of modern technology. U.S. help in establishing graduate level competence in chemistry will continue, as will advisory services in other fields such as computer science and data processing, systems planning, organization and management, and advanced agricultural economics. A substantial portion of the program will continue a highly successful U.S. participant training program through which 10,000 Brazilians have already received the benefits of advanced education in the United States. Past trainees are in the vanguard of present development activities in Brazil, and those to be trained in FY 1974 and future years will be making their contribution through the rest of the century.

CHILE

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,021	-	21	234	69	-	697
Other	-	-	-	-	-	-	-
Total	1,021	-	21	234	69	-	697
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	815	-	-	75	155	-	585
Other	106	-	-	-	-	-	106 ^{a/}
Total	921	-	-	75	155	-	691
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	572	-	-	65	155	-	352
Other	75	-	-	-	-	-	75 ^{a/}
Total	647	-	-	65	155	-	427

a/ Narcotics Control

In 1972 the Chilean economy deteriorated sharply. The Consumer Price Index rose by 163%, the highest rate of increase in recent years, the GNP growth rate declined, and Chile's net international reserves fell by about \$200 million. All indications are that the situation will continue to deteriorate in 1973. A projected fiscal deficit equal to more than one-third of total central government expenditures threatens to sustain the existing strong inflationary pressures. At the same time agricultural production is expected to fall below last year's reduced level, and industrial production is unlikely to increase.

The basic framework of U.S. relations with Chile combines a full acceptance of diversity in the hemisphere with an

expectation that formal commitments and international law will be honored.

Chile's expropriation of U.S. investment without compensation is a matter of serious concern to the U.S. government, and that concern has been expressed in the strongest terms to the Chilean Government. Major cases pending involve the Anaconda, Kennecott, and Cerro copper companies and the International Telephone and Telegraph Company. The U.S. goal continues to be a solution which would respect the legitimate rights of all parties concerned.

U.S. Assistance

In accordance with the stated U.S. policy of keeping open the lines of communication with the Chilean people and Chilean institutions, the United States has continued at modest levels such programs as the Peace Corps, Food for Peace, and community development. In order to continue the ongoing people-to-people activities financed under the Foreign Assistance Act, Secretary Rogers determined on November 17, 1972, pursuant to Section 620(q), that such assistance is in the U.S. national interest.

FY 1974 PROGRAM

For FY 1974 we propose Development Grants of \$572,000. Aside from U.S. Mission staff and support costs, the funding will be utilized for (1) small-scale self-help projects carried out by university student groups, local communities, and other organizations; (2) technological and marketing studies of low-cost locally-produced infant foods; and (3) short-term training in the U.S. for selected Chileans, principally in nutrition to complement the ongoing Food for Peace program. Narcotics funding of \$75,000 is also proposed for FY 1974, principally to finance training in the United States for officials of Chilean narcotics control agencies and for equipment purchases.

CHILE

Under a Food for Peace program valued at \$2.4 million, U.S. surplus foods will be provided to approximately 1.5 million Chilean school children, volunteer workers and other recip-

ients through four U.S. voluntary agencies and the UN World Food Program.

COLOMBIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	89,000	30,800	-	20,500	37,700	-	-
Devel. Grants	3,596	409	680	946	49	-	1,512
Other	-	-	-	-	-	-	-
Total	92,596	31,209	680	21,446	37,749	-	1,512
<u>1973</u>							
Devel. Loans	66,600	28,000	19,400	14,000	5,200	-	-
Devel. Grants	3,250	-	600	593	532	-	1,525
Other	51	-	-	-	-	-	51 ^{a/}
Total	69,901	28,000	20,000	14,593	5,732	-	1,576
<u>1974</u>							
Devel. Loans	60,000	-	14,000	13,000	33,000	-	-
Devel. Grants	3,493	-	600	593	800	-	1,500
Other	238	-	-	-	-	-	238 ^{a/}
Total	63,731	-	14,600	13,593	33,800	-	1,738

a/ Narcotics Control

Since 1966 Colombia has achieved substantial economic growth. Simultaneously the Government has increasingly emphasized social development. The GNP has increased an average of about 6.2% annually over the past five years. In 1972, a recovery in agricultural production, an upturn in coffee prices, and a spectacular increase in non-traditional exports provided the impetus for a growth rate of over 7%.

The improvement in economic conditions has been accompanied by heightened popular expectations and serious social problems. Rising demands for jobs, services and reforms confront the Government. Some 40% of the people live in cities of 100,000 or more, and the rate of open unemployment in cities is esti-

mated at 10 to 15%. The unemployment problem is aggravated by the continuing heavy migration from farm to city. It is predicted that by 1980 three-fourths of all Colombians will live in urban areas. Meanwhile, a significant portion of the rural population still lives at a subsistence level. Both in the cities and in the countryside education facilities are inadequate although the Government devoted 20% of its expenditures to education in 1972 and has undertaken substantial education reforms. Three-quarters of the population lacks access to adequate health facilities.

In the past few years, the Government's expanding investment budget has shown a marked shift toward socially oriented and income distributive programs. There has been a relative reduction in traditional infrastructure projects (highways, ports, communications, electric power generation) in order to increase investments in areas which more directly improve the well-being of the majority of the people. The percentage of public investment in infrastructure projects declined from 55% in 1967 to 39% in 1972. On the other hand, investment in social programs such as education, health, and urban services increased from 16% in 1967 to 28% in 1972.

Role of Foreign Assistance

Assistance to Colombia is provided in the context of a Consultative Group, founded in 1963 and chaired by the World Bank. This group meets formally each year to review Colombian performance and assistance requirements and informally at various times during the year in Colombia to review progress. Assistance from the organizations and countries represented in the Consultative Group amounted to about \$325 million in 1972.

A.I.D.'s lending, complementing that of other donors, is primarily in the form of sector loans assisting Colombia in a range of activities within a given sector--agriculture, education, health, and urban and regional development--each of

COLOMBIA

which has been assigned top priority by the Government.

FY 1974 A.I.D. PROGRAM

The proposed FY 1974 program for Colombia includes three sector loans totaling \$60 million: urban and regional development (\$33 million), health (\$14 million), and education (\$13 million). All three will continue previous A.I.D.-supported programs. A Development Grant program of \$3.5 million is proposed, as are PL 480 Title I and II agricultural commodity programs valued at approximately \$8.7 million and \$7.9 million respectively. Narcotics control activities are planned at a level of \$238,000.

Selected Development Problems

Since 1971, A.I.D. has helped the Colombians finance the industrialization and public services of intermediate-sized cities so that they can better absorb the inevitable rural-urban migration. In major cities A.I.D. has financed the improvement of housing and basic infrastructure services including water, sewerage, and paving in low-income areas. Through the first urban and regional sector loan, over 5,100 low cost housing units were constructed; urban infrastructure projects were financed; and training was provided in over 500 courses to 12,000 municipal officials so that they could more effectively implement the national urban development policy.

A sector loan for urban and regional development in FY 1974 will continue support for Colombian Government programs designed to stimulate the integrated development of intermediate-sized urban centers and their surrounding regions and to improve basic infrastructure and services for low-income families in major urban areas.

In 1972, the Colombian Government established a savings and loan system to stimulate housing construction and generate employment. A \$5.2 million project loan to assist in the

creation of mutual savings and loan associations was recently signed with the Government of Colombia. These associations will attract savings for investment in lower middle-income housing construction and will complement the savings and loan corporations established last year.

Food Production and Nutrition

A.I.D.-financed agriculture sector development programs have helped support Colombian efforts to increase agricultural output and improve distribution of income among the rural population. An agricultural sector loan in FY 1973 will continue these efforts. The FY 1972 agricultural sector loan helped finance the establishment of six agricultural extension pilot areas, loans to 15,000 farmers, granting of 18,000 land titles, "pick and shovel" construction of 300 kilometers of access roads, and significantly improved planning and coordination of overall sector activities.

Human Resource Development

In conjunction with World Bank assistance, A.I.D. sector loan financing and technical assistance has been instrumental in enabling the Colombian Government to begin developing a system of comprehensive secondary schools offering both academic and technical training programs. A.I.D. has also supported the expansion of educational opportunities in rural areas through the construction of classrooms and the training of teachers to staff them. The FY 1972 educational sector loan provided part of the financing for the construction of 2,185 primary school classrooms. It also supported in-service training for over 15,000 teachers and teacher trainees as well as the integration of universities and other improvements in sector planning and coordination.

A \$13 million education sector loan in FY 1974 will continue A.I.D. support for Colombian programs to increase opportunities for education and to improve the quality of programs offered.

COLOMBIA

The loan will include help to expand facilities at the primary level, particularly in rural areas, and to support the extension of secondary education reform.

Population Planning and Health

The current Colombian development plan proposes to expand health services for mothers and children -- especially in rural areas -- including preventive medicine, nutrition programs, and rural sanitation. It also proposes regional health services and a unified health delivery system. A recently signed sector loan of \$19.4 million for public health will help to train workers at all levels of the system, including administrative and paramedical personnel; provide transportation; expand vaccination and other preventive campaigns; modernize hospitals; and construct rural health posts and sanitation systems.

In FY 1974, a second A.I.D. sector loan of \$14 million will help finance needed improvements in Colombia's public health services and will assist the Government in financing the expansion and upgrading of health facilities, equipment, and training. PL 480 Title II funds contribute to health sector goals by aiding nutrition programs, particularly through Government maternal

and child health centers.

A.I.D. will continue grant assistance (\$600,000) in FY 1974 for demographic research and training in population and related fields. International organizations, such as the Pan American Health Organization, the International Planned Parenthood Federation and the Population Council are active in population and family planning programs in Colombia.

Technical Assistance Program Grant

A.I.D. proposes to continue to fund the technical assistance program grant initiated in FY 1973. Under this arrangement, the Colombian Government is assuming primary responsibility for programming and contracting for required technical services and training and for contract supervision and administration. The Colombian Government's performance in planning and implementing A.I.D. loan-financed sector development programs has demonstrated its capacity to assume direct responsibility for the administration of foreign technical assistance. Financing under the grant will provide technical assistance and training required for improved national development planning and for the planning and implementation of development programs in sectors receiving A.I.D. loan financing.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	4,852	288	1,346	1,927	369	-	922
Other	-	-	-	-	-	-	-
Total	4,852	288	1,346	1,927	369	-	922
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	4,655	418	1,206	1,785	308	-	938 ^{a/}
Other	308	-	-	-	-	-	308 ^{a/}
Total	4,963	418	1,206	1,785	308	-	1,246
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	4,361	286	1,148	1,733	213	-	981 ^{a/}
Other	300	-	-	-	-	-	300 ^{a/}
Total	4,661	286	1,148	1,733	213	-	1,281

^{a/} Narcotics Control

In 1972 Ecuador became a minor exporter of oil, which will significantly benefit its balance of payments and its budget, both chronically in deficit. However, even with this new-found wealth, Ecuador will remain one of the poorest countries in the hemisphere in terms of annual per capita income (\$260) and in terms of institutional, administrative and social structures necessary to convert the revenue into effective development programs for the benefit of the people. Initially, the beneficial effects of oil are being felt mainly in the more prosperous sectors of Ecuadorean society, while the poor half of the population remains virtually isolated from the economic mainstream. The rural and urban poor, with an average annual per capita income of less than \$80, provide an inadequate market to stimulate the growth of the modern sector.

In past years, chronic political instability has exacerbated intractable development problems.

Oil revenues, flowing in at an estimated rate of \$120 million a year, will ease the Government's pressing short-run financial problems. For the first time Ecuador will be in a position to provide the vital local financial participation necessary to maximize the effectiveness of external technical and capital assistance.

Foreign Assistance

Ecuador receives technical and capital assistance from a variety of donors. Program emphasis differs according to the capacities and interests of each. Effective coordination of these activities, in Ecuador and in Washington, is provided through regular formal meetings, frequent informal discussions and joint working groups. Major sources of external capital assistance are the World Bank, which plans to finance additional roads and electric power capacity, and the Inter-American Development Bank (IDB), which is considering loans for water and sewer systems, urban development, irrigation, agricultural credit and agrarian reform. The UN Development Program, a major source of technical assistance, is embarking on a five-year, \$16.8 million program covering a broad spectrum of activities. The Organization of American States continues to provide technical assistance in priority areas of human resources training. Other bilateral donors, including Germany, Israel, Spain and Switzerland, also provide technical assistance. The proportion of A.I.D. assistance in overall external assistance to Ecuador has been declining and now represents between 10 and 20% of the total.

A.I.D. programs, principally in agriculture and education, have focused on the basic problems of finding ways to accelerate the integration of the mass of poor, disadvantaged people into the modern sector of Ecuadorean society.

ECUADOR

FY 1974 A.I.D. PROGRAM

The A.I.D. program proposed for FY 1974 is designed to continue building institutions in three major sectors--agriculture, education and population--that will help to raise the level of living and the productive activity of marginal members of Ecuadorean society. The 1974 program includes Development Grants of \$4,361,000, and \$300,000 for narcotics control cooperation. In addition, PL 480 Title II foods, valued at about \$3 million, are planned to support the Government's program to combat malnutrition.

Food Production and Nutrition

Crucial to long-term improvement in Ecuador's agricultural sector is mobilization of small farmers, landless peasants, and idle or underutilized land so that training, technology and credit can be productively applied. Through an integrated approach, from the land sale guarantee and agricultural diversification loans, with technical assistance to organize viable systems of rice cooperatives in the Guayas River Basin and to initiate crop diversification programs to expand production of edible oil crops. In the high Andean areas, peasants are being assisted to form purchasing and sales cooperatives. A.I.D. is also assisting the Ecuadorean Agriculture Ministry and Planning Board in carrying out an in-depth agricultural sector study that will improve resource allocation for development of the sector and identify priority projects for external lenders.

Human Resource Development

A.I.D. will continue to assist the Government in efforts to upgrade human resources by improving primary education and by developing effective nonformal teaching techniques. A.I.D. cooperation in establishing a textbook production center,

now nearly self-sufficient, has produced inexpensive reading, science, and mathematic books for grades one through four. Assistance will continue in improving the teachers' use of these new textbooks and in improving education administration. In collaboration with the Government, A.I.D. is participating in an education sector analysis designed to involve other donors in programs for improved education. This analysis will provide a comprehensive appraisal of educational problems and needs and will lead to the establishment of an improved set of goals for the allocation of scarce resources in the education sector.

Population Planning and Health

One of the most serious obstacles to improvement in living standards in Ecuador is the 3.4% population growth rate--one of the highest in the world. Previous A.I.D. assistance has contributed to the growing awareness on the part of Ecuadorean authorities of the serious implications of continued excessive population growth. FY 1974 assistance of \$992,000 will aid the population programs of a wide variety of Ecuadorean institutions, including the Ministries of Health, Defense, and Social Welfare, the National Police, the Planning Board and the Malaria Service. A.I.D. works closely with international private groups and multilateral agencies which are gradually assuming a greater role in population programs in Ecuador.

It is expected that increased food production by small farmers will lead to a reduction in the high incidence of malnutrition which now leads to the death of at least one out of four children before the age of five. Through PL 480 feeding programs and other activities, A.I.D. is helping Ecuador to improve the nutrition of vulnerable mothers and children. As a part of this effort, a study has been carried out to aid Ecuador in incorporating nutritional considerations into its development plans.

PARAGUAY

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,769	926	417	591	227	-	608
Other	-	-	-	-	-	-	-
Total	2,769	926	417	591	227	-	608
1973							
Devel. Loans	2,500	-	-	-	2,500	-	-
Devel. Grants	2,944	950	544	702	25	-	723
Other	50	-	-	-	-	-	50 ^{a/}
Total	5,494	950	544	702	2,525	-	773
1974							
Devel. Loans	3,000	3,000	-	-	-	-	-
Devel. Grants	3,273	934	595	1,052	50	-	642
Other	22	-	-	-	-	-	22 ^{a/}
Total	6,295	3,934	595	1,052	50	-	664

^{a/} Narcotics Control

Paraguay, with a per capita GNP of \$273, is one of the poorest developing countries in Latin America. It is poor both in trained human resources and in economic resources. Agriculture is its main activity and, in view of the small domestic market, its growth potential lies in the export of agricultural commodities. The educational system is deficient both in the quality of training and in the numbers of students completing primary school and continuing to higher levels.

In 1972, the GNP growth rate increased to 5.7% per annum, but this gain was offset by an increased fiscal deficit, which contributed to inflationary pressures, and by the 3.1% annual population growth rate. Fortunately, world prices for beef,

one of the country's few export items, rose rapidly, giving the country a trade surplus in 1972.

Foreign Assistance

A.I.D. and the international lending agencies have concentrated their support on building institutions and creating a basic infrastructure in education and agriculture. In view of the high level of assistance extended by all the agencies in 1971 (nearly \$50 million), no new loans were made in 1972. Representatives from A.I.D., UN, Organization of American States, Inter-American Development Bank, International Monetary Fund and other bilateral donors meet regularly in Asuncion to promote coordination and to avoid duplication of efforts.

FY 1974 A.I.D. PROGRAM

For FY 1974 A.I.D. proposes \$3.3 million in Development Grants and \$3 million in Development Loans. For narcotics control activities, \$22,000 is planned. PL 480 grants and sales of foodstuffs are planned at a total level of \$2.5 million.

Food Production and Nutrition

A.I.D. will continue to finance advisory assistance from the U.S. Department of Agriculture and the training of Paraguayans in the United States in order to increase the effectiveness of the newly established Policy Planning Section of the Paraguayan Ministry of Agriculture. A continuing contract with New Mexico State University (NMSU) will support research in animal nutrition, soils management and livestock production economics, complementing loan assistance by the World Bank to the very important livestock industry. NMSU personnel will also assist in curriculum improvement at the Faculty of Agronomy and Veterinary Medicine of the National University. To help increase the cash income and employment opportunities of small and medium size farmers, an advisor is assisting in the establishment of a strong federation of agri-

PARAGUAY

cultural marketing cooperatives which will receive an A.I.D. loan of \$1.5 million in FY 1974. An FY 1973 loan of \$2.5 million to a private development bank (COMDESA) will support increased production and exports, with emphasis on agriculture and agro-industry. A proposed FY 1974 loan of \$1.5 million will help finance a survey of land ownership in the eastern part of the country.

Human Resource Development

In FY 1973, A.I.D. is financing a study to develop basic data in the education sector. It will be followed by studies in FY 1974 to identify manpower needs of the educational system and ascertain the causes of the high drop-out rate. The studies will provide necessary data to improve educational planning and administration and to develop new curricula which will be introduced in the 120 new primary schools being constructed under a current A.I.D. loan. A.I.D. advisors are also assisting the Ministries of Agriculture and Education in the reform of the vocational agriculture education system. If progress is satisfactory, loan assistance of \$1 million for the reform program will be considered in FY 1974, depending upon the availability of funds.

Population Planning and Health

With increasing government recognition of the serious social and economic problems created by high rates of population growth and with a greater popular understanding of the benefits of family planning, a more favorable climate for the development of national policy and programs is developing.

A.I.D. is helping the Ministry of Health to improve its vital statistics registration system and establish a demographic evaluation unit. Plans for FY 1974 provide for the establish-

ment of 12 additional family planning clinics in health centers and the establishment of a new department in the Ministry to plan and supervise the expanding family planning program.

A.I.D. also supports the Institute for Studies of Human Reproduction (IHR) in the Medical School of the National University. FY 1974 funds will be applied to increase the Institutes's capability to do basic research and to teach concepts of human reproduction, demography, and family planning technology to medical and paramedical personnel.

Export Expansion

In recognition of its achievements and increased capability, full time advisory assistance to the Paraguayan Export Promotion Center (CEPEX) was terminated in 1972. During FY 1973 A.I.D. is assisting in a survey of the present status of the export sector and is helping to develop a more sophisticated action plan for CEPEX and other Paraguayan government agencies concerned with export development. In FY 1974 studies of the export potential of specific products will be financed. If the Central Bank carries out its plans to create an export development fund in FY 1974 and if funds are available, a loan of \$2 million to assist this effort will be considered.

Fiscal Reform

The Paraguayan Government initiated measures in 1972 that resulted in a modest increase in tax receipts, but tax revenue remained inadequate. During the 1972 annual review by the Inter-American Committee on the Alliance for Progress (CIAP), the government pledged to undertake a thorough review of its fiscal situation and to prepare a program for basic fiscal reform. A.I.D. plans to continue its advisory services in tax administration and to participate in the CIAP-coordinated program to assist in government reform efforts.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	27,600	10,100	-	-	17,500	-	-
Devel. Grants	4,138	1,166	193	1,155	678	-	946
Other	-	-	-	-	-	-	-
Total	31,738	11,266	193	1,155	18,178	-	946
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	3,776	1,291	115	991	175	-	1,204
Other	143	-	-	-	-	-	143 ^{a/}
Total	3,919	1,291	115	991	175	-	1,347
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	3,778	1,380	50	600	623	-	1,125
Other	250	-	-	-	-	-	250 ^{a/}
Total	4,028	1,380	50	600	623	-	1,375

a/ Narcotics Control

Since coming to power in 1968, the military Government of Peru has made its primary goal the transformation of the economic and social structure of the country.

After early economic stabilization efforts, the Government initiated a policy of economic expansion and achieved a 7.3% growth rate in 1971. In 1972, however, the growth rate has slowed down. One significant reason for this slowdown has been the abnormal ocean conditions which have caused reduced production of fishmeal, a major export commodity.

The major problems identified in Peru's 1971-75 Development Plan are: sluggish growth of food production; an education system poorly geared to development needs; a serious de-

iciency of trained manpower; badly skewed income distribution with little access to economic opportunity for the masses; lagging private sector investment, and insufficient foreign exchange earnings and capital flows to cover growing needs for imports. The Plan calls for an investment program of \$6.9 billion over the 1971-75 period with a requirement for \$1.8 billion in gross external financing.

Role of Foreign Assistance

The Government is successfully diversifying its development assistance sources. The USSR, the People's Republic of China, Hungary, Czechoslovakia, and Yugoslavia as well as Japan, France, Italy, and West Germany have made available substantial credits, largely for capital projects. United Nations Development Program assistance over the 1972-76 period is programmed at \$15 million.

The combined inputs of other bilateral programs place A.I.D. assistance in a relatively minor position. A.I.D. has concentrated its resources on improved food production, education reform, and self-help housing.

FY 1974 A.I.D. PROGRAM

The proposed program of \$3.8 million in Development Grants will concentrate on the agriculture and education sectors and include modest support in urban development and population activities; a PL 480 Title II program of \$6 million; and narcotics control activities at \$250,000.

Food Production and Nutrition

Peru's agricultural sector has stagnated for a decade and, with a population growth rate of 3.1%, per capita food production has actually declined 15% over this period. Yearly food imports rose from \$55 million in 1960 to approximately \$133 million in 1971, accounting for 18% of Peru's imports in that year.

PERU

A.I.D. assistance, which first helped establish research and extension services of the Ministry of Agriculture, is now concentrating on further improvement through an economic planning and analysis system.

A series of sub-sector studies of priority agriculture problems (e.g., meat production, marketing, credit use) begun in 1972 will form the basis for determining priorities, allocating resources, and continuing the analysis of sector performance and needs. The Peruvian Government and other international donors will finance and implement the program, and A.I.D. will provide the advisory services of economists and other assistance as appropriate.

Human Resource Development

The reform and modernization of Peru's education system rank second to agriculture as pivotal elements in effecting basic social and economic change. An education sector plan and a reform law have been adopted to make the system more

responsive to manpower requirements and individual aspirations and abilities, and to overcome the social inequities now characteristic of the education system. A.I.D. will support selected aspects of the reform program where gaps in resources appear critical: (1) manpower and education research and planning (2) leadership development and training, and (3) improvement of instructional effectiveness through utilization of modern materials, methods, and media technology.

Earthquake and Flood Rehabilitation

From 1970 to 1972, A.I.D. assistance to Peru's program of relief, rehabilitation and reconstruction in the zone affected by the May 1970 earthquake and the May 1972 floods included \$30.5 million in loans for community development, urban reconstruction, and credit for agriculture and small businesses. In addition, a housing investment guaranty of \$28.2 million was provided for the disaster areas. In FY 1974 A.I.D. advisors will continue to work with Peruvians in the final phases of reconstruction.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,355	377	-	608	88	-	282
Other	-	-	-	-	-	-	-
Total	1,355	377	-	608	88	-	282
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,242	381	100	420	129	-	212
Other	140	-	-	-	-	-	140 ^{a/}
Total	1,382	381	100	420	129	-	352
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,170	425	-	425	93	-	227
Other	135	-	-	-	-	-	135 ^{a/}
Total	1,305	425	-	425	93	-	362

a/ Narcotics Control

Uruguay's relatively well developed economy and its welfare-oriented society have suffered a persistent malaise in the past 15 years, resulting in a lack of growth in real per capita income. Failure to broaden the economic base, increase productivity, and expand exports sufficiently has resulted in a chronic foreign exchange shortage which has been a fundamental constraint on growth. Delays in taking corrective action in the economic area reflected both a weakness in planning and administrative capabilities and the need for priority attention to the internal security and domestic political problems which arose from a major urban insurgency mounted by the "Tupamaros".

In 1972, the first year of the administration of President Juan M. Bordaberry, an effective anti-guerrilla campaign successfully reduced Tupamaro activities. Exchange rate devaluations have helped improve the balance of payments situation, and a concerted effort to expand the traditional production and export of beef has also succeeded. Remaining problems include high inflation rates, large budget deficits, and the continuing need to increase the production and export of both traditional and non-traditional agricultural products. Agriculture remains the mainstay of the Uruguayan economy, and expanded agricultural exports hold the highest promise for re-invigorating the economy.

While the short-term prospects for the balance of payments are good, in part because of high world market prices for beef and wool, effective policies to increase productivity are required to reverse the economic decline over the longer term. The Government is preparing a five-year development plan which may be a framework for assistance by external assistance agencies.

Foreign Assistance

A.I.D. has provided assistance in promotion of non-traditional agricultural products while the World Bank and the Inter-American Development Bank have financed a major program of livestock development. A.I.D.'s program has included technical assistance, principally in the areas of agriculture and public administration, and PL 480 food assistance. A.I.D. has made no loans since FY 1971.

FY 1974 A.I.D. PROGRAM

The proposed program consists of \$1.2 million in Development Grants, \$135,000 in narcotics control assistance, and continued PL 480 grants and sales of foodstuffs. No Development Loans are programmed because it is not certain that the Government of Uruguay will have completed its development plan and

URUGUAY

prepared sound projects for authorization before late FY 1974. The potential areas for future loans are in agriculture and in capital goods imports to assist the export and tourism industries.

Food Production and Nutrition

A.I.D. will continue its emphasis of increasing the production and export of non-traditional agricultural products to offset overdependence on wool and beef.

A.I.D. assistance has been concentrated on research and production techniques for commodities such as frozen and processed meats and dairy products. Beginning in FY 1973, a consortium of U.S. universities (Pennsylvania State, Texas A & M, and Michigan State) has been providing assistance in the production and marketing of fruits and vegetables and will participate in sector planning for possible future loan projects.

Human Resource Development

A new project in economic and management training will seek to meet Uruguay's need for additional skilled middle and upper-level managers and planners in the public sector. A.I.D. will work with the Office of Planning and Budget and other

appropriate Uruguayan institutions to provide training in specialized administrative techniques, modern management concepts, and the application of economic analysis to policy alternatives. The final phase of a program of training and advisory assistance will be provided to the National Tax Office to increase revenue collections through improved administration, management, and auditing. Both tax collections and audits have increased, and real income tax revenues are 63% higher than in 1965.

Export Development

To increase badly needed export earnings, assistance will be continued to strengthen the Directorate General of Foreign Commerce (DGCE), which is responsible for export promotion activities. A U.S. advisor is also helping to develop product standards and determine the feasibility of investment in selected products for export. An A.I.D.-financed tourism development study in FY 1973 showed considerable potential for increased foreign exchange earnings from tourism in Uruguay. A.I.D. advisors will assist in the implementation of tourism development activities stemming from the study. An A.I.D. capital goods loan has been an important source of financing for imports of equipment and machinery to modernize Uruguayan industries, particularly export industries.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972		
ECONOMIC PROGRAMS					
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	3.7	55.6	401.6	11.0	390.6
Loans	-	50.0	164.2	11.0	153.2
Grants	3.7	5.6	237.4	-	237.4
(Supporting Assistance)	(-)	(2.0)	(164.2)		
FOOD FOR PEACE - TOTAL	6.9	4.4	103.7	11.0	92.7
Title I - Total	5.1	-	53.9	11.0	42.9
REPAYABLE IN U.S. DOLLARS - LOANS	5.1	-	25.8	4.3	21.5
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	28.1	6.7	21.4
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(37.1)	(-)	(37.1)
Title II - Total	1.8	4.4	49.8	-	49.8
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	2.6	25.5	-	25.5
VOLUNTARY RELIEF AGENCIES	1.8	1.8	24.3	-	24.3
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.1	*	41.9	4.2	37.7
PEACE CORPS	1.1	*	16.8	-	16.8
OTHER	-	-	25.1	4.2	20.9
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	11.7	60.0	547.2	26.2	521.0
Loans	5.1	50.0	232.6	26.2	206.4
Grants	6.6	10.0	314.6	-	314.6
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>					
EXPORT-IMPORT BANK LOANS	-	-	44.8	25.7	19.1
OTHER LOANS	-	-	-	-	-
TOTAL OTHER OFFICIAL LOANS	-	-	44.8	25.7	19.1
TOTAL ECONOMIC PROGRAMS	11.7	60.0	592.0	51.9	540.1
Loans	5.1	50.0	277.4	51.9	225.5
Grants	6.6	10.0	314.6	-	314.6
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	1.9	3.7	29.0	-	29.0
Credit Sales (FMS)	-	-	-	-	-
Grants	1.9	3.7	29.0	-	29.0
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	0.2	1.1	2.7	-	2.7
OTHER GRANTS	-	-	-	-	-
TOTAL MILITARY PROGRAMS	2.1	4.8	31.7	-	31.7
TOTAL ECONOMIC AND MILITARY PROGRAMS	13.8	64.8	623.7	51.9	571.8
Loans	5.1	50.0	277.4	51.9	225.5
Grants	8.7	14.8	346.3	-	346.3

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	27.8	5.1	185.8	TOTAL	8.1	8.0	51.4
IBRD-World Bank	-	-	23.2	Germany	4.4	3.5	27.6
Int'l. Dev. Association	6.8	-	32.6	Japan	0.7	1.1	10.9
Inter-Am. Dev. Bank	19.5	2.0	103.0	U.K.	0.3	0.3	4.0
UNDP-Special Fund	0.8	2.6	14.2	Other	2.7	3.1	8.9
UNDP-TA (CY)	0.5	0.5	9.1				
Other UN (CY)	0.2	-	3.7				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	27		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	56		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972		
ECONOMIC PROGRAMS					
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	79.4	12.1	1,394.7	52.5	1,342.2
Loans	67.5	2.1	1,201.6	52.5	1,149.1
Grants	11.9	10.0	193.0	-	193.0
(Supporting Assistance)	(-)	(-)	(75.5)		
FOOD FOR PEACE - TOTAL	35.1	5.7	834.6	47.6	787.0
Title I - Total	23.3	-	546.5	47.6	498.9
REPAYABLE IN U.S. DOLLARS - LOANS	23.3	-	135.1	30.5	104.6
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	411.4	17.1	394.3
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(503.4)	(-)	(503.4)
Title II - Total	11.8	5.7	288.1	-	288.1
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	3.8	-	131.7	-	131.7
VOLUNTARY RELIEF AGENCIES	8.0	5.7	156.4	-	156.4
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	3.1	3.2	148.0	69.7	78.3
PEACE CORPS	3.1	2.9	37.7	-	37.7
OTHER	-	0.3	110.3	69.7	40.6
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	117.6	21.0	2,377.3	169.8	2,207.5
Loans	90.8	2.1	1,741.2	169.8	1,571.4
Grants	26.8	18.9	636.0	-	636.0
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>					
EXPORT-IMPORT BANK LOANS	75.0	299.8	1,724.9	1,407.4	317.5
OTHER LOANS	-	1.5	17.3	18.0	-0.7
TOTAL OTHER OFFICIAL LOANS	75.0	301.3	1,742.2	1,425.4	316.8
TOTAL ECONOMIC PROGRAMS	192.6	322.3	4,119.5	1,595.2	2,524.3
Loans	165.8	303.4	3,483.4	1,595.2	1,888.2
Grants	26.8	18.9	636.0	-	636.0
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	10.2	20.8	323.7	48.4	275.3
Credit Sales (FMS)	9.4	20.0	101.4	48.4	53.0
Grants	0.8	0.8	222.3	-	222.3
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	-	-	27.7	-	27.7
OTHER GRANTS	1.9	-	62.2	-	62.2
TOTAL MILITARY PROGRAMS	12.1	20.8	413.6	48.4	365.2
TOTAL ECONOMIC AND MILITARY PROGRAMS	204.7	343.1	4,533.1	1,643.6	2,889.5
Loans	175.2	323.4	3,584.8	1,643.6	1,941.2
Grants	29.5	19.7	948.2	-	948.2

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	298.9	683.7	2,628.2	TOTAL	71.3	85.9	617.0
IBRD - World Bank	160.4	437.0	1,432.6	Germany	36.4	31.6	247.5
Int'l Finance Corp.	10.9	27.6	88.0	Japan	25.7	39.3	175.2
Inter - Am. Dev. Bank	119.9	211.9	1,047.6	Italy	0.9	6.4	93.2
UNDP - Special Fund	5.7	4.3	33.8	Other	8.3	8.6	101.1
UNDP - TA (CY)	0.6	0.6	12.6				
Other UN (CY)	1.4	2.3	13.6				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	312		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	1.5	1.0	615.1	49.9	565.2		
Loans	-	-	539.6	49.9	489.7		
Grants	1.5	1.0	75.5	-	75.5		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	6.3	5.9	243.5	38.8	204.7		
Title I - Total	-	-	120.7	38.8	81.9		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	59.4	16.8	42.6		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	61.3	22.0	39.3		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(85.2)	(-)	(85.2)		
Title II - Total	6.3	5.9	122.8	-	122.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.6	1.4	16.0	-	16.0		
VOLUNTARY RELIEF AGENCIES	5.7	4.5	106.8	-	106.8		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.8	0.5	56.5	12.1	44.4		
PEACE CORPS	0.8	0.5	16.9	-	16.9		
OTHER	-	-	39.6	12.1	27.5		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	8.6	7.4	915.1	100.8	814.3		
Loans	-	-	694.8	100.8	594.0		
Grants	8.6	7.4	220.3	-	220.3		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	1.6	569.5	430.3	139.2		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	1.6	569.5	430.3	139.2		
TOTAL ECONOMIC PROGRAMS	8.6	9.0	1,484.6	531.1	953.5		
Loans	-	1.6	1,264.3	531.1	733.2		
Grants	8.6	7.4	220.3	-	220.3		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	5.7	10.9	130.4	9.1	121.3		
Credit Sales (FMS)	5.0	10.0	35.2	9.1	26.1		
Grants	0.7	0.9	95.2	-	95.2		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	8.0	-	8.0		
OTHER GRANTS	-	1.4	31.4	-	31.4		
TOTAL MILITARY PROGRAMS	5.7	12.3	169.8	9.1	160.7		
TOTAL ECONOMIC AND MILITARY PROGRAMS	14.3	21.3	1,654.4	540.2	1,114.2		
Loans	5.0	11.6	1,299.5	540.2	759.3		
Grants	9.3	9.7	354.9	-	354.9		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD - World Bank	15.4	8.5	589.8	TOTAL	31.6	26.4	315.9
Int'l Finance Corp.	-	-	232.5	Germany	14.3	10.9	174.0
Int'l Dev. Association	-	-	21.2	Italy	1.9	0.8	36.6
Inter-Am. Dev. Bank	12.0	2.4	268.2	Canada	3.2	1.9	26.8
UNDP - Special Fund	2.9	3.5	31.4	Other	12.2	12.8	78.5
UNDP - TA (CY)	0.5	0.4	11.2				
Other UN (CY)	*	2.2	6.3				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	133		
				1972 (Calendar Year)	227		
				Cumulative thru 1972	420		

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	84.0	92.6	852.8	60.4	792.4		
Loans	80.6	89.0	790.0	60.4	729.6		
Grants	3.4	3.6	62.8	-	62.8		
(Supporting Assistance)	(-)	(-)	(31.5)				
FOOD FOR PEACE - TOTAL	12.1	21.0	251.4	22.5	228.9		
Title I - Total	2.8	10.9	95.2	22.5	72.7		
REPAYABLE IN U.S. DOLLARS - LOANS	2.8	10.9	47.2	6.9	40.3		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	48.0	15.6	32.4		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(66.2)	(-)	(66.2)		
Title II - Total	9.3	10.1	156.2	-	156.2		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.5	0.8	37.9	-	37.9		
VOLUNTARY RELIEF AGENCIES	8.8	9.3	118.3	-	118.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.6	2.4	86.2	18.3	67.9		
PEACE CORPS	1.6	1.7	33.8	-	33.8		
OTHER	-	0.7	52.4	18.3	34.1		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	97.7	116.0	1,190.4	101.2	1,089.2		
Loans	83.4	99.9	935.1	101.2	833.9		
Grants	14.3	16.1	255.3	-	255.3		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	5.2	18.7	284.5	264.6	19.9		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	5.2	18.7	284.5	264.6	19.9		
TOTAL ECONOMIC PROGRAMS	102.9	134.7	1,474.9	365.8	1,109.1		
Loans	88.6	118.6	1,219.6	365.8	853.8		
Grants	14.3	16.1	255.3	-	255.3		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	5.9	7.8	106.4	0.3	106.1		
Credit Sales (FMS)	5.0	7.2	12.2	0.3	11.9		
Grants	0.9	0.6	94.2	-	94.2		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.3	-	6.0	-	6.0		
OTHER GRANTS	-	0.8	19.2	-	19.2		
TOTAL MILITARY PROGRAMS	6.2	8.6	131.6	0.3	131.3		
TOTAL ECONOMIC AND MILITARY PROGRAMS	109.1	143.3	1,606.5	366.1	1,240.4		
Loans	93.6	125.8	1,231.8	366.1	865.7		
Grants	15.5	17.5	374.7	-	374.7		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD - World Bank	220.4	95.2	1,407.2	TOTAL	19.0	21.4	77.6
Int'l Finance Corp.	153.1	65.0	933.0	Germany	7.8	9.1	39.7
Int'l Dev. Association	*	-	18.4	Japan	3.7	4.7	8.8
Inter-Am. Dev. Bank	65.2	27.4	19.5	Netherlands	1.4	1.3	6.9
UNDP - Special Fund	1.1	0.9	393.7	Other	6.1	6.3	22.2
UNDP - TA (CY)	0.4	0.4	22.9				
Other UN (CY)	0.6	1.5	11.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	2		

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	15.3	4.9	174.3	24.1	150.2		
Loans	10.8	-	111.8	24.1	87.7		
Grants	4.5	4.9	62.4	-	62.4		
(Supporting Assistance)	(-)	(-)	(21.9)	-	-		
FOOD FOR PEACE - TOTAL	6.6	3.2	49.5	11.3	38.2		
Title I - Total	4.8	1.0	22.6	11.3	11.3		
REPAYABLE IN U.S. DOLLARS - LOANS	4.8	1.0	14.2	2.9	11.3		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	8.4	8.4	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(11.5)	-	(11.5)		
Title II - Total	1.8	2.2	26.9	-	26.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.2	-	2.3	-	2.3		
VOLUNTARY RELIEF AGENCIES	1.6	2.2	24.6	-	24.6		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.8	1.5	48.8	8.2	40.6		
PEACE CORPS	0.8	1.3	17.4	-	17.4		
OTHER	-	0.2	31.4	8.2	23.2		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	22.7	9.6	272.6	43.6	229.0		
Loans	15.6	1.1	162.5	43.6	118.9		
Grants	7.1	8.5	110.0	-	110.0		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	2.2	1.1	47.4	40.0	7.4		
OTHER LOANS	-	1.8	1.8	0.5	1.3		
TOTAL OTHER OFFICIAL LOANS	2.2	2.9	49.2	40.5	8.7		
TOTAL ECONOMIC PROGRAMS	24.9	12.5	321.8	84.1	237.7		
Loans	17.8	4.0	211.7	84.1	127.6		
Grants	7.1	8.5	110.0	-	110.0		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.3	-	43.6	0.1	43.5		
Credit Sales (FMS)	-	-	0.7	0.1	0.6		
Grants	0.3	-	42.9	-	42.9		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	*	-	3.5	-	3.5		
OTHER GRANTS	-	-	16.8	-	16.8		
TOTAL MILITARY PROGRAMS	0.3	-	63.9	0.1	63.8		
TOTAL ECONOMIC AND MILITARY PROGRAMS	25.2	12.5	385.7	84.2	301.5		
Loans	17.8	4.0	212.4	84.2	128.2		
Grants	7.4	8.5	173.2	-	173.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD - World Bank	8.0	-	71.3	TOTAL	6.4	8.8	31.9
Int'l. Finance Corp	-	2.0	4.2	Germany	4.2	5.8	20.1
Int'l. Dev. Association	10.0	6.8	31.4	Canada	0.1	1.0	2.1
Inter-Am. Dev. Bank	29.7	21.7	99.9	Austria	-	-	1.7
UNDP - Special Fund	2.2	1.7	13.7	Other	2.1	2.0	8.0
UNDP - TA (CY)	0.4	0.5	9.7	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
Other UN (CY)	0.4	0.3	5.9	1971 (Calendar Year)	5		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	15		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	6.9	2.8	87.7	12.8	74.9		
Loans	4.1	-	46.9	12.8	34.1		
Grants	2.8	2.8	40.8	-	40.8		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	5.3	1.7	36.0	5.6	30.4		
Title I - Total	4.2	-	22.5	5.6	16.9		
REPAYABLE IN U.S. DOLLARS - LOANS	4.2	-	10.8	2.3	8.5		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	11.7	3.3	8.4		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(16.0)	(-)	(16.0)		
Title II - Total	1.1	1.7	13.5	-	13.5		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	0.8	1.6	-	1.6		
VOLUNTARY RELIEF AGENCIES	1.1	0.9	11.9	-	11.9		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.4	0.4	13.0	1.5	11.5		
PEACE CORPS	0.4	0.4	2.4	-	2.4		
OTHER	-	-	10.6	1.5	9.1		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	12.6	4.9	136.7	19.9	116.8		
Loans	8.3	-	73.9	19.9	54.0		
Grants	4.3	4.9	62.8	-	62.8		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	13.4	10.7	2.7		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	13.4	10.7	2.7		
TOTAL ECONOMIC PROGRAMS	12.6	4.9	150.1	30.6	119.5		
Loans	8.3	-	87.3	30.6	56.7		
Grants	4.3	4.9	62.8	-	62.8		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	1.2	0.8	11.6	-	11.6		
Credit Sales (FMS)	-	-	0.2	-	0.2		
Grants	1.2	0.8	11.4	-	11.4		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	1.0	0.1	1.7	-	1.7		
OTHER GRANTS	-	-	2.2	-	2.2		
TOTAL MILITARY PROGRAMS	2.2	0.9	15.5	-	15.5		
TOTAL ECONOMIC AND MILITARY PROGRAMS	14.8	5.8	165.6	30.6	135.0		
Loans	8.3	-	87.5	30.6	56.9		
Grants	6.5	5.8	78.1	-	78.1		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD - World Bank	16.3	26.3	189.3	TOTAL	3.0	4.7	26.5
Int'l. Dev. Association	-	-	21.8	Germany	1.7	2.5	12.5
Inter-Am. Dev. Bank	14.8	24.2	128.7	Japan	0.2	0.4	6.5
UNDP - Special Fund	0.8	1.4	6.8	Italy	0.1	1.3	5.2
UNDP - TA (CY)	0.4	0.3	6.7	Other	1.0	0.5	2.3
Other UN (CY)	0.3	0.4	3.9	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	-		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972		
ECONOMIC PROGRAMS					
A. OFFICIAL DEVELOPMENT ASSISTANCE					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	6.9	31.7	210.2	13.5	196.7
Loans	3.0	27.6	126.6	13.5	113.1
Grants	3.9	4.1	83.6	-	83.6
(Supporting Assistance)	(-)	(-)	(1.7)		
FOOD FOR PEACE - TOTAL	6.9	11.1	124.4	17.0	107.4
Title I - Total	-	-	29.4	17.0	12.4
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	1.8	1.6	0.2
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	27.6	15.4	12.2
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(39.9)	(-)	(39.9)
Title II - Total	6.9	11.1	95.0	-	95.0
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	2.8	8.8	55.1	-	55.1
VOLUNTARY RELIEF AGENCIES	4.1	2.3	39.9	-	39.9
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.4	1.4	78.2	20.4	57.8
PEACE CORPS	1.4	1.3	22.4	-	22.4
OTHER	-	0.1	55.8	20.4	35.4
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	15.2	44.2	412.8	50.9	361.9
Loans	3.0	27.6	206.4	50.9	155.5
Grants	12.2	16.6	206.4	-	206.4
B. OTHER OFFICIAL ECONOMIC PROGRAMS					
EXPORT-IMPORT BANK LOANS	4.3	-	275.8	294.0	-18.2
OTHER LOANS	-	31.1	31.1	-	31.1
TOTAL OTHER OFFICIAL LOANS	4.3	31.1	306.9	294.0	12.9
TOTAL ECONOMIC PROGRAMS	19.5	75.3	719.7	344.9	374.8
Loans	7.3	58.7	513.3	344.9	168.4
Grants	12.2	16.6	206.4	-	206.4
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.5	1.0	108.7	22.2	86.5
Credit Sales (FMS)	-	-	19.5	22.2	-2.7
Grants	0.5	1.0	89.2	-	89.2
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	-	-	6.8	-	6.8
OTHER GRANTS	-	-	26.9	-	26.9
TOTAL MILITARY PROGRAMS	0.5	1.0	142.4	22.2	120.2
TOTAL ECONOMIC AND MILITARY PROGRAMS	20.0	76.3	862.1	367.1	495.0
Loans	7.3	58.7	532.8	367.1	165.7
Grants	12.7	17.6	329.3	-	329.3

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
TOTAL	106.6	16.1	494.3	TOTAL	54.8	45.4	221.2
IBRD - World Bank	30.0	-	244.1	Germany	25.5	26.9	144.7
Int'l. Finance Corp.	-	-	8.7	Italy	9.9	3.5	19.4
Inter-Am. Dev. Bank	70.6	13.1	202.4	France	6.5	6.8	18.5
UNDP - Special Fund	4.0	2.3	24.5	Other	12.9	8.2	38.6
UNDP - IA (CY)	0.6	0.6	8.2				
Other UN (CY)	1.4	0.1	6.4				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	86		
				1972 (Calendar Year)	78		
				Cumulative thru 1972	223		

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST
	1971	1972	TOTAL 1946-1972		
ECONOMIC PROGRAMS					
A. OFFICIAL DEVELOPMENT ASSISTANCE					
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	4.9	1.4	65.5	7.2	58.3
Loans	3.0	-	50.3	7.2	43.1
Grants	1.9	1.4	15.2	-	15.2
(Supporting Assistance)	(-)	(-)	(-)		
FOOD FOR PEACE - TOTAL	0.4	8.6	59.2	6.2	53.0
Title I - Total	-	7.2	51.6	6.2	45.4
REPAYABLE IN U.S. DOLLARS - LOANS	-	7.2	27.8	3.2	24.6
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	23.8	3.0	20.8
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(36.2)	(-)	(36.2)
Title II - Total	0.4	1.4	7.6	-	7.6
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	0.7	1.0	-	1.0
VOLUNTARY RELIEF AGENCIES	0.4	0.7	6.6	-	6.6
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.1	0.1	15.2	3.8	11.4
PEACE CORPS	0.1	0.1	2.3	-	2.3
OTHER	-	-	12.9	3.8	9.1
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	5.4	10.1	139.9	17.2	122.7
Loans	3.0	7.2	113.9	17.2	96.7
Grants	2.4	2.9	26.0	-	26.0
B. OTHER OFFICIAL ECONOMIC PROGRAMS					
EXPORT-IMPORT BANK LOANS	1.1	-	9.3	5.5	3.8
OTHER LOANS	-	-	-	-	-
TOTAL OTHER OFFICIAL LOANS	1.1	-	9.3	5.5	3.8
TOTAL ECONOMIC PROGRAMS	6.5	10.1	149.2	22.7	126.5
Loans	4.1	7.2	123.2	22.7	100.5
Grants	2.4	2.9	26.0	-	26.0
MILITARY PROGRAMS					
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	5.1	2.8	50.5	0.2	50.3
Credit Sales (FMS)	4.0	2.0	6.4	0.2	6.2
Grants	1.1	0.8	44.1	-	44.1
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-
TRANSFERS FROM EXCESS STOCKS	0.5	1.4	5.3	-	5.3
OTHER GRANTS	-	-	2.9	-	2.9
TOTAL MILITARY PROGRAMS	5.6	4.2	58.7	0.2	58.5
TOTAL ECONOMIC AND MILITARY PROGRAMS	12.1	14.3	207.9	22.9	185.0
Loans	8.1	9.2	129.6	22.9	106.7
Grants	4.0	5.1	78.3	-	78.3

OTHER ECONOMIC PROGRAMS

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS				D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES			
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
TOTAL	44.5	15.1	242.8	TOTAL	2.5	1.4	14.2
IBRD - World Bank	22.0	11.2	141.7	Germany	1.1	0.9	6.5
Inter-Am. Dev. Bank	21.7	0.9	88.2	Nether-Am. Dev. Bank	1.2	0.3	4.1
UNDP - Special Fund	0.6	2.8	8.6	Italy	0.1	0.2	3.1
UNDP - IA (CY)	0.2	0.2	3.4	Other	0.1	*	0.5
Other UN (CY)	*	-	0.9				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	45		

* Less than \$50,000.

INTER-AMERICAN ORGANIZATIONS

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	14,653	-	-	-	-	14,653	-
Other	-	-	-	-	-	-	-
Total	14,653	-	-	-	-	14,653	-
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	13,892	-	-	-	-	13,892	-
Other	-	-	-	-	-	-	-
Total	13,892	-	-	-	-	13,892	-
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	15,800	-	-	-	-	15,800	-
Other	-	-	-	-	-	-	-
Total	15,800	-	-	-	-	15,800	-

The Organization of American States (OAS), best known as an instrument for collective security and peaceful settlement of inter-American disputes, has also sought in recent years to improve the quality of life for the people of the Americas. As individual nations have directed more of their energies and resources to development programs, the OAS has devised new programs and tested new approaches to reinforce the national efforts through multilateral cooperation.

The United States has joined in supporting the newest thrusts of OAS program concern, which involve increased emphasis on performance and insistence on responsiveness to Latin American needs.

The OAS has taken steps to implement the recommendations

of a group of experts on administration and public finance. Among these steps were:

- Completion of the first two-year budget covering FY 1973-1974 and making projections through FY 1976.
- Establishment of Program and Budget Subcommittees of the technical Councils to monitor programs and to evaluate results.
- Creation of a permanent Advisory Group on Management and Budget, independent of any one Council, to act as "watch-dog" over the management of all OAS bodies for budget preparation and implementation, planning and evaluation, and administration.
- Establishment of the position of Assistant Secretary for Management, and of an Office of Planning and Evaluation reporting directly to the Secretary General. With U.S. encouragement and support, the OAS is applying and improving its systems analysis and evaluation methodology.
- Improved coordination, both among the various OAS Councils and General Secretariat and between the OAS and other international organizations, such as the UN Development Program, and bilateral donors.

Although time and steady, careful work will be required for the full results of these changes to be felt in more effective and responsive programs, there can be no doubt that the quest by OAS for improved performance and greater relevance will continue.

FY 1974 A.I.D. PROGRAM

The United States will continue to help its Latin American neighbors in support of OAS programs. To do so, A.I.D. proposes to use: \$6.9 million to support programs of the Inter-

INTER-AMERICAN ORGANIZATIONS

American Economic and Social Council (IA-ECOSOC), the coordinating agency for OAS activities aimed at accelerating improved economic and social development; and \$8.9 million for support of the Special Multilateral Fund (SMF), the principal source of technical assistance provided by the Inter-American Council on Education, Science and Culture (CIECC).

Inter-American Economic & Social Council (IA-ECOSOC)

Technical Assistance and training projects of the IA-ECOSOC are carried out under the multilaterally financed Special Development Assistance Fund (SDAF). At the IA-ECOSOC meeting in early 1973, the United States pledged, subject to the availability of funds, up to \$5.2 million (under the 66:34 ratio of U.S. contributions matched against Latin American payments) for SDAF activities in FY 1974. These funds will support such programs as (1) integrated physical resource development, especially multi-country projects such as the River Plata Basin Project; (2) tax policy and reform; (3) social development, with focus on improvement of urban conditions and the problems of employment and income distribution; (4) tourism development; and (5) continued support of eight Inter-American Centers that carry out a broad range of training activities.

The U.S. Government, in offers made at the 1970 IA-ECOSOC meeting, sought to strengthen further the multilateral framework for hemispheric development and announced that it would provide \$3 million to strengthen the technical staff of the Inter-American Committee on the Alliance for Progress (CIAP), the executive committee of IA-ECOSOC. This grant is helping CIAP to manage better its multilateral responsibilities. Up to \$5 million was also pledged to enable CIAP to finance studies and projects which would lead to policy and institutional changes required to strengthen capital markets and encourage domestic savings. A.I.D. is planning to make payments in late FY 1973 of \$1 million for strengthening CIAP technical staff, thus fulfilling its pledge, and \$1 million for capital

market studies. In FY 1974, A.I.D. proposes to make an additional and final payment of \$1 million on the offer of support for capital market studies.

The Inter-American Export Promotion Center (CIPE), established in 1968, provides specialized services needed to identify and promote new exports, facilitates the placing of Latin American products in international markets, and furnishes technical support to national and subregional export promotion agencies. In December 1972, consultants to the OAS Office of Planning and Evaluation completed an in-depth evaluation of CIPE which provides a basis for decision on any necessary changes in organizational arrangements and program directions. To this end, the United States is prepared to pledge, subject to the availability of funds, \$700,000 for CIPE activities in FY 74 under the 66:34 matching formula.

Inter-American Council on Education, Science and Culture (CIECC)

The programs of the Special Multilateral Fund (SMF) of CIECC reflect the conviction, shared by the United States and Latin American countries, that the long-term growth and development of the region require cooperative efforts to expand and improve education systems, to broaden scientific and technological interchange, and to upgrade the region's training and research institutions.

The biennial budget for FY 1973 and FY 1974 includes: (1) an education program covering planning and administration, curriculum development, innovation and research, and technical and adult education; and (2) a science program emphasizing advanced training and research in basic and applied sciences, technological development, scientific planning, and technical change and transfer of technology. At the CIECC meeting in December 1972, the United States pledged, subject to the availability of funds, up to \$8 million for SMF activities in FY 1974.

LATIN AMERICA REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	15,000	-	-	-	15,000	-	-
Devel. Grants	16,387	1,586	3,911	8,512	1,983	20	375
Other	-	-	-	-	-	-	-
Total	31,387	1,586	3,911	8,512	16,983	20	375
<u>1973</u>							
Devel. Loans	4,000	-	-	-	4,000	-	-
Devel. Grants	20,908	2,619	5,590	11,128	1,341	-	230
Other	-	-	-	-	-	-	-
Total	24,908	2,619	5,590	11,128	5,341	-	230
<u>1974</u>							
Devel. Loans	4,000	4,000	-	-	-	-	-
Devel. Grants	19,260	2,742	4,030	10,784	1,515	-	189
Other	-	-	-	-	-	-	-
Total	23,260	6,742	4,030	10,784	1,515	-	189

The Latin America regional program supports activities and institutions benefiting more than one country in that area. Some of these activities can be administered effectively only on a region-wide basis. The Latin American Scholarship Program of American Universities (LASPAU) being carried out in cooperation with U.S. universities is an example.

Other activities support the work of regional institutions, such as the Inter-American Institute of Agricultural Sciences (IICA), to enable them to provide highly specialized assistance to national agencies. Some of the remaining activities, highly innovative in nature, are being tested in one or more countries for adaptation in others. An example is an experiment in non-formal education in Guatemala testing the use of alternative methods for training non-literate farmers.

To plan for the best use of their limited development resources, Latin American countries need improved analytical tools to identify the principal problems constraining advancement in the agriculture, education, and health and urban sectors.

A.I.D. is participating with Latin American planners and government ministries in sector studies and in-depth analyses in mutual efforts to develop a continuing analytical capability and to establish comprehensive programs to attack these problems. In addition, Latin American regional economic integration continues to carry a high priority, and A.I.D., as in the past, will sympathetically consider requests for assistance in this area.

FY 1974 A.I.D. PROGRAM

The FY 1974 regional program includes \$19.3 million in Development Grants and \$4 million in Development Loans. Since the regional program complements those in individual countries, it is concentrated in the areas of food production, human resource development, and family planning. Likewise, it is directed toward developing skills and institutions which will directly affect the lives of the low-income rural and urban populations.

Food Production and Nutrition

Regional projects in food production and nutrition are intended primarily to increase the capacity of Latin American regional institutions to provide specialized assistance to individual national agencies concerned with problems of small farmer productivity. Such regional institutions concentrate scarce skills and help to avoid costly duplication of effort in individual countries. For example, the International Center for Tropical Agriculture (CIAT), supported by a consortium of international donors including A.I.D., carries out basic research in high-yielding and highly nutritive varieties of selected food commodities. While national research institutions will need to adapt

LATIN AMERICA REGIONAL

some of CIAT's conclusions on specific crops, the basic technologies developed will be applicable to virtually all Latin American tropical conditions. Such basic, centralized research not only avoids duplications but also represents a departure from the past, when temperate-zone technologies generated in the agricultural research centers of developed countries were transferred, often with poor results, to the dissimilar conditions of Latin America.

Agricultural training at the graduate level has been severely limited in Latin America, requiring leading agricultural scientists to seek training in the United States and other developed countries. With A.I.D. assistance, graduate programs in agronomy, soils, animal husbandry, agricultural economics, and agricultural extension are being developed at the Castelar Agricultural School to serve students from the entire southern cone of South America and eventually to serve all of Spanish-speaking Latin America. This assistance is being provided through Texas A & M University. Through Michigan State University, A.I.D. is helping IICA develop expertise in analyzing and solving major agricultural marketing problems. IICA will develop a capacity to respond to requests from national agencies to identify the most effective methods of marketing food products so that the producers are assured of stable prices and the consumer is assured of a dependable supply of low-cost nutritious foods.

Support to the development of cooperatives and credit unions, especially those providing credit and technical assistance to small farmers, is a key element of the regional program strategy for strengthening intra-regional institutions. Grant funding of \$430,000 in FY 1974 is planned to assist the Latin American Confederation of Credit Unions (COLAC) to become an effective and viable regional organization, responsive to the needs of the credit union movement in Latin America as a whole and especially to the needs of the small farm subsector. COLAC will deliver to national credit union federations a broad range of assistance--in financial operations manage-

ment, production credit program management, bonding services, and operations evaluation. A \$4 million loan is also planned to enable COLAC to provide credit to member federations. A.I.D. supports COLAC's efforts to establish itself as a channel for credit from international lenders to the national federations, which cannot effectively operate alone in the highly specialized international money markets.

Grant funds are planned to continue in FY 1974 the activities of the Cooperative League of the U.S.A. (CLUSA) and the Organization of Cooperatives of the Americas (OCA) in supplying short-term specialized expertise to cooperatives in several countries and expanding the ties between Latin American cooperatives and others outside the hemisphere.

In addition, the National Rural Electric Cooperative Association (NRECA) will provide short-term expert services to improve the operational effectiveness of existing rural electric cooperatives and to assist in establishing new ones.

As part of the regional program, North Carolina State University is assisting several countries to extend improved fertilizer and soil management practices to large numbers of farmers. Soils laboratories are being established and staffed by host country personnel trained under the direction of the U.S. advisors. Each soils advisor provides technical leadership to two or more soils testing laboratories in various countries. The project has resulted in broad diffusion of modern soils testing techniques and significant new knowledge about fertility problems and soils management in the tropical conditions of Latin America.

Human Resource Development

An important element of the Latin America regional program is the training of Latin American union leaders to strengthen free labor movements and to help the Latin American worker participate more fully in the social and economic life of his

LATIN AMERICA REGIONAL

country. Toward this end, \$5.9 million is planned for programs to be carried out through the American Institute for Free Labor Development (AIFLD) in 19 countries. About 20,000 unionists participate annually in labor education courses and seminars, carried out in national and local training centers and covering subjects of general interests, e.g. labor leadership, union administration, and social and community projects. International Trade Secretariats, with A.I.D. support provided through AIFLD, supply specialized in-country technical assistance and training in their various fields of competence. Outstanding graduates of the Latin American courses receive advanced training in labor subjects in the United States-- 200 annually at the AIFLD training facility in Front Royal, Virginia, and 20 annually in the specialized Labor Economics Course conducted by Georgetown University, Washington, D.C. In FY 1974, A.I.D. will also support AIFLD's administration of a regional revolving loan fund, previously capitalized by A.I.D., to assist in projects fostering the improvement of skills and employment of union members.

The Latin American Scholarship Program of American Universities (LASPAU) is a cooperative effort to improve the faculties of Latin American institutions by providing graduate training in the United States. Under this cooperative arrangement, individual U.S. universities contribute all tuition and fees, Latin American universities provide for international travel, and A.I.D. supplies books and living expenses. Since 1965, 1221 scholars sponsored by 231 Latin American Universities have entered 251 U.S. institutions in 44 states. As of September 1972, 475 scholars had completed their programs and returned to take up teaching positions in their own countries.

If educational opportunities are to be significantly expanded in Latin America, means must be found to reduce drastically the per-student cost of education.

The regional program assists experimental efforts in designing and testing low-cost alternatives to traditional education.

In Guatemala, where much of the rural Indian population is effectively outside the economic life of the country, A.I.D. is helping the Guatemalan Government test low-cost methods of providing agricultural training to that group. Under this program various alternatives, such as educational radio, self-teaching groups and pictorial texts, will be evaluated to determine their effectiveness in imparting practical information on improved agricultural methods and health practices and in increasing the adoption of innovative methods. The conclusions of these tests are expected to be widely applicable in helping other Latin American countries solve similar problems.

The Regional Technical Aid Center in Mexico (RTAC), supported by A.I.D., produces educational materials for several countries. It has recently assisted in the production and marketing of an educational supplement in newspaper format. This supplement, dealing with science, geography and other topics at the elementary and secondary levels, can be printed and distributed with newspapers at a cost of less than two-cents per issue. It is conceivable that, after one year of printing, a five-cent science supplement of book size could be available for distribution by Ministries of Education in Latin America. During the past year, RTAC has translated about 400 technical books and pamphlets into Spanish and published about 3.5 million copies for distribution to libraries and educational institutions. Building on previous experience, RTAC helped establish 20 additional cooperative university book stores and four film centers to serve institutions throughout Latin America.

Another effort to help reduce educational costs is being undertaken through contract with the Florida State University. Professional educators from various levels of government in several countries work with educational specialists in Florida to design experiments for lowering educational costs in their own countries. Such experiments include curriculum revision, changes in classroom design, improved information

LATIN AMERICA REGIONAL

systems, and lower-cost teaching techniques. The regional program also supports the activities of the Overseas Education Fund (OEF) of the League of Women Voters whose purpose is to increase the contribution of women to economic and social development in Latin America. OEF assists in organizing highly motivated women's groups and helps them to direct their actions toward such priority development needs as community development, health, and nutrition programs.

The Partners of the Americas program fosters in a unique way people-to-people contact between groups in the United States and others in Latin America. Partnership chapters from more than 40 states of the United States are working jointly with their counterpart organizations in Latin America in specific problems related to education, health, agriculture, and investment promotion. Technical and material assistance valued at more than \$24 million has been provided by these Partnership groups since the establishment of the program in 1964.

Population Planning and Health

A program of \$4 million in FY 1974 will provide assistance to agencies working in population planning throughout Latin America. These organizations respond to Latin American initiatives by offering assistance in education, communication, demography, evaluation, and motivational services. Resources are available, particularly for the delivery of family planning services, from the International Planned Parenthood Federation, the Population Council, the Pathfinder Fund, and the UN Fund for Population Activities. These organizations are supported in part by A.I.D. grants. In some countries, they are the only foreign vehicles for population planning activities; in others their work is supplemented by bilateral programs.

The Pan American Federation of Associations of Medical Schools trains both medical and paramedical personnel in population-related research and encourages incorporation of demography

and family planning into medical school curricula, thereby encouraging the involvement of the medical profession in the provision of family planning counselling and services. Through a contract with Development Associates, Inc., training is provided for Latin American participants from a variety of professions and organizations, including family planning clinics and Ministries of Health.

The Regional Technical Aids Center located in Mexico translates and publishes materials dealing with population in books, pamphlets and films that are distributed throughout the Latin American region. The Airlie Foundation provides assistance in producing films to demonstrate to leaders of Latin American countries and to potential users of family planning services the probable impact of unchecked population growth and the relationship between family planning and the health of mothers and children.

A.I.D. and the Ministers of Health of Latin America recognize that a coordinated approach to population, health, and nutrition problems will facilitate analysis and effective planning for the use of limited resources.

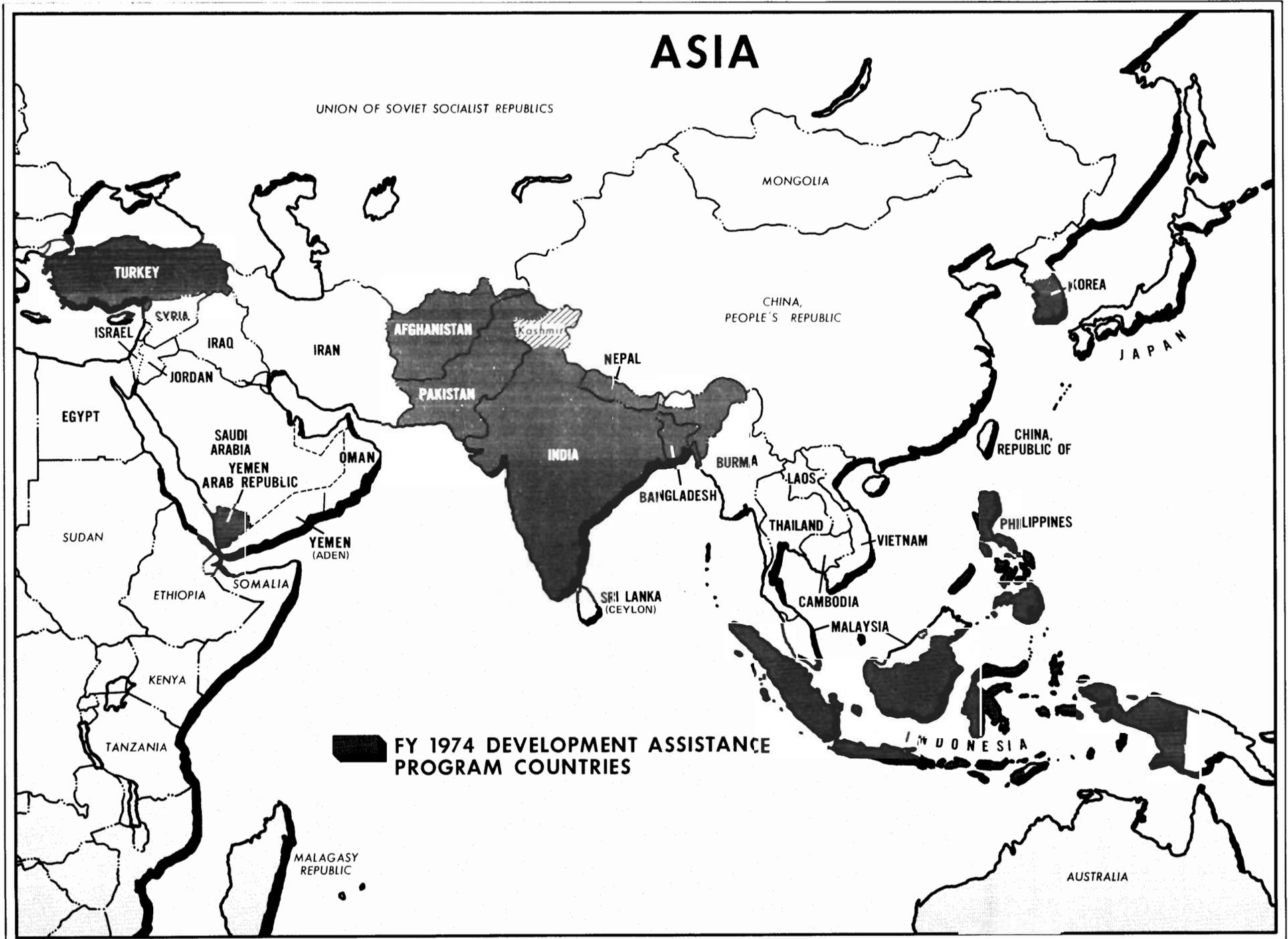
Selected Development Problems

The great majority of the poor, urban dwellers in Latin America live in marginal and inadequate housing. Until certain institutional changes and diffusion of technological advances in minimum-shelter construction occur, the prospects for improvement are dim. A.I.D. plans a contract with the Foundation for Cooperative Housing (FCH) to provide technical assistance to strengthen the capabilities of national and local cooperative housing agencies and to demonstrate the feasibility of minimum-shelter designs such as "site and services," "core" and "shell" housing. While the past orientation of FCH and cooperative housing agencies in Latin America has been toward middle-income housing, the FY 1974 program will involve approaches to low-income housing exclusively, and FCH will concentrate

LATIN AMERICA REGIONAL

on orienting the housing agencies toward a greater emphasis on low-income housing programs. In developing demonstration

projects, FCH will attempt to coordinate with the World Bank and other international lenders for capital financing.



ASIA

PROGRAM SUMMARY (In millions of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	257.6	42.0	-	2.5	78.1	135.0	-
Devel. Grants	54.7	11.3	14.5	15.1	1.0	1.0	11.8
Other	215.0	-	-	-	-	-	215.0
Total	527.4	53.3	14.5	17.6	79.1	136.0	226.8
<u>1973</u>							
Devel. Loans	260.0	55.5	-	-	74.5	130.0	-
Devel. Grants	58.0	9.8	18.5	15.6	1.8	1.4	10.8
Other	156.6	-	-	-	-	-	156.6
Total	474.6^{a/}	65.3	18.5	15.6	76.3	131.4	167.4
<u>1974</u>							
Devel. Loans	380.0	129.0	-	-	81.0	170.0	-
Devel. Grants	61.6	11.1	21.5	13.4	2.4	1.5	11.6
Other	16.2	-	-	-	-	-	16.2
Total	457.8^{a/}	140.1	21.5	13.4	83.4	171.5	27.8

a/ Includes the following for Narcotics Control:

	<u>FY 1973</u>	<u>FY 1974</u>
Lebanon	\$ 65,000	\$75,000
Singapore	40,000	-
Syria	8,000	-
Total	\$113,000	\$75,000

INTRODUCTION

The ten countries in Asia for which aid is requested represent very different stages of social and economic development. Four countries -- Afghanistan, Bangladesh, Nepal and Yemen -- are among the poorest countries in the world. These countries have a per capita GNP below \$100; extremely low literacy rates, estimated at 10-15%, with very few women at even mini-

mum literacy; few doctors and hospitals and almost no paramedical personnel; a high proportion (80-90%) of the population engaged in primitive agriculture and a very small industrial sector.

Three countries -- Korea, Philippines and Turkey -- are at the upper end of the development spectrum. Their per capita GNP ranges between \$200 and \$400; life expectancy is close to 60 years; literacy rates range between 45% (Turkey) and over 70% (Korea, Philippines); they provide basic medical services in the larger cities and towns; and they have sustained growth rates of 6% or better over the last eight years. These countries are industrializing and their urban populations now represent 20-25% of the total; their commercial and institutional ties to the developed world are considerable and they have competent government machinery.

The remaining three countries -- India, Pakistan and Indonesia -- are at an intermediate development stage. Their combined population represents nearly one-half the non-communist developing world. Each has a per capita GNP of about \$100, which means that a large proportion of their population continues to live in severe poverty, but they have increasingly well organized governments and have increased budget outlays for education and health. Life expectancy in these countries is about 50 years and literacy is close to 25%. They trade heavily with the developed world. India and Pakistan have made considerable investments in modern industry during the past ten years.

All ten countries share a commitment to economic and social development. They are all struggling with the problems of growth; they all seek to control the growth of population; and they are all striving to grow more and better food. The annual growth rate of agricultural production has accelerated since the early 1960s and has reached about 5%. Per-capita agricultural output in 1969/71 was 8% above the early 1960s in East Asia and 5% higher in South Asia. Industrial production

ASIA

has continued to rise annually by 7 to 10%. Although the overall gains were eroded by the continuing high birth rate, and economic growth has not benefited all classes, there was a significant improvement in most countries during the 1960s.

These countries' growth during the past decade has been supported by increased concessional aid from abroad. The United States and other donors have helped six countries -- India, Pakistan, Turkey, Indonesia, Korea and the Philippines -- for about a decade. Developed world assistance to these six countries more than doubled between 1962 and 1971, rising from \$1.6 billion to \$3.2 billion. These resources have been provided by the individual country members of consortia and also by the World Bank and the Asian Development Bank, both of which are supported in part by American contribution. The U.S. share of development assistance to these countries (excluding our support of international organizations and PL 480 Title II) fell from close to three-quarters in 1962 to one-fourth in 1971.

Despite notable progress during the sixties, serious problems persist:

- the landless laborers and subsistence farmers in the countryside and the illiterate immigrants to the city remain desperately poor and undernourished;
- the rate of population growth continues to erode the gains made by the total economy and limits progress in the reduction of poverty;
- the lack of skilled manpower weakens the capacity of both public and private sectors to manage resources efficiently and to undertake steadily expanding social and economic development programs.

Since the mid 1960's, Asian governments have undertaken new programs and policies in four major areas. First, they

have supported the introduction of new high yielding seed varieties: by expanding fertilizer production and financing imported fertilizer, by irrigation and land development programs and by improving food distribution and farmer credit programs. Second, the governments increased the proportion of total output invested in development and social services. Third, the governments responded to the changing economic situation by undertaking major fiscal and monetary reforms. And fourth, the Asian governments undertook dramatic programs for reduction of birth rates.

These efforts must be continued and reinforced. During the 1970's the less developed countries of Asia will need to:

- sustain the momentum of the Green Revolution: by devoting more resources to research, experimentation and the application of improved practices; by expanding water control and usage programs; and by modifying pricing policies, distribution arrangements, agricultural credit programs and land tenure laws so as to induce higher output and better distribution of agricultural income;
- increase taxation of those economic sectors which are growing most rapidly, especially the agricultural sector which is taxed less than proportionally;
- evaluate current family planning programs, expand those which show promise, and at the same time undertake new approaches to reduce the birth rate;
- seek to reduce rural unemployment and modify existing development programs to support this objective;
- focus attention on the export sector as a means of sustained general economic growth;
- strengthen the capacity of central, provincial and local government to identify social and economic problems, and

ASIA

to design and implement programs to overcome them.

Throughout Asia, economic growth has slowed down during the past two years, largely because of poor weather. Drought reduced food crops in India, Pakistan, Afghanistan and Indonesia, and floods damaged crops in the Philippines and Korea. Reduced farmer income has meant reduced purchases of consumer goods. Consequently, there has been a slowing of industrial growth in most of these countries. This situation has underlined the need to continue to invest more in agriculture and rural development -- in small irrigation projects and land leveling and water control, as well as in further research on the new seeds and expanded rural credit programs and better distribution of agricultural inputs. Increased efforts of the least developed countries in the rural sector have been notable, especially in carrying out local development programs; the A.I.D. program supports many of these. The more sophisticated Asian countries are continuing the recent pattern of their major agricultural and industrial programs, and will continue to need A.I.D. support, through the consortia, in the form of loans for power, major highways and general program support. Technical advisors and training programs in the key sectors, and growing links between the more developed Asian countries and international development-oriented research centers (such as the International Rice Research Institute in the Philippines) will also play a vital part in development.

FY 1974 A.I.D. PROGRAM

Most A.I.D. assistance in Asia is channeled through multi-donor consortia or consultative groups. Such formal arrangements exist for India, Pakistan, Turkey, Indonesia, Korea and the Philippines; and establishment of a multilateral aid group for Bangladesh is under active consideration. The A.I.D. program is distributed among the five sectors as follows: food and nutrition, 31%; population and health, 5%; human resources, 3%; selected development problems, 18%; selected

countries and organizations, 37%; and other (including narcotics), 6%.

Development Loans

We are requesting \$380 million of Development Loans in FY 1974, an increase of \$120 million above FY 1973. Three countries for which we are requesting funds in FY 1974 -- India, Bangladesh and Yemen -- are receiving no loans in FY 1973; the amount requested for them approximates the increase of the total loan level from FY 1973 to FY 1974.

India has received no Development Loans for two years. Discussions between the United States and India directed toward a new economic relationship are underway. On a provisional basis, we are requesting \$75 million to support priority Indian development programs. The \$50 million proposed for Bangladesh reflects our view that the Bangladesh Government will be able to resume the long term task of development. Aid donors and international organizations which have participated during the past fifteen months in the relief and reconstruction program met in Bangladesh in March to discuss that country's plans for economic and social development and its needs for concessional assistance. We are ready to join others in this effort at a level of not more than one-third of the total commitment of all donors, including international organizations.

One-third of the total loan request is in support of food production and rural development; this compares to one-fifth of the total FY 1973 loan program. All of the Bangladesh, Philippine and Afghanistan loan request and close to one-half of the request for Pakistan is to support the rural sector. This decision reflects the importance these countries, in addition to the United States, attach to expanded efforts to grow more food.

Over one-third of the total loan request supports general development programs. These funds will finance fertilizer,

ASIA

raw materials and manufactured goods for India, Pakistan, and Indonesia, thus sustaining a larger investment by these countries in agriculture and industry. One-fifth of the total request is to finance specific development projects designed to increase the industrial and agricultural potential of four countries -- Indonesia, Turkey, Nepal, and Yemen.

Development Grants

We are requesting \$41.5 million of Development Grant funds for the ten Asian countries and the regional programs. Recognizing the special need for grant assistance to the four poorest countries, we are requesting \$13.5 million for them, and most of the new projects which we propose to begin in FY 1973 and FY 1974 are in these four countries.

The A.I.D. grant program concentrates on food production and rural development and education. About 150 advisors will work in the ten countries in these fields, and about 1,500 participants will go to the United States and the American University at Beirut for advanced or specialized training in agriculture and education. We are placing increased emphasis on the deeper involvement of recipient countries and institutions in the development and implementation of projects. Consequently, American management staffs overseas have been sharply reduced. The Development Grant program continues to reflect the particular stage of each country's development and its specific needs. For example, the program in Turkey, building on the accomplishments of twenty years' assistance, is now limited to advanced management training, increased production of foodgrains and assistance to Bosphorus University. In contrast, our effort in Afghanistan continues to involve many technical advisors in a wide range of development efforts, but again emphasizing the rural sector and the needs of education and improved government.

In Yemen, the least developed of all ten countries, the reinstated Development Grant program builds on projects which were

carried out between 1960 and 1967, and finances not only technical advisors but, in view of Yemen's desperately poor situation, also covers the local costs of the projects. Whereas training of Turks emphasizes advanced management, the training of Yemeni is on a much less sophisticated level. A.I.D. continues to finance the education of nearly 500 participants attending the American University at Beirut. The request also includes \$1 million to cover U.S. advisors and part of the operating costs of the Cholera Research Laboratory in Dacca which has been assisted by A.I.D. for many years.

The FY 1974 request includes \$7.3 million for South, Southeast and East Asia regional development projects (presented in the Security Supporting Assistance Program Request for FY 1973). The projects call for assistance to: the Asian trade union movement through the Asian-American Free Labor Institute; to six regional educational research institutions -- each located in a different Asian country -- carrying out advanced training and studies in agriculture, tropical medicine, biology, science and math and new education methods; and to a prestigious graduate level Asian Institute of Technology.

Family Planning

We are requesting \$20.1 million for family planning programs in eight countries, plus a regional program. The present annual rate of population growth in Asia ranges from 2% in Korea to 3.3% in the Philippines. The countries with the greatest number of people are growing at a rate which will double their population by the end of this century. Reducing the population growth rate is a long-term effort that relies as much on social and economic change as on the contraceptive methods made available by modern science.

Expanded education programs, maternal and child health care, and industrialization play a very important role in creating the climate for participation in family planning programs. Asian governments have established clinics devoted either

ASIA

solely to family planning programs or to family planning combined with maternal and child health programs. In both cases the objective is to join family planning to health programs in order to increase their effectiveness and decrease their cost.

These efforts involve large training programs for family planning workers, the purchase of equipment, the creation of a distribution system for contraceptive supplies and a continuing effort at mass education.

The first task for countries which have just begun family planning programs is to collect and analyze social and demographic data. A.I.D. is assisting Afghanistan and Nepal in this effort. In each of the Asian countries, A.I.D. has assisted voluntary groups formed to promote family planning. Such groups have been particularly successful in experimenting with pilot programs. In the case of the Philippines, the Govern-

ment has chosen to rely heavily on private and church supported groups, such as the Responsible Parenthood Council, created by lay Catholics, which operates clinical programs. A.I.D.'s program in the Philippines finances local costs, supplies, and equipment for these clinics, and provides technical advisors to these voluntary groups. The Indonesian Government has doubled the number of clinics in Java and Bali. In the past four years, the United States has provided equipment, contraceptive supplies and vehicles for these new clinics and assistance in their training programs.

A.I.D. has discussed with Bangladesh its population problem and alternative approaches to reduce the number of births. We have indicated our willingness to supply contraceptives and other supplies, clinical equipment and advisory services, as well as to assist in the expansion of the post-partum program if Bangladesh is interested.

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION ACCOUNT
FISCAL YEARS 1972 - 1973 - 1974

REGION: ASIA

(In thousands of dollars)

TABLE I

COUNTRY	TOTAL			DEVELOPMENT LOANS			DEVELOPMENT GRANTS (Including Population)			OTHER		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
ASIA BUREAU - TOTAL	527,352	474,567	457,777	257,600	260,000	380,000	54,715	57,970	61,569	215,037	156,597	16,208
Afghanistan	9,560	24,292	17,887	3,000	16,500	10,000	6,560	7,732	7,587	--	60 _{d/}	300 _{d/}
Bangladesh	199,107	102,100	55,500	--	--	50,000	--	1,000	5,000	199,107 _{a/}	101,100 _{b/}	500 _{b/}
India	5,560	2,135	76,500	--	--	75,000	5,560	2,135	1,500	--	--	--
Indonesia	114,701	102,736	101,431	108,100	92,500	90,000	6,601	10,217	11,413	--	19 _{d/}	18 _{d/}
Korea	30,036	27,245	27,011	26,500	25,000	25,000	3,536	2,245	2,011	--	--	--
Nepal	1,995	9,340	9,000	--	6,000	5,000	1,995	3,340	4,000	--	--	--
Pakistan	62,401	63,261	63,542	60,000	60,000	60,000	2,401	3,256	3,492	--	5 _{d/}	50 _{d/}
Philippines	30,520	79,796	28,981	20,000	20,000	20,000	10,290	9,496	8,716	230 _{d/}	50,300 _{c/}	265 _{d/}
Turkey	58,963	47,593	57,510	40,000	40,000	40,000	3,263	2,593	2,510	15,700 _{d/}	5,000 _{d/}	15,000 _{d/}
Yemen Arab Republic	--	1,600	7,200	--	--	5,000	--	1,600	2,200	--	--	--
Regional	14,509	14,356	13,140	--	--	--	14,509	14,356	13,140	--	--	--
Int'l. Narcotics Control:												
Lebanon	--	65	75	--	--	--	--	--	--	--	65 _{d/}	75 _{d/}
Singapore	--	40	--	--	--	--	--	--	--	--	40 _{d/}	--
Syria	--	8	--	--	--	--	--	--	--	--	8 _{d/}	--

a/ \$194,422,000 for Relief and Rehabilitation; \$4,685,000 for Contingency Fund

b/ Relief and Rehabilitation only.

c/ \$50,000,000 for Supporting Assistance; \$300,000 for International Narcotics Control.

d/ International Narcotics Control. In 1972 funded from worldwide development loans.

SUMMARY OF PROGRAM BY COUNTRY AND OBJECTIVE
(in thousands of dollars)

REGION: ASIA

TABLE II

COUNTRY	Total			Food Production and Nutrition			Population Planning and Health			Human Resource Development			Selected Development Problems			Selected Countries and Organizations			Other Programs and Support Costs		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
Afghanistan	9,560	24,232	17,867	2,042	17,741	11,015	275	1,432	1,087	2,031	2,812	3,135	3,117	337	400	-	-	-	2,095	1,970	2,250
Bangladesh	199,107	102,100	55,500	-	-	51,000	-	1,000	3,000	-	-	-	-	-	-	-	-	-	199,107	101,100	1,500
India	5,560	2,135	76,500	3,359	872	-	512	135	-	338	20	179	-	-	500	-	-	75,000	1,351	1,108	821
Indonesia	114,701	102,736	101,431	833	5,335	2,525	2,686	5,417	6,013	814	945	810	33,490	38,380	30,475	75,000	50,000	60,000	1,878	1,659	1,608
Korea	30,036	27,245	27,011	22,768	25,165	20,380	436	305	361	3,577	725	510	2,217	305	5,165	-	-	-	1,038	745	595
Nepal	1,995	9,340	9,000	575	661	975	383	1,044	1,411	549	517	451	-	6,000	5,000	-	-	-	488	1,118	1,163
Pakistan	62,402	63,261	63,542	182	397	25,580	303	1,390	1,692	86	302	315	16	85	-	60,000	60,000	35,000	1,815	1,087	955
Philippines	30,520	79,796	28,981	22,070	2,505	22,550	6,523	5,601	5,016	802	560	200	-	-	-	-	20,000	-	1,125	51,130	1,215
Turkey	58,963	47,593	57,510	591	10,691	4,569	-	93	60	1,780	1,061	1,053	40,000	30,000	36,000	-	-	-	16,592	5,748	15,828
Yemen	-	1,600	7,200	-	427	587	-	430	255	-	122	323	-	271	5,585	-	-	-	-	350	450
Asia Regional	14,508	14,356	13,140	925	1,000	900	3,347	1,647	2,615	7,644	8,505	6,457	272	500	300	984	1,385	1,500	1,336	1,319	1,368
Sub-Total	527,352	474,454	457,702	53,345	65,294	140,081	14,465	18,494	21,510	17,621	15,569	13,433	79,112	76,378	83,425	135,984	131,385	171,500	226,825	167,334	27,753
International Narcotics Control:																					
Lebanon	-	65	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65	75
Singapore	-	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40	-
Syria	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8	-
Total	527,352	474,567	457,777	53,345	65,294	140,081	14,465	18,494	21,510	17,621	15,569	13,433	79,112	76,378	83,425	135,984	131,385	171,500	226,825	167,447	27,828

ECONOMIC AND SOCIAL DATA

REGION: ASIA

COUNTRY	POPULATION				HEALTH			EDUCATION					
	TOTAL (MID-1972)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICUL- TURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECT- ANCY	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
			1960	1971					1960	1969	1960	1969	
	MILLIONS	PERCENT							YEARS	THOUSANDS		AS PERCENT 5-19 AGE GROUP	PERCENT
Afghanistan	18	2.3-2.7	7	8	82	20,670	39	184	192	660 ^a	4	11 ^a	8
Bangladesh	76	2.7	5	5	80	8,860	46	125	3,872	6,355 ^b	19	23 ^c	22
India	590	2.2 ^d	18	20	73	4,800	51	128	37,000	54,100 ^{E, b}	24	33 ^b	29
Indonesia	126	2.7	15	17	66	27,750	48	135	9,702	14,440	33	38	43
Korea	33	2.0	28	39	48	2,000	60	60	4,440	7,984 ^e	52	66 ^e	71
Nepal	12	2.1-2.3	3	5	92	49,100	42	162	188	552	6	15	9
Pakistan	61	2.7	23	26	53	4,260	50	132	2,680	5,175 ^{E, b}	17	23 ^c	16
Philippines	41	3.3	30	37	57	2,900	59	78	4,859	9,111	47	64	72
Turkey	37	2.6	26	35	72	2,220	57	119	3,348	6,091	36	49	46
Yemen Arab Republic	6	3.0	5	6	73	62,700	44	152	64 ^f	76	4 ^f	4	10 ^E

NOTE: Where year is not stated, data are most recent information available. Data for developing countries often represent approximate orders of magnitude rather than precise measurements and may not be fully comparable between countries.

E - Estimate.

a - 1970. b - 1968. c - FY 1966/67. d - Based on a recent U.S. Bureau of the Census evaluation of Indian census data which revises the rate previously used by A.I.D. e - 1971. f - 1962.

ECONOMIC AND SOCIAL DATA

REGION: ASIA

11

COUNTRY	GROSS NATIONAL PRODUCT				AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE				
	TOTAL GNP 1972 ^a	PER CAPITA GNP 1972 ^a	AVERAGE ANNUAL GROWTH RATE 1967-72		AVERAGE ANNUAL GROWTH RATE 1967-72		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)	
			TOTAL GNP	PER CAPITA GNP	TOTAL	PER CAPITA	1967	1972 EST.		1967	1972 EST.
	\$ MILLIONS	DOLLARS	PERCENT		PERCENT		\$ MILLIONS		ITEM	\$ MILLIONS	
Afghanistan	1,575 ^b	90 ^b	n.a.	n.a.	n.a.	n.a.	66 ^c	95 ^d	Fruits, nuts, karakul skins, natural gas, cotton	138 ^c	118 ^d
Bangladesh ^e	4,300 ^f	60 ^f	n.a.	n.a.	-1.7	-4.2	477	154 ^g	Jute & Jute manufactures	538	213 ^g
India ^h	59,010	99	3.5	1.3	4.9 ⁱ	2.8 ⁱ	1,598	2,540	Jute products, cotton products, tea	2,676	2,220
Indonesia	8,940	71	6.8	4.1	3.7	1.0	771	1,778	Oil & products, rubber	806	1,287
Korea	9,050	274	10.6	8.4	1.7	-0.5	320	1,624	Textiles, clothing, plywood, fish	996	2,522
Nepal	903 ^b	80 ^b	n.a.	n.a.	n.a.	n.a.	29 ^c	22 ^d	Food, jute	37 ^c	39 ^d
Pakistan ^j	4,740 ^d	79 ^d	4.3 ^k	1.6 ^k	4.7	1.9	650	570	Cotton & cotton manufactures	864	700
Philippines	7,960	195	5.9	2.4	4.1	0.8	822	1,170	Coconuts, wood, sugar	1,172	1,210
Turkey	14,040	378	7.1	4.5	2.4	-0.2	522	820	Cotton, hazelnuts, tobacco	691	1,480
Yemen Arab Republic	472 ^b	80 ^b	n.a.	n.a.	n.a.	n.a.	7 ^l	6	Coffee, qat, cotton	45 ^l	88

n.a. - Not available. E - Estimate.

a - Estimates based on 1971 prices and year-end exchange rates. b - 1971. c - FY 1967/68. d - FY 1971/72. e - Trade data are on a fiscal year basis beginning July 1 and include trade with Pakistan. f - 1970. g - July-December 1972. h - GNP and trade data are for fiscal years beginning April 1. i - Excluding 1972 which was adversely affected by drought. j - Trade data are on a fiscal year basis beginning July 1 and include trade with Bangladesh. k - FY 1967/68-FY 1971/72. l - 1966.

ECONOMIC AND SOCIAL DATA

REGION: ASIA

III

COUNTRY	GOLD & FOREIGN EXCHANGE ^a			CENTRAL GOVERNMENT FINANCES ^b							
				EXPENDITURES						DOMESTIC REVENUES	
	1970 1971 1972			TOTAL		DEFENSE EXPENDITURES					
				AMOUNT		AMOUNT		AS % OF GNP ^c			
	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972	
\$ MILLIONS			\$ MILLIONS				PERCENT		\$ MILLIONS		
Afghanistan	46	61	56	194	203	30	31	1.9	n.a.	129	134
Bangladesh	---	---	250 ^E	---	n.a.	---	n.a.	---	n.a.	---	n.a.
India ^d	1,052	1,277	1,175(Oct)	10,938	11,423	2,207	2,220	3.8	3.4	8,863	9,357
Indonesia	157	144	n.a.	1,191	1,696	301	364	3.6	3.4	1,031	1,382
Korea	610	571	740	1,630	2,126	377	491	4.5	4.9	1,390	1,505
Nepal	95	108	106(Nov)	76	92	6	6	0.6	n.a.	45	51
Pakistan ^e	182 ^f	181	273	932	1,237	368	385	7.8	n.a.	728	939
Philippines	251	382	551	828	922	107	102	1.4	1.2	766	859
Turkey	431	761	1,401	2,578	3,447	636	700	4.9	4.4	2,322	3,619
Yemen Arab Republic ^g	n.a.	n.a.	n.a.	51	58	16	17	3.3	n.a.	20	30

n.a. - Not available. E - Estimate.

a - Official reserves, gross basis, end of year. b - Converted at 1971 year-end exchange rates; 1972 data are estimates. c - Derived from current price data. d - Gold and foreign exchange data are for fiscal years ending March 31 of the following year. Government Finances data are for fiscal years beginning April 1. e - Government finance data are for fiscal years beginning July 1. f - Includes data for East Pakistan (Bangladesh). g - Fiscal years ending June 30.

TURKEY

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	40,000	-	-	-	40,000	-	-
Devel. Grants	3,263	591	-	1,780	-	-	892
Other	15,700	-	-	-	-	-	15,700 ^{a/}
Total	58,963	591	-	1,780	40,000	-	16,592
1973							
Devel. Loans	40,000	10,000	-	-	30,000	-	-
Devel. Grants	2,593	691	93	1,061	-	-	748
Other	5,000	-	-	-	-	-	5,000 ^{a/}
Total	47,593	10,691	93	1,061	30,000	-	5,748
1974							
Devel. Loans	40,000	4,000	-	-	36,000	-	-
Devel. Grants	2,510	569	60	1,053	-	-	828
Other	15,000	-	-	-	-	-	15,000 ^{a/}
Total	57,510	4,569	60	1,053	36,000	-	15,828

^{a/} Narcotics Control

Turkey is a close and valued ally of the United States and a partner in our efforts to eliminate illegal narcotics traffic throughout the world. The assistance Turkey has received from the United States and other donors has been used effectively to build a dynamic economy able to feed its people, provide expanded educational and social benefits, and fuel a rapid rise in per capita income. In 1972, industrial production increased by about 10%, and the overall economy grew by 7.8%.

Turkish governmental and non-governmental organizations are improving their ability to plan and analyze programs to address key development problems. This maturity permits A.I.D. to explore new methods to continue U.S. links with

Turkey, utilizing institutions and resources in which the Agency has made significant investments in prior years.

The growth of Middle East Technical University (METU) provides one example of an A.I.D. investment in what now appears to be a viable innovative institution whose able leaders show a real concern for Turkish development progress. Its staff and facilities are actively involved in solving Turkish development problems. METU staff collaborate with educational planners in the Ministry of Education on applications of computerized statistical analyses to national educational planning. Its Faculty of Administrative Sciences has taken a keen interest in the lack of trained managerial manpower and the need for improved public administration skills. A.I.D. is relying in part upon this institution to develop the analyses and planning underlying a proposed management education project.

Increasingly, Turkey looks to the World Bank and commercial sources of capital financing for its development needs. In the last two years, the World Bank has approved loans totalling \$271 million for Turkey. This level of lending is expected to continue. At the same time, A.I.D. looks forward to the successful completion of its concessional lending and transition to conventional commercial and technical relationships based on full partnership and mutual benefit.

This year, Turkey launches its third Five-Year Plan for economic and social development aimed at accelerating growth and laying the foundations which will permit entry into the European Community on a fully competitive basis. To attain the Plan's goals, Turkey will need external capital and technical skills. In the years immediately ahead, Turkey faces difficult development problems. As elsewhere in the developing world, a high population growth rate (2.6%) vitiates many of the benefits of economic growth, while unemployment increases and rapid urbanization creates social and economic problems.

TURKEY

Turkey's balance of payments has improved dramatically in the last few years largely as a result of remittances home from Turkish workers in Europe. To sustain Turkey's recent economic gains, inflation -- which erodes the competitive position of Turkish exports -- will have to be brought under control. Greater attention will have to be given to economic efficiency and resource management.

In recent years, agriculture has been a strong point in economic growth. Turkey has been able to grow enough wheat to feed itself, and the rapid increase in agricultural exports to Europe has helped Turkey's balance of payments. However, the farmers of the dry Anatolian plateau of Turkey have not shared the full benefits of recent progress and attention to the special problems of dry land agriculture is needed.

To help Turkey address some of these problems, A.I.D. intends, as in the past, to participate in the multilateral consortium assistance effort under the chairmanship of the Organization for Economic Cooperation and Development. In previous years, the United States provided a major share of consortium aid, mostly in the form of program assistance. This form of general balance of payments aid is no longer needed and the United States share of total aid has declined. This permits a concentration of U.S. assistance in areas which have not received the full benefit of recent economic progress, where the United States has particular interests and competence. The FY 1974 request marks the beginning of this evolution of the A.I.D. effort.

FY 1974 A.I.D. PROGRAM

A.I.D. proposes assistance to Turkey for FY 1974 in the form of Development Loans of \$40 million and Development Grants of \$2.5 million. Project loan financing is being considered for these purposes: to permit farmers in coastal and south-eastern Turkey to purchase land-leveling services to increase the productivity of their lands; to bring roads, pure drinking

water, and electricity to Turkish villages in remote and under-privileged sections of rural Anatolia; to increase Turkey's copper ore production in support of an existing A.I.D. copper refining project; and to relieve the country's growing shortages in the electric power field.

Grant technical assistance will support projects in agriculture, education, and management. In education, funding is requested for Bosphorous University. Begun in FY 1973, this project places responsibility for grant implementation on the University and encourages direct links with the U.S. academic community. The grant provides for participant training, U.S. teaching staff, and library support and includes an incentive fund to stimulate gifts and endowments to the University. The fund-raising experience associated with the matching incentive provision hopefully will enable the University to continue its association with U.S. educators after A.I.D. financing has ended.

In agriculture, ongoing programs are being extended in dry land cereals production and irrigated land development. In both cases the extensions are modest and reflect a reappraisal of what is required to complete highly successful projects.

In the area of management, the United States will assist Turkish organizations to identify and analyze management training resources and problems. A small grant project in cooperation with private Turkish management groups will provide advanced professional training for exceptional teachers of management. Finally, small grants are requested for consultants and training to top off successful technical assistance programs in statistics and finance which will enable the cooperating institutions to build U.S. counterpart relationships they can sustain.

These projects support the general trend in the A.I.D. technical assistance program, depending increasingly on Turkish initiatives and Turkish planning. As the Government assumes the planning as well as the implementing role, A.I.D. expects

TURKEY

Turkey to begin to assume the financial burden. We foresee the evolution of our grant technical assistance relationship into a technical interchange fully financed by the principal beneficiaries.

Narcotics Control

The Government of Turkey has reaffirmed its 1971 decision to prohibit all opium poppy cultivation. It has increased the

Turkish law enforcement budget and is cooperating with U.S. Bureau of Narcotics and Dangerous Drugs advisors to eliminate drug traffic. In FY 1974, narcotics control funds totalling \$15 million are requested for the final part of the U.S. pledge of \$35 million to help Turkey cushion the economic difficulties created by the opium ban. Of this amount \$5 million will offset foreign exchange losses, and \$10 million will finance development activities in the seven provinces where poppies were grown.

YEMEN ARAB REPUBLIC

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,600	427	430	122	271	-	350
Other	-	-	-	-	-	-	-
Total	1,600	427	430	122	271	-	350
<u>1974</u>							
Devel. Loans	5,000	-	-	-	5,000	-	-
Devel. Grants	2,200	587	255	323	585	-	450
Other	-	-	-	-	-	-	-
Total	7,200	587	255	323	5,585	-	450

The Yemen Arab Republic has been classified by the UN as one of the world's 25 least developed countries. Its population of 6 million is over 90% rural; per capita GNP is about \$80, and the literacy rate is estimated at 10%.

The current Yemen Government was formed after adoption of a Constitution in 1971, followed by Yemen's first nationwide elections. Its moderate leadership, concerned with improving the welfare of the people of Yemen, has requested that the United States resume an assistance program.

The United States provided grant aid to Yemen from 1959 until 1967 when the program and diplomatic relations were unilaterally terminated by the Yemen Government. Following a period of political turmoil and civil war, which ended in 1970, the

U.S. Interest Section of the Italian Embassy was opened. In July 1972, the Secretary of State met with the Prime Minister of the Yemen Arab Republic in the capital city, Sana'a and announced the re-establishment of diplomatic relations.

The United States sent a team to Yemen in the fall of 1972 to review Yemen's development priorities and discuss how the United States might best support the international effort to help this struggling nation with its pressing social and economic problems. Yemen presently receives grant and loan assistance from a number of countries and organizations, including the UN, Saudi Arabia, West Germany, the Kuwait Fund, and the World Bank.

From A.I.D.'s discussions with Yemen officials, a consensus emerged on program priorities, taking the following factors into consideration: that a start had been made toward successful development activities under previous A.I.D. programs; a need existed for project analysis and feasibility studies to make the most effective use of offers of assistance from other donors; the immediate need to exploit water resources and increase agricultural production; and the importance of long-term training in management and resource development.

FY 1974 A.I.D. PROGRAM

A.I.D. proposes for FY 1974 Development Grants of \$2.2 million and a \$5 million Development Loan. Development Grants are proposed for seven programs. Three of these programs will bring potable water to the cities and villages of Yemen. The Taiz city water system which, for lack of maintenance and support during the civil war, is now functioning at less than 50% of capacity, will be rehabilitated. An emergency potable water program will be established for the city of Sana'a to extend the number of drinking water outlets and increase pumping capacity pending initiation of a major water and sewer project now being studied by the World Bank. A village wells community action project will be initiated for the rural

YEMEN ARAB REPUBLIC

areas of Yemen. The latter activity is to be modeled on the successful rural development program carried out by A.I.D. in Yemen in the middle 1960's. Under this program the villages share in the cost of the projects by providing labor and a portion of the local costs, and villagers are trained in project operation and maintenance.

A.I.D. also proposes to fund a variety of technical and economic studies to enable Yemen to identify investment priorities to attract and more effectively utilize contributions from other donors. In food production, A.I.D. proposes a cooperative effort with the Ford Foundation to introduce new sorghum (the basic Yemen food grain) varieties and new farming practices with the long-term objective of making Yemen self-sufficient in sorghum and releasing some sorghum acreage for other uses. A project in poultry production is also planned.

Finally, A.I.D. plans a training program to provide short-term study in specialized technical skills and long-term academic degree training in the basic fields of public adminis-

tration, economics, and management to improve the capability of both the private and public sectors to carry out development programs.

The \$5 million loan requested from FY 1974 funds is for the construction of a sewer and water system for the city of Taiz. It builds on the successful Taiz water system project of the early 1960's and the emergency rehabilitation of the system being conducted under a technical assistance grant. The population of Taiz has more than tripled in recent years and the city has no sewer system. The drinking water that is available is easily contaminated. Yemen's economic situation dictates the softest terms for this major capital project. The Yemen Arab Republic will make a contribution commensurate with its means but A.I.D. anticipates financing substantial local costs as well as all the foreign exchange costs for the project. The project is given highest priority by the Yemen Government and will make a major contribution to the health and well-being of the people of Taiz, Yemen's second largest city.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	14,508	925	3,347	7,644	272	984	1,336
Other	-	-	-	-	-	-	-
Total	14,508	925	3,347	7,644	272	984	1,336
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	14,356	1,000	1,647	8,505	500	1,385	1,319
Other	-	-	-	-	-	-	-
Total	14,356	1,000	1,647	8,505	500	1,385	1,319
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	13,140	900	2,615	6,457	300	1,500	1,368
Other	-	-	-	-	-	-	-
Total	13,140	900	2,615	6,457	300	1,500	1,368

The objective of the regional Development Grant program is to encourage Asian nations to cooperate on matters of mutual interest and solve problems through joint action. The program finances the training of Asian students at the American University of Beirut in development oriented disciplines and supports regionwide surveys, studies and research programs. In addition, this year's request includes regional development projects which were presented in the Security Assistance Program Request for FY 1973.

Human Resource Development

A.I.D. has supported a scholarship program at the American University of Beirut since 1952. Undergraduate studies in agriculture, education, public health and nursing, engineering,

and public and business administration are financed under this project. This is the third year of A.I.D.'s support of a fellowship program in agricultural economics and social studies sponsored by the prestigious Agriculture Development Council. Under the regional program for Southeast Asia, A.I.D. will continue to assist six institutions--each located in a different country--carrying out research and training in agriculture, tropical medicine, tropical biology, science and math, and new education methods. We also are assisting the Asian Institute of Technology in Bangkok.

Pilot Programs and Studies

Special studies on Development Loan and Grant projects--prior to or during the implementation phase--are carried out under the Regional Program.

Population Planning and Health

A.I.D. finances a number of studies and projects on planning and implementing population programs throughout the region.

Family planning activities of voluntary organizations in the region, formerly included in this project, are now included under the Agency's inter-regional program.

Cholera Research Laboratory: Under the direction of the National Institutes of Health, A.I.D. plans to continue support of the Cholera Research Laboratory at Dacca to develop and demonstrate improved techniques for the prevention of cholera epidemics. The program encompasses technical services, laboratory supplies and equipment, training, and field tests leading to the development of an improved vaccine. This year the laboratory will begin field-testing the vaccine.

CENTO Programs

A.I.D. will continue to assist CENTO's Multilateral Technical

ASIA REGIONAL

Cooperation (MTC) program, and Science, Industry and Books Funds. The CENTO MTC program finances the exchange of experts among regional countries and intra-regional study panels on such problems as food production and distribution, improvement of nutrition, industrial materials testing, the maintenance of electronic equipment, and the carrying out of sample surveys. MTC also provides scholarships at leading

Asian institutions for students from CENTO countries and special short-term training programs.

Lastly, this project provides for U.S. participation in CENTO conferences, which, during the last year, met on such topics as irrigated agriculture, middle level education, and minerals research.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	53.6	59.0	2,129.6	216.8	1,912.8		
Loans	50.0	40.0	1,152.1	216.8	935.3		
Grants	3.6	19.0	977.5	-	977.5		
(Supporting Assistance)	(-)	(-)	(823.6)	-	-		
FOOD FOR PEACE - TOTAL	29.0	7.9	546.8	122.7	424.1		
Title I - Total	21.8	-	418.5	122.7	295.8		
REPAYABLE IN U.S. DOLLARS - LOANS	21.8	-	78.2	18.2	60.0		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	340.3	104.5	235.8		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(501.4)	(-)	(501.4)		
Title II - Total	7.2	7.9	128.3	-	128.3		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	1.5	1.1	53.9	-	53.9		
VOLUNTARY RELIEF AGENCIES	5.7	6.8	74.4	-	74.4		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.1	*	27.4	14.7	12.7		
PEACE CORPS	0.1	*	15.2	-	15.2		
OTHER	-	-	12.2	14.7	-2.5		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	82.7	66.9	2,703.8	354.2	2,349.6		
Loans	71.8	40.0	1,468.0	354.2	1,113.8		
Grants	10.9	26.9	1,235.8	-	1,235.8		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	11.0	34.9	123.5	79.4	44.1		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	11.0	34.9	123.5	79.4	44.1		
TOTAL ECONOMIC PROGRAMS	93.7	101.8	2,827.3	433.6	2,393.7		
Loans	82.8	74.9	1,591.5	433.6	1,157.9		
Grants	10.9	26.9	1,235.8	-	1,235.8		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	99.4	75.7	3,104.4	-	3,104.4		
Credit Sales (FMS)	-	15.0	15.0	-	15.0		
Grants	99.4	60.7	3,089.4	-	3,089.4		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	35.7	35.1	231.9	-	231.9		
OTHER GRANTS	7.5	41.4	239.1	-	239.1		
TOTAL MILITARY PROGRAMS	142.6	152.2	3,575.4	-	3,575.4		
TOTAL ECONOMIC AND MILITARY PROGRAMS	236.3	254.0	6,402.7	433.6	5,969.1		
Loans	82.8	89.9	1,606.5	433.6	1,172.9		
Grants	153.5	164.1	4,796.2	-	4,796.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	127.3	160.2	762.9	TOTAL	76.4	96.9	750.4
IBRD - World Bank	94.5	137.0	375.7	Germany	38.1	27.6	344.0
Int'l Finance Corp.	9.1	1.0	29.8	Italy	5.8	28.1	136.4
Int'l Dev. Association	19.5	20.3	132.1	U.K.	12.4	14.8	118.4
UNDP - Special Fund	3.5	1.0	29.5	France	3.2	6.8	47.2
UNDP - TA (CY)	0.6	0.7	11.7	Other	16.9	19.6	104.6
Other UN (CY)	0.1	0.2	9.1				
EEC - Eur. Invest. Bank	-	-	175.0				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	158		
				Cumulative thru 1972	548		

*Less than \$50,000.

YEMEN ARAB REPUBLIC
(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	-	-	32.4	-	32.4		
Loans	-	-	-	-	-		
Grants	-	-	32.4	-	32.4		
(Supporting Assistance)	(-)	(-)	(25.1)	-	-		
FOOD FOR PEACE - TOTAL	*	*	10.3	-	10.3		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	*	*	10.3	-	10.3		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	10.1	-	10.1		
VOLUNTARY RELIEF AGENCIES	*	*	0.2	-	0.2		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	-	-	-	-	-		
PEACE CORPS	-	-	-	-	-		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	-	-	-		
TOTAL ECONOMIC PROGRAMS	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	*	-	*		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	*	-	*		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	*	-	*		
TOTAL ECONOMIC AND MILITARY PROGRAMS	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	3.6	10.1	19.8	TOTAL	4.9	9.7	18.4
Int'l Dev. Association	-	7.7	7.7	Germany	4.5	8.4	15.5
UNDP - Special Fund	3.3	0.3	5.8	Italy	0.1	1.2	2.1
UNDP - TA (CY)	0.3	0.5	3.3	Other	0.3	0.1	0.8
Other UN (CY)	*	1.6	3.0				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	21		
				Cumulative thru 1972	187		

*Less than \$50,000.

AFGHANISTAN

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	3,000	-	-	-	3,000	-	-
Devel. Grants	6,560	2,042	275	2,031	117	-	2,095
Other	-	-	-	-	-	-	-
Total	9,560	2,042	275	2,031	3,117	-	2,095
<u>1973</u>							
Devel. Loans	16,500	16,500	-	-	-	-	-
Devel. Grants	7,732	1,241	1,432	2,812	337	-	1,910
Other	60	-	-	-	-	-	60 ^{a/}
Total	24,292	17,741	1,432	2,812	337	-	1,970
<u>1974</u>							
Devel. Loans	10,000	10,000	-	-	-	-	-
Devel. Grants	7,587	1,015	1,087	3,135	400	-	1,950
Other	300	-	-	-	-	-	300 ^{a/}
Total	17,887	11,015	1,087	3,135	400	-	2,250

^{a/} Narcotics Control

Afghanistan ranks among the 25 least developed countries of the world. Economic development has been slow and sporadic. The country's rugged geography and diverse tribal groupings have isolated a large portion of its people from participation in the economy. The present Government is more development oriented than some of its predecessors and is anxious to increase development expenditures over previous levels. Its objective is to increase income generally and to accelerate agricultural development in particular.

While the USSR is the largest aid donor, the United States has been, since 1955, a significant contributor to Afghan development, providing nearly one-third of total external aid.

Since 1963, U.S. assistance has been concentrated on human resource development and management rather than infrastructure. Other major donors are West Germany, China, the UN, and the World Bank.

During 1970 and 1971, Afghanistan experienced a severe drought, necessitating extraordinary action by both the Government and foreign donors to avert widespread famine. Among the several efforts successfully mounted to relieve immediate food needs was "Operation Help." Initiated on a crash basis in October 1972, this program collected and distributed food, clothing and medical supplies to over 200,000 starvation-threatened people in the central highlands in areas so remote that their situation was not discovered until late last summer. "Operation Help" called forth a degree of coordination and organizational effort unprecedented in the Afghan experience. It included the establishment of a "situation room" in Kabul to monitor areas of critical need, the maintenance of round-the-clock contact with distressed areas, and massive mobilization of trucks and pack animals to carry supplies to remote areas. At least 12 countries contributed relief supplies, including PL 480 food commodities and technical advice from the United States. While the effects of the drought are now receding, vigorous efforts will continue through Spring 1973 to help those remaining areas where farmers have been unable to plant wheat and where the sheep population is severely depleted.

Food Production and Nutrition

Agriculture engages over 80% of the population. If Afghanistan is to achieve its goal of foodgrain self-sufficiency, it needs to increase its use of fertilizer. In 1971 an Afghan Government effort to distribute and finance fertilizer through official channels was only partly successful. In a new effort to bring fertilizer to the farmer in a timely manner and in sufficient quantity, the United States provided a \$16.5 million loan in FY 1973 to cover the foreign exchange costs of imported

AFGHANISTAN

fertilizer and the services of a U.S. contract management team to organize and help operate a newly formed private sector Afghan Fertilizer Corporation. To assure continued distribution of fertilizer through the private sector, a second loan of \$10 - \$15 million is planned in FY 1974, after which the organization is to be self-supporting.

In addition to ongoing assistance focused on development of the irrigated Helmand Valley, two new projects are proposed in FY 1974 to assist the Afghan Government expand farmer income, increase food production and improve rural life. One of these activities will help develop Afghan extension services, drawing on existing research capabilities and targeted to the production of specific, high potential crops. The second new project will support Afghan Government efforts to transform the successful Food for Work program begun during the drought into a country-wide rural works program. Otherwise unemployed manpower are used to build small-scale rural works including irrigation and drainage canals, farm-to-market roads, potable water systems, schools and other community facilities. The Afghan Government now wishes to exploit the momentum achieved in the earlier emergency program to foster small-scale rural development in all 28 provinces of the country. To accomplish this, a new organizational structure has been created to assure adequate planning, engineering and implementation of all projects. Aggressive new leadership has been appointed and the Afghan budget allocations have been increased 80%. The program will draw on the coordinated assistance of A.I.D., the Peace Corps, the World Bank, the UN and West Germany. A.I.D.'s contribution, through the new Rural Works Project, will include advisory personnel, food commodities, construction supplies, and training.

Human Resource Development

A major obstacle to Afghanistan's development has been the shortage of adequately trained technical, managerial and administrative manpower. In view of this need, A.I.D. will

continue to provide substantial assistance in FY 1974 to several key elements within the education sector.

Kabul University is Afghanistan's only institution of higher education in engineering, agriculture, education, public administration and law. Ten to fifteen years of U.S. assistance helped develop the faculties of engineering, education and agriculture, in addition to improving central administration services. In FY 1973, a three-year interim A.I.D. project was initiated which will provide specialized technical advisory and training assistance pending preparation by the University of a comprehensive new plan for its integrated long-term development.

In addition, the seven-year program initiated in 1966 to modernize the primary school curriculum in Afghanistan will continue. The Afghan Curriculum and Textbook Department's staff is being trained to write, edit and distribute the new series of elementary textbooks and teachers' guides. Approximately 50 new books, to be printed in 3.5 million volumes, are scheduled for introduction in the schools during 1974. Lastly, to help meet Afghanistan's shortage of management skills, A.I.D. will continue to provide middle level management training for carefully selected civil servants with demonstrated potential for leadership in the development effort.

Population Planning and Health

Afghan programs in public health and family planning are just getting underway. Although a demographic survey is not yet completed, it is estimated that the present population growth rate will result in a doubling of Afghanistan's population by about the year 2000. The implications of such growth for food needs, educational facilities and employment opportunities are just becoming evident to the country's leaders. As a first step toward the implementation of a combined health and family planning effort, A.I.D. has assisted the Afghan Government since 1970 with a demographic survey to provide basic data on family size and attitudes. Beginning in late

AFGHANISTAN

FY 1973, the United States will also assist in a program to train the nurses and mid-wives needed to staff basic health clinics and sub-health centers which will provide health services and family planning advice for the first time. A.I.D.

also will help establish an effective management support system in the Ministry of Public Health to control and distribute health and family planning supplies.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	-	-	-	-	-	-	-
Other	199,107	-	-	-	-	-	199,107 ^{a/}
Total	199,107	-	-	-	-	-	199,107
1973							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,000	-	1,000	-	-	-	-
Other	101,000	-	-	-	-	-	101,000 ^{b/}
Total	102,100	-	1,000	-	-	-	101,000
1974							
Devel. Loans	50,000	50,000	-	-	-	-	-
Devel. Grants	5,000	1,000	3,000	-	-	-	1,000
Other	500	-	-	-	-	-	500 ^{c/}
Total	55,500	51,000	3,000	-	-	-	1,500

a/ Relief and Rehabilitation - \$194,422,000; Contingency Fund - \$4,685,000

b/ Relief and Rehabilitation

c/ Relief and Rehabilitation reprogramming

The floods and cyclone of 1970 and the hostilities of March-December 1971, which led to the independence of Bangladesh, had disastrous effects on the people and left the economy devastated. The task which the authorities in the newly established country faced in early 1972 was overwhelming. Food and shelter had to be provided to millions of returned refugees; the governmental, administrative, and financial machinery had to be reconstituted; and the productive assets destroyed during the hostilities had to be reconstructed.

In its first year of independence, the Bangladesh Government

made progress in attacking its staggering problems. Refugees have been resettled, relief has been provided, and the widely-feared famine has not materialized. An administrative structure, whatever its deficiencies, has been established. Through a network of ration shops, food has been distributed in unprecedented amounts. The Government has implemented an urgent relief program including public works projects to stimulate employment, and has taken immediate steps to increase agricultural output and rehabilitate industry. Recently a constitution was promulgated, and elections in March of this year reaffirmed popular confidence in the Government of Sheikh Mujib.

Massive assistance came initially from India and subsequently from a number of other countries, particularly the United States. Much of it was channeled through the UN. In response to appeals for assistance issued by the UN Secretary General and the Government of Bangladesh, the world community has thus far donated or pledged over \$1.2 billion in aid of all types, as follows:

Commitments	(\$Million)	
	Value	% of Total
Bilateral	\$ 831.34	65.16
Multilateral	338.46	26.53
Voluntary agencies	105.96	8.31
Total:	\$1,275.76	100.00

Of the world total, \$358 million was donated in the form of food aid (including ocean transportation) and \$917 million was for other relief and rehabilitation purposes. Funds were used to purchase urgently needed commodities -- fertilizer, high-yield rice seed, cotton for the textile industry, vehicles, roofing materials, and industrial equipment; and for project assistance -- to repair railways and bridges, salvage and

BANGLADESH

clear ports, build wells for irrigation and potable water supplies, provide boats and nylon twine for fishermen, repair and rebuild schools and health centers, charter aircraft, and restore telecommunications facilities.

Early in 1972, the U. S. Government indicated its willingness to assume a fair share of this humanitarian burden, initially with grants to the UN and U.S. voluntary agencies and, following the establishment of diplomatic relations, by means of grants directly to the Bangladesh Government. To date, the United States has committed \$332 million in food and grants, or just under 30% of total assistance from all contributors.

The U.S. contribution has consisted of:

- Over 1 million tons of wheat, rice, edible oil and high protein food at a world market value of \$150 million to counter the combined threats of hunger and malnutrition.
- \$115 million in bilateral grants to the Bangladesh Government to meet priority relief and reconstruction needs, such as repair and construction of coastal embankments, restoration of power supplies and inland waterways, rebuilding of roads and bridges, reconstruction of rural health centers and schools, and procurement of textbooks, supplies and equipment lost during the civil war; and to procure commodities, such as fertilizer and cotton, to rehabilitate agriculture and industry.
- \$35 million in a grant to the UN for critical food transport operations, such as the chartering of inland water vessels, tugs and barges to augment the extensively damaged rail and road transport network, air charters, procurement of cargo handling equipment, and other logistical support.
- \$21 million in grants to 12 U.S. voluntary agencies to help restore the homes and livelihoods of thousands of Bengalee families through the provision of roofing materials to allow them to rebuild their villages; for airlifting food to

inaccessible areas of the country; for educational stipends to college students to help them resume their studies; for large-scale rural rehabilitation, providing tools, equipment and other essentials to thousands of farmers, fishermen and tradesmen so that they can become self-sufficient; to provide volunteer technicians to support the work of Bangladesh cooperatives and other insititutions; and to provide nutritional and medical assistance to minorities and other specially needy groups.

- \$11 million for other needs including the charter of the 100,000-ton S.S. Manhattan to serve as a floating silo to expedite the handling of incoming food shipments off the damaged port of Chittagong; to meet the ocean freight costs of donated rice; and to provide assistance in the field of health and nutrition.

These U.S. commitments for Bangladesh relief and rehabilitation have come from the following funding sources:

	(\$Million)
FY 1971 Contingency Fund	\$ 4.7
FY 1972 South Asia Relief Appropriation	172.0
FY 1973 South Asia Relief Appropriation	5.1
FY 1973 A.I.D. Asia Bureau Regional Funds	.4
FY 1972 PL 480 Title II	90.7
FY 1973 PL 480 Title II	<u>58.9</u>
	\$331.8

Agriculture is the mainstay of the Bangladesh economy, accounting for nearly 55% of gross domestic product. Since 95% of

BANGLADESH

the population is rural, the rehabilitation of agriculture was an urgent requirement after the war. Soon after independence, the Bangladesh authorities embarked on a program designed to increase agricultural output from the depressed levels of the previous two years. This program called for an expanded supply of agricultural inputs (fertilizer, pesticides, seed, pumps, etc.) and subsidized or free distribution of some of these items. A monsoon caused the main rice crop to fall some 1.1 million tons below the pre-war (1970) level. A recent UN survey concluded that Bangladesh will need over 2 million tons of imported foodgrains during 1973 merely to maintain the present low level of per capita consumption. In addition, substantial quantities of fertilizer, pesticides, and high-yield seed varieties will need to be imported and sufficient credit made available to farmers if Bangladesh is to feed itself in the future.

Industry also has not fully recovered. Industrial activity came to a virtual standstill in late 1971. Despite some rapid initial recovery, especially in the jute industry, industrial activity has continued to be depressed because of shortages of raw materials, spare parts, and capital goods; the loss of skilled labor and managers; the loss of traditional markets, and disrupted domestic transportation.

The Bangladesh Government will need to continue to rely upon the international community to support its effort at economic recovery. This will require a continued sizable inflow of donated commodities as well as project aid in areas where damage and disruption are still evident. To help maintain this assistance, the special UN Relief Operations in Dacca (UNROD) will continue through 1973.

The \$100 million relief appropriation for FY 1973 provides the means for continued U.S. participation in this international rehabilitation and reconstruction effort. It will be used for project assistance in critical areas, particularly the rehabilitation and expansion of agricultural cooperative and training

facilities and the construction of ferry landings and bridges, and for commodity imports such as fertilizer, cotton, and pesticides from the United States for reconstruction needs. FY 1973 funds will also help meet UNROD's request for funds to cover its operations on a phase-down basis through 1973, and to support several voluntary agency vocational rehabilitation and agricultural demonstration activities. The U.S. contribution will, as in the past, be limited to no more than one-third of the total contributed by the international community as a whole.

Bangladesh faces debt service problems for pre-independence debts, but the Government is reluctant to discuss the issue until Pakistan recognizes Bangladesh's existence and until resource allocation in the pre-independence (1947-1971) period is discussed. Nevertheless, Bangladesh is being asked by creditor nations to accept some liability. The World Bank is taking the lead, on behalf of the creditors, in seeking a solution to this very sensitive problem.

Looking beyond the immediate needs of rehabilitation and reconstruction, the Bangladesh Government is taking steps to organize for the longer-term tasks of development. An important step was the meeting of aid donors and international organizations, invited to Dacca at the end of March, to discuss Bangladesh's plans for development and future aid requirements. In line with priorities already articulated in the 1972/73 development plan, emphasis will continue to be placed on rural development. The Bangladesh Government recognizes that greater production of foodgrains is basic to overall development and improvement in the incomes and conditions of the mass of people. This priority objective is to be achieved through greater use of high-yielding seed varieties, provision of other agricultural inputs and credit, and through substantial investment in pumps, tubewells and plant protection equipment.

The U.S. Government stands ready to associate its development assistance with Bangladesh's priority concerns. In doing

BANGLADESH

so A.I.D. resources will continue to be given in a multilateral context.

Attention in FY 1974 will be focussed on the interrelated problems of food production, employment, and population. To help increase yields of foodgrains, A.I.D. will continue to provide agricultural inputs -- fertilizer, pesticides, high-yielding seed -- through a Development Loan rather than in grants as in the two previous fiscal years. The loan will be coordinated with steps taken by the Bangladesh Government.

A.I.D. also plans in FY 1974 to assist the Bangladesh Government by means of a loan to develop the institutions needed for rural development, employment and increased agricultural productivity. Funds will be used to assist in the planning and construction of cooperative and training facilities, expand small farm irrigation, finance labor-intensive rural works, and provide cooperative credit.

U.S. technical assistance will be associated with capital assistance through a \$1 million Development Grant program. Consultants, technical services and training will be provided through a grant to the Bangladesh Government which will in many cases contract directly for the specific services and training it needs.

In determining where U.S. Government assistance should be directed, particular attention is given to creating employment, a priority concern of the Bangladesh Government. In an overwhelmingly agrarian society, the solution to the

employment problem must lie in the countryside, for agriculture will remain the country's principal employer. The application of modern inputs and development of pump and well irrigation on poor rain-fed lands permit more intensive cultivation and result in increased agricultural production, both of which increase the demand for labor. A.I.D. will also continue to support the Rural Works Program which remains the most important source of seasonal employment for surplus rural labor.

Employment generation and increased food production will be of little avail, however, unless linked with programs to limit population growth. Per capita improvements will be impossible unless a substantial reduction in the rate of population growth is achieved. Fundamental barriers to widespread acceptance of family limitation persist and include personal motivation, the poor quality of health services and infrastructure in rural areas, high rates of infant and child mortality, and administrative and management problems. These obstacles are compounded by major differences within the Government on how population control and family planning programs should be organized.

Despite these difficulties, certain projects will be initiated with A.I.D. assistance: the provision of contraceptives, expansion of the post-partum program, consultant services for population planning, technical and commodity assistance in communications, a survey of alternative means of delivering non-clinical, conventional contraceptives, and expansion of domestic pill production capacity.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	5,560	3,359	512	338	-	-	1,351
Other	-	-	-	-	-	-	-
Total	5,560	3,359	512	338	-	-	1,351
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,135	872	135	20	-	-	1,108
Other	-	-	-	-	-	-	-
Total	2,135	872	135	20	-	-	1,108
<u>1974</u>							
Devel. Loans	75,000	-	-	-	-	75,000	-
Devel. Grants	1,500	-	-	179	500	-	821
Other	-	-	-	-	-	-	-
Total	76,500	-	-	179	500	75,000	821

The United States suspended a major part of its assistance program to India on December 6, 1971. This was approximately \$87 million of Development Loan funds which had not been covered under letters of credit. The suspension action was taken on the basis of a determination that a general economic development program for which such aid was intended could not be carried forward. The suspension was lifted during the week of March 14, 1973.

During the suspension period no new loans were made, either from FY 1972 or FY 1973 funds, nor were any new PL 480 Title I sales made. Ongoing technical assistance activities are being phased out as the result of joint discussions between the United States and India. The PL 480 Title II grant program through U.S. voluntary agencies has continued at a level

of about \$50 million annually. The United States has also participated in FY 1973 in a multilateral rescheduling of Indian debt.

Pending further clarification of the nature of our future economic relationship with India, we are provisionally requesting \$75 million in Development Loans for India in FY 1974.

During the post-war period, India has sought to become more self-reliant economically--a goal born partly out of necessity, in view of declining net foreign aid availabilities, and partly out of a growing confidence that the country could do more with its own resources. Self-confidence was based in large part on earlier success in increasing food production. For several years foodgrain production had shown dramatic increases culminating in a record harvest of over 108 million tons in 1970/71. This achievement, common to other Asian countries during the same period, and known widely as the "green revolution" owed its success to the introduction of new high-yielding seeds, primarily wheat, and to increased use of fertilizer and other modern inputs. During the same period, however, India's already-large population was increasing by about 13 million people per year and the Government's large family planning program was barely beginning to have an impact. Thus the annual increases in harvests of foodgrains were becoming essential to keep up with per capita consumption requirements. In the summer of 1972, the rains failed, in some local areas for the third straight year. Major losses were realized in the foodgrains crop and millions of people in the drought-affected areas are still experiencing shortages. The government's comfortable reserve of 9 million tons of grain in June 1973 (even after feeding the Bengalee refugees) has been almost depleted. As a result, the Government has tapped its foreign exchange reserves to purchase 2 million tons of grains on the international market. Late harvests may bring the total foodgrains production for 1972/73 up to 98 million tons.

INDIA

Industrial growth was sharply reduced in 1971, but recovered in 1972. Averaging around 6% in the 1968-1970 period, it fell to 2.9% in 1971 and rose to about 7% in 1972, still short of the annual 9% rate the Indian Government had set as a goal in its fourth Five-Year Plan. Lack of imported raw materials for both public and private sectors has prevented full use of plant capacity. Shortages of imports are due in part to the reduction of net aid from 1968 and a conservative Indian policy on the maintenance of reserves. The low level of imports has also affected net domestic investment which in 1971/72 was only 11.5% of net domestic product. The percentage for 1972/73 is estimated to be slightly higher but still well below that of the 1960's.

Lagging growth in both agricultural and industrial sectors is expected to result in an overall economic growth rate in 1972/73 of about 2%, a repeat of 1971/72 performance, which will result in a slight decline in per capita income, given continued annual population growth of about 2.2%. Additional factors inhibiting economic growth are an escalating rate of inflation, and increased debt service.

Foreign aid to India has been provided primarily through a Consortium of Western donors under the leadership of the World Bank. The Consortium periodically reviews India's performance and has determined in recent years that India can effectively use more aid resources. As a result the World Bank has been increasing its aid--from \$150 million in FY 1967 to over \$400 in FY 1972. Other donors have also increased their contributions. U.S. aid, during the period 1967-71, declined, absolutely and relatively, from 46% of Consortium aid in FY 1967 to 25% in FY 1971.

A.I.D. Development Loans to India averaged close to \$200 million a year between 1968 and 1971, and Development Grants averaged close to \$10 million a year. U.S. technical assistance has played an important part in the Government's efforts to spread the benefits of modern agricultural and educational technology to its people. The Agricultural Universities

Development project is a good example of the value of technical assistance sustained over a number of years. Over the past 15 years, about \$25 million has been contributed to the establishment of 8 service-oriented state agricultural universities in India. These institutions, based on the U.S. land-grant college concept, stress a practical approach to solving problems through the interrelationship of education, research, and extension. The Indian universities have now reached a point where they can continue with very substantially reduced assistance from the United States. Another technical assistance activity, concentrating on agricultural production problems, was responsible for dramatic increases in foodgrain production between 1966 and 1970 in the states of Tamil Nadu and Mysora. Most of our on-going technical assistance projects have either been completed or are being phased out by June 30, 1973. This reflects the Government's intention to become more self-reliant and to be more selective in terms of what it determines to be its highest priority needs.

Against formidable odds, India retains a determination to tackle its basic human problems in the context of a democratic society. The current depressed development rate has frustrated the Government's effort to raise the standard of living of the third of the people living below the poverty line. India has proposed or developed programs to reach small scale farmers, landless rural families, unemployed rural laborers, and undernourished children. It has become increasingly difficult, however, for India to achieve sufficient economic development to generate the resources needed for those social programs.

FY 1974 A.I.D. PROGRAM

A.I.D. has not engaged in official discussions with the Government of India concerning possible future assistance. However, our familiarity with the current Indian economic situation leads us to conclude that there are certain requirements which are given high priority by India, and involve goods and

INDIA

services appropriate for U.S. financing, some of which are described below.

India is suffering from a serious power shortage. Demand is rising faster than supply and, at the current rate, installed generating capacity by March 1974 (the end of the fourth Five-Year Plan) will fall considerably short of need. Power shortages are critical for a number of sectors, particularly agriculture, where they cause cutbacks in irrigation pumping and reduce fertilizer plant output. Our expertise in this field could respond to important needs for power sector studies, and our equipment and technology could supply essential plan components and emergency generation equipment. A considerable sum of money could be committed early in this key sector.

Fertilizer is another critical need. The demand for fertilizer is far greater than the amount of fertilizer Indian plants are producing. The United States has provided fertilizer in the past as well as loans for fertilizer plants including one of \$21 million to the Indian Farmers Fertilizer Cooperative (IFFCO) to construct a large plant in association with the U.S. cooperative movement. The 800,000 tons of finished product that will be produced will be marketed throughout India by IFFCO's 40,000 member coops. While the plants are under construction, IFFCO is conducting a country-wide seeding program to help familiarize farmers with its products, superior to other fertilizers available but new to the farmers. Despite the success of this activity, supplies are very short due to present economic

difficulties. Substantial assistance from the United States could also be used quickly and effectively to expand fertilizer output.

Beyond the needs cited above which can absorb large amounts of money, there are also important specific human resource needs in such areas as agriculture, education, population and family planning, health, and rural development, for which U.S. specialists or training in the United States could provide useful assistance. Due to the growth of many Indian institutions, aided in part by the United States, and due to the greater availability of competent Indian personnel, an important need in India now is for specialized, high-level services and training chosen by India to complement existing Indian talent to help break development bottlenecks. We might provide selected assistance of this kind in science education, specialized agricultural research, population dynamics, environmental studies, nutrition, food processing technology, and educational technology. Such expertise or training could be made available on a grant basis. India would play the major role in selection of specialists and placement of Indians in training abroad, and India would also assume a share of the costs.

As noted above, and pending further clarification of the nature of our future economic relationship with India, we are provisionally requesting \$75 million in Development Loans for India in FY 1974 to help meet such needs as power and fertilizer. We are also provisionally requesting \$500,000 for a Development Grant to address specific human and institutional problems.

NEPAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,995	575	383	549	-	-	488
Other	-	-	-	-	-	-	-
Total	1,995	575	383	549	-	-	488
<u>1973</u>							
Devel. Loans	6,000	-	-	-	6,000	-	-
Devel. Grants	3,340	661	1,044	517	-	-	1,118
Other	-	-	-	-	-	-	-
Total	9,340	661	1,044	517	6,000	-	1,118
<u>1974</u>							
Devel. Loans	5,000	-	-	-	5,000	-	-
Devel. Grants	4,000	975	1,411	451	-	-	1,163
Other	-	-	-	-	-	-	-
Total	9,000	975	1,411	451	5,000	-	1,163

In the twenty-one years since Nepal emerged from isolation the climate for development has improved. Progress has been made in creating governmental institutions and in building physical infrastructure. As one of the 25 least developed countries in the world, however, Nepal has limited capability to mobilize resources for development. Recognizing Nepal's circumstances, the Asian Development Bank and the World Bank are increasing their support.

The U.S. aid program in past years played a successful and broad role in counseling and assisting Nepal to begin development efforts in agriculture, education, malaria control, public administration, transportation, and family planning. Over \$60 million, supplemented by U.S.-owned Indian rupees, has been invested in this effort since 1951. The A.I.D.

bilateral program now plays a more selective, supportive role reflecting Nepal's desire to take increased responsibility for its development effort.

Nepalese development planning divides the country into four regional development zones. At Nepal's request, A.I.D. is currently assessing capital requirements for transport facilities in two zones in Western Nepal. The Nepalese Government has demonstrated its commitment to development of these zones by pledging enlarged efforts in agriculture, industry and other development services in these neglected areas to break existing patterns of subsistence agriculture, low living standards and population migration to more developed zones. Since transport improvement is a prerequisite for the success of these other efforts, A.I.D. proposes a Development Loan to finance an all-weather road into the hills and a regional airstrip. Recognizing Nepal's budgetary resource problems, A.I.D. intends to finance a larger proportion of local costs related to the loan projects than it generally does in relatively better off countries. Up to 80% of such local costs will be eligible for financing under the proposed loan.

With the aim of strengthening Nepalese capabilities to manage development programs, A.I.D. is encouraging increased Nepalese involvement in A.I.D. project planning, implementation and evaluation. Nepalese planners are playing a major role in a joint study of Nepal's agricultural sector, working with A.I.D. and U.S. Department of Agriculture specialists to assess priorities and requirements. Nepalese educators played an instrumental role in interviewing, evaluating and selecting American educators to serve under a National Education Association contract financed by A.I.D. Nepalese experience in evaluation, problem identification and problem-solving, gained in joint quarterly reviews of A.I.D. projects, has made it possible for the Nepalese Government to undertake installation of a similar review system for its own development activities.

The FY 1974 program focuses on the three critical areas of

NEPAL

food production and nutrition, human resources development, and population planning and health.

Food Production and Nutrition

A.I.D.'s proposed program in food production will support the Ministry of Agriculture's adaptive research and extension programs to make new strains of high-yielding or higher protein varieties of wheat, corn and other food crops available to farmers. An ongoing program of ground water exploration and testing in three zones of Central and Western Nepal will continue. U.S. technicians will participate with Nepalese planners in an overall agriculture sector assessment to identify key problems, priorities and requirements as a basis for longer-term planning of agricultural development.

Human Resources Development

While primary school enrollment in Nepal has risen ten-fold since 1951, the literacy rate remains less than 10%, a factor which helps account for the lack of a broad base of skilled manpower. A.I.D.'s education effort supports Nepalese initiatives to introduce a practical vocational emphasis into the education system. An A.I.D.-financed contract team, under National Educational Association auspices, is assisting the Ministry of Education to introduce new methods and materials of greater relevance to Nepal's development needs.

Lack of an adequate supply of skilled managers and administrators inhibits progress on development programs. An A.I.D. manpower training project initiated in FY 1973 is designed to help the Nepalese Government meet an increasingly critical

need for managerial and analytical skills to carry out its growing and diverse development effort. An A.I.D. contract technician will continue work with the Administrative Management Department to help improve operations, methods and systems of the Government administration. A pilot grant in FY 1974 will finance Nepalese contracts with U.S. consultants and organizations for studies of ways to improve domestic resource mobilization and planning.

Population Planning and Health

To build upon earlier A.I.D. support to Nepal's successful malaria control effort, two advisors from the U.S. Public Health Service will help the Nepalese Ministry of Health develop and test alternative plans for combining the competent malaria control organization with the general health services to provide better health services to more people at a reasonable cost. The effectiveness of the malaria control program has been demonstrated by the decrease in malaria cases from a level of 2 million annually about five years ago to current annual levels of 300,000.

If unchecked, Nepal's population growth rate of 2.1% will cause the population to double in the next 33 years. In view of the low standard of living and the already substantial burdens on resources, education and other service facilities and a low standard of living, the Government of Nepal is determined to expand and improve its family planning program. A contract team financed by A.I.D. will assist the Government to improve its capability for policy and program formulation, and upgrade the capacity of the Ministry of Health to deliver family planning services.

PAKISTAN

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	60,000	-	-	-	-	60,000	-
Devel. Grants	2,401	182	303	86	16	-	1,815
Other	-	-	-	-	-	-	-
Total	62,401	182	303	86	16	60,000	1,815
<u>1973</u>							
Devel. Loans	60,000	-	-	-	-	60,000	-
Devel. Grants	3,256	397	1,390	302	85	-	1,082
Other	5	-	-	-	-	-	5 ^{a/}
Total	63,261	397	1,390	302	85	60,000	1,087
<u>1974</u>							
Devel. Loans	60,000	25,000	-	-	-	35,000	-
Devel. Grants	3,492	580	1,692	315	-	-	905
Other	50	-	-	-	-	-	50 ^{a/}
Total	63,542	25,580	1,642	315	-	35,000	955

a/ Narcotics Control

Following almost a year of civil unrest which culminated in the December 1971 war with India and the secession of the eastern half of the nation, Pakistan found itself reduced in population from 133 to 61 million and faced with critical social, political, and economic problems. Calendar year 1972 also saw the end of 14 years of military rule and the advent of a civilian government concerned with social equity. Problems relating to the immediate past, most notably the partition of the country, the division of debt between Pakistan and Bangladesh, and the release of 90,000 prisoners remaining in India are some of the prerequisites for the establishment of sufficient stability to resume development programs.

The Fourth Five Year Plan (1970-75), promulgated under the earlier government, has been scrapped and an interim Annual Plan (1972-73) prepared. This Plan reiterates President Bhutto's earlier resolve to lead the nation towards social justice "to insure food, clothing, education, medical aid and gainful employment for all, and to set the country on the road to progress and welfare."

Faced with myriad of post-partition problems, the Government took action to stimulate the economy by devaluing the rupee and liberalizing import restrictions in May 1972. This was a major reform action requiring political courage and economic foresight. It helped stabilize the balance of payments and facilitated the adjustment to partition. Pakistan's pre-war trade patterns had made the country heavily dependent on the foreign exchange earnings of East Pakistan jute exports. With the loss of this source of income, Pakistan has been forced to completely restructure its foreign trade relations and to seek new markets for those items formerly sold in East Pakistan. To date this effort has been successful. For the first five months of the current fiscal year, exports, to destinations other than Bangladesh (largely cotton, textiles and rice) showed an increase of 28% above preceding year levels, finding new markets in Indonesia, Singapore, Africa, and elsewhere. In addition, severe strains on the economy were eased by a short-term rescheduling of a portion of the nation's debt repayments. Consequently, the balance of payments position improved.

Although performance in the trade sector was good, the domestic economy remained stagnant. Increasing Government control of economic activities and contradictory policies created confusion and uncertainty leading to a decline in investment. In addition, a large increase in the Government budget, brought about in part by increased military expenditures, fed inflationary pressures so that by the end of the year consumer prices had risen by over 9%.

PAKISTAN

To restore development momentum a coherent development program will have to be launched based upon generating increased domestic revenue and rational investment policies which stress productivity and efficiency. Substantial concessionary assistance will be required from the Pakistan consortium members who discussed these issues at their March meeting.

Pakistan remains a food deficit country. The need for PL 480 food, while reduced from prior years, will continue until the present agricultural production campaign has permitted the nation to reach and maintain self-sufficiency, a goal hampered by a population growth of 1.6 million per year. The Government is encouraging increased production of wheat, rice, and edible oils. A modest reform program designed to place more land in production has redistributed four million acres of land to small farmers and landless peasants. Fertilizer use has been encouraged, and new fertilizer production units are planned for construction in the next year.

In contrast to the industrial sector, agriculture is showing some buoyancy. Government plans for increased production should provide a basis for a renewal of sustained development activity. Most of our planned FY 1974 program is in support of programs in this sector.

Prospects for steady development in Pakistan are mixed. Political difficulties continue to divert attention from pressing development concerns, but some progress is being made. A major trade reform program is being sustained and warrants Consortium support. In agriculture, new programs are being developed which need donor support; and family planning is receiving renewed attention by the Government. With the funds requested for FY 1974, A.I.D. intends to support these positive developments and encourage extension of development momentum to more of the economy and more people.

FY 1974 A.I.D. PROGRAM

The 1974 A.I.D. request includes \$60 million in Development Loans, \$1.8 million in Development Grants and \$1.7 million in population assistance. Within this level, a commodity loan of \$20 million to finance essential raw materials and spare parts is planned. In combination with other Consortium commodity assistance, this loan will provide needed support for the Government of Pakistan's effort to sustain its trade liberalization program.

A \$15 million fertilizer loan will help assure a continued supply of fertilizer to help achieve food self-sufficiency. Agriculture sector loans of \$25 million will support Pakistan Government initiatives to increase agricultural production in both irrigated and rain-fed areas, and to further research efforts toward long range self-sufficiency in foodgrain and edible oil production. Attention will be given to systematic improvement of the heretofore largely neglected non-irrigated farming areas. A.I.D. will support the testing, adaptation and extension of modern technology needed to attain self-sufficiency in foodgrains and edible oils. Development Loans will also assist the Government to make available modern technology and agricultural inputs to those small and medium-sized farmers whose participation in the green revolution has thus far been marginal. Reinforcement of the ongoing grain production campaign, in the form of improved on-farm water conservation practices and improved access to commercially provided agricultural inputs, is expected to result in a quantum increase in wheat production.

The Government of Pakistan has requested that A.I.D. continue to support and expand the ongoing population programs by providing commodities and assistance in economic/demographic planning, evaluation, and improved management. As was

PAKISTAN

the case with many development efforts, the structures designed for delivery of both family planning information and services were disrupted by the events of the past two years. A program of research and analysis on the effectiveness of Maternal and Child Health Centers has continued, as have special nutrition programs initiated in FY 1973 with complementary counseling in family planning practices. A population planning unit has been established within the Pakistan Institute for Development Economics (P.I.D.E.) and is responsible for publicizing the economic development problems arising from uncontrolled population growth. In FY 1974 A.I.D. will support

these population efforts by providing technical assistance and commodities not locally available.

Other ongoing technical assistance activities at an FY 1974 level of \$1.8 million will continue. They include a project designed to conserve water and increase the productivity of farmland through the introduction of more precise land leveling, training of selected participants in the United States, and the provision of short-term advisory services to Pakistani institutions of higher education.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	8.8	9.6	251.5	6.0	245.5		
Loans	-	3.0	48.5	6.0	42.5		
Grants	8.8	6.6	203.0	-	203.0		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	3.8	24.8	148.4	2.6	145.8		
Title I - Total	3.0	6.1	21.3	2.6	18.7		
REPAYABLE IN U.S. DOLLARS - LOANS	3.0	6.1	18.3	2.3	16.0		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	3.0	0.3	2.7		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(1.0)	(-)	(1.0)		
Title II - Total	0.8	18.7	127.1	-	127.1		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.8	18.6	124.8	-	124.8		
VOLUNTARY RELIEF AGENCIES	-	0.1	2.3	-	2.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.1	1.3	11.8	-	11.8		
PEACE CORPS	1.1	1.3	11.7	-	11.7		
OTHER	-	-	0.1	-	0.1		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	13.7	35.7	411.7	8.6	403.1		
Loans	3.0	9.1	69.8	8.6	61.2		
Grants	10.7	26.6	341.9	-	341.9		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	1.0	-	34.1	44.9	-10.8		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	1.0	-	34.1	44.9	-10.8		
TOTAL ECONOMIC PROGRAMS	14.7	35.7	445.8	53.5	392.3		
Loans	4.0	9.1	103.9	53.5	50.4		
Grants	10.7	26.6	341.9	-	341.9		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.2	0.2	4.4	-	4.4		
Credit Sales (FMS)	-	-	-	-	-		
Grants	0.2	0.2	4.4	-	4.4		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	0.2	0.2	4.4	-	4.4		
TOTAL ECONOMIC AND MILITARY PROGRAMS	14.9	35.9	450.2	53.5	396.7		
Loans	4.0	9.1	103.9	53.5	50.4		
Grants	10.9	26.8	346.3	-	346.3		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	12.5	4.0	68.9	TOTAL	12.4	21.4	120.0
Int'l Dev. Association	5.0	-	15.3	Germany	10.0	17.3	105.6
Asian Dev. Bank	5.2	-	5.2	U.K.	0.2	0.5	4.4
UNDP - Special Fund	1.6	2.1	23.3	Canada	0.7	2.1	2.9
UNDP - TA (CY)	0.6	0.6	15.0	Other	1.5	1.5	7.1
Other UN (CY)	0.1	1.3	10.1				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	5		
				1972 (Calendar Year)	166		
				Cumulative thru 1972	911		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL		199.1					
Loans		-					
Grants		199.1					
(Supporting Assistance)		(-)					
FOOD FOR PEACE - TOTAL		87.2					
Title I - Total		-					
REPAYABLE IN U.S. DOLLARS - LOANS		-					
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use		-					
(Total Sales Agreements, including U.S. Uses)		(-)					
Title II - Total		87.2					
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD		87.2					
VOLUNTARY RELIEF AGENCIES		-					
OTHER OFFICIAL DEVELOPMENT ASSISTANCE		-					
PEACE CORPS		-					
OTHER		-					
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE		286.3					
Loans		-					
Grants		286.3					
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS		-					
OTHER LOANS		-					
TOTAL OTHER OFFICIAL LOANS		-					
TOTAL ECONOMIC PROGRAMS		286.3					
Loans		-					
Grants		286.3					
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)		-					
Credit Sales (FMS)		-					
Grants		-					
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS		-					
TRANSFERS FROM EXCESS STOCKS		-					
OTHER GRANTS		-					
TOTAL MILITARY PROGRAMS		-					
TOTAL ECONOMIC AND MILITARY PROGRAMS		286.3					
Loans		-					
Grants		286.3					
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
		3.0		TOTAL	12.4	21.4	120.0
Other UN (CY)		3.0		Germany	10.0	17.3	105.6
				U.K.	0.2	0.5	4.4
				Canada	0.7	2.1	2.9
				Other	1.5	1.5	7.1
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)			
				1972 (Calendar Year)		99	
				Cumulative thru 1972			

*Less than \$50,000.

NOTE: Data prior to FY 1972 included in Pakistan.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	205.9	5.6	3,769.3	633.9	3,135.4		
Loans	196.0	-	3,304.8	633.9	2,670.9		
Grants	9.9	5.6	464.5	-	464.5		
(Supporting Assistance)	(-)	(-)	(*)	-	-		
FOOD FOR PEACE - TOTAL	234.8	104.6	4,653.3	456.6	4,196.7		
Title I - Total	156.2	-	3,946.3	456.6	3,489.7		
REPAYABLE IN U.S. DOLLARS - LOANS	128.3	-	429.6	13.5	416.1		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	27.9	-	3,516.7	443.1	3,073.6		
(Total Sales Agreements, including U.S. Uses)	(30.0)	(-)	(4,102.8)	(-)	(4,102.8)		
Title II - Total	78.6	104.6	707.0	-	707.0		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	32.1	40.7	163.2	-	163.2		
VOLUNTARY RELIEF AGENCIES	46.5	63.9	543.8	-	543.8		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	3.8	3.3	290.0	82.2	207.8		
PEACE CORPS	3.8	2.6	43.2	-	43.2		
OTHER	-	0.7	246.8	82.2	164.6		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	444.5	113.5	8,712.6	1,172.7	7,539.9		
Loans	352.2	0.7	6,706.3	1,172.7	5,533.6		
Grants	92.3	112.8	2,006.4	-	2,006.4		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	12.4	15.0	534.9	424.2	110.7		
OTHER LOANS	-	-	5.2	4.0	1.2		
TOTAL OTHER OFFICIAL LOANS	12.4	15.0	540.1	428.2	111.9		
TOTAL ECONOMIC PROGRAMS	456.9	128.5	9,252.7	1,600.9	7,651.8		
Loans	364.6	15.7	7,246.4	1,600.9	5,645.5		
Grants	92.3	112.8	2,006.4	-	2,006.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.2	*	122.3	8.6	113.7		
Credit Sales (FMS)	-	-	27.7	8.6	19.1		
Grants	0.2	*	94.6	-	94.6		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	7.3	-	7.3		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	0.2	*	129.6	8.6	121.0		
TOTAL ECONOMIC AND MILITARY PROGRAMS	457.1	128.5	9,382.3	1,609.5	7,772.8		
Loans	364.6	15.7	7,274.1	1,609.5	5,664.6		
Grants	92.5	112.8	2,108.3	-	2,108.3		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	260.5	322.3	3,076.4	TOTAL	443.9	491.2	3,894.4
IBRD - World Bank	-	60.0	1,109.7	U.K.	107.5	151.0	1,110.6
Int'l Finance Corp.	-	-	36.0	Germany	85.8	84.5	1,067.8
Int'l Dev. Association	243.4	254.2	1,761.2	Canada	117.2	115.7	753.5
UNDP - Special Fund	5.5	3.6	63.1	Japan	63.3	58.4	544.3
UNDP - TA (CY)	1.4	1.6	38.1	Other	70.1	81.6	418.2
Other UN (CY)	10.2	2.9	68.3	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	1,975	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	2.6	2.0	53.8	0.2	53.6		
Loans	-	-	0.4	0.2	0.2		
Grants	2.6	2.0	53.4	-	53.4		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	8.7	8.2	109.5	0.9	108.6		
Title I - Total	8.1	7.7	102.5	0.9	101.6		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	8.1	7.7	102.5	0.9	101.6		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	0.6	0.5	7.0	-	7.0		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.6	0.5	7.0	-	7.0		
VOLUNTARY RELIEF AGENCIES	-	-	*	-	*		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.2	1.0	12.5	-	12.5		
PEACE CORPS	1.2	1.0	12.5	-	12.5		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	12.5	11.2	175.8	1.1	174.7		
Loans	-	-	7.6	1.1	6.5		
Grants	12.5	11.2	168.2	-	168.2		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	-	-	-		
TOTAL ECONOMIC PROGRAMS	12.5	11.2	175.8	1.1	174.7		
Loans	-	-	7.6	1.1	6.5		
Grants	12.5	11.2	168.2	-	168.2		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	*	*	1.9	-	1.9		
Credit Sales (FMS)	-	-	-	-	-		
Grants	*	*	1.9	-	1.9		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	*	-	*		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	*	*	1.9	-	1.9		
TOTAL ECONOMIC AND MILITARY PROGRAMS	12.5	11.2	177.7	1.1	176.6		
Loans	-	-	7.6	1.1	6.5		
Grants	12.5	11.2	170.1	-	170.1		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			O.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	47.5	47.5	47.5	TOTAL	4.9	9.3	29.4
Int'l Dev. Association	2.5	4.2	8.4	U.K.	2.5	4.3	15.3
Asian Dev. Bank	6.4	4.5	16.9	Germany	1.1	1.6	5.6
UNDP - Special Fund	2.0	1.6	11.8	Switzerland	0.2	0.5	3.1
UNDP - TA (CY)	0.7	0.8	6.2	Other	1.1	2.9	5.4
Other UN (CY)	0.1	-	4.2	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	82	-	-

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972	1946-1972			
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	7.1	62.4	2,330.9	240.5	2,090.4		
Loans	-	60.0	1,652.6	240.5	1,412.1		
Grants	7.1	2.4	678.4	-	678.4		
(Supporting Assistance)	(-)	(-)	(589.8)				
FOOD FOR PEACE - TOTAL	100.8	102.7	1,632.3	122.8	1,509.5		
Title I - Total	76.5	92.6	1,431.5	122.8	1,308.7		
REPAYABLE IN U.S. DOLLARS - LOANS	59.6	40.9	191.1	4.3	186.8		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	16.9	51.7	1,240.4	118.5	1,121.9		
(Total Sales Agreements, including U.S. Uses)	(21.1)	(55.6)	(1,355.0)	(-)	(1,355.0)		
Title II - Total	24.3	10.1	200.8	-	200.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	21.5	9.3	141.5	-	141.5		
VOLUNTARY RELIEF AGENCIES	2.8	0.8	59.3	-	59.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	-	-	75.2	0.1	75.1		
PEACE CORPS	-	-	7.3	-	7.3		
OTHER	-	-	67.9	0.1	67.8		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	107.9	165.1	4,038.4	363.4	3,675.0		
Loans	59.6	100.9	2,324.5	363.4	1,961.1		
Grants	48.3	64.2	1,714.0	-	1,714.0		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	12.6	-	123.7	57.4	66.3		
OTHER LOANS	-	5.3	20.4	16.7	3.7		
TOTAL OTHER OFFICIAL LOANS	12.6	5.3	144.1	74.1	70.0		
TOTAL ECONOMIC PROGRAMS	120.5	170.4	4,182.5	437.5	3,745.0		
Loans	72.2	106.2	2,468.6	437.5	2,031.1		
Grants	48.3	64.2	1,714.0	-	1,714.0		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.1	0.1	682.3	5.8	676.5		
Credit Sales (FMS)	-	-	10.0	5.8	4.2		
Grants	0.1	0.1	672.3	-	672.3		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	8.9	-	8.9		
OTHER GRANTS	-	-	4.5	-	4.5		
TOTAL MILITARY PROGRAMS	0.1	0.1	695.7	5.8	689.9		
TOTAL ECONOMIC AND MILITARY PROGRAMS	120.6	170.5	4,878.2	443.3	4,434.9		
Loans	72.2	106.2	2,478.6	443.3	2,035.3		
Grants	48.4	64.3	2,399.7	-	2,399.7		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	105.5	2.4	1,259.9	TOTAL	208.0	221.2	1,494.9
IBRD - World Bank	-	-	599.6	Germany	46.1	74.0	445.9
Int'l Finance Corp.	-	-	21.6	Canada	51.2	38.9	304.5
Int'l Dev. Association	48.0	-	496.8	U.K.	25.5	20.1	299.9
Asian Dev. Bank	36.8	-	46.8	Japan	51.0	38.0	283.1
UNDP - Special Fund	6.0	0.6	39.6	Other	34.2	30.2	161.5
UNDP - TA (CY)	1.0	0.8	19.3				
Other UN (CY)	13.7	1.0	36.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	209		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	857		

* Less than \$50,000.

NOTE: Data prior to FY 1972 include Bangladesh.

INDONESIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	108,100				33,100	75,000	
Devel. Grants	6,601	833	2,686	814	390	-	1,878
Other	-	-	-	-	-	-	-
Total	114,701	833	2,686	814	33,490	75,000	1,878
1973							
Devel. Loans	92,500	4,000	-	-	38,500	50,000	-
Devel. Grants	10,217	1,835	5,417	945	380	-	1,640
Other	19	-	-	-	-	-	19 ^{a/}
Total	102,736	5,835	5,417	945	38,880	50,000	1,659
1974							
Devel. Loans	90,000	-	-	-	30,000	60,000	-
Devel. Grants	11,413	2,525	6,013	810	475	-	1,590
Other	18	-	-	-	-	-	18 ^{a/}
Total	101,431	2,525	6,013	810	30,475	60,000	1,608

a/ Narcotics Control

Indonesia has made remarkable economic progress since the abortive Communist coup in late 1965. Despite the short-term setback caused by last year's drought and subsequent decline in rice production, the outlook for continued economic growth and stability is highly favorable.

The Economy

Indonesia's size, soil, and natural resources give it the potential for self-sustaining economic development. The Sukarno era, however, left the Indonesian economy in a state of deterioration. Inflation was rampant, basic infrastructure deteriorated, and foreign exchange for essential rice and textile imports was lacking. Following the severe economic dislocations

of the Sukarno years, Indonesia's new leadership focused attention on domestic problems, emphasizing political stability and reversing the declining economy.

The first objective was a stabilization program to reduce the runaway inflation and to reestablish sensible pricing for goods and services. The main tools employed for this purpose have been fiscal and credit restraints, abandonment of direct economic controls, rescheduling of the heavy foreign debt burden and sizeable stabilization aid from abroad. As a result of the success of the stabilization program, priority has shifted toward development of the country's infrastructure.

Progress since 1966 has been impressive. GNP grew during 1972 by about 6%. Export earnings rose by 31% over 1971 to a total of almost \$1.8 billion, mainly due to increased oil and timber exports. Industrial output and foreign investment are also rising. Over \$2.3 billion in foreign investment has been approved, along with substantial domestic investment. Mining has been the fastest growing sector, but manufacturing is also increasing. The Government succeeded in reducing the rate of inflation from a high of 640% in 1966 to 2.5% in 1971 and early 1972. However, the 1972 rice shortage and consequent pressure on prices during the latter quarter of 1972 resulted in an overall rise of 25% for the year.

Although enormous problems remain to be overcome, the present Government is determined to continue its rational economic policies aimed at bringing the benefits of development to the Indonesian people. Government policy continues to emphasize increased domestic revenue generation, expanded production of basic foodstuffs and textiles, and continued exploitation of valuable petroleum resources. It also seeks to enhance the opportunities for foreign and domestic private investment, in part by using foreign assistance funds to strengthen the economy's long neglected areas of basic infrastructure--electric power, transportation, and communications.

Since Indonesia's population is largely rural, measures to

INDONESIA

increase agricultural production and income quickly benefit large numbers of ordinary Indonesians. A price support policy for rice farmers, coupled with a rural credit and agricultural extension program, produced large increases in rice production from 1969 through 1971. The most severe drought of this century and technical difficulties in Government rice collection programs, however, resulted in substantial shortfalls in rice availabilities during the latter part of 1972. Government stocks dwindled to dangerously low levels and the Government was forced to allocate a large amount of its limited foreign exchange availabilities to substantial purchases of foodgrains. Forty-four million dollars in A.I.D. loan funds were used by Indonesia for foodgrain imports from the United States. Although rice stocks are still low in many areas of the country, swift action by the Government in procuring and distributing increased quantities of rice appears to have eased the critical foodgrain shortage.

In spite of the setback caused by last year's drought and poor harvest on Indonesia's efforts to become self-sufficient in food production, the overall upward trend in rice production can be expected to continue and Indonesia should come close to its goal of self-sufficiency in rice production within the next several years.

The Multilateral Framework

Indonesia's achievements have been made possible by a combination of Indonesia's own self-help measures and substantial foreign assistance. This assistance is provided within the multilateral framework of the Intergovernmental Group on Indonesia (IGGI), chaired by the Netherlands and comprising 12 donor nations, the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB), as well as Indonesia itself. The World Bank and the IMF, both of which retain Missions in Jakarta, play key roles in assessing performance and advising the donors on Indonesia's policies and assistance needs.

The IGGI meets twice a year to review Indonesia's economic performance, explore key development issues, and consider overall requests for concessional assistance for the next Indonesian fiscal year. These meetings provide the framework for subsequent discussions in Indonesia between the donors, the various Indonesian Departments and the National Planning Bureau concerning specific project requests.

The IGGI mechanism has provided a highly effective channel for coordinated support of development policies and programs. It has also served as a means for successfully encouraging a steadily rising level of commitments by other donors, both bilateral and multilateral. IGGI members contributed over \$200 million to Indonesia in FY 1967, about \$340 million in CY 1968, \$530 million in CY 1969, \$600 million in FY 1970/71, \$627 million in FY 1971/72, and \$724 million in FY 1972/73. Requirements for FY 1973/74 are estimated at \$760 million, including \$160 million in food aid.

As in the past several years, the United States has pledged to provide in 1973/74 one-third (\$150 million) of the bilateral non-food assistance requirement, including both Development Loans and PL 480 cotton, and a "fair share" of the food aid need. Because of marked increases during recent years in contributions from other donors (from \$145 million in 1967 to over \$500 million in 1972/73), the U.S. share of total assistance is now declining. In Indonesian fiscal year 1972/73, all U.S. food and non-food aid will constitute about 27% of the total.

FY 1974 A.I.D. PROGRAM

Proposed A.I.D. assistance to Indonesia for FY 1974 consists of \$90 million in Development Loans and \$11.4 million in Development Grants, including \$5.9 million for family planning. The United States also plans to provide \$115 million in PL 480 Title I credits as well as \$4.3 million in PL 480 Title II food grants.

INDONESIA

Program Lending

Program lending from the United States and other IGGI members has played a vital role in providing essential imports for Indonesia's private industry and fertilizer for Indonesia's farmers. Although there has been a recent improvement in Indonesia's net foreign exchange holdings, much of this increase is due to short-term capital flows and does not reflect a fundamental improvement in the economic structure. Accordingly, a \$60 million loan will be needed in FY 1974 to provide foreign exchange primarily for industrial and agricultural raw materials, fertilizer, vehicles, spare parts, machinery and equipment. This is somewhat higher than program loans of recent years (\$30 to \$40 million) because substantial portions of the past two loans were required to finance unanticipated imports of critically needed foodgrains, creating a backlog of demand for other imported commodities.

Project Loans

Indonesia has placed strong emphasis on the rehabilitation and expansion of the country's infrastructure as an essential first step in laying the basis for increased investment and economic growth. The first of A.I.D.'s post-Sukarno project loan activities, the expansion of an important cement plant, was completed during 1972. Although Indonesia has large reserves of limestone and clay, substantial imports of cement are required to supplement limited domestic production. The major domestic source of cement is the Gresik Cement Plant in Surabaya, originally constructed under Export-Import Bank financing in 1958 and expanded from a capacity of 375,000 metric tons to 500,000 metric tons under an FY 1969 A.I.D. Development Loan. The A.I.D.-financed expansion has made possible a 20% increase in Indonesia's cement production and will save about \$2 million in foreign exchange annually.

Project loans in FY 1974 will continue to provide for the rehabilitation and expansion of basic infrastructure, concentrating

on power and transportation where the foreign exchange costs are high. A.I.D. is considering for FY 1974 financing generation and distribution activities in Bandung, East Kalimantan, and Medan, Sumatra's largest city. A.I.D. is also examining the possibility of financing water supply projects in a few major cities of Java, as well as a loan for feasibility studies for additional projects in both infrastructure and manufacturing.

Development Grants

The United States also is one of the many donor countries and international agencies providing technical assistance to Indonesia. A.I.D.'s highly selective program is designed to assist Indonesian development in key areas to which the Indonesian Government accords high priority and in which U.S. capabilities can make a significant impact. The proposed \$5.4 million FY 1974 technical assistance program continues to focus on agricultural education and research, manpower training and development of natural resources. A project in higher agricultural education, implemented through an Institutional Development Agreement with the Midwest Universities Consortium for International Activities (MUCIA), is helping to develop a system of Indonesian universities capable of providing quality programs in higher agricultural education with the focus on teaching, applied research and extension. The General Participant Training project provides graduate degree-level training to selected Indonesians so they may help solve Indonesia's development problems.

Family Planning

Recognizing that unchecked population growth could exceed economic growth, the Government of Indonesia initiated a family planning program in 1967. Since then, Indonesia's budget allotments for the National Family Planning Program have grown steadily, more than tripling each year between 1969 and 1971 and after that continuing to outpace the combined increase in contributions from foreign donors. A.I.D. FY

INDONESIA

1974 assistance of \$5.9 million will concentrate on improving medical services through the provision of contraceptives, training and technical advisors. This assistance, along with that of other donors, supports the Ministry of Health effort to develop a health care system that can deliver family planning services as part of general health services.

The Family Planning Program is concentrated on the islands of Java, Madura, and Bali, which contain two-thirds of Indonesia's 126 million people but constitute only 7% of its land area. While the United States has been the largest single donor to date, that situation will change as the World Bank and the UN Fund for Population Activities begin implementation of their joint \$33 million five-year program.

PL 480 Program

As part of our IGGI commitment, PL 480 Title I credits of approximately \$115 million are proposed for FY 1974, for the provision of rice, wheat, and cotton. These imports make an important contribution to the Indonesian economy by enabling the Indonesian Government to maintain the stability of food and textile prices.

FY 1974 Title II grants of approximately \$4.3 million will provide continued support of the Food for Work program, through which irrigation and drainage systems, rural roads and bridges are being repaired and enlarged. These labor-intensive projects help to provide employment in densely populated, food-deficit areas. Title II funds also are proposed for U.S. voluntary agency maternal/child health and school feeding programs.

Private Investment

Indonesia's mineral deposits (including oil and natural gas) forestry resources, and large potential market attract private investment. The Indonesian Government considers such

investment an essential source of domestic income, employment, and foreign exchange and has accorded it high priority in its development plan. Foreign investors, however, have been hampered somewhat by complex regulations governing foreign investment. In order to ensure the continuation of the favorable investment climate, the Government intends to implement a number of revisions aimed at streamlining foreign investment procedures.

More than \$2 billion in private foreign investment has been approved. The United States is the largest private investor in Indonesia. Three major American banks now have branches in Jakarta. Four large U.S.-owned mining firms have begun activities in Indonesia, five American companies are producing about 90% of the current petroleum output, and two U.S. rubber firms run large plantations there.

Domestic investment, an important indicator of the local business community's confidence in the economic policies of the Government and the future stability of the country, has increased markedly over recent years. Approved domestic investment projects could require up to a billion dollars in new imports during the next several years, primarily for machinery and equipment. Domestic business activity, stimulated by IGGI assistance and foreign and domestic investment, has resulted in a steady growth of U.S. exports to Indonesia and the United States is now Indonesia's second largest supplier.

The U.S. Government has played a supporting role in encouraging U.S. private investment in Indonesia by providing investment insurance, through the Overseas Private Investment Corporation (OPIC), covering a wide variety of industrial interests, including the extractive industries. Both A.I.D. and the UN Industrial Development Organization provide consultants to assist the Indonesian Government to review investment incentives and regulations and to streamline procedures for considering proposed investments.

KOREA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	26,500	22,000	-	2,500	2,000	-	-
Devel. Grants	3,536	768	436	1,077	217	-	1,038
Other	-	-	-	-	-	-	-
Total	30,036	22,768	436	3,577	2,217	-	1,038
1973							
Devel. Loans	25,000	25,000	-	-	-	-	-
Devel. Grants	2,245	165	305	725	305	-	745
Other	-	-	-	-	-	-	-
Total	27,245	25,165	305	725	305	-	745
1974							
Devel. Loans	25,000	20,000	-	-	5,000	-	-
Devel. Grants	2,011	380	361	510	165	-	595
Other	-	-	-	-	-	-	-
Total	27,011	20,380	361	510	5,165	-	595

Korea has achieved impressive economic progress in the last decade. Growth of per capita GNP has averaged 7% per year since 1962. Government policies during the period have reduced the rate of inflation by half while promoting the growth of investment. Though in recent years Korea's foreign borrowing has been substantial, an increasing share of the capital needed for development is being provided from domestic sources, the ratio of domestic savings to GNP rising from 12% in 1967 to 14% in the years 1971 and 1972. In addition, Korean foreign trade is yielding increasing amounts of foreign exchange for necessary imports. Merchandise exports rose sharply during the Korean Second Five-Year Plan (1967-1971) at a compounded annual rate of 35% and continued their strong trend in 1972, rising 50%.

The outlook for continued Korean economic growth and for balance of payments improvement is favorable. Real growth of the economy was 7.1% in 1972, somewhat lower than forecast in the country's Third Five-Year Plan projections, but a satisfactory result considering the year began during a period of industrial slowdown and rising prices. During the summer of 1972, the Korean Government adopted strong measures to make industrial credit more accessible. Korean foreign trade was a positive factor during the year, helped by the 1971 revaluation of the Japanese yen. The Korean trade deficit was down sharply in 1972, declining to \$898 million from the \$1,326 million deficit of 1971. Further improvement in trade earnings will, however, be limited somewhat by the U.S.-Korean five-year textile agreement, signed in 1971.

Agriculture again lagged behind the growth of the economy as a whole in 1972; the combination of agriculture, forests and fisheries grew less than 3%. Production of rice, Korea's most important crop and food staple, was down substantially in 1972, an estimated 10% below 1971. Results from the first widespread planting of a high yielding "miracle" rice were lower than expected, indicating that further research and training of farmers will be needed. Food imports of almost \$400 million were necessary in 1972, about four times the value of Korean agricultural exports during the year.

Prospects are hopeful for a reduction of political tensions on the Korean peninsula as a consequence of the beginning of talks last year between the North and South Korean Governments. For the immediate future, however, the maintenance of defensive strength will remain a heavy economic burden for the Republic of Korea, limiting the amount of resources which can be allocated for development.

Korea continues to look for opportunities to increase its worldwide trade. At the same time concessional assistance will be required from the United States and other donors to assure continued progress toward development.

KOREA

Korea has benefited from substantial amounts of grant and soft term loan assistance from the United States, Japan, the World Bank, the Asian Development Bank, the UN, and other national and international members of the Korean Consultative Group. During the Korean Second Five-Year Plan, A.I.D. assistance, in the form of Supporting Assistance grants and Development Loans, totaled \$267 million. PL 480 assistance amounted to \$393 million over the same five years. The contribution of other Consultative Group members came to \$1,128 million.

FY 1974 A.I.D. PROGRAM

In FY 1974, we plan to extend to Korea \$25 million in Development Loans and \$2 million in Development Grant funds. The assistance will meet specific development needs, primarily in support of agriculture and population programs. The largest part of A.I.D. assistance--both loan and grant--is directed toward the agricultural sector. We are supporting Korean efforts to expand production of foodgrains, to reduce food imports and the trade deficit.

PL 480 will again comprise the major element of U.S. development assistance to Korea--approximately \$150 million in food grains and cotton during FY 1974. Export-Import Bank credits and the insurance and guaranties of the Overseas Private Investment Corporation will be available to assist U.S. exporters and investors as well as promote Korean development.

Food Production and Nutrition

Despite increased use of fertilizer and pesticides, improved seeds, greater areas under irrigation, and some increase in mechanized farming, poor weather sharply reduced the size of the 1972 rice crop. As a result, the Korean Government was forced to adopt measures to discourage rice consumption and import substantial amounts of rice, wheat and barley from the United States and other countries. A.I.D. had planned

to lend \$25 million to Korea for agricultural projects in FY 1973 but the critical grain supply situation following the lower 1972 crop, plus the sharp rise in world rice prices, made it necessary that the A.I.D. loan funds be used by Korea for rice imports from the United States. In addition, the Korean Government was for the first time obliged to buy rice for cash, spending about \$20 million for U.S. rice in January 1973.

For FY 1974, A.I.D. plans to assist the agriculture sector with over \$20 million in Development Loan and Grant funds to cover agricultural research and planning, irrigation and rural roads. This aid will be coordinated with that of the World Bank, the UN, Germany, and Japan.

Population and Health Planning

Korea's family planning program was among the first major national population control programs in the world. The population growth rate in Korea, which was close to 3% in 1962 when the program began, has declined to the current rate of about 2%. Korean Government expenditures for family planning have annually increased in recognition of the fact that economic growth and the welfare of the Korean citizenry are diluted by too rapid population expansion. Since 1965, the United States has sought to help Korean organizations involved in the family planning effort. A.I.D.-financed training, commodities and research, along with assistance provided by other donors, have played a major role in Korea's program.

It is an objective of the Korean Third Five-Year Plan to reduce the population growth rate to 1.5% or less by 1976. To do so will require an acceleration of the present effort and continued careful planning by the Korean authorities. A.I.D. assistance is no longer needed on a major scale to equip Korean family planning clinics and some previously planned A.I.D. assistance for this purpose has been cancelled. A.I.D. help in the coming years will assist in policy planning, research and training, in close coordination with the programs of the

KOREA

UN Fund for Population Activities and other donors.

Other Programs

A.I.D. assistance for the modernization of Korean education will continue in FY 1974. Previous A.I.D. Development Loans, for the strengthening and reform of primary and middle school education, and for the establishment of a top quality graduate school of science and technology, are being implemented with assistance from A.I.D. contract advisors from Florida State University and Stanford University, respectively. A.I.D. is also supporting Korean efforts at higher education reform.

In FY 1974, A.I.D. will terminate its technical assistance for two projects: (1) the Korean Development Institute, a semi-autonomous policy research institution; and (2) Korean scientific and technical organizations, to establish institutional relationships with similar organizations in the United States. The Korean Development Institute, with the assistance of an A.I.D.-funded contract with the Harvard Development Advisory Service and more than twenty-five Korean social scientists repatriated from overseas, is now the principal advisor to the Korean Government on questions of economic

policy. A.I.D. assistance to Korean scientific and technical organizations is designed to assure that Korean scientists and industrialists will have access to foreign technology in the future. Both projects succeeded in their objective of preparing Korean institutions and officials for technical co-operation relationships after the A.I.D. program phases out. Capable Korean managers and contract administrators can now assume the functions previously carried out by A.I.D. managers and technicians.

As assistance to Korea is reduced over the next few years, we will be establishing links between Korean and U.S. institutions in other areas similar to those established in the science and technology field. This will assure the Koreans of access to development expertise although it will be acquired with their own financial resources.

Preliminary discussions have been initiated concerning an A.I.D. Development Loan in FY 1974 to assist Korea in establishing a national standards organization now needed to ensure higher quality agricultural and industrial products in both overseas and domestic markets.

PHILIPPINES

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	20,000	20,000	-	-	-	-	-
Devel. Grants	10,290	2,070	6,523	802	-	-	895
Other	230	-	-	-	-	-	230 ^{a/}
Total	30,520	22,070	6,523	802	-	-	1,125
<u>1973</u>							
Devel. Loans	20,000	-	-	-	-	20,000	-
Devel. Grants	9,496	2,505	5,601	560	-	-	830
Other	50,300	-	-	-	-	-	50,300 ^{b/}
Total	79,796	2,505	5,601	560	-	20,000	51,130
<u>1974</u>							
Devel. Loans	20,000	20,000	-	-	-	-	-
Devel. Grants	8,716	2,550	5,016	200	-	-	950
Other	265	-	-	-	-	-	265 ^{a/}
Total	28,981	22,550	5,016	200	-	-	1,215

a/ Narcotic Control

b/ \$50,000,000 for Supporting Assistance; \$300,000 for Narcotics Control

About two-thirds of the population of the Philippines lives in the rural areas and derives its income from farming. Agriculture forms the base of the economy, producing about 85% of the nation's food requirements and exports. Despite the overwhelming importance of the rural sector, agricultural development in the Philippines has not kept pace with progress in the country as a whole. Inadequate agricultural production necessitates increased food imports and hurts the Philippine's balance of payments. The population growth rate is among the highest in the world; families are large and malnutrition is widespread. Over 90% of the rural population lacks electricity, roads are limited, and health services are inadequate.

While conditions in Manila and other urban centers have improved significantly, the life of the bulk of the Philippine population in the rural areas has changed little.

To help counteract these conditions, A.I.D. has increasingly directed its program in the Philippines toward projects to assist farmers to increase and diversify production in order to earn higher incomes and improve their welfare. Special efforts are also being made to assist selected local and provincial governments to accelerate their economic development activities in the rural areas. For a number of years, U.S. assistance to the Philippines has been provided in coordination with aid given by other members of an international Consultative Group led by the World Bank. In FY 1973, the United States is providing a total of \$72 million: \$20 million in Development Loans, \$9 million in Development Grants, \$35 million in PL 480 Title I, and \$8 million in PL 480 Title II. Other major contributions were made by Japan (\$75 million), the World Bank (\$43 million) and the Asian Development Bank (\$43 million).

In mid-1972 the Philippines was severely damaged by typhoons, floods, and prolonged droughts which struck widespread areas of the central and southern parts of the nation. These disasters wrecked buildings, roads and bridges, and destroyed crops. Rice and other food items had to be imported to avoid severe shortages. Much of the country's recent success in development was wiped out by these calamities. Because of the extensive flood damage, the Philippine GNP growth rate dropped from 6.5% in 1971 to less than 4% in 1972.

The Philippines is determined to repair the flood damage and to regain earlier development momentum. A Presidential Task Force is coordinating the nation's rehabilitation efforts while the Government resumes its development programs in such priority areas as food production and population control. The Philippine private sector is also actively involved in efforts to improve the nation's economic conditions.

PHILIPPINES

President Marcos, in decreeing martial law, has expressed his intention to bring about a number of economic, administrative and social reforms, including land reform.

An important element in the Philippine recovery from the severe flood damage has been the additional assistance provided by the United States and other countries and international organizations. In this regard, the United States made available \$24 million under PL 480 to supply emergency foodstuffs and \$50 million in supporting assistance for relief and reconstruction projects. The United States is assisting the Philippine Government in rebuilding rural roads and irrigation works, and in providing fertilizer and insecticides to help farmers resume production. Schools destroyed are being rebuilt to higher standards which will resist such disasters in the future. Our reconstruction aid is also being used to build flood control works to help prevent catastrophes of this sort in the future.

Most of this \$50 million program is being administered under a reimbursement scheme whereby the United States pays for the costs of the projects after they have been completed by the Philippines and have been certified as having met agreed upon standards. Special assistance for flood relief and rehabilitation is also being provided by Japan (\$36 million), the Asian Development Bank (\$6.5 million), UN (\$1.5 million) and by other countries and private contributors (\$9 million).

FY 1974 A.I.D. PROGRAM

The A.I.D. program in the Philippines is designed to support the nation's recovery efforts and assist in those sectors where past progress has failed to bring increased benefits to the bulk of the population. Accordingly, the program is concentrated in two sectors: (1) rural development and agriculture; and (2) family planning.

For FY 1974, Development Grants of \$9.5 million are proposed

for technical assistance activities, including \$2.8 million for rural development and agriculture activities, and \$5.5 million for family planning efforts. Development Loans amounting to \$20 million are proposed for projects related to agricultural research, a natural resource survey, a pilot geo-thermal plant and river basin development. Should a sound land reform effort be undertaken, A.I.D. would be prepared to consider assistance in this area as well. PL 480 Title I at \$33 million and Title II at \$6.5 million is also planned for FY 1974.

Because Philippine economic and rural development programs depend to a great extent upon the local government's capacity to use its own resources, A.I.D. will assist selected provincial governments to train development staffs in multi-year planning of capital improvement programs, budgeting, tax administration, and the effective use of equipment to construct roads and small-scale irrigation facilities. Over the next five years, this project will reach almost one-half of the Philippine provinces.

The Philippines needs to improve its agricultural production capability in order to increase export earnings, reduce the foreign exchange drain caused by large grain imports, and increase rural incomes and nutrition. To achieve these goals, the Philippine Government has undertaken programs, with A.I.D. assistance, to increase selected crop yields, to expand farm credit and multi-cropping practices, and strengthen agricultural research. An extensive agriculture sector survey recently completed by the World Bank will assist the Philippines in planning an integrated policy of agricultural development. To reinforce this Philippine effort, A.I.D. proposes to provide assistance to help the Government reorganize and strengthen its agricultural research effort. Further emphasis will also be given to implementing a nationally supervised credit program aimed at increasing the real income of the Philippine farmers.

Rural electrification and the accompanying economic and social

PHILIPPINES

benefits it can bring to the disadvantaged rural populace is a priority program of the Philippine Government. Pilot projects supported by A.I.D. have assisted the Philippines in establishing a national rural cooperatives program to make electric service available to nearly one-fifth of the four million farm families in the Philippines, almost doubling electrical services in the nation today. Earlier loans from the United States and Japan have provided resources for construction and engineering. Additional grant assistance will finance the services of the National Rural Electrification Cooperative Association to assist in organizing the 36 cooperatives involved in the program. Expanded electric power in rural areas will accelerate development, thereby increasing job opportunities and living standards. The Philippine Government has also announced its intention to undertake a land reform program. Many critical decisions which will determine the scope and effectiveness of the reform are still being worked out. Development Grant and possibly Development Loan financing for activities in support of the land reform program -- such as credit, extension services, marketing, farm-to-market roads and irrigation -- will be considered, in the event a sound land reform program is undertaken.

The rate of population growth in the Philippines has been one of the world's highest (3.3% per annum). This situation seriously hampers overall development and limits increases in per capita income. If the rate of population growth continues at the current level, the Philippine population will increase from its present 41 million to more than 100 million by the end of the century.

In 1967, when U.S. assistance for family planning started,

population control was virtually unknown in the Philippines (less than 1% of the population used modern birth control methods). A national family planning program was adopted by the Government in 1970 and so far over 1,700 fully staffed clinics have been established to provide family planning services. It is now estimated that almost 1.3 million women of childbearing age are practicing some form of family planning. To help the Philippines in its family planning program, A.I.D. proposes to continue to support distribution of contraceptives and equipment to private and Government clinics, research and data collection efforts, and development of information and educational materials, as well as provide technical advice to the Philippine Government's Population Commission which coordinates population activities in the country.

A related problem is that a significant portion of the population is undernourished due to low food productivity and low income. To help correct this deficiency, A.I.D. has been working with the Philippine Government and U.S. voluntary agencies to provide supplemental feeding to malnourished children. So far, there are almost 1,000 pre-school feeding centers and 2,600 schools participating in this program, involving approximately 1.8 million children. An important development in the program has been the use of local foods, particularly coconut flour, as a partial substitute for imported dried milk in the preparation of the school feeding "nutribun." A.I.D. proposes to continue to assist a nutrition program to reach additional needy children. Because of the relationship between a high birth rate and malnourishment in children, this program will also be linked with family planning and maternal/child health programs, thus strengthening the family planning program as well. Continued use will be made of PL 480 Title II commodities for this program.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	78.5	114.7	642.0	45.6	596.4		
Loans	70.7	108.1	395.5	45.6	349.9		
Grants	7.8	6.6	246.5	-	246.5		
(Supporting Assistance)	(-)	(-)	(63.0)	-	-		
FOOD FOR PEACE - TOTAL	97.6	124.9	769.6	37.1	732.5		
Title I - Total	87.8	115.1	696.9	37.1	659.8		
REPAYABLE IN U.S. DOLLARS - LOANS	87.8	115.1	600.9	23.5	577.4		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	96.0	13.6	82.4		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(291.9)	(-)	(291.9)		
Title II - Total	9.8	9.8	72.7	-	72.7		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	4.9	5.8	36.8	-	36.8		
VOLUNTARY RELIEF AGENCIES	4.9	4.0	35.9	-	35.9		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.0	-	71.1	52.8	18.3		
PEACE CORPS	-	-	0.7	-	0.7		
OTHER	1.0	-	70.4	52.8	17.6		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	177.1	239.6	1,482.7	135.5	1,347.2		
Loans	159.5	223.2	1,113.7	135.5	978.2		
Grants	17.6	16.4	369.0	-	369.0		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	2.8	5.0	183.2	138.5	44.7		
OTHER LOANS	-	1.0	1.0	-	1.0		
TOTAL OTHER OFFICIAL LOANS	2.8	6.0	184.2	138.5	45.7		
TOTAL ECONOMIC PROGRAMS	179.9	245.6	1,666.9	274.0	1,392.9		
Loans	162.3	229.2	1,297.9	274.0	1,023.9		
Grants	17.6	16.4	369.0	-	369.0		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	16.6	18.0	115.3	-	115.3		
Credit Sales (FMS)	-	-	-	-	-		
Grants	16.6	18.0	115.3	-	115.3		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.7	1.3	5.2	-	5.2		
OTHER GRANTS	16.5	3.6	20.1	-	20.1		
TOTAL MILITARY PROGRAMS	33.8	22.9	140.6	-	140.6		
TOTAL ECONOMIC AND MILITARY PROGRAMS	213.7	268.5	1,807.5	274.0	1,533.5		
Loans	162.3	229.2	1,297.9	274.0	1,023.9		
Grants	51.4	39.3	509.6	-	509.6		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
Int'l. Finance Corp.	22.1	6.0	28.1	Japan	146.8	187.6	775.9
Int'l. Dev. Association	95.9	65.5	292.9	Netherlands	68.5	45.7	270.9
Asian Dev. Bank	13.5	34.6	61.5	Germany	41.1	72.4	259.6
UNDP - Special Fund	3.8	6.6	22.4	Italy	19.3	51.0	163.9
UNDP - TA (CY)	0.9	0.8	16.8	Other	47.0	72.1	228.9
Other UN (CY)	2.4	1.4	19.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)..... -			
				1972 (Calendar Year)..... -			
				Cumulative thru 1972..... 482			

*Less than \$50,000.

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

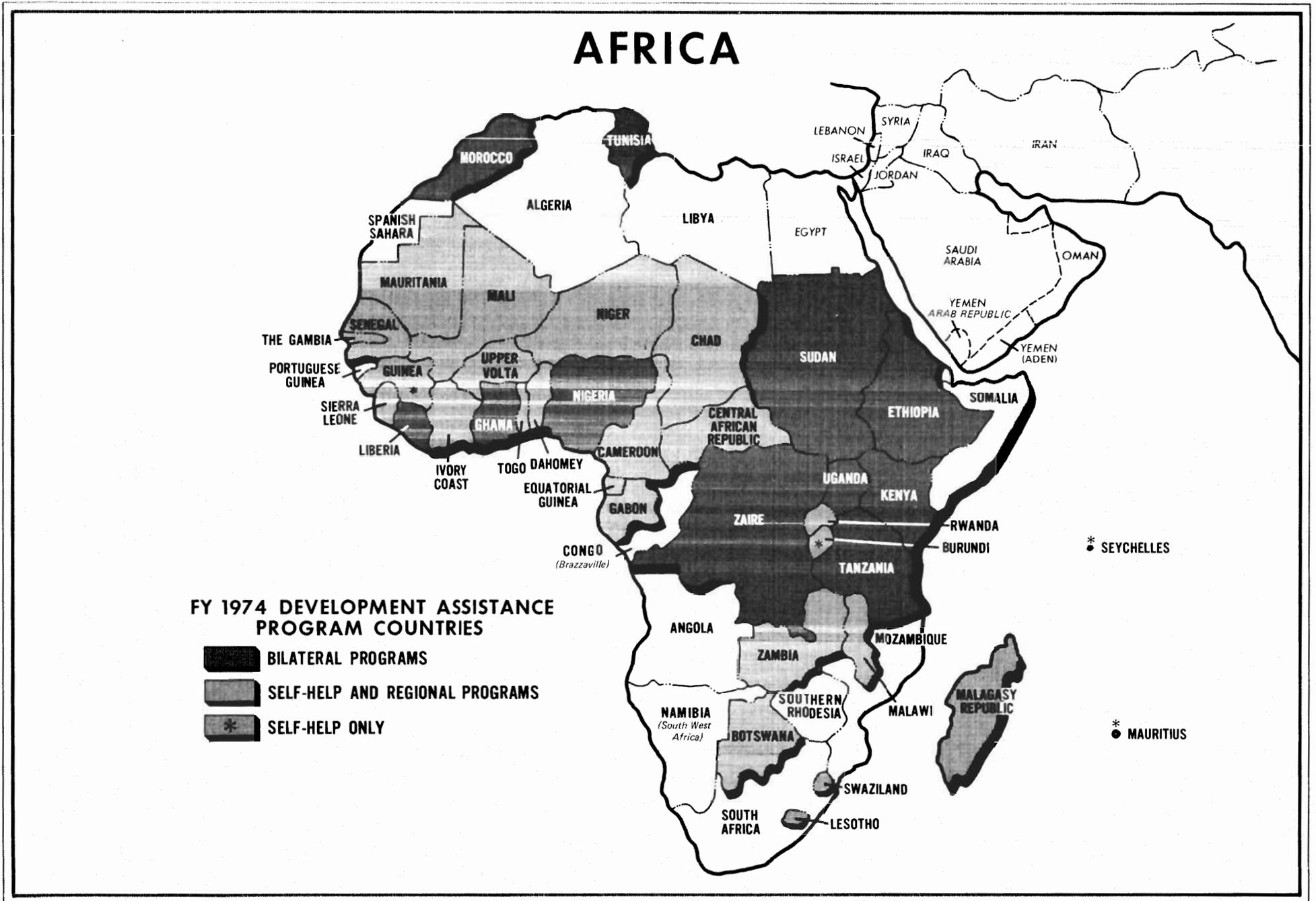
PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	60.6	30.0	2,973.2	23.4	2,949.8		
Loans	55.0	26.5	416.6	23.4	393.2		
Grants	5.6	3.5	2,556.6	-	2,556.6		
(Supporting Assistance)	(-)	(-)	(2,333.5)	-	-		
FOOD FOR PEACE - TOTAL	107.4	211.7	1,517.3	37.6	1,479.7		
Title I - Total	87.9	195.7	1,027.4	37.6	989.8		
REPAYABLE IN U.S. DOLLARS - LOANS	67.9	195.7	394.9	33.5	361.4		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	20.0	-	632.5	4.1	628.4		
(Total Sales Agreements, including U.S. Uses)	(25.0)	(-)	(783.2)	(-)	(783.2)		
Title II - Total	19.5	16.0	489.9	-	489.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	17.3	15.0	311.8	-	311.8		
VOLUNTARY RELIEF AGENCIES	2.2	1.0	178.1	-	178.1		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.9	10.5	878.4	16.0	862.4		
PEACE CORPS	1.9	2.0	10.4	-	10.4		
OTHER	-	8.5	868.0	16.0	852.0		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	169.9	252.2	5,368.9	77.2	5,291.9		
Loans	122.9	230.7	860.2	77.2	783.2		
Grants	47.0	21.5	4,508.7	-	4,508.7		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	10.2	1.8	119.6	14.5	105.1		
OTHER LOANS	43.0	44.6	146.5	85.7	60.8		
TOTAL OTHER OFFICIAL LOANS	53.2	46.4	266.1	100.2	165.9		
TOTAL ECONOMIC PROGRAMS	223.1	298.6	5,635.0	177.2	5,457.8		
Loans	176.1	277.1	1,126.3	177.2	949.1		
Grants	47.0	21.5	4,508.7	-	4,508.7		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	307.0	169.5	3,497.1	*	3,497.1		
Credit Sales (FMS)	15.0	17.0	32.0	*	32.0		
Grants	292.0	152.5	3,465.1	-	3,465.1		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	187.2	167.9	1,585.8	-	1,585.8		
TRANSFERS FROM EXCESS STOCKS	18.2	14.0	200.8	-	200.8		
OTHER GRANTS	87.1	219.0	459.8	-	459.8		
TOTAL MILITARY PROGRAMS	599.5	561.4	5,743.5	*	5,743.5		
TOTAL ECONOMIC AND MILITARY PROGRAMS	822.6	860.0	11,378.5	177.2	11,201.3		
Loans	191.1	294.1	1,158.3	177.2	981.1		
Grants	631.5	565.9	10,220.2	-	10,220.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
IBRD - Multilateral Dev.	84.5	33.0	227.4	Japan	134.4	189.9	730.3
Int'l. Finance Corp.	0.7	-	8.0	Germany	15.3	8.1	77.6
Int'l. Dev. Association	7.0	15.0	76.4	Italy	0.7	5.5	19.6
Asian Dev. Bank	53.8	56.9	139.1	Other	4.7	3.9	25.9
UNDP - Special Fund	3.5	0.4	18.8				
UNDP - TA (CY)	0.2	0.2	2.8				
Other UN (CY)	1.3	1.1	7.3				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)..... -			
				1972 (Calendar Year)..... -			
				Cumulative thru 1972..... -			

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972	1946-1972			
ECONOMIC PROGRAMS							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	11.1	30.5	349.0	36.5	312.5		
Loans	0.4	20.0	78.6	36.5	42.1		
Grants	10.7	10.5	270.5	-	270.5		
(Supporting Assistance)	(-)	(-)	(145.6)	-	-		
FOOD FOR PEACE - TOTAL	27.4	37.7	228.8	20.4	208.4		
Title I - Total	20.3	33.6	116.1	20.4	95.7		
REPAYABLE IN U.S. DOLLARS - LOANS	20.3	33.6	83.6	11.5	72.1		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	32.5	8.9	23.6		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(53.2)	(-)	(53.2)		
Title II - Total	7.1	4.1	112.7	-	112.7		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	3.0	0.4	10.0	-	102.7		
VOLUNTARY RELIEF AGENCIES	4.1	3.7	102.7	-	102.7		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	2.0	1.7	881.6	117.3	764.3		
PEACE CORPS	2.0	1.7	34.9	-	34.9		
OTHER	-	-	846.7	117.3	729.4		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	40.5	69.9	1,459.4	174.2	1,285.2		
Loans	20.7	53.6	285.2	174.2	111.0		
Grants	19.8	16.3	1,174.4	-	1,174.4		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	45.2	7.3	255.8	159.1	96.7		
OTHER LOANS	39.0	34.6	93.0	33.0	60.0		
TOTAL OTHER OFFICIAL LOANS	84.2	41.9	348.8	192.1	156.7		
TOTAL ECONOMIC PROGRAMS	124.7	111.8	1,808.2	366.3	1,441.9		
Loans	104.9	95.5	634.0	366.3	267.7		
Grants	19.8	16.3	1,174.4	-	1,174.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	16.5	14.0	462.8	-	462.8		
Credit Sales (FMS)	-	-	-	-	-		
Grants	16.5	14.0	462.8	-	462.8		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	36.0	-	36.0		
TRANSFERS FROM EXCESS STOCKS	0.6	0.7	24.2	-	24.2		
OTHER GRANTS	-	3.7	149.6	-	149.6		
TOTAL MILITARY PROGRAMS	17.1	18.4	672.6	-	672.6		
TOTAL ECONOMIC AND MILITARY PROGRAMS	141.8	130.2	2,480.8	366.3	2,114.5		
Loans	104.9	95.5	634.0	366.3	267.7		
Grants	36.9	34.7	1,847.0	-	1,847.0		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
TOTAL	<u>67.6</u>	<u>70.3</u>	<u>421.2</u>	TOTAL	<u>93.3</u>	<u>87.8</u>	<u>606.7</u>
IBRD - World Bank	22.3	29.5	268.3	Japan	83.5	59.9	512.7
Int'l Finance Corp.	8.0	15.1	46.8	Germany	2.4	21.2	42.6
Asian Dev. Bank	31.1	23.4	62.0	Canada	6.3	2.8	39.5
UNDP - Special Fund	3.5	0.4	22.0	Other	1.1	3.9	11.9
UNDP - TA (CY)	0.6	0.7	9.4				
Other UN (CY)	2.1	1.2	12.7				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year) -			
				1972 (Calendar Year) -			
				Cumulative thru 1972 -			

*Less than \$50,000.



AFRICA

PROGRAM SUMMARY (In millions of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	104.0	34.2	-	9.4	60.4	-	-
Devel. Grants	67.5	16.0	14.2	18.7	3.6	2.1	12.9
Other	3.7	-	-	3.7	-	-	-
Total	175.2	50.2	14.2	31.8	64.0	2.1	12.9
<u>1973</u>							
Devel. Loans	96.0	16.0	5.2	0.6	44.2	30.0	-
Devel. Grants	66.2	17.6	13.3	15.1	6.4	1.5	12.3
Other	-	-	-	-	-	-	-
Total	162.2	33.6	18.5	15.7	50.6	31.5	12.3
<u>1974</u>							
Devel. Loans	80.0	30.0	-	-	35.0	15.0	-
Devel. Grants	79.6	28.1	16.2	17.6	3.3	2.9	11.5
Other	.1	-	-	-	-	-	.1 ^{a/}
Total	159.7	58.1	16.2	17.6	38.3	17.9	11.6

a/ Narcotics Control

INTRODUCTION

Development assistance to Africa reflects the increasing importance of U.S. relationships with African countries and the urgent need to aid 300 million Africans in their efforts to improve the quality of their lives. Nearly all African countries have been independent for at least a decade. During this time African leaders have been preoccupied by development problems. Their quest for development involves establishing viable governments, developing essential infrastructures and meeting immediate pressures for food, shelter, health, and education of growing populations in transition.

Since 1960, the continent's estimated overall annual GNP growth

rate, in aggregate and per capita terms has been among the lowest of the major regions of the world. About 75% of the African people are engaged in subsistence agriculture with a per capita income of less than \$100 in half the countries. Extremely high illiteracy rates, meager public health services, and one of the smallest skilled manpower bases in the world further handicap the capacity of the people to help themselves.

These problems are even more severe among the 16 African countries designated as "least developed". Special efforts must be made if these poorest nations are to improve and expand their capacity to undertake development programs.

Although progress has been uneven, many African countries are giving increasing attention to development problems. Much of the focus is on efforts to increase incomes and the quality of life for rural people. African nations are concerned with the need to expand food grain and livestock production for domestic consumption; to expand transport systems to serve the small farmers; to adapt educational systems to meet needs at a lower cost, and to deal with serious balance of payments problems.

The capacity of African governments to carry on programs aimed at these objectives will require more resources internally and from abroad. The gap between Africa and the developed world will widen dangerously without flows of considerable external resources devoted to eliminating obstacles to growth.

A.I.D. assistance is a relatively small part of a growing international effort. While about half of the total international annual aid flow from all sources to Africa is provided by bilateral donors, the major international institutions, such as the World Bank, now play a substantial role. The importance of the European Community, already a major donor in Francophone Africa, can be expected to be extended by the United Kingdom's entry into the Common Market. UNDP participation in aid coordination is growing as a result of its new country

AFRICA

programming approach. Cooperative institutions such as the African Development Bank (AFDB), the Association of African Universities, and the West Africa Rice Development Association have been created with donor assistance as important mechanisms for channeling external aid to multi-nation programs.

Coordination among donors is achieved through mechanisms such as World Bank-led Consultative Groups formed for nine countries. These groups meet regularly, foster continuing coordination among donors, and provide a multi-donor forum in which recipient countries present their development plans and priorities.

Donor groups are also being organized functionally and geographically for other African countries, for example, transport for Central Africa and livestock development for Africa south of the Sahara.

Over the past few years, A.I.D. has shifted its primary emphasis from strengthening various governments and public institutions to meeting the challenges of independence.

A.I.D.'s more recent assistance strategy concentrates on activities which directly affect the quality of life of the average African. A.I.D. programs are therefore focusing on a limited number of basic development problems which pose restraints throughout much of the continent.

THE FY 1974 PROGRAM

A.I.D. assistance totalling \$159.7 million is proposed for Africa in FY 1974.

Food Production and Nutrition

Seventy-five percent of the African people are engaged in subsistence agriculture. To transform them into effective

producers will require substantial capital investment in irrigation, rural roads, storage facilities, credit systems, and improved technical skills in such areas as soils science, disease and pest control, marketing systems, and better seeds.

In FY 1974, A.I.D. plans \$58.5 million to help Africans in agriculture, concentrating on livestock and food grain production, research, technical training, and the development of basic infrastructures.

A.I.D. assistance will focus on the following major livestock and food crop problems:

- (1) increased production and improved distribution to increase farmer and governmental income;
- (2) expansion of research in tropical agriculture, adaptation of new improved seeds and prevention of animal diseases;
- (3) continued support for development of selected training institutions and trained personnel to manage and staff related production programs.

The relevance of the kind of approach described above is illustrated in Central and West Africa where heretofore little had been done to increase production and distribution of local cereals. The main U.S. contribution had been emergency PL 480 food shipments for drought relief. A.I.D., along with other donors, is now assisting projects to increase outputs of basic grains--sorghum and millet--by establishing more realistic price incentives, improving grain storage and distribution systems, and introducing improved production technology in participating countries.

Grain stabilization production projects are being undertaken in cooperation with the Senegal River States (Senegal, Mali and Mauritania), the countries of the Chad Basin Commission (Chad, Nigeria, Cameroon and Niger), and the five Entente

AFRICA

States (Ivory Coast, Togo, Dhaomey, Upper Volta, and Niger). U.S.-assisted research to improve local grain varieties for higher yields will be continued in a number of West African countries in FY 1974.

During the past several years, the Mexican dwarf bread wheat varieties, and most recently the short stemmed durum wheats, have been moving rapidly from the field trial stage to seed multiplication and to large-scale production in Morocco and Tunisia. A.I.D. Development Grants finance technicians to help bring an integrated production program of credit, new farm practices, fertilizer, and new seed to thousands of small farmers who have not yet been reached by the Green Revolution.

The dramatic results of the Green Revolution highlight the need for further research into the problems of tropical agriculture and the development of an alternative to low yield systems such as slash-and-burn cultivation.

U.S. support for the new International Institute of Tropical Agriculture (IITA) in Nigeria will continue along with that from the Ford and Rockefeller Foundations, Canada and other donors. Cooperatively with other international research centers, IITA gives highest priority to improving varieties of cereals, grain legumes, and root and tuber crops. It conducts research in soil and crop management.

To stem the current excessive exodus to the cities, more employment and better living conditions must be developed in rural Africa. The Government of Kenya has mounted an imaginative attack on this broad problem through a special rural development program supported by various donors, including the World Bank, Sweden, the United Kingdom, and the United States, to be carried out in five areas of the country.

As its part of this effort, A.I.D. assists the Vihiga district of Western Kenya to improve corn production, develop other

cash crops such as tea and vegetables, improve marketing, develop new ways to provide credit to small farmers, and identify opportunities to establish agricultural processing and other light industries.

Training programs will prepare rural youth for employment in these new agricultural and industrial activities. Also in Kenya, A.I.D. has supported significant expansion of the agriculture credit program. An A.I.D.-financed project for the Agricultural Finance Corporation (AFC) has increased its operational effectiveness by strengthening and decentralizing decision-making and giving control in loan processing to branch and sub-branch offices throughout the major agricultural areas. AFC's improved management efficiency helped support a successful application for a recent World Bank credit for \$6 million for AFC's Smallholder Credit Program.

Large areas of Africa are better suited to grazing livestock than to any other agricultural use. Yet inadequate knowledge of livestock management, cattle diseases, and the limited forage resource base inhibit Africa from realizing its full livestock potential. A.I.D. will participate in financing the International Livestock Development Institute to be established in Africa by a consortium of private and governmental donors. The Institute will undertake a concentrated research program on all aspects of livestock production, working closely with country and regional institutes on a wide variety of problems. At the same time A.I.D. will continue to assist veterinary institutions, such as Ahmadu Bello in Nigeria and the Veterinary school at the University of Nairobi in Kenya, to give immediate assistance in their areas.

The demand for meat in the coastal areas of West Africa has resulted in rapid increases in imports from outside the continent. At the same time, thousands of African headsmen make only a meager living from their herds in the savannah belt of Central and West Africa. Disease, shortages of food and water, and unfavorable price policies hamper efforts to improve

AFRICA

the stock and discourage incentives to increase sales. A livestock project initiated with the Entente Council is assisting the cattle raisers of these five countries (Dahomey, Ivory Coast, Niger, Togo, and Upper Volta) to change this situation. A.I.D.-financed advisors are working with the livestock community of the Entente to prepare and implement agreements among member countries concerning customs duties, common health standards and cattle grading. France is also providing livestock and marketing experts and other assistance to this project.

In another area of Central and West Africa, Chad, an important livestock producing country in the region, the World Bank has completed studies in livestock development. A.I.D. plans to join with the Bank and other donors in financing expansion of livestock production.

In the Masai area of Tanzania, an A.I.D. project is aimed at problems of poor quality animals, diseases, lack of water and range management. The problems are being addressed in selected areas through formation of ranching associations which form economic management units.

The campaign to control and eradicate rinderpest from Africa, which began with A.I.D. assistance in 1961, has entered its final three year phase. Over 86 million cattle have been vaccinated in 22 countries. Nomadic herders in such areas as Ethiopia, Somalia, Sudan and Northwest Kenya are readily cooperating since they realize the program will reduce cattle deaths and illness.

Human Resource Development

African countries have faced two major problems in education and human resource development:

(1) producing the necessary high and middle level administrative and technical manpower to plan, administer and

manage operational programs and capital development activities in the public and private sector; and

(2) furnishing sufficient educational opportunities at costs which can be afforded to make it possible for the populace to participate in development activities in such a way as to improve the quality of their lives.

African countries have placed a high priority on the expansion of educational opportunities and have allocated an increasingly high proportion of their budgets to this end, particularly to educational institutions at the post-primary level. This pattern of educational expansion was selected because of the overriding necessity to develop those human resources required to replace non-Africans as high and middle levels in government service and private industry. There has been a significant increase in secondary school students, from about one million in 1960 to over four million in 1972. University enrollment has increased from about 45,000 in 1965 to about 95,000 in 1972. A substantial number of students also attended colleges abroad with scholarship support from governments and private donors.

More needs to be done to expand relevant educational opportunities for the general population. African countries have devoted more resources to primary education, yet have not been able to substantially increase literacy rates which remain at about 15-20%.

Primary school enrollments have grown only slightly faster than the general population. Because meaningful expansion of the colonial primary education systems would impoverish African governments and because the traditional primary education system does not impart the most needed skills to ordinary African people, African educators are turning their attention to developing a modified educational system which can provide more relevant training at much lower costs.

AFRICA

A.I.D. is working increasingly to assist Africans in their search for better ways to provide a basic useful education to most people. At present these initiatives are exploratory and do not involve the expenditures of significant amounts of funds.

A.I.D. is continuing to assist Africa in the development of human resources both through the formal and non-formal education systems. In Ethiopia and in Botswana, Lesotho and Swaziland, A.I.D. is financing development of universities in areas where no institution of higher learning existed. Haile Selassie University now has over 5,000 students and over one-half of the 500 staff members are Ethiopians. Graduates are beginning to fill higher level positions in many Ethiopian ministries. A.I.D. is also furnishing technical assistance to strengthen specialized university faculties in Ghana, Kenya, Morocco, Nigeria, and Tunisia.

Most disciplines at the undergraduate level can now be provided satisfactorily in Africa rather than abroad. A.I.D. is assisting the Association of African Universities to expand its program of scholarships for Africans to study in Africa. Nearly 800 students are being supported by these scholarships. A.I.D. continues, however, to fund graduate and specialized undergraduate study in the United States if needed educational programs are not locally available.

A.I.D. is also helping to upgrade existing cadres of public service personnel and to strengthen training institutions. For example, in Nigeria A.I.D. is assisting the University of Ife to train officials in project design and management. In Liberia, A.I.D. is assisting in the establishment of a national institute to serve as the central training, research and consultant facility for the public service.

Because formal educational systems cannot supply the variety of training necessary for development in Africa, A.I.D. is supporting the development of non-formal education in functional knowledge and practical skills. A.I.D. has initiated

skills training projects in Nigeria, Ghana, Ethiopia, and Kenya patterned after the Opportunities Industrialization Center's program in the United States. This program, supported by the private sector, provides job training for the unemployed in urban centers.

In addition, A.I.D. will continue to support the activities of the African-American Labor Center to mount programs in responsible collective bargaining, participation in national development and skill training.

Population Planning and Health

Most Africans live under conditions in which even rudimentary modern health facilities and practices are unavailable. Not only do they lack services for treatment of diseases; many of them do not even have access to information about preventative health measures.

The health statistics are grim. For example, in most African countries, nearly a quarter of those who survive birth, die before the age of five. In addition, diseases such as Bilharzia reduce substantially the energies of rural farm workers and the widespread prevalence of diseases such as malaria make potentially productive farm areas uninhabitable.

Limited budgets and trained manpower place severe restraints on the ability of African governments to expand health services to the general population, particularly in rural areas. A.I.D., in close cooperation with other donors, is focusing assistance efforts on developing low-cost delivery systems for health and family planning activities, the control of particularly serious diseases which affect a large portion of the African population, and support to all aspects of government and private family planning programs.

A recently concluded smallpox measles project in Central and West Africa has been an outstanding success. No case

AFRICA

of smallpox has developed in the area in two years, and deaths from measles have been substantially reduced. In Ethiopia, A.I.D. will continue to provide loan assistance to the malaria control program which has already been successful in opening up fertile farm lands for settlement in areas which were previously unsuitable for human habitation.

One of the most dreaded diseases in Africa is onchocerciasis (river blindness). The World Bank, WHO, and other donors have been conducting research to discover ways of eliminating the disease. Now nearing completion, the findings suggest feasible means of controlling the disease so that land cultivation may proceed in areas now chronically short of food products. A.I.D. will join with other donors under the leadership of the World Bank to finance eradication of the disease and to promote rural development activities in the areas concerned.

In FY 1973 A.I.D. is initiating a major project in Central and West Africa to increase the effectiveness of health programs and develop low-cost health delivery systems as a follow-on to the successful smallpox/measles program. In Liberia, A.I.D. will continue assistance to the John F. Kennedy National Medical Center and will consider a new initiative enabling the Center to support the upgrading of rural health services.

A.I.D. is assisting integrated maternal and child health/family planning projects in many countries. These projects include efforts to establish units in health ministries to organize and administer these programs, and to assist various institutions, among them paramedical training centers, universities and medical schools. Developing the faculty and improving the curriculum in these institutions will lead to improved teaching of family planning-related subjects and the training of African personnel in this field.

A.I.D. will continue to support the University Center for Health Sciences in Cameroon. This multi-donor supported center is training Africans in preventative medicine, maternal

child care and family planning. Two new family planning activities are being initiated in Kenya and Tanzania, in cooperation with other donors, and in the context of broad national health programs.

Selected Development Problems--Transport

The major and most immediate requirement for infrastructure development in Africa is the development of transport systems. These systems are needed to serve the internal requirements of the countries, facilitate trade and commerce among African nations, and open up remote areas of the continent to make agricultural, mineral, forest and other products accessible to international markets.

Existing transport systems are entirely inadequate. There are only 40 miles of improved roads per 1,000 square miles in Africa compared to 920 per 1,000 square miles in the United States. Most of these improved roads were constructed to service colonial export-import trade and must be supplemented by additional transport development to provide for farm-to-market roads and intra-African trade.

In FY 1974, A.I.D. will continue to provide assistance for the development of transport facilities. In most instances, assistance to transport is undertaken as a part of a multi-donor effort coordinated through consultative groups.

For example, in Zaire A.I.D. will continue to provide capital and technical assistance to upgrade and expand the transport network as part of a much larger assistance program for transport being developed with the World Bank within the framework of the Consultative Group.

In Liberia, A.I.D. is participating with a special donor group made up of the United States, West Germany, the World Bank, and others to provide coordinated assistance in developing a rural road network.

AFRICA

In the Cameroon, A.I.D. joined with other donors to form a consortium which financed the extension of the Cameroon railroad into interior farm and forest areas. As a result, new towns, small industries, and agricultural and forestry enterprises have been growing rapidly along the railroad. A.I.D. plans to participate in further improvements on the Cameroon railway and the expansion of Douala Port.

Selected Countries and Organizations

During FY 1974, A.I.D. will continue to fund African country and regional activities to deal effectively with special problems and to support cooperative regional initiatives being undertaken by African countries and other donors. Severe balance of payments problems resulting from structural weaknesses in their economies continue to inhibit growth in selected African countries. Assistance to these countries in the form of program loans and PL 480 Title I will be furnished within the framework of Consultative Group arrangements. In FY 1974, A.I.D. proposes to finance program loans to Ghana and Sudan and approve PL 480 Title I in Morocco, Tunisia, Ghana, Liberia, Guinea, Sierra Leone, Sudan, Zaire, and Zambia.

A.I.D. proposes to take two initiatives to deal with the special problems of the 16 African countries designated as "least developed". These countries lack professional manpower to plan and design effective development programs. Through cooperation with the UNDP, several donors are supporting Development Assistance Teams which will work in a sub-region of five to six countries, providing them with advisors to help plan and design development programs. A.I.D. will provide funding to the Economic Commission for Africa for two teams to be assigned to sub-regions within Africa.

In giving direct assistance to the "least developed," A.I.D. will also use special integrated project grants. These countries will have an extremely limited capacity to repay loans, and by necessity they must invest in basic development activities

with relatively low rates of return if they are to develop trained manpower and increase the quality of life of their rural population.

During FY 1974, A.I.D. will fund about \$8 million in special integrated project grants to finance agricultural and rural development activities in the poorer countries. This combined technical and capital assistance is planned to directly affect the incomes of rural people. In addition, a special integrated project grant may be considered for an educational development project in Swaziland.

In Rwanda, one of the 16 "least developed" countries in Africa, A.I.D. may consider a loan in FY 1974 in support of its growing tourism industry.

To help further regional development in Africa, A.I.D. will continue to provide technical assistance to the African Development Bank. In coordination with other donors, A.I.D. will provide technical assistance to increase the professional skills of the Bank staff and to expand the capacity of the Bank to undertake feasibility studies. We hope that during FY 1973 or FY 1974 the U.S. will be able to make further progress toward making other contributions directly to the Bank.

U.S. Embassies in some 25 of the smaller African countries will continue to assist local self-help development projects being undertaken by local communities and organizations.

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION ACCOUNT
FISCAL YEARS 1972 - 1973 - 1974

REGION: AFRICA

(In thousands of dollars)

TABLE I

COUNTRY	TOTAL			DEVELOPMENT LOANS			DEVELOPMENT GRANTS (Including Population)			OTHER		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
AFRICA - TOTAL	175,205	162,203	159,730	104,050	96,000	80,000	67,455	66,203	79,680	3,700	--	50
<u>Regional Programs:</u>												
Central & West Africa	32,426	18,860	37,615	22,450	9,000	22,000	9,976	9,860	15,615	--	--	--
East Africa	1,279	1,185	1,600	--	--	--	1,279	1,185	1,600	--	--	--
Southern Africa	17,431	28,160	12,428	15,000	24,300	8,000	2,131	3,860	4,428	300 ^b	--	--
Africa Regional	21,561	16,729	18,547	6,000	--	--	15,561	16,729	18,547	--	--	--
<u>Country Programs:</u>												
Ethiopia	31,121	9,366	17,480	26,700	5,200	13,000	4,421	4,166	4,480	--	--	--
Ghana	2,580	23,060	13,265	--	20,000	10,000	2,580	3,060	3,265	--	--	--
Kenya	2,149	12,105	10,440	--	10,000	7,000	2,149	2,105	3,440	--	--	--
Liberia	12,258	14,059	3,150	6,900	10,900	--	5,358	3,159	3,150	--	--	--
Morocco	1,553	1,738	7,617	--	--	5,000	1,553	1,738	2,617	--	--	--
Nigeria	24,880	10,070	7,655	13,000	600	--	8,480	9,470	7,655	3,400 ^b	--	--
Sudan	--	11,000	5,400	--	11,000	5,000	--	--	400	--	--	--
Tanzania	1,940	6,570	5,840	--	3,000	--	1,940	3,570	5,840	--	--	--
Tunisia	17,067	2,780	9,408	11,000	--	5,000	6,067	2,780	4,358	--	--	50 ^c
Uganda	5,270	1,330	360	3,000	--	--	2,270	1,330	360	--	--	--
Zaire	1,990	3,491	7,125	--	2,000	5,000	1,990	1,491	2,125	--	--	--
<u>Self-Help Programs:</u>												
Botswana	62	a/	a/	--	--	--	62	a/	a/			
Burundi	46	a/	a/	--	--	--	46	a/	a/			
Cameroon	81	a/	a/	--	--	--	81	a/	a/			
Central African Republic	212	a/	a/	--	--	--	212	a/	a/			
Chad	118	a/	a/	--	--	--	118	a/	a/			
Dahomey	125	a/	a/	--	--	--	125	a/	a/			
Gabon	56	a/	a/	--	--	--	56	a/	a/			
Gambia	41	a/	a/	--	--	--	41	a/	a/			
Guinea	--	a/	a/	--	--	--	--	a/	a/			
Ivory Coast	45	a/	a/	--	--	--	45	a/	a/			
Lesotho	72	a/	a/	--	--	--	72	a/	a/			
Malagasy	--	a/	a/	--	--	--	--	a/	a/			
Malawi	152	a/	a/	--	--	--	152	a/	a/			
Mali	51	a/	a/	--	--	--	51	a/	a/			
Mauritania	22	a/	a/	--	--	--	22	a/	a/			
Mauritius	51	a/	a/	--	--	--	51	a/	a/			
Niger	114	a/	a/	--	--	--	114	a/	a/			
Rwanda	23	a/	a/	--	--	--	23	a/	a/			
Senegal	70	a/	a/	--	--	--	70	a/	a/			
Seychelles	5	a/	a/	--	--	--	5	a/	a/			
Sierra Leone	94	a/	a/	--	--	--	94	a/	a/			
Swaziland	55	a/	a/	--	--	--	55	a/	a/			
Togo	77	a/	a/	--	--	--	77	a/	a/			
Upper Volta	113	a/	a/	--	--	--	113	a/	a/			
Zambia	13	a/	a/	--	--	--	13	a/	a/			
Total Self-Help	(1,711)	1,700	1,800	--	--	--	(1,711)	1,700	1,800			

a/ Included in Self-Help Total.

b/ Supporting Assistance.

c/ International Narcotics Control

SUMMARY OF PROGRAM BY COUNTRY AND OBJECTIVE
(in thousands of dollars)

TABLE II

REGION: AFRICA

COUNTRY	Total			Food Production and Nutrition			Population Planning and Health			Human Resource Development			Selected Development Problems			Selected Countries and Organizations			Other Programs and Support Costs		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
ETHIOPIA	31,121	9,366	17,480	16,176	1,181	14,260	74	5,221	325	3,110	2,145	2,105	10,715	--	--	--	--	--	1,046	819	790
GHANA	2,580	23,060	13,265	606	335	630	650	1,105	1,140	747	855	815	49	--	--	--	20,000	10,000	528	765	680
KENYA	2,149	12,105	10,440	1,217	1,275	8,650	489	215	1,200	11	100	100	--	--	--	10,000	--	432	515	490	
LIBERIA	12,258	14,059	3,150	3,885	278	557	1,587	1,490	1,328	1,496	225	700	4,453	11,420	--	--	--	837	646	565	
MOROCCO	1,553	1,738	7,617	372	450	5,977	417	548	982	113	125	100	97	--	--	--	--	554	615	558	
NIGERIA	24,880	10,070	7,655	2,934	3,031	2,074	--	595	655	8,302	1,436	1,443	6,301	2,500	1,500	--	--	6,843 ^{1/}	2,508	1,983	
SUDAN	--	11,000	5,400	--	11,000	350	--	--	--	--	--	--	--	--	--	--	5,000	--	--	50	
TANZANIA	1,940	6,570	5,840	1,240	4,300	4,070	--	1,800	1,400	--	--	--	466	160	--	--	--	234	310	370	
TUNISIA	17,067	2,780	9,408	12,106	1,015	6,430	3,884	950	2,118	372	215	210	--	--	--	--	--	705	600	650	
UGANDA	5,270	1,330	360	4,288	810	260	125	125	--	475	--	--	--	--	--	--	--	382	395	100	
ZAIRE	1,990	3,491	7,125	5	--	320	610	301	525	895	730	955	--	2,000	5,000	--	--	480	460	325	
CENTRAL WEST AFRICA REGIONAL	32,426	18,860	37,615	3,879	3,765	8,830	4,056	1,695	3,175	626	300	510	21,889	11,035	22,735	267	415	615	1,709	1,650	1,750
EAST AFRICA REGIONAL	1,279	1,185	1,600	388	585	660	--	--	--	563	485	820	180	--	--	--	--	148	115	120	
SOUTHERN AFRICA REGIONAL	17,431	28,160	12,428	815	3,410	1,855	--	510	228	2,165	1,515	1,920	13,800	22,370	8,000	10	--	641 ^{2/}	355	425	
AFRICA REGIONAL	21,561	16,729	18,547	1,519	1,375	2,455	2,226	3,759	2,812	7,897	6,820	7,145	6,129	1,084	1,120	1,787	1,140	2,250	2,003	2,551	2,765
SELF-HELP	1,700	1,700	1,800	799	750	750	102	200	300	799	750	750	--	--	--	--	--	--	--	--	--
Total	175,205	162,203	159,730	50,229	33,560	58,128	14,220	18,514	16,188	28,071	15,701	17,573	64,079	50,569	38,355	2,064	31,555	17,865	16,542	12,304	11,621

^{1/} Includes 3,400 in Supporting Assistance Funds.

^{2/} Includes 300 in Supporting Assistance Funds.

ECONOMIC AND SOCIAL DATA

REGION: AFRICA

1

COUNTRY	POPULATION				HEALTH			EDUCATION					
	TOTAL (MID-1972)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICUL- TURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECT- ANCY	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
			1960	1971					1960	1969	1960	1969	
	MILLIONS	PERCENT							YEARS	THOUSANDS		AS PERCENT 5-19 AGE GROUP	
Ethiopia	26.4	2.5	6	9	85	71,200	40	162	260	705	4	8	5
Ghana	9.7	3.0	23	32	55	15,300	48	122	686	1,471	30	46	25
Kenya	12.8	3.5	7	11	80	8,300	48	115	808	1,565 ^a	26	33 ^a	20-25
Liberia	1.6	3.2	n.a.	10	74	11,500	43	137	57	137 ^a	16	30 ^a	9
Morocco	16.9	3.3	29	35	61	12,400	53	149	882	1,438	20	25	14
Nigeria	57.5	2.4	18	23	67	24,000	40	157	3,079	2,568	20	13	25
Sudan	16.7	3.1	9	10	80	14,300	50	121	388	787	9	14	10-15
Tanzania	14.0	2.7	5	7	86	29,100	44	165	478	942 ^b	13	19 ^b	15-20
Tunisia	5.4	2.4	41	46	46	7,300	51	120	509	992 ^c	38	53 ^c	30
Uganda	10.4	3.0	5	10	86	8,600	49	113	600	775	24	23	20
Zaire	18.7	2.4	11	17	78	28,300	43	115	1,611	3,067	34	51	15-20

NOTE: Where year is not stated, data are most recent information available. Data for developing countries often represent approximate orders of magnitude rather than precise measurements, and may not be fully comparable between countries.

a - 1970. b - 1971. c - 1968.

ECONOMIC AND SOCIAL DATA

REGION: AFRICA

11

COUNTRY	GROSS NATIONAL PRODUCT				AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE				
	TOTAL GNP 1972 ^a	PER CAPITA GNP 1972 ^a	AVERAGE ANNUAL GROWTH RATE 1967-72		AVERAGE ANNUAL GROWTH RATE 1967-72		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)	
			TOTAL GNP	PER CAPITA GNP	TOTAL	PER CAPITA	1967	1972 EST.		1967	1972 EST.
	\$ MILLIONS	DOLLARS	PERCENT		PERCENT		\$ MILLIONS		ITEM	\$ MILLIONS	
Ethiopia	2,113	80	4.1	1.6	1.6	-0.8	101	145	Coffee	143	175
Ghana	2,090	216	2.2	-1.0	-0-	-3.0	307	375	Cocoa	319	240
Kenya	1,842	144	7.3	3.7	1.8	-1.6	240	375	Coffee; tea	337	525
Liberia	375 ^b	238 ^b	n.a.	n.a.	3.1	-0.2	180	240	Iron ore; rubber	125	170
Morocco	4,210	249	5.9	2.6	7.0	3.6	424	625	Phosphates	518	750
Nigeria	6,730 ^b	120 ^b	n.a.	n.a.	3.3	0.9	680	2,000	Petroleum and products	626	1,400
Sudan	1,900 ^b	117 ^b	n.a.	n.a.	1.6	-1.4	213	350	Cotton	214	310
Tanzania	1,445	106	5.6	2.9	0.7	-2.1	232	290	Coffee; cotton	223	415
Tunisia	2,063	384	9.6	7.1	8.1	5.7	149	335	Petroleum; phosphates	261	475
Uganda	1,430	138	3.5	0.6	2.1	-0.8	220	275	Coffee; cotton	159	240
Zaire	2,176	117	7.2	4.7	2.0	-0.5	436	675	Copper	256	650

n.a. - Not available.

a - Estimates based on 1971 prices and year-end exchange rates. b - 1971 in 1971 prices and year-end exchange rates.

ECONOMIC AND SOCIAL DATA

REGION: AFRICA

III

COUNTRY	GOLD & FOREIGN EXCHANGE ^a			CENTRAL GOVERNMENT FINANCES ^b							
				EXPENDITURES						DOMESTIC REVENUES	
	TOTAL		DEFENSE EXPENDITURES				AS % OF GNP ^c				
	AMOUNT		AMOUNT								
	1970	1971	1972	1971	1972	1971	1972	1971	1972	1971	1972
\$ MILLIONS			\$ MILLIONS				PERCENT		\$ MILLIONS		
Ethiopia	71	68	93	255	293	51	55	2.5	2.6	214	242
Ghana	58	48	107	428	485	45	39	1.7	1.4	480	412
Kenya	220	171	204	402	467	18	25	1.0	1.3	352	386
Liberia	n.a.	n.a.	n.a.	64	65	4	4	1.1	n.a.	71	79
Morocco	140	174	237	1,018	1,093	131	152	3.3	3.5	887	877
Nigeria	224	432	385	1,747	2,379	434	490	5.2	n.a.	1,985	1,942
Sudan	22	28	41	514	644	108	120	5.7	n.a.	462	536
Tanzania	65	60	120	348	360	31	34	2.3	2.3	237	265
Tunisia	60	148	213	430	500	26	31	1.5	1.5	397	455
Uganda	57	41	34 ^d	280	324	23	78	1.6	5.2	194	211
Zaire	186	147	178	714 ^e	758 ^f	105 ^e	88 ^f	5.4 ^e	4.2 ^f	630 ^e	578 ^f

a - Official reserves, gross basis, end of year. b - Converted at 1971 exchange rates; 1972 data are estimates. c - Derived from current price data. d - January 1973. e - 1970. f - 1971

ECONOMIC AND SOCIAL DATA

REGION: AFRICA

1A

COUNTRY	POPULATION				HEALTH			EDUCATION					
	TOTAL (MID-1972)	ANNUAL GROWTH RATE	PERCENT IN URBAN AREAS		PERCENT OF LABOR FORCE IN AGRICUL- TURE	NUMBER OF PEOPLE PER DOCTOR	LIFE EXPECT- ANCY	INFANT DEATHS PER 1,000 LIVE BIRTHS	PRIMARY AND SECONDARY STUDENTS				LITERACY RATE
			1960	1971					1960	1969	1960	1969	
	MILLIONS	PERCENT			THOUSANDS	PERCENT							
CENTRAL-WEST AFRICA													
Cameroon	6.1	2.1	14	20 ^a	82	25,800	43	110	484	956	31	50	10-15
Central African Rep ..	1.5	2.1	14	25	87	35,400	40	163	70	179 ^b	16	35	5-10
Chad	3.9	2.4	4	11	91	63,900	40	155	74	172 ^b	8	14 ^b	5-10
Dahomey	2.6	2.2	12	17 ^a	52	29,900	41	150	94	164 ^b	14	19 ^b	20
Gabon	0.5	0.9	12	21 ^a	72	5,000	40	184	60	103	43	62	12
Gambia	0.4	2.0	8	10	84	18,700	43	146	9	23 ^b	8	17 ^b	10
Guinea	4.1	2.3	8	12	83	49,800	40	155	106	209 ^b	11	15 ^b	5-10
Ivory Coast	4.4	2.8	15	24	81	19,800	43	154	250	524 ^b	24	35	20
Mali	5.3	2.4	10	12	91	37,100	39	168	70	226 ^b	4	12 ^b	5
Mauritania	1.2	2.4	2	7	85	25,900	43	137	12	29 ^b	4	7 ^b	1-5
Niger	4.1	3.0	3	3	91	54,100	43	140	28	91 ^b	3	6 ^b	5
Senegal	4.0	2.4	22	29	76	14,500	42	158	141	309 ^b	12	23 ^b	5-10
Sierra Leone	2.8	2.2	12	14 ^a	73	16,800	43	136	95	187	11	20	10
Togo	2.1	2.9	10	16 ^a	75	27,200	40	155	109	225 ^b	20	32 ^b	5-10
Upper Volta	5.6	2.1	4	5 ^a	89	86,400	37	181	60	110 ^b	4	6 ^b	5-10
SOUTHERN AFRICA													
Botswana	0.7	2.3	21	25	91	16,900	43	175	37	88 ^a	19	41 ^a	20
Lesotho	1.1	1.9	1	2 ^a	n.a.	29,800	45	137	139	185 ^b	43	50 ^b	n.a.
Malawi	4.7	2.5	3	5	87	43,500	40	141	288	345 ^b	23	23 ^b	22
Swaziland	0.4	2.9	3	5	n.a.	8,100	43	168	36	72	29	52	36
Zambia	4.7	2.9	16	24	69	17,900	45	159	293	750 ^a	28	47 ^a	15-20

NOTE: Where year is not stated, data are most recent information available. Data for developing countries often represent approximate orders of magnitude rather than precise measurements, and may not be fully comparable between countries.

n.a. - Not available.

a - 1970. b - 1968.

ECONOMIC AND SOCIAL DATA

REGION: AFRICA

IIA

COUNTRY	GROSS NATIONAL PRODUCT		AGRICULTURAL PRODUCTION		INTERNATIONAL COMMODITY TRADE					GOLD & FOREIGN EXCHANGE ^b		
	TOTAL GNP 1971 ^a	PER CAPITA GNP 1971 ^a	AVERAGE ANNUAL GROWTH RATE 1967-72		EXPORTS (F.O.B.)		MAIN EXPORTS	IMPORTS (C.I.F.)		1970	1971	1972
			TOTAL	PER CAPITA	1967	1971		1967	1971			
	\$ MILLIONS	DOLLARS	PERCENT		\$ MILLIONS		ITEM	\$ MILLIONS		\$ MILLIONS		
CENTRAL-WEST AFRICA												
Cameroon	1,150	195	3.7	0.4	158	206	Cocoa; coffee	188	232	81	74	44
Central Afr.Rep..	220	145	n.a.	n.a.	29	30 ^E	Diamonds; cotton; coffee	44	35 ^E	1	0.2	2
Chad	290	76	n.a.	n.a.	31	31	Cotton; livestock	59	67	2	11	10
Dahomey	250	97	2.7	0.4	15	46	Palm kernel & products	48	83	16	25	28
Gabon	375	775	n.a.	n.a.	120	145 ^E	Petroleum; wood	67	90 ^E	15	25	23
Gambia	50	135	n.a.	n.a.	18 ^c	12 ^c	Peanuts & products	20 ^c	12 ^c	8	11	13
Guinea	325	81	4.1	1.6	51 ^d	50 ^d	Alumina	44 ^d	80 ^{d, E}	8	11 ^e	n.a.
Ivory Coast	1,675	387	4.0	1.0	325	456	Coffee; wood; cocoa	264	399	105	89	87 ^e
Mali	313	60	0.4	-2.0	12	38	Livestock; cotton	31	60	1	6	8 ^f
Mauritania	215	154	n.a.	n.a.	72	98	Iron ore	37	62	4	8	12 ^f
Niger	400	100	-5.2	-8.2	35	41	Peanuts; livestock	46	58	19	34	40 ^f
Senegal	800	205	-9.1	-11.0	139	125	Peanuts & products	165	218	22	29	38 ^f
Sierra Leone	510 ^g	188 ^g	5.1	3.0	70	100	Diamonds	90	113	35	38	46 ^f
Togo	300	149	1.9	-1.0	32	49	Cocoa; phosphates	45	70	35	41	36 ^f
Upper Volta	353	64	-0.8	-2.6	18	17	Livestock; cotton	36	55	36	43	47 ^f
SOUTHERN AFRICA												
Botswana	67	105	n.a.	n.a.	13	43 ^h	Meat & products; diamonds	31	78 ^h	0.5	1.0	1.6
Lesotho	96	90	n.a.	n.a.	6	3	Wool; livestock	33	36	-	0.4	0.9
Malawi	406	89	5.5	3.0	56	72	Tobacco; tea	80	121	29	32	37
Swaziland	91	210	n.a.	n.a.	56	73	Sugar; iron ore	49	62	-	-	0.8
Zambia	1,500	330	2.8	-0-	658	679	Copper	483	624	514	282	162

a - In 1971 prices and year-end exchange rates. b - Official reserves, gross basis, end of year. c - Fiscal year ending June 30.
d - Fiscal year ending September 30. e - September. f - November. g - Fiscal year beginning April 1. h - 1970

North Africa

MOROCCO

FY 1974 A.I.D. PROGRAM

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,553	372	417	113	97	-	554
Other	-	-	-	-	-	-	-
Total	1,553	372	417	113	97	-	554
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,738	450	548	125	-	-	615
Other	-	-	-	-	-	-	-
Total	1,738	450	548	125	-	-	615
<u>1974</u>							
Devel. Loans	5,000	5,000	-	-	-	-	-
Devel. Grants	2,617	977	982	100	-	-	558
Other	-	-	-	-	-	-	-
Total	7,617	5,977	982	100	-	-	558

Morocco's annual economic growth rate of 6% exceeded the 1968-72 Five-Year Plan's annual target of 4.5% largely because of growth in the agricultural sector. Agricultural growth, about 7% a year, occurred primarily in the cereals subsector which accounts for about one-third of the total agricultural output. In 1970-71 and 1971-72, production of the principal cereals increased 26% over 1969-70 to 5.2 million tons. Although indications are that the cereals production trend will continue, Morocco continues to need assistance to stimulate increased growth. Problems of population growth, unemployment, and lack of skilled manpower restrain improved economic performance.

Agriculture will remain the priority sector in Morocco's new 1973-77 Five-Year Plan. A.I.D. will support this Plan by concentrating its assistance in agriculture. A.I.D. anticipates a request for an agricultural sector loan late in FY 1973. Therefore, in FY 1974 A.I.D. proposes a \$5 million agricultural sector loan, and, in addition, plans \$1.6 million in Development Grants focused almost exclusively on this sector. In addition, a \$15 million PL 480 Title I and a \$6.1 million Title II program are planned to assist Morocco in increasing resources for agricultural development, and meeting nutrition and food import needs.

Population growth is receiving increasing attention from the Government. A.I.D. is joining other donors in helping Morocco to slow the high growth rate of 3.3%. In FY 1974, A.I.D. proposes \$982,000 for assistance in the areas of family planning and demographic research.

Food Production and Nutrition

A.I.D. assistance will focus on efforts to raise small farmer productivity and income through support of the Government's programs in cereals production, credit, research, and livestock production. The FY 1974 sector loan will finance commodities for dryland agriculture, principally cereals and livestock, with some resources flowing through the National Agricultural Bank (CNCA) for short and medium-term credit.

A.I.D. will also provide grant assistance to help small farmers by providing technical, managerial, and training services to credit agents through a new agricultural credit project. This project will help expand services for small farmers by training agents to assist farmers in management, cooperative organization, and credit utilization. Another new project, agriculture research, will help upgrade the Agriculture Ministry's research service.

MOROCCO

A.I.D. will also continue to assist the Moroccan Government to carry out a national rangeland development program. Livestock production is low due to unrestricted grazing, inadequate feeding, poor disease and pest control, and inferior breeding. A recent A.I.D. pilot project has demonstrated that rangelands can be improved through reseeding, controlled grazing, and improved management. A.I.D. will continue efforts to spread these improved practices among small farmers.

Population Planning and Health

Morocco's high population growth rate has already been felt in increasing unemployment, especially in the 18 to 25-year age group; a decreasing rate of school age children attending primary school; a growing gap in health facilities, and gaps in agricultural production which have necessitated more imports of food.

The Moroccan Government, realizing the gravity of the problem, has set as goals for the 1973-77 Five-Year Plan, a voluntary reduction of the birth rate through expanded information and education programs, and provision of contraceptives and family planning services to the estimated three million fertile couples in Morocco.

The Government has established a Demographic Research Center to develop reliable data as a base for social and economic planning. A.I.D. will continue assistance to the Center through a contract with the University of North Carolina. The Center,

now well established, will continue its collection of demographic data from sampling areas and development of population registration procedures.

A.I.D. will also continue to provide Morocco with assistance to its national family planning program by providing training for staff development, U.S. university consultants to assist maternal child health program development, and commodities, including educational materials and contraceptives. Some assistance is also given to support construction and equipping of maternal child health and family planning centers. This assistance is coordinated with that of other donors, including the Ford Foundation, the Population Council, and the UN Fund for Population Activities.

Selected Development Problems

Moroccan manufactured goods have had free entry into the European Economic Community since 1969. Yet, there has been no appreciable increase in non-traditional manufactured exports. An unfavorable balance of trade has prompted the Moroccan Government to pursue more aggressive industrial development and export promotion policies.

A.I.D. is providing limited advisory assistance through a regional project in export promotion. U.S. advisors are assisting in market research, product development and selective training of Moroccan staff.

TUNISIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	11,000	11,000	-	-	-	-	-
Devel. Grants	6,067	1,106	3,884	372	-	-	705
Other	-	-	-	-	-	-	-
Total	17,067	12,106	3,884	372	-	-	705
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,780	1,015	950	215	-	-	600
Other	-	-	-	-	-	-	-
Total	2,780	1,015	950	215	-	-	600
<u>1974</u>							
Devel. Loans	5,000	5,000	-	-	-	-	-
Devel. Grants	4,358	1,430	2,118	210	-	-	600
Other	50	-	-	-	-	-	50
Total	9,408	6,430	2,118	210	-	-	650

During the past two years Tunisia's economy has enjoyed a sharp upswing. Total output was up 19% in 1972, largely owing to several factors: favorable weather conditions which led to a sharp increase in agricultural production; changes in Government policy which increased the role of private enterprise; and the cumulative effect of capital and technical assistance provided by A.I.D. and other donors within the framework of the World Bank-led Consultative Group.

Prior to FY 1972, Tunisia's growth rate averaged 5 to 6%. A.I.D. estimates this rate can be maintained and probably improved.

Tunisia will require continuing capital and technical assistance from the donor community in order to sustain an acceptable

rate of growth. However, its growth potential is limited by high rates of unemployment, unsatisfactory agricultural productivity, a high rate of population growth, and a scarcity of managerial and technical manpower. Continued external assistance will help assure that further changes in the Tunisia Government's development policies will bring substantial improvement in development performance. Although the U.S. share of total assistance is declining, A.I.D. remains an important contributor to agriculture, population, and specialized manpower programs.

FY 1974 A.I.D. PROGRAM

A.I.D. assistance is directed toward three major goals: increased agricultural production and planning, expanded middle-level management training, and reduced population growth coupled with an improved nutritional base. In FY 1974, A.I.D. will provide \$2.2 million in Development Grants, \$2.1 million in population grants, and a \$5 million Development Loan in support of the Government's efforts to improve and expand agricultural development. PL 480 Titles I and II, including World Food Programs, will total \$17.7 million in FY 1974. Soybean oil and grain products are the principal commodities provided for sales, maternal/child health, school feeding, and other programs.

Food Production and Nutrition

Although agricultural production has increased substantially in the past two years, the rise has not been sufficient to meet expanding demands in the domestic and tourist markets. A.I.D.'s efforts in this sector support the Government's objectives to achieve self-sufficiency in food grains, increase agricultural exports, increase income for rural population, and strengthen the role of the private sector in agriculture. Continued assistance is designed to help Tunisia resolve the problems impeding improved and expanded food and live-stock production.

TUNISIA

A.I.D. provides technical assistance through: (1) an accelerated cereals development program aimed at increasing wheat production to satisfy the domestic market; (2) livestock production which incorporates forage and feed-grain production to increase the supply of meat and thereby provide better nutrition to Tunisians and to fill the needs of the expanding tourist trade; (3) development of irrigable land for crop production, and (4) agricultural economics and planning.

Some positive measures which the Government of Tunisia has taken towards liberalizing the agricultural sector include reduced taxes and expanded credit facilities. It is proceeding with private land registration, expanding and upgrading research and experimentation in cereals, livestock, forages, soils and crop rotation, and providing extension services on applicable technology to small farmers.

Based on experience with A.I.D.-supported dwarf wheat production in other countries, A.I.D. introduced 50 tons of the best available dwarf wheat varieties from Mexico in 1966-67 for trial and demonstrations. Dwarf bread wheat varieties were further developed under A.I.D.-assisted programs in cooperation with CIMMYT and have proven successful in Tunisia. As a consequence the area seeded in bread wheat has doubled since 1969.

The use of nitrogenous fertilizer, initially furnished under an A.I.D. commodity import loan, has increased by 59%. Agricultural credit institutions which service small farmers were assisted under A.I.D. loans. All these factors have contributed to the increase in agricultural production.

The agricultural development loan of \$11 million made in FY 1972 is directly linked to the encouragement of important agricultural policy changes and introduces the concept of agricultural sector planning based on agricultural sector analysis. This loan, used to import agricultural and other commodities, will also address Tunisia's balance of payments

problems. Increased cereals production is expected to result in a reduction of wheat imports. Local currency generated by the agricultural development loan and PL 480 sales will be applied to the agricultural sector. A similar loan of \$5 million is planned for FY 1974.

Technical assistance is also provided to the National Institute of Food Technology which, among other activities, is conducting a study through a Harvard University contract to determine the nutritional effect of fortifying wheat with lysine. Lysine is an essential amino acid in protein needed in human nutrition; wheat is generally low in lysine.

Population Planning and Health

Tunisia's population planning program aims at reducing the current crude reproduction rate of 3.1 to 2.4 by 1981, and to increase the nutritional base of the national diet, particularly for children.

During FY 1973, A.I.D. is providing about \$1 million to cover the costs of several family planning and maternal/child health facilities, technical assistance, and training. A.I.D.'s proposed FY 1974 program includes, in addition to \$1.1 million for the ongoing project, a \$1 million grant to be used to cover the local costs of financing family planning facilities being constructed under a World Bank credit. Other donors, including the Population Council, Ford Foundation, International Planned Parenthood Federation, and WHO, are also providing assistance.

To date, 3,000 health centers throughout Tunisia dispense family planning services, and 60,000 women practice family planning. As a consequence, an estimated 18,000 births are averted annually.

TUNISIA

Human Resources Development

A lack of highly specialized cadres in the fields of agriculture, business management, economics, and engineering, characterizes Tunisia's major problems in the area of manpower development.

A University of Illinois team is under A.I.D. contract to help expand and improve the curriculum of the Superior Institute of Business Management, to teach selected business administration and management courses, conduct development seminars for executives, provide consulting services to the business community, and train Tunisian faculty members to take over as U.S. assistance terminates. So essential is the need for trained management personnel that the Institutes's first 35 graduates were hired by the business community at high salaries; most of the 15 to graduate this spring have already

accepted executive positions.

Assistance is also provided by A.I.D. to the University of Tunis Faculty of Economics through the services of a University of Minnesota professor. In addition, a new project will assist the Engineering School to introduce concepts of practical engineering geared to Tunisia's needs.

Housing Guaranty Program

Tunisia is a participant in the A.I.D. Housing Guaranty Program. In February 1972, A.I.D. guaranteed a \$10 million loan to Tunisia's Housing Authority, repayable over a 25-year period, which will help finance the construction of 5,100 low-cost houses. An additional \$10 million guaranty is planned for FY 1974.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	12.3	1.6	341.2	111.6	229.6		
Loans	10.8	-	312.6	111.6	201.0		
Grants	1.5	1.6	28.7	-	28.7		
(Supporting Assistance)	(-)	(-)	(71.1)				
FOOD FOR PEACE - TOTAL	39.5	35.7	426.9	18.9	408.0		
Title I - Total	17.5	27.9	134.1	18.9	115.2		
REPAYABLE IN U.S. DOLLARS - LOANS	17.5	27.9	82.9	9.0	73.9		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	51.2	9.9	41.3		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(72.9)	(-)	(72.9)		
Title II - Total	22.0	7.8	292.8	-	292.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	14.8	-	182.5	-	182.5		
VOLUNTARY RELIEF AGENCIES	7.2	7.8	110.3	-	110.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.9	1.1	8.9	-	8.9		
PEACE CORPS	0.9	1.1	8.9	-	8.9		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	52.7	38.4	777.0	130.5	646.5		
Loans	28.3	27.9	446.6	130.5	316.1		
Grants	24.4	10.5	330.4	-	330.4		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	2.1	2.3	33.2	12.4	20.8		
OTHER LOANS	22.7	16.9	47.0	15.7	31.3		
TOTAL OTHER OFFICIAL LOANS	24.8	19.2	80.2	28.1	52.1		
TOTAL ECONOMIC PROGRAMS	77.5	57.6	857.2	158.6	698.6		
Loans	53.1	47.1	526.8	158.6	368.2		
Grants	24.4	10.5	330.4	-	330.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	15.8	15.9	98.4	13.3	85.1		
Credit Sales (FMS)	15.0	15.0	59.6	13.3	46.3		
Grants	0.8	0.9	38.8	-	38.8		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	4.0	-	4.0		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	15.8	15.9	102.4	13.3	89.1		
TOTAL ECONOMIC AND MILITARY PROGRAMS	93.3	73.5	959.6	171.9	787.7		
Loans	68.1	62.1	586.4	171.9	414.5		
Grants	25.2	11.4	373.2	-	373.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1969-71
IBRD - World Bank	45.0	15.0	199.5	France	27.2	35.3	366.9
Int'l Finance Corp.	-	-	2.9	Germany	17.8	41.4	131.5
Int'l Dev. Association	-	8.5	26.8	Italy	0.7	2.1	17.3
African Dev. Bank	-	-	2.8	Other	5.6	7.6	21.6
UNDP - Special Fund	3.4	1.2	24.7				
UNDP - TA (CY)	0.5	0.5	6.4				
Other UN (CY)	1.5	0.8	7.0				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	123		

* Less than \$50,000.

TUNISIA
(U.S. Fiscal Years - Million of Dollars)

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	13.0	17.1	330.0	28.6	301.4		
Loans	10.0	11.0	198.1	28.6	169.5		
Grants	3.0	6.1	131.8	-	131.8		
(Supporting Assistance)	(-)	(-)	(11.6)				
FOOD FOR PEACE - TOTAL	31.4	23.5	384.6	19.1	365.5		
Title I - Total	12.8	17.4	137.7	19.1	118.6		
REPAYABLE IN U.S. DOLLARS - LOANS	12.8	17.4	65.8	4.8	61.0		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	71.9	14.3	57.6		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(92.5)	(-)	(92.5)		
Title II - Total	18.6	6.1	246.9	-	246.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	16.6	4.0	224.2	-	224.2		
VOLUNTARY RELIEF AGENCIES	2.0	2.1	22.7	-	22.7		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.7	0.6	9.7	-	9.7		
PEACE CORPS	0.7	0.6	9.7	-	9.7		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	45.1	41.2	724.3	47.7	676.6		
Loans	22.8	28.4	328.4	47.7	280.7		
Grants	22.3	12.8	395.8	-	395.8		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	3.5	-	7.6	4.2	3.4		
OTHER LOANS	5.8	7.6	20.9	11.2	9.7		
TOTAL OTHER OFFICIAL LOANS	9.3	7.6	28.5	15.4	13.1		
TOTAL ECONOMIC PROGRAMS	54.4	48.8	752.8	63.1	689.7		
Loans	32.1	36.0	356.9	63.1	293.8		
Grants	22.3	12.8	395.8	-	395.8		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	5.3	4.0	42.2	3.4	38.8		
Credit Sales (FMS)	-	2.2	5.2	3.4	1.8		
Grants	5.3	1.8	37.0	-	37.0		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.9	0.1	3.0	-	3.0		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	6.2	4.1	45.2	3.4	41.8		
TOTAL ECONOMIC AND MILITARY PROGRAMS	60.6	52.9	798.0	66.5	731.5		
Loans	32.1	38.2	362.1	66.5	295.6		
Grants	28.5	14.6	435.8	-	435.8		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1969-71
IBRD - World Bank	31.5	27.0	128.3	France	27.7	26.6	222.6
Int'l Finance Corp.	*	0.1	14.7	Germany	13.4	16.2	76.4
Int'l Dev. Association	4.8	5.0	48.7	Italy	3.0	3.6	65.7
African Dev. Bank	-	0.9	3.6	Other	15.6	15.0	75.2
UNDP - Special Fund	3.6	1.5	24.4				
UNDP - TA (CY)	0.4	0.4	5.6				
Other UN (CY)	0.8	0.7	6.9				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	36		
				Cumulative thru 1972	141		

* Less than \$50,000.

GHANA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,580	606	650	747	49	-	528
Other	-	-	-	-	-	-	-
Total	2,580	606	650	747	49	-	528
<u>1973</u>							
Devel. Loans	20,000	-	-	-	-	20,000	-
Devel. Grants	3,060	335	1,105	855	-	-	765
Other	-	-	-	-	-	-	-
Total	23,060	335	1,105	855	-	20,000	765
<u>1974</u>							
Devel. Loans	10,000	-	-	-	-	10,000	-
Devel. Grants	3,265	630	1,140	815	-	-	680
Other	-	-	-	-	-	-	-
Total	13,265	630	1,140	815	-	10,000	680

The World Bank has identified the absence of sufficient foreign exchange to finance a level of imports consistent with a growing economy's needs as the primary constraint to Ghana's development. The foreign exchange constraint is directly related to structural imbalances in the Ghanaian economy which include the slow growth in Government revenue and rapid growth in Government expenditures, excessive reliance on imports for consumption and for production and stagnating exports with overreliance on a few traditional commodities, particularly cocoa, for both export earnings and budgetary revenues. Past investment financing methods resulted in a complete drawdown of Ghana's own reserves, accompanied by a build-up of massive short and medium-term debts. Ghana has experienced economic stagnation and political crises derived from its inability to resolve these problems.

Foreign Exchange Problems

The main objective of the A.I.D. program since 1966 has been to help Ghana overcome problems related to its foreign exchange crisis. Commodity loans and PL 480 Title I sales have financed imports of raw materials, equipment, machinery and spare parts at a level consistent with a moderate rate of growth and development. Business and industrial concerns have been able to function at more economic levels of production, generating jobs and tax revenues. The situation has been exacerbated by the accrual of large debts from the early years of Ghana's independence and the need to find an amicable understanding between Ghana and its creditors on how to deal with this problem. An FY 1973 program loan has been under consideration but has not yet been authorized due to the uncertainties regarding final settlement of the debt issue and related economic problems. The World Bank has agreed to act as an intermediary on the debt issue with the Ghana Government.

FY 1974 A.I.D. PROGRAM

The World Bank has projected that external assistance, either in the form of debt relief or new aid commitments, will be required in amounts ranging from \$80 to \$150 million annually through 1980. The proposed U.S. assistance of about \$20 million--a \$10 million program loan and \$9.5 million of PL 480 Title I--would be part of the total external package of \$80 to \$100 million being provided in FY 1974 by the World Bank, U.K., West Germany, and Canada. Development Grants, \$325,000, are requested in FY 1974 to continue advisory and training programs designed to reinforce general economic support by upgrading talent in key public administration fields.

Food Production and Health

Agricultural production has been held back by inefficient

GHANA

distribution and marketing systems. A.I.D. and the Ghanaian Government are working to improve the distribution of technologically advanced inputs such as improved seeds and fertilizer to the individual farmer. This requires improved extension services, access to credit facilities and the technological inputs themselves. A.I.D. projects in the past have assisted in the introduction of improved seed varieties of rice and maize, and the establishment and staffing of the Agricultural Development Bank.

A.I.D. is now working with the Ministry of Agriculture to develop a comprehensive maize project in southern Ghana. This new project will concentrate upon demonstrating how delivery of improved technological inputs can result in increased production while simultaneously promoting employment and higher incomes for small farmholders. The Government will begin a similar rice project in northern Ghana in conjunction with the World Bank. In FY 1974, A.I.D. proposes \$425,000 to support these comprehensive grain projects.

The second major problem area being addressed is the need to improve the marketing of domestic crops. This involves strengthening the planning and policy making divisions of the Ministry of Agriculture as well as its extension services. A.I.D.-financed advisors are working with the Ministry on reorganization plans, manpower requirements and marketing procedures. In FY 1974, \$205,000 in Development Grants is requested for assistance in agricultural planning and management.

Population Planning and Health

In view of an estimated population growth rate of 3% and recognizing its own inability to feed, educate, provide employment or health facilities for such a rapidly growing population, the Government of Ghana, in May 1970, adopted a national voluntary family planning program. Subsequent governments have continued to support it. Ghana was the first African

country to recognize explicitly the relationship between economic development and population growth and to adopt an official population policy.

U.S. assistance relates directly to the program's objective of changing attitudes and integrating voluntary family planning into Ministry of Health programs. A.I.D. has financed population training and consultants in such fields as information, education, communication and evaluation. In addition, A.I.D. is financing the foreign exchange cost of the contraceptives used in the nation-wide program. Through a contract with U.C.L.A., and in cooperation with the University of Ghana Medical School, A.I.D. is also supporting an operational research project to determine the best way to integrate voluntary family planning services into comprehensive health services programs using available manpower. It is hoped that the results of this research can prove useful for planning purposes in other African countries as well as throughout Ghana.

In FY 1974 A.I.D. plans to provide \$945,000 in support of these two projects.

The Government is also concerned that despite a relatively high budgetary allocation to health and despite a skilled medical cadre, the rural population does not have access to basic health services. The Ministry of Health is convinced that with modern management techniques the delivery of rural health services could be substantially improved. In FY 1974, \$195,000 is planned for the new rural health services delivery project both to improve the efficiency of the existing system and to establish the foundation for implementing U.C.L.A./Ghana Medical School research findings.

PL 480 Title II grant assistance of \$607,000 will supplement these activities through pre-school feeding, maternal and child health clinics and nutritional education.

GHANA

Human Resource Development

Despite its extensive and well-developed educational infrastructure, Ghana has both a shortage of middle-level managerial and vocationally skilled manpower. A.I.D. has financed short and long-term U.S. training for 550 Ghanaians, about half of these studying in various disciplines related to agriculture. Only six participants have failed to return to Ghana, and about 86% are still actively utilizing their training.

As part of A.I.D.'s program of assisting the stabilization of the economy, economic and financial management training has been provided to staff members from the Ministry of Finance, the Bank of Ghana, the Capital Investment Board, the National Investment Bank, the Central Bureau of Statistics, and the Ministry of Trade and Industry. Returned participants are now acting as loan officers for regional and district bank offices, industrial officers concerned with joint venture invest-

ments, accountants in the revenue and tax commission and economists in the research division of the Bank of Ghana.

A.I.D. is requesting funds for two in-country training projects. A.I.D. plans to continue its support of an experimental effort to provide practical vocational training with Development Grant funding of \$390,000. The project, carried out by the Opportunities Industrialization Center, is receiving support from local private groups and businesses. Training is offered in-country in such trades as carpentry, secretarial sciences, plumbing and electricity. Development Grant funds, \$100,000, are also requested for a public safety project which will terminate in FY 1974. This project is designed to assist in developing the capabilities of the Ghana Police to operate and maintain its communications and transportation equipment by providing on-the-job training in motor repair, mechanics and communications.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	6,900	3,400	-	-	3,500	-	-
Devel. Grants	5,358	485	1,587	1,496	953	-	837
Other	-	-	-	-	-	-	-
Total	12,258	3,885	1,587	1,496	4,453	-	837
<u>1973</u>							
Devel. Loans	10,900	-	-	-	10,900	-	-
Devel. Grants	3,159	278	1,490	225	520	-	646
Other	-	-	-	-	-	-	-
Total	14,059	278	1,490	225	11,420	-	646
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	3,150	557	1,328	700	-	-	565
Other	-	-	-	-	-	-	-
Total	3,150	557	1,328	700	-	-	565

A.I.D. assistance in Liberia addresses priority development needs in rural development and public administration. The country's National Planning Council, which was reactivated by President William R. Tolbert in April 1972, established these areas as two of the highest development priorities. An increased pace of rural development is crucial if Liberia's rapid economic growth is to spread from enclave sectors such as iron ore mining and large-scale rubber plantations to the majority of the population that subsists through the traditional practice of slash-and-burn agriculture. Liberia's rapid economic growth and concomitant requirements for increased Government services and staff have placed severe strains on the Government's administrative capacity. A more effective public service is necessary to make the Government into an efficient instrument of development.

Food Production and Nutrition

The Liberian Government is emphasizing the need for improvement in the economic and social condition of traditional farm families, which comprise three-fourths of the total population. The lack of Government services, marketing incentives and infrastructure such as roads, have been obstacles restraining the production of these small farmers. A primary need is to strengthen the Ministry of Agriculture's capability to provide needed technical services to the farmer. A.I.D. is assisting the Ministry to plan and manage its overall development programs, particularly in regard to agricultural marketing, statistics, and soils technology. A.I.D.-funded technicians helped the Ministry draft a five-year plan and establish a division of economic planning.

A.I.D. technicians have also helped establish marketing incentives through a rice support program. Through this program, the Government buys good quality rice at a fixed price and has set up three rice processing and storage centers. In addition, an A.I.D. project produced a major breakthrough in the selection and purification of a new rice variety, called LAC-23, which was developed after research with 70 varieties of rice seeds from around the world and 338 individual selections from upland rice farms throughout Liberia. On trial plots, LAC-23 gave increased yields over local varieties of 35% without the use of fertilizer and 87% with fertilizer. LAC-23 seeds are beginning to be distributed to small farms. The importance of this trial research is underscored by the fact that rice is the staple food for Liberians. Liberia imports more than one-third of the rice consumed and expends more than \$9 million in foreign exchange annually to meet this requirement.

A.I.D. loans for two rural secondary roads in FY 1969, two more in FY 1972, and three additional roads proposed for funding in FY 1974 (\$5 million) are essential elements of the emphasis on rural development. An FY 1973 loan of \$4.4 million

LIBERIA

for highway maintenance equipment, complemented by West German and World Bank training programs, will assure improved maintenance of Liberia's road network.

A.I.D. is also interested in assisting Liberia's efforts to stimulate integrated rural development and is coordinating its planning closely with that of the World Bank. The latter is financing a feasibility study of a rural development project in upper Lofa and Bong countries, two areas of the greatest agricultural potential. When completed at the end of FY 1974, the study is expected to provide the basis of capital assistance loan inputs by A.I.D. and other donors including the World Bank.

In FY 1974, A.I.D. is proposing \$557,000 in Development Grants for the agriculture sector.

Human Resource Development

The new Government of President Tolbert, who assumed office in 1971 after 27 years of leadership by the late President Tubman, has recognized the need to modernize and make more efficient Liberia's archaic governmental structure if it is to make an effective contribution to development. The Government has established, staffed, and provided facilities for an Institute of Public Administration which will provide in-service and pre-service training for Government administrators. The Government has also strengthened the Civil Service Bureau by broadening its mandate to revitalize the Civil Service and increasing its staff and funding.

By providing staff advisors and consultants to the new Institute, A.I.D. seeks to make it the focal point for initiating changes required to promote development by making key Ministries more responsive to the people. A.I.D.'s assistance to the Civil Service Bureau will be concerned with establishing uniform salary scales, standards in examination and certification, and improved records management. In FY 1974, A.I.D. is proposing \$700,000 for these activities.

Population Planning and Health

A.I.D. will continue to support the National Medical Center and to make it more effective as the nucleus of medical service in Liberia. A.I.D. is also developing an "outreach" program as part of an effort to improve the utilization of the Center and to benefit peoples in rural areas. As the "outreach" program is developed, it will be related to the overall objectives of the rural development programs resulting from a World Bank study now underway.

The Center includes the 271-bed John F. Kennedy Hospital and student dormitories, a para-medical training center, and a 150-bed maternity unit. The hospital accepted its first patients in July 1971. All floors and departments are now operating except about forty private rooms which will be phased into use this year. The out-patient department is operating above capacity since President Tolbert last year announced free medical care for infants. A.I.D. development lending financed the construction and equipping of these facilities. Continuing development grant assistance is providing some administrative personnel and limited medical supplies to assure successful management of the Center during its initial years of operation.

Selected Development Problems: Telecommunications

To support Liberia's emphasis on rural development, A.I.D. is financing a modern telephone system which will link the capital of Monrovia with outlying areas. A.I.D. development grant financing of operational technicians to manage the newly established Telecommunications Authority will be completed in FY 1973. An anticipated development loan in FY 1973 for \$6.5 million will provide the equipment for the system and will help meet continued technical assistance requirements.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	13,000	-	-	7,000	6,000	-	-
Devel. Grants	8,480	2,934	-	1,802	301	-	3,443
Other	3,400	-	-	-	-	-	3,400
Total	24,880	2,934	-	8,802	6,301	-	6,843
1973							
Devel. Loans	600	-	-	600	-	-	-
Devel. Grants	9,470	3,031	595	836	2,500	-	2,508
Other	-	-	-	-	-	-	-
Total	10,070	3,031	595	1,436	2,500	-	2,508
1974							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	7,655	2,074	655	1,443	1,500	-	1,983
Other	-	-	-	-	-	-	-
Total	7,655	2,074	655	1,443	1,500	-	1,983

Nigeria, with its unusually abundant arable land and manpower resources and its rapidly growing petroleum industry and broadening industrial base, possesses most of the elements necessary to bring about significant economic development. However, severe constraints on the chances for orderly, rational progress are created by Nigeria's high birth rate, continued inflationary pressures, inadequate performance of the agricultural sector and, perhaps most important, an increasingly insufficient supply of trained administrative and technical manpower. Particularly troublesome is the fact that the economic advances which have been made are built on a narrow base, and despite increasing growth there is little development significantly affecting the mass of the people. Agriculture, which traditionally has provided a livelihood for most of the population, shows lower production

per capita than a decade ago. Even the great expansion of the petroleum industry, which contributes nearly 80% of foreign exchange receipts and federal revenues, must be seen in the context of a very populous country where per capita income only slightly exceeds \$115 per year.

FY 1974 A.I.D. PROGRAM

In FY 1974, a Development Grant program of \$7 million will include continued support for several ongoing technical assistance projects and provide a second program grant to help meet Nigeria's extensive requirements for trained manpower. The first program grant in FY 1973 is to be used at the discretion of the Government to hire U.S. technicians and to train Nigerians in this country. It reflects A.I.D.'s interest in helping Nigeria to develop significantly greater capacity to handle growing domestic resources and aid from other donors. A project designed to help Nigerians develop training programs in the field of health care is beginning this year in Lagos, expanding in subsequent years to other areas of Nigeria.

A.I.D. also anticipates that in FY 1974 the Federal Military Government may request a loan for assistance in civil aviation. This loan would support Nigeria's extensive plans to upgrade domestic aviation facilities and operations. Another loan, in agriculture, may develop for consideration in later FY 1974 or FY 1975. This loan is planned to assist Nigerian efforts to improve food production capacity sharply within the next few years.

Food Production and Nutrition

Food production is a source of rising concern in Nigeria as prices remain highly inflated. Investments in agriculture planned in the 1970-1974 Development Plan have not taken place on the scale projected, and the increases in farm production required to meet the needs of a growing population and to retain a strong position in world markets have not been

NIGERIA

attained. A major study on agriculture soon to be completed by the Nigerian Government is expected to identify the weaknesses in this sector and spell out what must be done in the next few years to restore its former vitality. To support these efforts, A.I.D. has been asked to expand activities in the food production field through the Rice/Maize project. A.I.D. will help Nigeria plan for and implement a nationwide accelerated food program.

In FY 1974, A.I.D. will continue assistance to two of Nigeria's major agricultural training institutions: the Faculty of Veterinary Medicine at Ahmadu Bello University (ABU) and the Faculty of Agriculture at the University of Ife. The Veterinary Medicine School, in FY 1973, has continued the reorientation of their research activities toward an emphasis on the immediate problems of disease and poor nutrition afflicting livestock in the north. The approximately 25 veterinarians graduating this year from ABU represent about half the number entering the field in Nigeria. In light of the major dependence on the cattle industry in the six northern states served by ABU, the Veterinary School is particularly important to its surrounding area. The Faculty of Agriculture at Ife supplies nearly 360 graduates annually from its various schools. This Faculty, together with the Faculty of Agriculture at ABU, which A.I.D. helped establish over the past ten years, provides a high percentage of Nigeria's annual requirement for agricultural graduates. A.I.D.'s participation in the ABU Faculty of Agriculture will be concluded this year. A.I.D. is leaving behind a training and research capability which has been geared to respond to Nigeria's growing manpower requirements in agriculture.

Human Resource Development

Major weaknesses remain in the Nigerian system of education and manpower development. Teacher quality and preparation are frequently poor, curriculum development is inadequate or non-existent and opportunities for effective non-formal education are insufficient. These weaknesses are important

factors in Nigeria's continuing shortage of skilled manpower.

The program grant was specifically designed to help meet this multiplicity of manpower requirements which occur throughout both State and Federal governments and in public institutions, particularly in the planning and management fields. The Federal Military Government has indicated that particular attention is to be given to the preparation of vital projects in various sectors by experts engaged under this grant. High priority is continuing to be given to the creation of a permanent planning unit in the Ministry of Transportation and to the development of specific plans in that sector. Participants representing a wide variety of disciplines and skills are expected to be trained under this grant with the first of those arriving in the U.S. early in FY 1974.

Another A.I.D. activity in this sector is the Public Services Training Course at the University of Ife which has recently expanded its program to include approximately 50 officials from the Western State in a special training course. A vocational training project, the Opportunities Industrialization Center in Lagos, shows promise with over 160 trainees presently enrolled.

Selected Development Problem--Transportation

A.I.D. is considering the possibility of a loan in the transportation sector in FY 1974. Specifically, A.I.D. may consider a loan in the civil aviation field for \$5 million. Crucial civil aviation services and facilities have been recognized as inadequate and substandard for several years. The national airline has suffered from perennial management problems and insufficient aircraft and ground equipment. Progress in improving civil aviation has fallen far short of actual requirements. The Nigerian Government has turned to the United States to obtain public and private technical assistance to strengthen its own efforts to develop civil aviation.

NIGERIA

Population Planning and Health

A.I.D.'s efforts in this sector, initiated in FY 1973, are intended to focus on the improvement of a system of delivering maternal/child care. This will be done primarily by strengthening the capacity of the Institute of Child Health at the University

of Lagos. Through this project family planning services will, in time, be available at various centers throughout Nigeria. An estimated 150 medical personnel will be trained over the life of this project to train others in the desired methods of maternal/ child care.

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PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,990	5	610	895	-	-	480
Other	-	-	-	-	-	-	-
Total	1,990	5	610	895	-	-	480
<u>1973</u>							
Devel. Loans	2,000	-	-	-	2,000	-	-
Devel. Grants	1,491	-	301	730	-	-	460
Other	-	-	-	-	-	-	-
Total	3,491	-	301	730	2,000	-	460
<u>1974</u>							
Devel. Loans	5,000	-	-	-	5,000	-	-
Devel. Grants	2,125	320	525	955	-	-	325
Other	-	-	-	-	-	-	-
Total	7,125	320	525	955	5,000	-	325

During 1960-67, Zaire suffered severe political, economic, and financial disorders. Since then, considerable progress has been made in reversing this decline, stimulating exports, stabilizing the currency, and reestablishing a functioning civil administration. Renewed industrial and agricultural activity, especially in mining, has provided the foundation of Zaire's economic recovery and development.

The major centers of population and economic activity in Zaire are widely scattered, creating dependence on various modes of connecting transportation -- a limitation which hampers economic and agricultural development. The size and diversity of the country also create difficulties in the area of security maintenance.

Transportation

Prior to independence in 1960, an efficient transportation network comprised 140,000 km of all-weather roads, extensive water transport, and rail links. As a result of political chaos in the ensuing six years, coupled with the withdrawal of expatriate management personnel, the transport network deteriorated badly. Roads became impassable due to poor maintenance, bridges and ferries rotted, rivers silted, all of which hampered the movement of agricultural produce and bulky commodities such as copper ore, the prime sources of Zaire's foreign exchange.

A.I.D. is giving first priority to the rehabilitation of this network and is working in cooperation with a World Bank-led Consultative Group, UNDP, and others to furnish loan assistance in water, road, and air transport. Recent A.I.D. loans, predicated on the establishment and staffing of appropriate management agencies, have provided (a) \$10 million for water transport equipment such as diesel marine engines, machine tools, buoys, and dry dock facilities; (b) \$10 million for road construction equipment, three transport economists to help develop a planning capability within the Office of Transport, a training contract with the Organization for Rehabilitation Through Training (ORT) to strengthen the road maintenance capacity; and (c) \$2 million to help finance services of the U.S. Federal Aviation Administration in establishing a civil aviation administration in Zaire. As of March 1, 1973, all required management agencies had been established and varying degrees of progress had been made in each of these areas. In water transport, all orders should be placed by December 31, 1973. The road program is further advanced. Bids are being received and contracts for the full \$10 million will be let by June 30, 1973. ORT is upgrading skills and training the 600 technicians and specialists who will become the nucleus of the national road work force. Of this number, 55 heavy equipment operators have already completed their first cycle of training, and a total of 160 will be trained before

ZAIRE

the end of 1973. As a part of the training, ORT students are helping rehabilitate and maintain Zaire's road system.

Typical of this activity was the first project completed by an ORT brigade in the upper Zaire region -- repairing and upgrading an important farm-to-market road between Yangambi and Kisangani. Travel time for these 98 kms is now two hours, compared with four or more hours a few months ago. The entire route can be covered with a two-wheel-drive vehicle, even after hard rains. The improved road has resulted in the transport of more farm products and is facilitating the installation of the new University of Zaire College of Agriculture at Yangambi.

In FY 1974, a \$5 million loan is planned to maintain the flow of equipment needed for the road maintenance and river transport so essential to developing agricultural areas and providing routes for intra-country distribution and marketing.

Food Production and Nutrition

One basic constraint to agricultural production, as noted above, is the lack of an integrated in-country transport network. Just as serious, however, is the weakness of planning capability within the Ministry of Agriculture. As a result, the Ministry cannot make the best use of its resources. A.I.D. is providing limited assistance through U.S. agricultural economists who assist the top echelon of the Ministry plan programs, analyze problems, determine priorities, and allocate resources. A.I.D. has encouraged Ministry staff to draw upon the resources of the International Institute for Tropical Agriculture for research findings applicable to Zairian problems, such as the current manioc diseases widely affecting the staple food crop. Additional advisors have been requested for a new project in FY 1974 to help form an Economic Policy Analysis Unit within the Ministry of Agriculture. There will also be short-term consultant services and participant training. We plan \$320,000 for this new activity in FY 1974.

An A.I.D. reconnaissance study of the agricultural sector is planned for late FY 1973. The World Bank and UNDP are also participating in various studies in this sector which are expected to identify capital assistance requirements such as rural feeder roads, which are likely to require external financing in future years.

Population Planning and Health

Zaire's population growth rate is estimated at 2.4% a year. While Government officials showed little concern about this population growth rate for some time, in recent months they have become more aware of the implications that this potential doubling of the population over the next 29 years can have in light of: (a) quadrupled expenditures on education during the 1967-70 period, (b) the country's unstable unemployment situation, (c) heavy rural to urban migration, (d) the dampening effect on national savings of an increasingly young population, and (e) the increasing food needs of a larger populace. As a result, on December 5, 1972, President Mobutu first publicly endorsed a policy of family planning.

A.I.D.'s four-year pilot project, initiated in FY 1973, will continue to provide assistance to (a) establish a maternal and child health training division in Kinshasa General Hospital, (b) subsidize local TV and radio in preparing and distributing family planning education materials, (c) formalize a distribution network for contraceptive devices, and (d) help develop six model clinics. Food supplements and nutrition programs at the clinics will utilize food imported under PL 480 Title II. The cost of A.I.D. support of this project will be \$525,000 in FY 1974.

Selected Development Problems

Public Safety: This program was begun shortly after independence when there was a lack of security throughout the country, and the Government had a strong desire to transfer police

ZAIRE

responsibility from the military to civilian control. With the help of A.I.D., over 20 police systems were merged into one national 21,000-man police force, plus a recently created Coast, River, and Lake Guard. A police radio networks has also been established linking Kinshasa to all key points in the interior.

U.S. public safety assistance is now directed through the National Gendarmerie, which was formed in August 1972 by combining the National Police (which patrolled cities) and the Army Gendarmerie (which patrolled rural areas). Emphasis is placed on manpower and systems development to help Zairian officers manage all aspects of the new organization. A.I.D. proposes \$685,000 in FY 1974 to continue this activity through the provision of 11 Public Safety Advisors and a secretary, training for 32 officers under the auspices of the International

Police Academy at Washington, D.C., and commodities for training equipment and training aids.

Housing Guaranty Program: In 1972 Kinshasa, Zaire's capital city, with about 1.2 million people and growing at a rate of 11% annually, was faced with an immediate need for some 85,000 housing units and for institutional credit accessible to low and middle-income workers. A.I.D. authorized a \$10 million housing investment guaranty, part of which provided capital to launch a new national savings and loan bank. The loan obtained under this guaranty is also financing the first of 2,000 housing units to be constructed in a poor section of Kinshasa. On the basis of current progress of the national savings and loan bank, it is anticipated that a second guaranty of \$10 million will be authorized during FY 1974.

CENTRAL AND WEST AFRICA REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	22,450	1,800	-	-	20,650	-	-
Devel. Grants	9,976	2,079	4,056	626	1,239	267	1,709
Other	-	-	-	-	-	-	-
Total	32,426	3,879	4,056	626	21,889	267	1,709
<u>1973</u>							
Devel. Loans	9,000	-	-	-	9,000	-	-
Devel. Grants	9,860	3,765	1,695	300	2,035	415	1,650
Other	-	-	-	-	-	-	-
Total	18,860	3,765	1,695	300	11,035	415	1,650
<u>1974</u>							
Devel. Loans	22,000	-	-	-	22,000	-	-
Devel. Grants	15,615	8,830	3,175	510	735	615	1,750
Other	-	-	-	-	-	-	-
Total	37,615	8,830	3,175	510	22,735	615	1,750

The Central and West Africa Regional program provides assistance to 14 countries comprising almost 50 million people in an area 80% of the size of the United States. A majority of the countries of the region have been determined by the UN to be among the least developed of the world--defined by criteria of per capita income, structure of GNP, and literacy. Although the countries have formulated comprehensive development plans, most are unable alone to meet even minimal objectives. Donors, notably France and the other European Economic Community (EEC) member nations, have recognized and responded to the developmental challenge; and the countries of the region for their part have responded innovatively to their common condition by creating and supporting regional institutions to facilitate the programming and coordination of development projects. But the needs are far greater than

the amount of assistance available internally and, so far, from external sources.

The justification for U.S. assistance to this region is compelling: the extreme poverty, the critical nature of the problems faced, and the fact that these countries have not been able to benefit greatly from traditional donor programs and are lagging still further behind. The U.S. assistance program has been designed in collaboration with the countries of Central and West Africa to meet commonly perceived regional concerns and to associate U.S. assistance in a multilateral framework with the other significant donors to the region.

FY 1974 A.I.D. PROGRAM

The U.S. assistance program for the region is premised on priorities articulated by the countries of Central and West Africa associated regionally as the Senegal River Development Authority (Mauritania, Senegal, and Mali), the Entente Fund (Ivory Coast, Dahomey, Togo, Upper Volta, and Niger) and the Lake Chad Basin Commission (Nigeria, Niger, Chad, and Cameroon). In some instances, groups of countries in the region of donors also have joined together for specific regional or multilateral enterprises. For example, A.I.D. will continue to support the West Africa Rice Development Association, a Central/West Africa Livestock Consultative arrangement and a Central Africa Transport group, which represent efforts to link African priorities more effectively with donor programs. The United States is a minor partner in external aid to this region although innovative U.S. sector programs in the areas of grain production, livestock, and transportation have generated significant interest on the part of other donors.

Food Production and Nutrition

A.I.D. agricultural programs in Central and West Africa are designed to increase the production and marketing of food

CENTRAL AND WEST AFRICA REGIONAL

grains and livestock. In the mid-1960's, A.I.D. food assistance to Central and West Africa was characterized by large emergency food relief programs in response to recurring drought-related food shortages. Particularly affected were the savannah countries of Senegal, Mali, Upper Volta, and Niger. The Entente Fund recognized that, in order to motivate farmers to substantially increase food production, it would be necessary to assure them stable markets and prices. This led the Entente Fund to propose a comprehensive grain stabilization program in FY 1968. A.I.D., along with other donors, enthusiastically supported this regional program. A.I.D. has provided PL 480 grains for buffer stocks and local currency generation, capital funds for grain storage construction, and technical assistance for Regional and National Grain Stabilization Boards.

Niger's National Grain Board was initially successful in stabilizing the grain market, but continual drought has tempered hopes for a sustained turn-around. A cycle of normal crop years should find the operation with sufficient funds, an increasingly experienced management, new storage units, and a growing capability to support farm prices and purchase and store local grain for stabilization needs in the future.

The Grain Stabilization program was also initiated in FY 1968 in Upper Volta, was duplicated by the Senegal River Development Authority in FY 1973 with A.I.D. support, and is proposed for the Lake Chad Basin area in FY 1974. The program is complemented by a production effort currently represented in the region-wide cereals project although considerably strengthened research activities are now also planned to help insure that the technology needed to support increased grain production is developed. A.I.D. food production projects will be supplemented by a grant for irrigated rice production in Chad during FY 1974.

The Central/West Africa programs in livestock are designed to increase production in the interior countries, which are traditional livestock producers and which receive up to

one-third of their export earnings from the sector, and to develop the necessary institutional and marketing systems to augment the flow of livestock to the consuming coastal countries which now must import meat to satisfy rising demands.

An African initiative in the livestock sector during FY 1970 resulted in the establishment of the Entente Livestock Community which has established a Secretariat, proposed regional protocols in the areas of taxation, prices, customs duties and regulations, sanitary controls, and statistics, and formulated legislation governing trade in meat and cattle. A.I.D., France and other EEC countries are providing technical and capital assistance to the Community. Sector consultative arrangements with other donors also have been established. In 1972, the Community granted Mali associate membership.

In FY 1974, A.I.D. is proposing \$3.8 million in Development Grants for ongoing projects; and \$5 million for special integrated Development Grants for a livestock program in Mali (\$1 million) a livestock program in Central Africa (\$2 million), and a rice production project in Chad (\$2 million).

Selected Development Problems

Transport and communications investments have a high priority in the development planning of the Central and West African countries. Interregional transport investments underway and proposed for the period 1970-1975 amount to some \$500 million, the bulk of which is being financed by the World Bank group, France, and the other EEC countries. A.I.D. has taken the initiative to encourage associated donors and African states to coordinate their investments in accord with agreed priorities. To maximize economic returns on a regional basis, A.I.D. has supported the organization of a Central Africa Consultative Group for Transportation.

Proposed Development Loans totaling \$22 million for the Fada-N'Gourma Highway, Douala Port, and a Central Africa trans-

CENTRAL AND WEST AFRICA REGIONAL

port sector loan will be carefully reviewed within multi-donor strategies. Similar efforts will be made in West Africa where investments in important regional transportation and telecommunications links are being evaluated, such as the Lake Chad Basin Commission network between Chad, Cameroon, and Nigeria. Finally, A.I.D. will continue support to the regional Road Maintenance Training Center in Togo which has attracted significant participation from more than 20 African countries (\$735,000 in FY 1974), and will undertake implementation of the FY 1973 loan funded Bamako-Bougouni Road. That important regional link from landlocked Mali to the Ivory Coast is being jointly financed with the World Bank.

Population Planning and Health

During FY 1972, A.I.D., recognizing that its earlier funded smallpox eradication program had been successful to the extent that no new cases had occurred in Central and West Africa since May, 1970, agreed with the participating countries to terminate the program and to consolidate gains through a new broader-based effort to strengthen public health systems. It was recognized that in addition to the disease control results already documented in the earlier program, the operation had begun to provide the participating countries with knowledge and resources for strengthening their own capacity to control communicable diseases. Declining death rates are beginning to lead to a sharper focus on continued high birth rates and the resulting upward pressures on population growth.

The participating countries share important common characteristics: the scarcity of health resources in relation to needs; common priorities in health programs--manpower training, national health planning, development of basic health services; communicable disease control and environmental health; and interrelationships of national health to education, nutrition, transportation, communication, housing, and social welfare.

A new project, Strengthening of Public Health Delivery Systems, is under review in FY 1973 and builds on common experiences with the earlier project in a collaborative framework with the participating states of Central/West Africa and other donors. A.I.D.-financed health programs will be directed toward prevention rather than cure of disease, toward rural rather than urban populations, and with first priority to the 65% of the population composed of mothers and children.

Related to the new health projects, a pilot population project focusing on maternal and child health care and child spacing continues in Dahomey and Niger and Gambia as tests for application to other areas. An innovative proposed voluntary agency program in maternal/child health in West Africa through AFRICARE will be explored during FY 1974. Projects with the Central African regional health organization to establish preventive health centers and extension services to rural populations will also be continued together with assistance to the University Center for Health Sciences in Cameroon. Additionally, an initial effort at dealing with the regional scourge, onchocerciasis, or river blindness, may be considered for loan financing during FY 1974. Total funding in FY 1974 for projects in this sector is proposed at \$3.2 million. Additional assistance to privately sponsored programs devoted to population problems is provided by the Pathfinder Fund, the International Planned Parenthood Federation, Church World Service and similar non-profit, humanitarian organizations.

Human Resource Development

A.I.D. education and manpower training projects in Central/West Africa are mostly outside the formal education system and are linked to major areas of regional concern: agriculture, transportation, health, and population development. Supplementing other sector thrusts, a proposed project design and management training project for professional and technical staffs of governments and regional organizations throughout

CENTRAL AND WEST AFRICA REGIONAL

the Central and West Africa region is under review in FY 1973. This project will supplement more specific training efforts in transportation and agriculture. A.I.D. is assisting an institution in Cameroon which provides training to Government officials in agriculture and rural development. Graduates

of this school have added program development skills to the Ministries and organizations working in those sectors which A.I.D. has emphasized. FY 1974 funding is proposed at a level of \$510,000 for projects in the sector.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	18.6	2.6	163.7	32.7	131.0		
Loans	16.0	-	141.1	32.7	108.4		
Grants	2.5	2.6	22.6	-	22.6		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	1.7	10.7	79.3	3.8	75.5		
Title I - Total	-	9.5	62.3	3.8	58.5		
REPAYABLE IN U.S. DOLLARS - LOANS	-	9.5	31.7	0.9	30.8		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	30.6	2.9	27.7		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(38.9)	(-)	(38.9)		
Title II - Total	1.7	1.2	17.0	-	17.0		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.1	-	4.9	-	4.9		
VOLUNTARY RELIEF AGENCIES	1.6	1.2	12.1	-	12.1		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.8	1.8	12.0	-	12.0		
PEACE CORPS	1.8	1.8	12.0	-	12.0		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	22.1	15.1	255.0	36.5	218.5		
Loans	16.0	9.5	201.7	36.5	165.2		
Grants	6.0	5.6	53.3	-	53.3		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	-	-	45.1	31.8	13.3		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	45.1	31.8	13.3		
TOTAL ECONOMIC PROGRAMS	22.1	15.1	300.1	68.3	231.8		
Loans	16.0	9.5	246.8	68.3	178.5		
Grants	6.0	5.6	53.3	-	53.3		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	*	*	0.2	-	0.2		
Credit Sales (FMS)	-	-	-	-	-		
Grants	*	*	0.2	-	0.2		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	*	*	0.2	-	0.2		
TOTAL ECONOMIC AND MILITARY PROGRAMS	22.1	15.1	300.3	68.3	232.0		
Loans	16.0	9.5	246.8	68.3	178.5		
Grants	6.1	5.6	53.5	-	53.5		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	9.7	1.0	113.3	TOTAL	33.6	39.7	262.2
JBRD - World Bank	-	-	53.0	Germany	11.5	10.4	96.6
Int'l Dev. Association	7.1	-	31.9	U.K.	13.2	16.7	74.6
UNDP - Special Fund	1.8	0.4	17.6	Canada	6.1	7.7	33.5
UNDP - TA (CY)	0.6	0.5	6.7	Italy	0.1	0.1	19.2
Other UN (CY)	0.2	0.1	4.1	Other	2.7	4.8	38.3
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-	-	-
				1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	231	-	-

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	5.5	12.3	153.6	2.2	151.4		
Loans	-	6.9	63.4	2.2	61.2		
Grants	5.5	5.4	90.2	-	90.2		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	0.5	2.9	10.1	1.1	9.0		
Title I - Total	-	1.2	4.3	1.1	3.2		
REPAYABLE IN U.S. DOLLARS - LOANS	-	1.2	4.3	1.1	3.2		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	0.5	1.7	5.8	-	5.8		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.2	1.3	2.0	-	2.0		
VOLUNTARY RELIEF AGENCIES	0.3	0.4	3.8	-	3.8		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	2.0	2.1	30.4	0.8	29.6		
PEACE CORPS	2.0	2.1	21.8	-	21.8		
OTHER	-	-	8.6	0.8	7.8		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	8.0	17.3	194.1	4.1	190.0		
Loans	-	8.1	75.4	4.1	71.3		
Grants	8.0	9.2	118.7	-	118.7		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	3.0	-	102.1	87.5	14.6		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	3.0	-	102.1	87.5	14.6		
TOTAL ECONOMIC PROGRAMS	11.0	17.3	296.2	91.6	204.6		
Loans	3.0	8.1	177.5	91.6	85.9		
Grants	8.0	9.2	118.7	-	118.7		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.5	2.3	11.2	0.4	10.8		
Credit Sales (FMS)	-	2.0	3.1	0.4	2.7		
Grants	0.5	0.3	8.1	-	8.1		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	*	*	0.1	-	0.1		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	0.5	2.3	11.3	0.4	10.9		
TOTAL ECONOMIC AND MILITARY PROGRAMS	11.5	19.6	307.5	92.0	215.5		
Loans	3.0	10.1	180.6	92.0	88.6		
Grants	8.5	9.5	126.9	-	126.9		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	2.6	16.4	48.9	TOTAL	12.2	16.3	176.9
IBRD - World Bank	-	5.7	21.0	Germany	7.7	11.3	160.8
Int'l Finance Corp.	-	-	0.2	Japan	4.1	3.5	7.6
Int'l Dev. Association	-	8.4	8.4	Other	0.4	1.5	8.5
African Dev. Bank	-	0.5	1.8				
UNDP - Special Fund	2.0	1.4	10.0	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
UNDP - TA (CY)	0.3	0.4	5.1	1971 (Calendar Year)	-	-	-
Other UN (CY)	0.3	-	2.4	1972 (Calendar Year)	-	-	-
				Cumulative thru 1972	-	-	-

Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	32.6	24.9	301.9	4.1	297.8		
Loans	20.0	16.4	93.1	4.1	89.0		
Grants	12.6	8.5	208.7	-	208.7		
(Supporting Assistance)	(18.2)	(3.4)	(73.3)	-	-		
FOOD FOR PEACE - TOTAL	4.4	0.2	60.9	-	60.9		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	4.4	0.2	60.9	-	60.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	3.8	*	46.6	-	46.6		
VOLUNTARY RELIEF AGENCIES	0.6	0.2	14.3	-	14.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.1	*	29.0	0.2	28.8		
PEACE CORPS	0.1	*	28.8	-	28.8		
OTHER	-	-	0.2	0.2	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	37.1	25.1	391.8	4.3	387.5		
Loans	20.0	16.4	93.3	4.3	89.0		
Grants	17.1	8.7	298.4	-	298.4		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	4.3	14.7	29.7	5.3	24.4		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	4.3	14.7	29.7	5.3	24.4		
TOTAL ECONOMIC PROGRAMS	41.4	39.8	421.5	9.6	411.9		
Loans	24.3	31.1	123.0	9.6	113.4		
Grants	17.1	8.7	298.4	-	298.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	0.2	0.1	1.8	0.3	1.5		
Credit Sales (FMS)	-	-	0.3	0.3	-		
Grants	0.2	0.1	1.5	-	1.5		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	0.2	0.1	1.8	0.3	1.5		
TOTAL ECONOMIC AND MILITARY PROGRAMS	41.6	39.9	423.3	9.9	413.4		
Loans	24.3	31.1	123.3	9.9	113.4		
Grants	17.3	8.8	299.9	-	299.9		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	108.9	127.4	556.0	TOTAL	59.8	51.7	447.2
IBRD - World Bank	97.2	119.6	458.4	U.K.	27.2	17.3	233.4
Int'l Finance Corp.	-	-	2.7	Germany	17.0	8.4	83.5
Int'l Dev. Association	-	-	35.3	Italy	0.1	0.4	30.7
African Dev. Bank	1.6	3.4	5.0	Other	15.5	25.6	99.6
UNDP - Special Fund	3.8	0.8	28.3	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
UNDP - TA (CY)	1.1	1.4	11.0	1971 (Calendar Year)	24		
Other UN (CY)	5.2	2.2	15.3	1972 (Calendar Year)	-		
				Cumulative thru 1972	45		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	13.4	2.0	291.0	3.1	287.9		
Loans	12.0	-	90.8	3.1	87.7		
Grants	1.4	2.0	200.2	-	200.2		
(Supporting Assistance)	(-)	(-)	(252.0)	-	-		
FOOD FOR PEACE - TOTAL	1.4	2.3	145.2	8.9	136.3		
Title I - Total	-	2.0	108.1	8.9	99.2		
REPAYABLE IN U.S. DOLLARS - LOANS	-	2.0	34.6	6.8	27.8		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	73.5	2.1	71.4		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(85.0)	(-)	(85.0)		
Title II - Total	1.4	0.3	37.1	-	37.1		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.5	-	16.8	-	16.8		
VOLUNTARY RELIEF AGENCIES	0.9	0.3	20.3	-	20.3		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.6	1.2	1.8	-	1.8		
PEACE CORPS	0.6	1.2	1.8	-	1.8		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	15.4	5.5	438.0	12.0	426.0		
Loans	12.0	2.0	157.9	12.0	145.9		
Grants	3.4	3.5	280.1	-	280.1		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	13.7	0.4	14.2	0.1	14.1		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	13.7	0.4	14.2	0.1	14.1		
TOTAL ECONOMIC PROGRAMS	29.1	5.9	452.2	12.1	440.1		
Loans	25.7	2.4	172.1	12.1	160.0		
Grants	3.4	3.5	280.1	-	280.1		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	13.6	2.4	41.5	-	41.5		
Credit Sales (FMS)	13.2	2.0	15.2	-	15.2		
Grants	0.4	0.4	26.3	-	26.3		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	*	-	1.7	-	1.7		
OTHER GRANTS	(-)	(-)	(-)	(-)	(-)		
TOTAL MILITARY PROGRAMS	13.6	2.4	43.2	-	43.2		
TOTAL ECONOMIC AND MILITARY PROGRAMS	42.7	8.3	495.4	12.1	483.3		
Loans	38.9	4.4	187.3	12.1	175.2		
Grants	3.8	3.8	308.1	-	308.1		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	27.3	58.3	336.4	TOTAL	74.5	85.4	803.1
IBRD - World Bank	-	-	121.6	Belgium	50.4	57.1	688.2
Int'l Finance Corp.	*	-	0.8	Japan	12.0	15.2	35.0
Int'l Dev. Association	7.0	35.5	53.5	Germany	2.1	1.3	20.3
UNDP - Special Fund	3.3	1.9	21.9	Italy	2.6	3.9	19.5
UNDP - TA (CY)	0.5	0.7	6.0	Other	7.4	7.9	40.1
UNDP - TA (CY)	*	-	5.0	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
Other UN (CY)	16.5	20.2	127.6	1971 (Calendar Year)	-		
EEC	-	-	-	1972 (Calendar Year)	-		
				Cumulative thru 1972	-		

*Less than \$50,000.

ETHIOPIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	26,700	15,000	-	1,200	10,500	-	-
Devel. Grants	4,421	1,176	74	1,910	215	-	1,046
Other	-	-	-	-	-	-	-
Total	31,121	16,176	74	3,110	10,715	-	1,046
1973							
Devel. Loans	5,200	-	5,200	-	-	-	-
Devel. Grants	4,166	1,181	21	2,145	-	-	819
Other	-	-	-	-	-	-	-
Total	9,366	1,181	5,221	2,145	-	-	819
1974							
Devel. Loans	13,000	13,000	-	-	-	-	-
Devel. Grants	4,480	1,260	325	2,105	-	-	790
Other	-	-	-	-	-	-	-
Total	17,480	14,260	325	2,105	-	-	790

While Ethiopia has made substantial economic progress in recent years, it continues to face major challenges in achieving sustained development. Most important is the need to improve performance in the agricultural sector in which more than 85% of Ethiopians are engaged in subsistence farming. Ethiopia's annual per capita income is about \$80, or one-half the African average. Ethiopia is in the category of countries designated by the UN as the least developed. Infrastructure--social and physical--is less developed than in much of Africa.

Ethiopia's progress depends heavily on a broadly based rural development strategy. The Government has identified agriculture as the priority sector for development. A.I.D.'s program focuses heavily on the production of food and export crops as a means of bringing Ethiopian farmers into the monetary

economy. Another area of emphasis for A.I.D. is providing support to the Haile Selassie I University whose graduates are needed to plan and implement development activities.

Food Production and Nutrition

One of the major problems confronting the Government has been the need to increase capital investment flows into the agricultural sector. At its current stage of development, Ethiopia generates insufficient revenues to finance a significant amount of agricultural activities. A.I.D. has encouraged efforts to devote greater resources to agriculture through a series of sector loans. Since FY 1970, A.I.D. has authorized three loans totalling \$25 million which provided development budget support for this sector. From FY 1971 to FY 1973, while the total Government budget increased about 9.3% annually, budgetary allocations to all rural development activities increased 13.4%. FY 1972 capital expenditures for agriculture financed by domestic revenues showed a 40% increase over FY 1971.

A number of activities have been financed with local currencies generated from the agricultural sector loans. These include farm-to-market roads, assistance in agricultural credit and marketing, development of the Alemaya agricultural college, and research. Perhaps most important is the assistance provided the Government's Minimum Package Program. This program, supported by A.I.D., the World Bank and other donors, provides key inputs (fertilizer, seeds, credit) to small African farmers in selected areas. The program is already operating in more than 20 areas reaching approximately 3,000 farm families in each area.

In FY 1974, Ethiopia plans a local government improvement program which may be partly financed by agricultural sector loan funds. The program provides local coordinating bodies which administer integrated rural development schemes. This approach represents an attempt to decentralize certain

ETHIOPIA

decision-making functions to grass roots levels, an important experiment in a country whose communications and transportation links are so relatively undeveloped. In FY 1974, A.I.D. plans a fourth agriculture sector loan of \$8 million to support these programs.

A.I.D. is concluding a grant financed pilot livestock project covering 900 square miles which was designed to improve breeding stock, improve range management practices, increase off-take percent of the animals, and stabilize a largely nomadic group of people. The objectives of the project essentially have been achieved. About 460 miles of roads, 23 water impoundment areas, and other construction are near completion. Cattlemen are receiving about \$10 per head more than owners in surrounding areas and younger animals are being sold (reaching marketable weight sooner and with higher survival rates). A World Bank follow-on project is scheduled for FY 1975, using the pilot project as a base.

A.I.D. is planning two more loans in FY 1974 to support agricultural growth. A \$3 million loan for pulses and seed production is designed to stimulate crop production and diversification efforts to minimize reliance on coffee as a foreign exchange earner. A \$2 million loan will help improve grain marketing, handling and storage.

In FY 1974, A.I.D. will continue its demonstration package project in the Ada district to increase income and improve the living conditions of small farmers. An important research element has been added to the project which will provide valuable data on tenant security, employment generation, income distribution and crop diversification.

A.I.D. also manages a PL 480 Food for Work program involving reforestation and road building in northern provinces.

In FY 1974, A.I.D. plans a total of \$14.3 million for Development Grants and Loans for this sector.

Human Resource Development

Problems in the education and training sector include a shortage of university teachers and administrators, inadequate buildings at Haile Selassie I University, dropouts from all levels of school, unemployment, and inadequate organization of public agencies. Most assistance in this sector has been at the University level, but A.I.D. is joining with other donors to identify other approaches.

Over many years of assistance to the University, A.I.D. has provided both Development Grants and Loans to train almost 200 Ethiopian instructors, construct classroom buildings and dormitories, help establish the Agriculture, Public Health, Education and other colleges, and build and equip the John F. Kennedy Library. During this period 11 formerly autonomous faculties and colleges have been brought together under the leadership of the University administration, and enrollment has increased from about 1,000 to over 5,000.

In FY 1974, A.I.D. will continue financing a decreasing number of American professors and will help train their replacement. A.I.D. will also assist the University in its efforts to become more closely involved in Ethiopia's development. This effort will help the Ministry of Education establish an indigenous curriculum specifically designed to meet Ethiopia's needs and will help develop non-formal education programs.

In late FY 1973, A.I.D. is initiating a project through Opportunities Industrialization Center (OIC) to begin an experimental vocational training program.

In FY 1974, A.I.D. Development Grant assistance to this sector will total \$2.1 million. Ethiopia has undertaken an education sector review in cooperation with the World Bank. A.I.D. may assist in financing innovative proposals resulting from the study.

ETHIOPIA

Population Planning and Health

Another element in the rural development strategy is A.I.D.'s participation in a malaria control program in cooperation with the World Health Organization and the U.S. Public Health Service. Since FY 1967, three loans totaling about \$14 million have been authorized. Besides improving health conditions, new areas have been opened for settlement and cultivation thereby increasing agricultural production and employment. Over 30,000 localities covering more than 6 million inhabitants have been regularly treated with insecticides to control mosquitoes. In addition the Government's malaria service has developed a malaria detection service, instituted health education programs and carried out research on cyclic trends of malaria.

An additional malaria loan of \$5.2 million is planned in FY 1973.

Although official Ethiopian Government policy statements regarding family planning are very restrained, there are growing signs of interest in limited population programs. Within the context of public health at Haile Selassie I University and maternal and child health (MCH) services in Asmara, there are limited activities now. In FY 1974, A.I.D. proposes to explore a request for an expanded MCH program with a family planning element in Asmara, possibly Addis Ababa and in a few rural clinics. In FY 1974, \$325,000 is planned for this activity.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,149	1,217	489	11	-	-	432
Other	-	-	-	-	-	-	-
Total	2,149	1,217	489	11	-	-	432
1973							
Devel. Loans	10,000	-	-	-	-	10,000	-
Devel. Grants	2,105	1,275	215	100	-	-	515
Other	-	-	-	-	-	-	-
Total	12,105	1,275	215	100	-	10,000	515
1974							
Devel. Loans	7,000	7,000	-	-	-	-	-
Devel. Grants	3,440	1,650	1,200	100	-	-	490
Other	-	-	-	-	-	-	-
Total	10,440	8,650	1,200	100	-	-	490

In recent years, Kenya has succeeded in maintaining a good overall rate of growth, annually averaging 7.3 % from 1967-1972. The World Bank-led Consultative Group has commended Kenya for its efforts, but encouraged donor members to increase their support of Kenyan development efforts. As a result, support by several members increased substantially. However, serious impediments to development remain. Rapid population growth and lack of employment opportunities in the rural areas have stimulated a large urban migration. More and better food is needed to improve nutritional levels and feed the growing population. Programs are especially required to reach a larger number of rural poor not now participating in the benefits of growth.

The primary thrust of the Government of Kenya's development

efforts is in agriculture and rural development. The United States is responding with a relatively small but effective assistance program largely concentrated in two main sectors: food production and rural development, and population planning. The largest share of the program is provided for technicians and training in the livestock subsector, agriculture credit and a pilot rural development program. These areas reach the overwhelming majority of the people and have the greatest potential for domestic and foreign exchange earnings. In FY 1973, a \$10 million program loan provided balance of payments support to assist the Kenyan Government maintain its high pace of development and generate local currency for use in the rural sector.

Food Production and Nutrition

The major focus of the \$2.2 million Development Grant program in FY 1974 is in livestock development. Kenya's considerable livestock potential to meet domestic and foreign demand cannot be realized without improved animal husbandry and range management practices. The Government, relying heavily on A.I.D. technical assistance, is attempting to increase productivity by achieving a better balance between livestock, water and natural forage resources and by improving animal health practices and marketing systems.

A.I.D. has assisted successful efforts to improve range management and water development in northeast Kenya. Through the coordination of World Bank capital assistance and A.I.D. technical assistance, livestock production in this small area increased dramatically. The project has increased the availability of water resources which in turn has permitted effective implementation of range management practices. Time for cattle to reach maturity is being shortened, and a rate of return on investment of about 20% is expected. In the area of animal health, A.I.D. has provided much of the technical assistance which established at the University of Nairobi the only undergraduate Faculty of Veterinary Medicine in

KENYA

East Africa. In the vital field of agriculture credit, principally supported by A.I.D. technical assistance, the number of loans to both farmers and ranchers has increased from 13,000 in 1971 to 19,000 in 1972, while the time to process a loan has decreased from an average of six months to four months. A.I.D. will continue assistance to growing programs in each of these areas in FY 1974.

A new project in range and ranch development initiated in FY 1973 will help expand the Kenyan livestock program from the northeast to coastal and central valley regions. Kenya's National Livestock Development Program is to be a broadly based, integrated five-year effort aimed at increasing beef production for domestic and foreign consumption through ranch development, meat processing, and improving essential infrastructure. The total capital requirement is estimated at \$52 million. A.I.D. is providing a substantial portion of the technical assistance necessary to give the Government of Kenya the needed expertise to undertake this nationwide effort.

The World Bank has favorably appraised Kenya's five year livestock program and recommends that external financing be provided in the amount of \$36 million. A.I.D. is proposing to participate with a loan of about \$7 million in FY 1974.

Complementing this livestock production program, A.I.D. is continuing to assist the veterinary faculty of the University of Nairobi in undergraduate curriculum development and graduate research efforts while training more Africans to staff the faculty. Also, A.I.D. provides operating personnel for agricultural credit field offices to improve the capacity of the Government's agriculture credit institution to provide capital to small Kenyan farmers and ranchers.

A.I.D. advisors are working in the Vihiga Division of western Kenya, one of the six areas selected for test efforts, assisting in an intensive pilot program to identify and address the many

constraints to rural development. These pilot programs will help form the basis for a national program under the new 1975-1979 Five Year Development Plan. In Vihiga, experimental efforts will continue to determine the most effective means to increase production of corn and livestock, create small-scale industries, provide health and family planning services, and construct rural roads.

Development Grant and Loan assistance for the food production and nutrition sector will total \$8.65 million in FY 1974.

For the first time, the Government of Kenya will include a separate section on Nutrition in its 1975-1979 Development Plan, thereby underscoring the importance of the problem. PL 480 Title II child feeding programs will be included in the Government's nutrition strategy. In FY 1974, these Title II programs will receive \$431,000. The program will reach over 100,000 children.

Population Planning and Health

One of the highest population growth rates in the world is making major inroads into Kenya's impressive economic growth. The Government has shown increasing concern with this problem and is now designing a major five year campaign to plan population growth along with economic activity. The goal is to reduce the annual population growth rate from the present 3.5% to 3.25% by 1978 by increasing family planning acceptors from a current level of 120,000 to 1.1 million. To carry this out, a major expansion of family planning activities of Kenya's Public Health will be necessary. In addition to an expansion of training and public health education activities and continuation of technical assistance in demography, Kenya initially will require large infusions of external assistance to mobilize the manpower necessary to carry out this labor-intensive endeavor. A.I.D. is planning a substantial FY 1974 program of \$1.2 million in support of Kenya's National Family Planning Program. In the first few years, A.I.D. will provide a

KENYA

diminishing but high level of local salary support while the Kenyan government gradually assumes funding responsibility.

Human Resource Development

Unemployment in Kenya is becoming a serious problem in both rural and urban areas. In the urban centers there is a need to provide Kenyans with the skills basic to the establishment and successful operation of small enterprises, and to train labor to serve the growing industrial community. In cooperation with the Opportunities Industrialization Center of Philadelphia, A.I.D. is providing \$100,000 in FY 1974 which will fund preliminary training in basic education skills followed

by training in entrepreneurial skills.

Selected Development Problems

In an effort to assist Kenya to meet its growing requirements for quality low-cost housing, A.I.D. plans to guarantee a \$15 million long-term commercial housing finance loan from U.S. investors. The funds will be used in Nairobi and other urban areas of Kenya. An additional \$2.5 million housing loan guaranty is under negotiation to finance worker housing required by Kenya canners as part of their overall scheme to expand greatly their horticulture production facilities.

SUDAN

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
<u>1973</u>							
Devel. Loans	11,000	11,000	-	-	-	-	-
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	11,000	11,000	-	-	-	-	-
<u>1974</u>							
Devel. Loans	5,000	-	-	-	-	5,000	-
Devel. Grants	400	350	-	-	-	-	50
Other	-	-	-	-	-	-	-
Total	5,400	350	-	-	-	5,000	50

The Sudan, one of Africa's largest and least developed countries, has been at a virtual standstill in its efforts to stimulate economic progress in the 1967-1972 period. Termination of U.S. assistance in 1967, brought about by the Sudanese break in diplomatic relations with the United States at the outset of the Arab-Israeli war, marked a decline in donor development assistance. Meanwhile, a seventeen-year old civil war continued to weaken the nation's economy.

The Government of the Sudan has undertaken a substantial redirection in the past two years. Internally, the Government settled the civil war and focused anew on creating a better life for the Sudanese people through development. Externally, the Government has restored economic as well as political relations with the West, while maintaining relations with Eastern

Europe. Diplomatic relations with the United States have been restored. With the improved prospects for economic development, A.I.D. is beginning to provide selective development assistance. A.I.D. is also continuing emergency aid to the war-ravaged south, complementing efforts of the Sudanese and other donors.

Relief and Rehabilitation

At the close of the seventeen-year civil war in 1972, UN Secretary General Waldheim and Sudanese officials issued a worldwide appeal to assist in the return, relief and rehabilitation of some 700,000 southern refugees who were then in the bush and neighboring countries. The U.S. Government responded by providing \$7.8 million in FY 1973 in humanitarian relief through private voluntary agencies and \$2.5 million through the UN High Commissioner for Refugees. Participation has also been pledged in two World Food Programs totalling \$4.4 million to be used for country-wide school feeding and for rural rehabilitation in the south.

These actions, taken in cooperation with the Government of Sudan and 17 other donors, is providing the food, shelter and transportation for accommodating over a quarter million refugees on an emergency basis and in resettling them in their former villages to start to earn their living anew.

Food Production and Nutrition

The principal economic activity of Sudan is agriculture. This sector accounts for 95% of the country's exports and about 75% of total employment. The majority of farmers work at a subsistence level, and Sudan's agricultural growth rate has been among the lowest in Africa. However, about one-fourth of the country's cropland is in the commercial or cash-crop economy. This land, principally areas with irrigation, produces about one-half of Sudan's total agricultural output and accounts for about half of the foreign exchange earnings.

SUDAN

Present Government policy is focused on expanding the area under irrigation and also on encouraging crop diversification.

In FY 1973, A.I.D. provided an \$11 million Development Loan to finance U.S. equipment and services as part of a multi-donor irrigated agriculture project in the Rahad area. The World Bank has provided a \$42 million loan and Kuwait has provided an \$11 million loan. This project will develop 310,000 acres of new irrigated land and move some 14,000 subsistence farm families into irrigated agriculture, tripling their earnings. Moreover, seasonal farm employment will be provided for some 90,000 workers.

In FY 1974, A.I.D. plans \$350,000 in Development Grants to focus on applied agricultural research, crop diversification, experimentation and training. These projects will assist the Ministry of Agriculture determine crop diversification opportunities to reduce over-dependence on cotton and assist in the rebuilding and upgrading of existing experimental and training centers. Experimentation and research will concentrate on cereals, feed crops, vegetables and other horticultural crops.

Foreign Exchange Problem

A serious problem facing Sudan is its balance of payments

deficit. Foreign exchange earnings amount to only one month of import requirements and net foreign assets have been negative since 1970. The deficit problem stems from the inadequate growth of commodity exports, a rapid increase in imports of consumer and intermediate goods over the past two years, a sharp decline in foreign private investment and the rapid growth of the debt service ratio. These factors led to a rapid depletion of Sudan's foreign reserves and forced the Government to contract short-term loans on less than favorable terms. The International Monetary Fund is providing standby assistance and guidance on improving Sudan's economic policies.

In FY 1974, A.I.D. plans a \$5 million Development Loan to help meet the continuing foreign exchange problem. This assistance will support the IMF stabilization program and provide commodities, including agricultural equipment, to assist production programs.

A.I.D. is also providing PL 480 Title I assistance to ease the foreign exchange crisis while helping overcome the current food shortages. In FY 1973, a \$2.3 million wheat sale was provided. In FY 1974, a wheat sale of \$3 million is planned.

TANZANIA

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
1972							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,940	1,240	-	-	-	-	234
Other	-	-	-	-	466	-	-
Total	1,940	1,240	-	-	466	-	234
1973							
Devel. Loans	3,000	3,000	-	-	-	-	-
Devel. Grants	3,570	1,300	1,800	-	160	-	310
Other	-	-	-	-	-	-	-
Total	6,570	4,300	1,800	-	160	-	310
1974							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	5,840	4,070	1,400	-	-	-	370
Other	-	-	-	-	-	-	-
Total	5,840	4,070	1,400	-	-	-	370

Tanzania is one of the 25 "least developed countries." Its leaders have, however, charted a course toward self-sufficiency and have stressed the need for self-reliance as individuals and as a nation to achieve broad economic and social improvement for the great majority of its citizens. Its leaders also recognize that the pool of trained manpower is not yet sufficient to mobilize and direct the human and material resources to achieve these ends, and that Tanzania despite impressive self-help efforts, still requires considerable foreign assistance to maintain its development efforts.

At the same time that it strives for self-sufficiency, the Tanzanian Government is attempting to insure a wider distribution of benefits from development and permit a greater involvement of the people in the development process. The Government

has undertaken a major reorganization to achieve these purposes. Responsibility for planning, financing, and administering development projects is being given to 18 regions throughout the country with supervision through the Prime Minister's office. Most of these decentralized functions should become operational during the next five years.

While seeking a stronger capacity to manage its development, Tanzania is still facing a major challenge to stimulate increased growth. Economic growth, despite increased investment, has continued at a relatively slow rate, 5-6%, over the last few years. The agricultural growth rate has been less than 1% per year. Part of the slow growth has been due to falling export prices, but part can also be attributed to the problems of adjusting to the Government's reorganization. In an effort to meet its most pressing problem, the Government's five year plans have given highest priority to the development of the agricultural sector, emphasizing increased food-crop and livestock production and rural transportation. A.I.D. assistance is almost exclusively focused on this effort to help Tanzania achieve self-sufficiency in food production and improve nutrition. A.I.D. is also assisting a major new effort in the field of maternal child health and family planning.

Food Production and Nutrition

In the FY 1974 A.I.D. program, both technical and capital assistance are planned to support programs to increase production of food crops and livestock, increase the availability of credit to small farmers through their cooperatives, and improve the marketing of crops and livestock. The \$2.1 million Development Grant program includes two new projects which focus on livestock development and agricultural planning. In addition, a \$2 million special integrated project grant for agricultural cooperative credit will help extend credit to small farmers and livestock producers through their cooperatives. The grant will also provide technical assistance to the operations department of the Tanzania Rural Development Bank

TANZANIA

to enable it to improve the administration of its loan programs. Loan funds will be channeled through the Bank and the cooperative societies for farm inputs such as seeds, fertilizer and small machinery and livestock inputs such as materials for water development and disease control.

Assistance to the food crop sub-sector is provided by three ongoing projects. An agriculture research project helps the Ministry in planning and managing a research program in close collaboration with the international research centers. The Ministry is being assisted in selecting and developing high yielding varieties of food crops, primarily maize and legumes, for the various ecological zones of the country.

A seed multiplication project is helping develop adequate standards for seed certification and seed quality; establish foundation seed farms, laboratory and storage facilities and develop improved agronomic practices. In 1972, 500 acres of improved seed crops were planted and harvested at the first seed farm established; 750 acres of seed are being planted in 1973. A second farm was established in late 1972 and 300 acres of foundation seeds are planned in 1973. The Government plans to establish two additional foundation seed farms to serve other ecological zones after the first two farms are in full production. The Tanzania Seed Company, Ltd. was formed and will assume responsibility for commercial production of improved seeds and their distribution to Tanzania farmers.

A marketing development project provides assistance to the National Agricultural Products Board (NAPB) in the vital areas of pricing policy, marketing, accounting and grain storage. The NAPB handles marketing and distribution of food crops.

These projects may be expanded or somewhat modified as a result of an intensive food crop sub-sector study, which should be completed late in FY 1973. This study will examine constraints on expanding food crop production to achieve

the Government's goal of self-sufficiency in food in this decade and recommend changes in government policies and procedures, as well as specific investments required to provide incentives for Tanzania's farmers to increase food crop production.

Assistance in the livestock sub-sector is being addressed through two complementary projects. The Masai livestock and range management project, started in FY 1970, is helping to develop ranching associations in selected areas of the Masai tribal lands through introduction of improved livestock husbandry, range management and marketing practices. So far, four ranching associations have been registered, and water resources developed to improve range use and marketing concepts are being introduced. This effort promises to increase livestock production and bring the Masai more fully into the Tanzanian economy. The proposed new livestock development project will complement the Masai project by establishing a nationwide company to operate livestock markets and providing marketing services to ranching associations, ujamaa villages where land and some livestock and other property are held in common, and state owned cattle ranches. It will also develop and maintain stock routes, holding grounds and feed lots to facilitate movement of livestock to market and, where appropriate, provide guidance in developing range management plans. This project is part of a multi-donor activity related to the second livestock development loan of approximately \$18 million negotiated with the World Bank in 1973.

Two technical assistance projects, agriculture manpower development, initiated in FY 1973, and the proposed new agriculture planning project to be implemented in FY 1974, provide general support to the major elements of the A.I.D. program, food crops and livestock. Both projects will provide technicians to help the Ministry of Agriculture and selected regional government offices develop the professional and sub-professional manpower needed to identify and evaluate new projects and to plan and administer agriculture and rural development programs.

TANZANIA

Population Planning and Health

Tanzania has recently recognized the value of combining family planning with its national health program. The Government proposes to put particular emphasis on a national maternal child health/family planning program (MCH/FP) to include midwife services, nutrition education and family planning information. As a part of a multi-donor program, A.I.D. will finance construction of 18 regional MCH training centers. These centers will provide training for nurses, mid-wives, and other paramedical personnel to staff rural dispensaries and health centers throughout the country. A.I.D. will provide operating costs for the training centers on a rapidly decreasing

scale, technical assistance in MCH planning and instruction, training for MCH instructors in country and abroad, as well as furnishing supplies and equipment for the training centers, and contraceptives for the national program.

In FY 1974, A.I.D. plans \$1.4 million for this project which is being initiated in FY 1973. In support of the program to introduce nutrition education and support the MCH/FP effort, A.I.D. will provide approximately \$1.6 million for PL 480 Title II foodstuffs through a program operated by a voluntary agency. This program puts increasing emphasis on the MCH program with a corresponding decrease in school and institutional feeding.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	3,000	3,000	-	-	-	-	-
Devel. Grants	2,270	1,288	125	475	-	-	382
Other	-	-	-	-	-	-	-
Total	5,270	4,288	125	475	-	-	382
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,330	810	125	-	-	-	395
Other	-	-	-	-	-	-	-
Total	1,330	810	125	-	-	-	395
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	360	260	-	-	-	-	100
Other	-	-	-	-	-	-	-
Total	360	260	-	-	-	-	100

In the past year, both the internal security situation and the development climate in Uganda have deteriorated. As a result, A.I.D. is reviewing each project on an individual basis to determine if projects should either be phased down or terminated. However, A.I.D. will meet commitments to finish training Ugandans in the United States. Most A.I.D.-funded personnel are expected to leave Uganda by the end of June, 1973.

Several important bilateral projects will end on schedule in 1973. Three in particular have assumed greater significance with General Amin's decision to Africanize his country's economy. The projects concern agricultural cooperatives, the agriculture extension service, and staff training and curriculum expansion at the Institute of Public Administration. The first two projects were carried out with the Ministry of Agriculture,

the latter with the Uganda Institute of Public Administration.

Through these A.I.D. projects, cooperative training wings have been built and have already produced well-trained Ugandans in the Cooperative Department with experience in accounting, retail shop management, and savings and credit development. The Ministry of Agriculture and the cooperatives have stepped up their training of Ugandans to meet the need for additional people in the monetary economy.

The Extension Service in the Ministry of Agriculture, most of whose top personnel are U.S.-trained, is showing farmers how to increase yields and diversify production while cutting costs through the use of improved farming techniques. The increased and more diverse yields will boost Uganda's agricultural exports while lessening dependence on imported foodstuffs.

At the Institute of Public Administration, a diploma-level program in business administration and management has been developed by an A.I.D.-funded professional. New courses have been started for training top and middle-management civil servants, and several staff members have returned to teaching positions after advanced training in the United States.

The proposed A.I.D. budget for FY 1974 is predicated on most of its personnel leaving Uganda by the end of FY 1973. The \$360,000 request covers costs for meeting present training commitments, final expenses for the few U.S. faculty members on the Makerere University Faculty of Agriculture, and residual support costs for any remaining A.I.D. personnel.

EAST AFRICA REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,279	388	-	563	180	-	148
Other	-	-	-	-	-	-	-
Total	1,279	388	-	563	180	-	148
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,185	585	-	485	-	-	115
Other	-	-	-	-	-	-	-
Total	1,185	585	-	485	-	-	115
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,600	660	-	820	-	-	120
Other	-	-	-	-	-	-	-
Total	1,600	660	-	820	-	-	120

The East African Community (EAC) links the Republics of Kenya, Tanzania and Uganda to form a common market, to provide extensive common services and to share certain administrative functions. Inaugurated in December 1967 under the Treaty for East African Cooperation, the EAC assumed research and planning responsibilities in the field of agriculture, fisheries and industry; operational responsibility for post and telecommunications, harbors, railway and airline services; development of the common market; and administration of customs, excise and income taxes and statistics. EAC activities continue to receive support from many donors, including the World Bank, UN Development Program and the United Kingdom, as well as A.I.D.

Development of the full EAC potential is hampered by the

scarcity of trained manpower for planning, management and research. It has been further strained recently by political difficulties, stemming from the military takeover of the Government of Uganda, resulting in lack of communications with and between the partner states. However, the East African Legislative Assembly, which appropriates Community funds, and key administrative officers have to date been able to keep EAC research and service functions operating. The EAC is the first formal attempt by any of the newly independent African countries to form a political and economic union. Soon after the Community was formed, Zambia, Ethiopia, Somalia, Rwanda and Burundi made overtures to join the Community, but procedures for adding new members have not been worked out. As a result of the Rhodesia situation, the ties between Zambia and the EAC states have drawn closer, particularly in the field of transport policy and services. A.I.D. considers it important to foster this type of international cooperation among the countries of Africa, since such forums may enable the settling of differences between member states, bring advantages of scale in marketing exports, and avoid duplication in research and the provision of essential services to member countries.

EAC is receiving assistance from A.I.D. for improving its management effectiveness in several areas. A.I.D. has assisted the EAC Income Tax Division devise a pay-as-you-earn system which has helped increase tax collections and improve EAC's budgeting process by spreading collections more evenly throughout the year. In food crop research and production, U.S. scientists, working with the East African Agriculture and Forestry Research Organization (EAAFRO) and the Kenya research system, have helped select and develop high yielding varieties of hybrid corn suitable for medium altitudes.

So far 350,000 acres have been planted in hybrid corn and yields per acre have been increased about 25%. These gains have made Kenya self-sufficient in corn production and provided breeding stock for adaptation to lower areas.

EAST AFRICA REGIONAL

By 1974, A.I.D. assistance in developing a modern supply management system to the Rail and Harbors Corporations will be completed. New manuals covering modern supply procedures adapted to these corporations have been virtually completed and personnel are being trained in more efficient methods of purchasing, storing and issuing materials and spare parts. Other A.I.D.-assisted activities include training programs for staff development for EAC administrative units, the improvement of records and data management systems, and help in carrying out studies aimed at harmonizing agricultural policies.

FY 1974 A.I.D. PROGRAM

In FY 1974, A.I.D. proposes \$1.6 million in Development Grants to help the EAC develop its management and administrative capacity to carry out research programs, especially in food crops, fisheries and marketing economics.

A.I.D. will increase support to EAAFFRO efforts to help develop its staff and to expand research on food crops including addi-

tional varieties of corn, sorghum and millet and improved agronomic practices for the lower altitude and drier ecological zones of all three countries. A.I.D. will provide to the EAC the services of specialists in legislative drafting, commercial law and contract matters, as well as a manpower/training specialist to support EAC's efforts to coordinate the use of African training facilities and the development training opportunities offered by various donors. A.I.D. will also finance scholarships for 90 students in East African Universities to acquire skills urgently needed by the Community. They are bonded to work for the Community for five years after graduation.

A.I.D. will continue to support an agricultural economist and a statistician to assist in coordinating the planning and budgeting of research programs, and A.I.D.-funded fisheries biologists will continue to assist the EAAFFRO develop programs to utilize and preserve the nutritious freshwater fisheries resources in East African waters.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972	1946-1972			
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	20.4	31.1	217.5	22.1	195.4		
Loans	14.9	26.7	115.4	22.1	93.3		
Grants	5.5	4.4	102.1	-	102.1		
(Supporting Assistance)	(-)	(-)	(3.3)				
FOOD FOR PEACE - TOTAL	0.9	0.8	27.1	2.5	24.6		
Title I - Total	-	-	6.1	2.5	3.6		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	5.6	2.4	3.2		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	0.5	0.1	0.4		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(0.8)	(-)	(0.8)		
Title II - Total	0.9	0.8	21.0	-	21.0		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.8	0.7	17.0	-	17.0		
VOLUNTARY RELIEF AGENCIES	0.1	0.1	4.0	-	4.0		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	2.1	1.1	28.5	0.5	28.0		
PEACE CORPS	2.1	1.1	27.6	-	27.6		
OTHER	-	-	0.9	0.5	0.4		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	23.4	33.0	273.1	25.1	248.0		
Loans	14.9	26.7	121.9	25.1	96.8		
Grants	8.5	6.3	151.2	-	151.2		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	25.2	21.3	3.9		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	25.2	21.3	3.9		
TOTAL ECONOMIC PROGRAMS	23.4	33.0	298.3	46.4	251.9		
Loans	14.9	26.7	147.1	46.4	100.7		
Grants	8.5	6.3	151.2	-	151.2		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	11.8	10.9	173.0	-	173.0		
Credit Sales (FMS)	-	-	-	-	-		
Grants	11.8	10.9	173.0	-	173.0		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.5	0.3	8.6	-	8.6		
OTHER GRANTS	-	-	5.5	-	5.5		
TOTAL MILITARY PROGRAMS	12.3	11.2	187.1	-	187.1		
TOTAL ECONOMIC AND MILITARY PROGRAMS	35.7	44.2	485.4	46.4	439.0		
Loans	14.9	26.7	147.1	46.4	100.7		
Grants	20.8	17.5	338.3	-	338.3		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	18.2	35.5	229.2	TOTAL	24.3	17.0	127.6
IBRD - World Bank	-	10.8	108.6	Italy	9.4	6.0	50.7
Int'l Finance Corp.	*	-	14.1	Sweden	6.7	6.8	39.0
Int'l Dev. Association	9.5	21.7	66.2	Germany	5.2	-	25.7
UNDP - Special Fund	6.6	1.3	22.0	Other	3.0	4.2	12.2
UNDP - TA (CY)	0.7	0.7	10.6				
Other UN (CY)	1.4	1.0	7.7				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	84		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	203		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972	1946-1972			
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	2.1	2.1	38.8	0.1	38.7		
Loans	-	-	6.0	0.1	5.9		
Grants	2.1	2.1	32.8	-	32.8		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	1.4	0.5	32.7	7.3	25.4		
Title I - Total	-	-	13.0	7.3	5.7		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	13.0	7.3	5.7		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	1.4	0.5	19.7	-	19.7		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.3	-	13.1	-	13.1		
VOLUNTARY RELIEF AGENCIES	1.1	0.5	6.6	-	6.6		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	1.7	1.8	12.3	-	12.3		
PEACE CORPS	1.7	1.8	12.3	-	12.3		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	5.2	4.4	83.8	7.4	76.4		
Loans	-	-	19.0	7.4	11.6		
Grants	5.2	4.4	64.8	-	64.8		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	8.6	0.8	13.0	0.7	12.3		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	8.6	0.8	13.0	0.7	12.3		
TOTAL ECONOMIC PROGRAMS	13.8	5.2	96.8	8.1	88.7		
Loans	8.6	0.8	32.0	8.1	23.9		
Grants	5.2	4.4	64.8	-	64.8		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	-	-	-		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	-	-	-		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	-	-	-		
TOTAL ECONOMIC AND MILITARY PROGRAMS	13.8	5.2	96.8	8.1	88.7		
Loans	8.6	0.8	32.0	8.1	23.9		
Grants	5.2	4.4	64.8	-	64.8		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	46.5	59.3	232.8	TOTAL	52.2	54.8	551.6
IBRD - World Bank	31.3	29.0	95.0	U.K.	26.6	23.9	437.4
Int'l Finance Corp.	-	2.5	18.4	Germany	13.1	6.8	43.3
Int'l Dev. Association	12.6	22.0	83.3	Other	12.5	24.1	70.9
African Dev. Bank	-	3.0	5.3				
UNDP - Special Fund	1.5	1.3	20.1				
UNDP - TA (CY)	0.5	0.7	4.5				
Other UN (CY)	0.6	0.8	6.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	62		

*Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	-	-	74.5	7.1	67.4		
Loans	-	-	23.5	7.1	6.4		
Grants	-	-	61.0	-	61.0		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	0.1	0.1	23.3	1.2	22.1		
Title I - Total	-	-	21.1	1.2	19.9		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	21.1	1.2	19.9		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(37.9)	(-)	(37.9)		
Title II - Total	0.1	0.1	2.2	-	2.2		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	1.7	-	1.7		
VOLUNTARY RELIEF AGENCIES	0.1	0.1	0.5	-	0.5		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE							
PEACE CORPS	-	-	-	-	-		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	0.1	0.1	97.8	8.3	89.5		
Loans	-	-	30.3	8.3	22.0		
Grants	0.1	0.1	67.5	-	67.5		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	1.3	1.3	-	1.3		
OTHER LOANS	-	6.6	6.6	-	6.6		
TOTAL OTHER OFFICIAL LOANS	-	7.9	7.9	-	7.9		
TOTAL ECONOMIC PROGRAMS	0.1	8.0	105.7	8.3	97.4		
Loans	-	7.9	38.2	8.3	29.9		
Grants	0.1	0.1	67.5	-	67.5		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	2.2	1.2	1.0		
Credit Sales (FMS)	-	-	1.5	1.2	0.3		
Grants	-	-	0.7	-	0.7		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	2.2	1.2	1.0		
TOTAL ECONOMIC AND MILITARY PROGRAMS	0.1	8.0	107.9	9.5	98.4		
Loans	-	7.9	39.7	9.5	30.2		
Grants	0.1	0.1	68.2	-	68.2		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	3.4	19.3	201.1	TOTAL	5.2	6.3	100.1
IBRD - World Bank	-	-	129.0	Germany	0.6	1.5	36.8
Int'l Finance Corp.	-	1.5	2.2	U.K.	1.7	1.7	27.8
Int'l Dev. Association	-	11.2	32.8	Italy	0.2	1.9	22.1
African Dev. Bank	0.8	2.8	3.6	Other	2.7	1.2	13.4
UNDP - Special Fund	1.0	1.3	19.4	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
UNDP - TA (CY)	0.4	0.3	7.1	1971 (Calendar Year)	115		
Other UN (CY)	1.2	2.2	7.0	1972 (Calendar Year)	-		
				Cumulative thru 1972	269		

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1946-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972				
ECONOMIC PROGRAMS							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	3.1	1.9	35.1	1.7	33.4		
Loans	0.8	-	13.9	1.7	12.2		
Grants	2.3	1.9	21.2	-	21.2		
(Supporting Assistance)	(-)	(-)	(-)	-	-		
FOOD FOR PEACE - TOTAL	2.6	1.2	32.9	-	32.9		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	2.6	1.2	32.9	-	32.9		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.6	-	17.3	-	17.3		
VOLUNTARY RELIEF AGENCIES	2.0	1.2	15.6	-	15.6		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE							
PEACE CORPS	-	-	9.5	-	9.5		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	5.7	3.1	77.5	1.7	75.8		
Loans	0.8	-	13.9	1.7	12.2		
Grants	4.9	3.1	63.6	-	63.6		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	-	-	-		
TOTAL ECONOMIC PROGRAMS	5.7	3.1	77.5	1.7	75.8		
Loans	0.8	-	13.9	1.7	12.2		
Grants	4.9	3.1	63.6	-	63.6		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	-	-	-		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	-	-	-		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	-	-	-		
TOTAL ECONOMIC AND MILITARY PROGRAMS	5.7	3.1	77.5	1.7	75.8		
Loans	0.8	-	13.9	1.7	12.2		
Grants	4.9	3.1	63.6	-	63.6		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	49.6	19.1	154.8	TOTAL	32.4	43.1	342.7
IBRD - World Bank	30.0	-	42.2	U.K.	4.9	5.2	184.6
Int'l Finance Corp.	-	-	1.1	Germany	4.4	7.0	44.8
Int'l Dev. Association	12.3	17.3	78.0	Sweden	7.0	10.7	37.1
African Dev. Bank	3.0	-	3.0	Italy	6.1	5.3	27.1
UNDP - Special Fund	1.9	1.0	14.1	Other	10.0	14.8	49.1
UNDP - TA (CY)	0.5	0.8	7.9	ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
Other UN (CY)	1.9	-	5.5	1971 (Calendar Year)	1		
				1972 (Calendar Year)	7		
				Cumulative thru 1972	289		

* Less than \$50,000.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1946-1972	1946-1972			
ECONOMIC PROGRAMS							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
A.I.D. AND PREDECESSOR AGENCIES - TOTAL	2.9	5.3	41.8	0.3	41.5		
Loans	-	3.0	16.6	0.3	16.3		
Grants	2.9	2.3	25.3	-	25.3		
(Supporting Assistance)	(-)	(-)	(-)				
FOOD FOR PEACE - TOTAL	0.1	-	2.7	-	2.7		
Title I - Total	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
Title II - Total	0.1	-	2.7	-	2.7		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	0.1	-	1.7	-	1.7		
VOLUNTARY RELIEF AGENCIES	-	-	1.0	-	1.0		
OTHER OFFICIAL DEVELOPMENT ASSISTANCE	0.4	0.4	3.4	-	3.4		
PEACE CORPS	0.4	0.4	3.4	-	3.4		
OTHER	-	-	-	-	-		
TOTAL OFFICIAL DEVELOPMENT ASSISTANCE	3.4	5.7	47.9	0.3	47.6		
Loans	-	3.0	16.6	0.3	16.3		
Grants	3.4	2.7	31.4	-	31.4		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
TOTAL OTHER OFFICIAL LOANS	-	-	-	-	-		
TOTAL ECONOMIC PROGRAMS	3.4	5.7	47.9	0.3	47.6		
Loans	-	3.0	16.6	0.3	16.3		
Grants	3.4	2.7	31.4	-	31.4		
MILITARY PROGRAMS							
MILITARY ASSISTANCE - (Charged to FAA Appropriation)	-	-	-	-	-		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	-	-	-		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
TOTAL MILITARY PROGRAMS	-	-	-	-	-		
TOTAL ECONOMIC AND MILITARY PROGRAMS	3.4	5.7	47.9	0.3	47.6		
Loans	-	3.0	16.6	0.3	16.3		
Grants	3.4	2.7	31.4	-	31.4		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES				
TOTAL	FY 1971 15.7	FY 1972 1.9	FY 1946-72 77.3	DONOR	CY 1970 21.6	CY 1971 17.8	CY 1960-71 228.2
IBRD - World Bank	-	-	8.4	U.K.	11.9	9.8	185.5
Int'l Finance Corp.	*	1.1	4.3	Germany	2.8	2.3	19.0
Int'l Dev. Association	11.3	-	44.3	Other	6.9	5.7	23.7
African Dev. Bank	3.0	-	3.3				
UNDP - Special Fund	0.9	0.1	9.9				
UNDP - TA (CY)	0.4	0.6	3.9				
Other UN (CY)	0.1	0.1	3.2				
				ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	31		

* Less than \$50,000.

SOUTHERN AFRICA REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	15,000	-	-	1,200	13,800	-	-
Devel. Grants	2,131	815	-	965	-	10	341
Other	300	-	-	-	-	-	300
Total	17,431	815	-	2,165	13,800	10	641
<u>1973</u>							
Devel. Loans	24,300	2,000	-	-	22,300	-	-
Devel. Grants	3,860	1,410	510	1,515	70	-	355
Other	-	-	-	-	-	-	-
Total	28,160	3,410	510	1,515	22,370	-	355
<u>1974</u>							
Devel. Loans	8,000	-	-	-	8,000	-	-
Devel. Grants	4,428	1,855	228	1,920	-	-	425
Other	-	-	-	-	-	-	-
Total	12,428	1,855	228	1,920	8,000	-	425

The Southern Africa area includes Botswana, Lesotho, Swaziland, Malawi and Zambia, all of which have substantial common borders with areas ruled by white minority regimes. The A.I.D. assistance program in this sub-region is primarily directed toward Botswana, Lesotho and Swaziland (BLS). A.I.D. seeks to assist in bringing a measure of economic independence to these small, land-locked countries which rank among the least developed in the world.

The BLS countries share common development problems of low agricultural productivity in predominantly agricultural societies and a serious shortage of qualified manpower at all levels of the economy. They lack the minimum road transport necessary for development of agriculture and trade. They are dependent almost completely on external assistance to

meet their development requirements.

A.I.D. supports the BLS efforts in agricultural and rural development, education and manpower training, and transportation. Most projects are undertaken in close cooperation with other donors, including the World Bank, the UNDP, Canada, and the United Kingdom. Some food commodities are provided under the PL 480 programs, chiefly through the World Food Program.

Human Resource Development

The countries of Southern Africa suffer from a serious shortage of qualified African manpower which forces them to depend on expatriates to help manage their economies, administer their governments and implement their development programs. In spite of increased efforts to bring more local Africans into the public service, less than half of the senior positions are held by local citizens. To overcome this problem, these countries are devoting substantial portions of their resources to manpower development and education programs. A.I.D. is assisting by helping to improve training facilities and methods to give educational institutions more immediate relevance to development manpower needs and by providing technicians and training to help meet the serious short-term need for key administrative and technical personnel.

A major means of attacking the skilled manpower shortage is through the University of Botswana, Lesotho and Swaziland (UBLS). This unique regional institution, which is jointly supported by the three BLS governments, has its main campus in Lesotho with satellite campuses currently being developed in Botswana and Swaziland. The United States, in cooperation with Canada and the U.K., has helped finance the construction and staffing of these facilities. These combined efforts during the past two years have brought about a major redirection in the university's orientation and potential role in the development of these countries while its enrollment grew from 400

SOUTHERN AFRICA REGIONAL

to 800 in this brief period.

A.I.D. and other donor countries are also providing short-term experts to help guide planning for the next phase of the University's development. New UBLS programs will be aimed at meeting the middle-level manpower needs of these developing countries. A.I.D. is considering the possibility of providing a special integrated project grant of \$800,000 in FY 1974 to support this development in technological education.

All five countries will also be assisted by U.S. operational technicians and training to meet the serious short-term need for key administrative and technical personnel. For example, a four man U.S. tax team was recently recruited to help staff the Botswana Tax Department. During the next four years they will implement revisions of the Botswana tax code drafted by the International Monetary Fund. At the same time, local counterparts will receive training to fill these staff positions.

Food Production and Nutrition

Low agricultural production in the BLS countries is largely due to inefficient cropping practices, overgrazing of limited grasslands, and unchecked soil erosion--all of which perpetuates the need to import food. This situation is reversible since the BLS countries possess the agricultural potential to achieve self-sufficiency in staple food grains, and each country has sizeable livestock resources which could become a major source of revenue.

In Swaziland, where traditional cropping and livestock practices have resulted in seriously inefficient land use and poor yields, A.I.D., in close coordination with the U.K., supports the Government's rural development program. Initiated last year, the program aims at improving land utilization patterns to increase production in three selected areas involving 35,000 people with a potential for increasing the production of maize

(the major food staple) and cattle. An agriculture credit loan for this project is planned in FY 1973.

Together with the UNDP, the World Bank and the U.K., A.I.D. also plans to participate in a study of the Shiselweni District to identify assistance projects designed to stimulate the agricultural potential of this lagging rural area of 100,000 people. A special integrated project grant of \$1 million for a possible dry land farming project (maize, sorghum, and beans) is proposed for FY 1974 to support this new effort.

In Lesotho, where continuing severe soil erosion is taking on potentially catastrophic proportions, A.I.D. is participating with the World Bank in a closely integrated dry-land farming project in a 300,000-acre area involving some 12,000 participating farmers. The effort is designed to increase the production of staple crops such as maize, wheat and beans while instituting vitally needed soil conservation practices to curb erosion.

In Botswana, where livestock is the livelihood of most of the people and the fragile ecology of the range is being threatened, A.I.D. plans to initiate a new livestock/range management project late in FY 1973. This research-oriented project, linked with the World Bank and Swedish aid, will test the feasibility and application of area grazing systems for small stock-holders. A loan is also planned late in FY 1973 for an abattoir which will help increase export of meat products.

Selected Development Problems - Transport

The transportation systems in these small Southern African countries are not adequate to support development of their exploitable resources. The need for improved and new roads is widespread. A.I.D. is primarily concerned with assistance associated with significant natural resource developments.

In FY 1972, A.I.D. authorized a loan for construction of 200

SOUTHERN AFRICA REGIONAL

miles of road linking northern Botswana with Zambia. This road will stimulate livestock exports and promote trade with Zambia. A loan amendment will be needed in late FY 1973 to meet increased construction costs.

In Lesotho, A.I.D. is considering the possibility of a \$3 million loan for improvements to an access road (Malibatso Road) to a large water exploitation project.

In Malawi, the transport network is grossly inadequate for the needs of the country. A.I.D. plans in late FY 1973 to assist through loan finance the construction of a 52 mile Chikwawa-Bangula road to service a large agricultural production area being aided by the World Bank. Upon completion of a UNDP/World Bank feasibility study, A.I.D. anticipates a loan in FY 1974 to finance the construction of a 70 mile road from Lilongwe to Mchinji. This road will serve another agriculture production area assisted by the World Bank. It will also carry a portion of Zambia's future export-import transport needs and will form a part of the road linking the capitals of the two countries.

Zambia, a land-locked country, is dependent upon the roads, rails, and ports of several of its neighbors to meet transport requirements of vital copper exports as well as imports.

In view of its past difficulties, Zambia is planning to realign its basic export-import transport routes to achieve a greater measure of reliability. The Botswana-Zambia road and the Lilongwe-Mchinji road in Malawi, plus a third link, the Tanzania-Zambia Highway, will provide additional major routes for Zambia's foreign trade. To fully accomplish this realignment, Zambia will need to increase its own rail and highway transport capacity. A.I.D. plans a Development Loan of \$5 million in FY 1973 to finance transport equipment from the United States needed to meet Zambia's current transport problems.

Population Planning and Health

A.I.D. is assisting Botswana in a new population project, which will train nurses in public health delivery systems to serve rural areas and provide family planning services.

Malagasy Loans

In addition to the programs described for the countries of the Southern Africa area, A.I.D. anticipates the requirement for one loan and one loan amendment in FY 1973 to the Malagasy Republic to help undertake telecommunications improvements and to complete work on a railroad modernization program.

AFRICA REGIONAL

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food Production and Nutrition	Population Planning and Health	Human Resource Development	Selected Development Problems	Selected Countries and Organizations	Other Programs and Support costs
<u>1972</u>							
Devel. Loans	6,000	-	-	-	6,000	-	-
Devel. Grants	17,261	2,318	2,328	8,696	129	1,787	2,003
Other	-	-	-	-	-	-	-
Total	23,261	2,318	2,328	8,696	6,129	1,787	2,003
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	18,429	2,125	3,959	7,570	1,084	1,140	2,551
Other	-	-	-	-	-	-	-
Total	18,429	2,125	3,959	7,570	1,084	1,140	2,551
<u>1974</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	20,347	3,205	3,112	7,895	1,120	2,250	2,765
Other	-	-	-	-	-	-	-
Total	20,347	3,205	3,112	7,895	1,120	2,250	2,765

The Africa Regional program consists of projects directed to the solution of basic problems common to large parts of Africa where a coordinated regional approach can be effective. These regional programs are undertaken to foster regional organizations, mobilize other donor assistance, and carry out research of broad geographic significance. The focus is on human resource development, agricultural research, and population planning.

Included in these programs are special regional initiatives such as support for Development Assistance Teams which will operate under UN auspices in assisting the least developed countries in planning development activities. Also included are funds for such regional programs as self-help activities, feasibility studies, and the African Development Bank.

In FY 1974, A.I.D. proposes a regional Development Grant program of \$17.2 million, plus a population program of \$3.1 million.

Human Resources Development

Regional assistance is focused on manpower training programs designed to help the Africans meet their need for skilled manpower, both at the professional and sub-professional levels. This assistance aids cooperative African efforts to address educational problems and helps African leadership recognize the need to develop educational programs more related to the requirements of the job market.

A major component of A.I.D.'s regional education assistance is partial financing of scholarship programs at the undergraduate and graduate levels to train personnel for the public and private sectors in fields related to development priorities. Some 330 students annually complete their training and return to their home countries to work. Especially at the undergraduate level, A.I.D.-sponsored training is increasingly performed at African Universities, with more than 780 students currently enrolled in the program conducted by the Association of African Universities (AAU). A.I.D. assistance has been instrumental in launching the AAU in a role of effective cooperation in African education. AAU is now attracting support from other donors, and enjoys both the official and financial participation of most African universities. Through AAU, A.I.D. helps finance conferences and studies to enable African and American education leaders to develop educational programs more relevant to African needs.

Another aspect of this program is non-formal manpower training and institution building. Through the African-American Labor Center (AALC), trade union and worker education, vocational training, and cooperative and community service activities are supported. This assistance aids the development of free trade unions and responsible collective bargaining systems

AFRICA REGIONAL

that support national economic and social development. For example, AALC, in cooperation with the Central Ethiopian Labor Union, has carried out basic trade union education programs employing local field labor educators and teaching some 70,000 people in the past three years.

Development Grants of \$7.9 million are proposed in FY 1974 for Human Resource Development.

Food Production and Nutrition

Regional agricultural projects are focused on research oriented toward improving the quality and quantity of food for Africans. Particular attention is centered on correcting protein deficiencies in African diets. The International Institute of Tropical Agriculture (IITA), in Nigeria, is introducing the advances of the "Green Revolution" to Africans through: research on cereals, root and tuber crops and grain legumes; training of African scientists; and assistance to national governments in applying the results of research. This Institute, as part of an international research network sponsored by private foundations and other governments as well as A.I.D., is developing the capability of disseminating the results of world-wide research within Africa.

Another part of this network is the planned establishment of an International Livestock Institute to assist Africans in modernizing livestock production and controlling animal diseases. It will conduct research on the diseases inhibiting livestock development in Africa and on the production-limiting problems of nutrition, breeding, management, marketing, and related economic and social factors. Following considerable planning over the past few years, it is expected that the Institute will be established during FY 1974.

In FY 1974, \$3.2 million is proposed for Development Grants in Food Production and Nutrition.

Population Planning and Health

Population is a critical issue in African development. High birth rates, declining death rates, limited resources, and the strains of modernization combine to produce an emerging population problem on the African continent despite vast, underpopulated land areas. At this stage, there is some sensitivity about population matters, but interest in the subject is growing. The regional population program is concentrated on activities such as demographic studies, development population, curriculum and research in African universities, introducing child spacing into family health services, and in training Africans to manage and staff population programs. These activities stimulate awareness of population problems and strengthen institutions which will permit Africans themselves to develop, implement, and evaluate their own population policies and programs.

In FY 1974, \$3.1 million is proposed for Development Grants in Population.

Selected Organizations

Continued support to African organizations involved in capital development is planned.

The main focus of the regional program in this area is the Africa Development Bank (AFDB). A.I.D. has provided grant financing to AFDB over recent years to support technical assistance to the Bank's staff and to fund feasibility and design studies for capital projects which might be financed by the Bank itself or by its affiliate, the Africa Development Fund. This Fund, which became operational in 1973 with the support of several donors, serves as the "soft loan" window of the AFDB. The United States has been asked to join in participating in the African Development Fund and this is under review. In addition, the AFDB, because of the high level of activity over the past 18 months, is in need of additional resources

AFRICA REGIONAL

for its regular operations and is considering requesting that several donors provide development type loans to permit the Bank to maintain its regular operations. If requested, the United States may participate through a Development Loan directly to the Bank.

The least developed countries of Africa will be assisted in addressing their inadequacies in national planning for development through the provision of multidisciplinary Development Advisory Teams (DAT's). These teams will work in several of these disadvantaged countries by providing planning advisory services to the appropriate governmental planning and executing ministries to improve the scope and quality of their development plans. These teams, to which other donors will also contribute personnel, will provide assistance through arrangements made by the Economic Commission for Africa.

In FY 1974, \$2.3 million in Development Grant assistance

is proposed for this sector.

Other Activities

The Regional Program also provides for financing feasibility studies to be carried out directly by A.I.D. contractors under the Africa Regional program. These studies are for both capital development and technical assistance projects.

The Self-Help program supplements the resources of village-level communities and institutions in 25 countries where local initiative exists for development activities. The U.S. inputs are small and are designed to encourage the mobilization of local resources, human and material, to the betterment of community life. In FY 1974 \$1.8 million is planned for self-help activities of which \$1.5 million is included in the Human Resource Development and Food Production sectors, and \$300,000 in Population.

MULTILATERAL COOPERATION

TABLE OF CONTENTS

	<u>PAGE NO.</u>
Multilateral Cooperation for Development.....	L-1
International Organizations and Programs.....	L-3
UN Development Program.....	L-3
UN Children's Fund.....	L-5
IAEA Operational Fund.....	L-6
WMO/Voluntary Assistance Fund.....	L-7
UN/FAO/World Food Program.....	L-7
UN Institute for Training and Research.....	L-8
International Secretariat for Volunteer Service.....	L-9
UN Relief and Works Agency.....	L-9
UN Fund for Namibia.....	L-10
UN Environmental Program Fund.....	L-11
Indus Basin.....	L-11
UN Fund for Population Activities.....	L-12
UN Fund for Drug Abuse Control.....	L-13
UN Force in Cyprus.....	L-14
International Financial Institutions.....	L-15
World Bank Group.....	L-15
Inter-American Development Bank.....	L-18
Asian Development Bank.....	L-19
African Development Bank.....	L-20
Coordination.....	L-21

MULTILATERAL COOPERATION FOR DEVELOPMENT

U.S. development assistance programs are carried out as part of an expanding international effort. Because the United States is not the sole supplier of assistance in any country, our bilateral assistance must be carefully coordinated with other donors and in some cases with a number of recipients.

The world development effort currently underway relies upon a careful balance of bilateral and multilateral resource transfers. Our bilateral assistance programs and our support for multilateral institutions serve different purposes but are mutually reinforcing. They in turn reinforce the bilateral and multilateral contributions of other donors.

Our historic effort, which has served U.S. national interests effectively for many years, prompted most industrialized countries to create their own bilateral aid programs. Such bilateral programs serve their national interests and, at the same time, complement our own. Moreover, our contribution often stimulates them to do more.

The growth of the international development assistance endeavor has provided recipient countries alternative sources of assistance from a variety of donors, both multilateral and bilateral. This situation permits the LDCs to maintain their independence and retain control over the content of their development programs.

U.S. assistance through multilateral channels serves our interests in various ways. Multilateral institutions can persuade developing countries to make difficult policy decisions regarding economic reform and development. Such interference on a bilateral basis is generally less effective and may be resented. The resulting reforms increase the impact of assistance provided through both bilateral and multilateral programs and ensure greater

chances for success in a country's overall development.

The growth of multilateral institutions has been a major factor in encouraging other industrialized nations to share the costs and responsibilities of development which once were borne largely by the United States. Negotiations among donors to determine shares of resource replenishment provide a forum in which the United States has successfully persuaded Japan and Western European nations to increase their contributions to development.

Multilateral organizations can often provide humanitarian assistance where political tensions preclude bilateral involvement. They also can seek solutions to worldwide problems like drug abuse and environmental pollution which cannot be solved by countries acting alone. Our support for these international institutions helps promote a more peaceful and progressive world.

About one-fourth of all non-Communist aid is channeled through multilateral organizations. The primary programs to which the United States contributes are:

--International Organizations. Funds for voluntary contributions to UN-related organizations are authorized under the Foreign Assistance Act. The major portion of these funds is for the United Nations Development Program which serves as the focal point for all UN technical assistance activities. Other programs for which funds are sought include the UN Fund for Population Activities; the UN Children's Fund; the UN Fund for Drug Abuse Control; the UN Relief and Works Agency; the UN Food and Agriculture Organization's World Food Program non-food administrative expenses contribution; and several smaller programs. Funds are also requested for the new UN Environment Program Fund for which a separate authorization is requested.

These voluntary contributions are distinct from the assessed contributions which the United States also makes to many of these and other international organizations for their administrative and other expenses. Such assessments are funded under the Department of State Appropriation Act.

- Indus Basin Development Fund. Separately authorized under the Foreign Assistance Act, the grant and loan funds contribute to a major international development effort to assist India and Pakistan in an equitable distribution of the waters of the Indus Basin.
- International Financial Institutions. Appropriations for U.S. contributions to the development banks are authorized by separate legislation. They comprise an important part of the U.S. international development effort and include the World Bank Group and the regional banks for Latin America, Asia and Africa.

Coordination

Limited resources for development, contrasted with vast needs by the developing countries, make coordination essential. For this reason, the World Bank, with U.S. encouragement, has organized coordinating mechanisms, usually called consultative groups or consortia, comprised of the principle donors for a single recipient country. The donors meet periodically with the recipient country to recommend economic policy measures, establish development assistance priorities, and make bilateral commitments. Other important coordinating mechanisms in which the United States participates include the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and the Inter-American Committee on the Alliance for Progress (CIAP).

VOLUNTARY CONTRIBUTIONS TO
INTERNATIONAL ORGANIZATIONS AND PROGRAMS
UNDER THE FOREIGN ASSISTANCE ACT
(In thousands of dollars)

INTERNATIONAL ORGANIZATIONS

United Nations Development Program

The United Nations Development Program (UNDP), the world's largest technical assistance program, is at the center of all UN activity related to development. UNDP projects in such fields as resource exploration, education and training, agriculture and industrial development, transport, communications, public administration and disease eradication are being carried out in some 140 countries and territories.

Projects selected and funded by the UNDP are usually executed by one of the organizations in the UN system. In one illustrative case, the Argentine Government requested UNDP assistance in surveying groundwater reserves in an arid northwest area of the country. The UNDP approved the proposed project and arranged for it to be undertaken by the UN Office of Technical Cooperation. The UNDP provided \$847,200 and Argentina \$991,000. Nineteen experts from eight countries (including 11 Americans) worked on the project over a period of nearly six years. Forty million cubic meters of groundwater were discovered and 135,000 acres of new farmland were opened up.

Of the approximately 5,000 UNDP projects in progress during 1972, over 800 were large scale projects costing an average of more than \$2 million each. An additional 1,000 projects had been approved but were not yet operational. The cost of these projects to completion was estimated at approximately \$3.4 billion, of which \$1.5 billion was to be provided by the UNDP and \$1.9 billion in recipient government contributions of local currency, manpower, facilities and support services.

Headquartered in New York, the UNDP is directed by Rudolph A. Peterson, formerly President of the Bank of America and Chairman of the President's Task Force on

United Nations Technical Assistance
and Other Programs

	FY 1972 Actual	FY 1973 Estimate	FY 1974 Proposed
UN Development Program	86,000	70,612	90,000
UN Children's Fund	15,000	15,000	15,000
IAEA/Operational Fund	1,550	1,750	2,000
WMO/Voluntary Assistance Program	1,500	1,500	1,500
UN/FAO/World Food Program	1,500	1,500	1,500
UN Institute for Training and Research	400	400	400
WHO/International Agency for Research on Cancer	312	337	-
International Secretariat for Volunteer Service	73	73	72
UN Relief and Works Agency	14,300	14,300	14,300
UN Fund for Namibia	-	-	50
Sub-Total, UN Technical Assistance & Other Programs	120,635	105,472	124,822
UN Environment Program Fund*	100	-	10,000
Sub-Total, UN Technical Assistance, Environment, and Other Programs	120,735	105,472	134,822
<u>Indus Basin</u>			
Loans	13,750	16,059	2,200
Grants	16,512	10,000	15,000
Sub-Total, Indus Basin	30,262	26,059	17,200
Total, International Organizations and Programs	150,997	131,531	152,022
<u>Other Appropriations</u>			
<u>Programs Relating to Population Growth</u>			
UN Fund for Population Activities	29,040	9,000	20,000
<u>International Narcotics Control</u>			
UN Fund for Drug Abuse Control	2,000	5,000	5,000
Colombo Plan - Narcotics Program		100	100
<u>Supporting Assistance</u>			
UN Force in Cyprus	2,400	2,400	4,200
Total, Other Appropriations	33,440	16,500	29,300
GRAND TOTAL	184,437	148,031	181,322

*Not authorized under the FAA; separate legislation submitted to Congress. FY 1972 Contribution to Environment Conference from Contingency Fund.

International Development. The UNDP's policies are established by a Governing Council of which the United States is a member.

Since 1970 the UNDP has undertaken a number of organizational and procedural reforms. An important reform to be carried out over a three-year period is the adoption of a country programming system to coordinate the technical assistance programs of various UN agencies with the development efforts of the recipient countries themselves and with the assistance they receive from other multilateral and bilateral sources. By January 1973, 58 country programs had been approved by the UNDP and preparation of such programs was under way in most other recipient countries.

Other organizational reforms include the appointment of two new Deputy Administrators and introduction of new recruitment and training procedures. Improvements are also being made in procedures for project evaluation and for fiscal accounting by the executing agencies.

At nearly 100 field offices in developing countries, UNDP resident representatives advise their host governments on development planning and coordinate the operation of UNDP-financed programs within their countries of assignment. Many of the resident representatives have on their staffs representatives of the Food and Agricultural Organization (FAO) and the United Nations Industrial Development Organization (UNIDO) in roles of senior agricultural and industrial advisors. The leadership and coordinating role of the UNDP resident representatives has been expanded during the past two years with the initiation of UNDP country programming. Fifteen resident representatives are U.S. citizens.

In 1972, the UNDP reordered its priorities to give greater emphasis to the 25 least developed countries. Increased

resources will be devoted to these countries, and an effort is being made to design special programs to meet their needs.

The UNDP was founded largely as a result of U.S. initiatives, and as the major contributor the U.S. has encouraged the UNDP to improve its management and strengthen its coordination role. Considerable progress has been made. In 1972 the U.S. Inspector General of Foreign Assistance reported that the management of UN development operations compared favorably with U.S. bilateral programs.

UNDP financial resources come almost entirely from donors' voluntary contributions and recipient country payments at the rate of 8% of the assistance received from the UNDP. Recipients also contribute manpower, housing, utilities, equipment and additional local currency toward projects in their own countries. These additional recipient country contributions are estimated to average 55% of the total cost of projects, with UNDP financial assistance making up the remaining 45%.

FY 1974 Contribution

A \$90 million contribution is proposed for FY 1974 to support the UNDP. It would confirm our interest in the world's largest technical assistance program and enable us to continue to play a leading role in its policy direction.

To many international observers, our support for the UNDP serves as an indication of our commitment to multilateral cooperation for development. A U.S. contribution of \$90 million to the UNDP would encourage other donors to increase their support. Since 1970, the contributions of other governments to the UNDP have increased by more than 46%. The U.S. contribution remained stationary at \$86 million in 1971 and 1972, dropping from 36% to 30%

of all contributions. For 1973, a U.S. pledge at the \$70 million level provided in the Continuing Resolution represents a 19% reduction in the U.S. contribution. This also lowers the U.S. share of total contributions to approximately 24%. A U.S. contribution of \$90 million in 1974 would represent an estimated 27% of the total, including recipient countries' assessed contributions.

U.S. support for the UNDP also serves our objective of channeling greater assistance to the least developed countries. While the bilateral aid program cannot undertake programs in all 25 least developed countries, we can support the UNDP effort to assist them. The United States has endorsed such action in the UNDP Governing Council and other UN forums. Now additional funds are needed if these resolutions are to be converted into resources for the least developed countries.

United Nations Children's Fund

Experience accumulated since its establishment in 1946 has made the United Nations Children's Fund (UNICEF) one of the most efficient UN agencies in disaster assistance. The organization's response has been prompt and effective in bringing relief to victims in all types of emergencies. UNICEF's recent performance in Bangladesh and Nicaragua has reinforced worldwide respect for this Agency.

Emergency relief is carried on in addition to UNICEF's regular long-range development programs directed at the developing countries' major human resource--children and youth. These programs emphasize:

--Family Planning in countries where there is a growing appreciation of the effect of family size on health, welfare, and the development of children.

--Child Nutrition to assist developing countries in the prevention of protein-calorie malnutrition, a contributing cause of death and a prime cause of irreversible physical and mental damage in large numbers of children under the age of five years.

--Family and Child Welfare and Basic Health Services to strengthen and expand the delivery of simply health benefits and family planning.

--Education and Vocation Training through the development of nonformal educational systems which can eventually be made part of a country's national school system.

--Multi-purpose Services established to combine several closely related activities such as nutrition and family and child welfare.

In an effort in recent years to make a greater impact in these areas, UNICEF has moved away from discrete projects to comprehensive programs involving coordination by country ministries whose direct responsibility is for children and adolescents. UNICEF also participates in the UNDP country programming process. Such coordination helps to further the concept of children as a priority resource in national development.

At its 1972 Executive Board meeting UNICEF approved commitments for program and projects totalling \$62.9 million. Of these commitments, 42.9% are for health, 21.6% for education, 10.7% for nutrition, 8.7% for emergency assistance, 6.5% for family and child welfare, 5.9% for integrated services and long-range aid, and 3.7% for country planning and project preparation.

Government contributions provide the financial base for UNICEF. In 1972, 131 governments made donations to

UNICEF's general resources totalling \$45.6 million, of which \$15 million was contributed by the United States. In addition, governments contributed \$3.8 million for specific projects and emergency relief. Over \$65 million was donated to UNICEF--directly or indirectly--by the United States for disaster relief in South Asia. UNICEF obtained additional income from non-governmental sources through greeting card sales and public collections ("Trick or Treat") raising \$11 million from such sales and collections in the United States in 1972. Proceeds from a benefit concert for the children of Bangladesh netted \$530,000. This was donated to Bangladesh through UNICEF.

The FY 1974 request for \$15 million is the same as that for FY 1973.

International Atomic Energy Agency
Operational Program

The International Atomic Energy Agency (IAEA) Operational Program provides technical assistance to developing countries to advance the peaceful uses of atomic energy. Funded largely by voluntary contributions from member states, the program's major fields of activity in 1971 were the application of isotopes and radiation in agriculture, nuclear engineering and technology, nuclear physics, prospecting, mining, and processing of nuclear materials, and the application of isotopes and radiation in medicine. Assistance in these and other areas was provided through the services of 345 experts, the supply of equipment valued at about \$1,489,000, and 739 fellowship awards.

The United States played a leading role in establishing this program, recognizing both a responsibility to assist in the worldwide development of the peaceful uses of nuclear energy and the desirability of influencing the direction of such development. In the 1970 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), it reaffirmed

this responsibility, pledging to "cooperate in contributing...to the further development of the applications of nuclear energy for peaceful purposes...with due consideration for the needs of the developing areas of the world." Implementation of this undertaking will also promote the development of future export markets for more advanced U.S. nuclear equipment and material.

U.S. participation in the technical assistance program also facilitates other IAEA activities of direct interest to the United States, most importantly the implementation of the safeguards (over nuclear materials) provisions of the NPT, which is financed from the Agency's regular assessed budget. Most of the developing countries have little interest in the safeguards program. By supporting IAEA technical assistance activities of direct benefit to them, the United States gains and maintains their support for the safeguards program.

For FY 1974, we propose to contribute \$2 million (\$946,600 in cash and \$1,054,000 in kind) to the Operational Program. This is an increase of \$250,000 over FY 1973. Tentatively all of the increase would be used in our in-kind program, which includes fellowships to train scientists and technicians from developing countries in the United States; the supply of equipment and experts; support for selected meetings and other projects of particular interest to the United States in promoting peaceful uses of atomic energy.

The Foreign Assistance and Related Programs Appropriations Act for FY 1972 stated it to be the sense of Congress that the total United States contribution to the IAEA should be negotiated down to a percentum not to exceed 31.5. This provision did not distinguish between cash and in-kind contributions. The United States has not previously considered in-kind contributions on a percentage basis, primarily because they have been used to

support projects of direct interest to the United States and thus difficult to value in terms of a "fair share" contribution.

The Department of State has reported that it has made an intensive effort to obtain an increase in the level of contributions by other member states in order to reduce the U.S. percentage share of total voluntary contributions. The results for 1973 have been good. By February 21, 1973, 54 member states, including the United States, had pledged \$2,668,343 in cash, already well above the \$2,492,105 pledged for 1972. IAEA believes that pledges yet to be made will bring the total to above \$2.7 million or more than 90% of the target, the highest yet achieved. The U.S. share of cash contributions actually made is thus likely to be between 34 and 35%, a reduction from the average of 37.6% over the previous three years. The in-kind contributions of others are expected also to increase but at a still indeterminate rate.

World Meteorological Organization Voluntary Assistance Program

The World Meteorological Organization (WMO) Voluntary Assistance Program, funded by voluntary contributions of member states, was established by the WMO in April 1967 to make it possible for less developed countries to participate in the World Weather Watch which was launched at that time. The World Weather Watch brings the global atmosphere under surveillance and permits rapid collection and exchange of weather data on a worldwide basis. The primary objective of the program is to improve domestic weather forecasting for agricultural producers, the construction, transportation and fisheries industries and others. A secondary purpose is to develop a worldwide pollution monitoring network.

Successful global operation of the World Weather Watch

is of direct benefit to the United States. Adequate weather data has been unavailable from over 80% of the earth's surface, primarily the oceans and the less developed countries.

The WMO Voluntary Assistance Program supports the participation of developing countries in the program by providing and installing equipment and training personnel to operate it. The assisted countries are expected to provide local facilities and support personnel.

In FY 1974 we propose a U.S. contribution to the Voluntary Assistance Program of \$1.5 million. This request would provide a U.S. cash contribution of \$150,000 for CY 1973 (but not more than 40% of the total unrestricted cash contributions of all member nations) and \$1,350,000 for contributions-in-kind to the Equipment and Services Program. The latter contribution will consist of U.S. equipment, experts and services, and training in the United States for persons from less developed countries in the field of meteorology.

The amount requested for FY 1974 is the same as requested in the four previous years. It is required for the World Weather Watch to proceed.

UN/FAO World Food Program

The World Food Program (WFP) provides food aid for development and to meet emergencies worldwide. Jointly sponsored by the UN and the Food and Agriculture Organization (FAO), it was established on an experimental basis in 1963 and placed on a continuing basis in 1965 "for as long as multilateral food aid is found feasible and desirable." WFP resources are derived from biennial pledges by contributing nations including food, cash and services.

With strong U.S. support, the WFP has grown steadily during the first decade of its operation both in resources and programs. Contributing membership has grown from 29 to 74 nations. The level of pledges has increased from \$85 million for the initial three-year period 1963-65 to \$288 million pledged for the 1973-74 biennium. In 1971 WFP administered approximately 10% of total food aid (\$1.2 billion) from the Development Assistance Committee donors.

Almost one-half of WFP's program is for rural development projects such as crop diversification, animal husbandry, and development of land, fisheries and forestry. One-third of the Program provides food aid to improve nutrition and to promote education and training. About 13% of WFP resources are allocated for projects in public health, housing, transportation and communications and community development.

"Food for Work" programs made possible by WFP assistance are an integral part of country development plans. Workers are paid fully or in part in food for work on projects of direct importance to their welfare, such as roads, land clearing, forest planting. Governments must provide support services and manpower and must assume responsibility for continuation of projects after termination of WFP assistance.

The WFP also carries out emergency relief and rehabilitation programs. As of October 1972, the WFP had completed 138 operations costing \$97 million and had 15 operations costing \$16.7 million under way, including assistance to victims of floods in Colombia, drought in West Africa and Afghanistan, flood, cyclone and civil disturbance in Bangladesh and emergency assistance to earthquake victims in Nicaragua.

In January 1972, 46 countries made initial pledges for the

1973/74 biennium totalling \$266 million including cash, commodities and services. By January 1973, 70 countries, including the EEC had pledged \$288 million representing 88% of the targeted level of \$340 million with most countries substantially increasing their pledges over previous years.

The U.S. pledge for the 1973/74 biennium is for contributions up to \$136 million. This pledge includes (a) up to \$93 million in commodities, subject to the condition that the U.S. contribution not exceed 40% of the total contributions of all governments in commodities and cash for the purchase of commodities; (b) \$40 million for ocean transport and (c) \$3 million in cash toward meeting the administrative expenses of the program. The 40% matching provision is a reduction from the 50% matching requirement in previous U.S. pledges.

Only funds for administrative expenses are included in this request. In FY 1974, \$1.5 million is needed to meet the second year's portion of the U.S. cash pledge for administrative expenses in the 1973/74 biennium.

United Nations Institute
for Training and Research

The Institute for Training and Research (UNITAR) is an autonomous body within the United Nations which carries out research and conducts training of personnel, including staff members of the UN system and officials representing governments at the UN. UNITAR is moving in the direction endorsed by the United States of concentrating its research and training efforts on solutions to actual current problems, such as improving the UN structure and management and promoting peaceful settlement of disputes.

UNITAR's recent training activities include conferences

on the future of the UN Secretariat, the status of women in the UN system, the search for new methods of technical cooperation, procedures for peaceful settlement of disputes, and documentation.

On the research side, some major projects recently completed include studies on the relationship of the United Nations to the Organization of American States, the Organization for African Unity, and the Council of Europe, and the role of the "good offices" of the Secretary General in resolving disputes.

UNITAR is financed primarily by voluntary contributions to its general fund from UN member states. In 1972 the United States provided 32.5% of total contributions. In FY 1974 we propose a U.S. pledge of \$400,000 to UNITAR's 1974 program, subject to the condition that the U.S. contribution not exceed 40% of total unrestricted contributions.

International Secretariat for Volunteer
Service

The International Secretariat for Volunteer Service (ISVS), established in 1962, encourages the formation of volunteer service organizations, both for domestic and overseas service, and assists governments in setting up and operating volunteer programs. Recently the ISVS has placed increased emphasis on international cooperation in the volunteer service field, particularly by aiding in the establishment of multi-national teams and recruiting, preselecting and training candidates for the new UN Volunteer Program.

The first group of UN volunteers recruited by ISVS started work in the Yemen Arab Republic in November 1971. As of January 1973 the ISVS clearinghouse had placed 125 UN volunteers in 11 countries. Among the

volunteers 43 were from developing countries themselves.

The ISVS budget for FY 1973 amounted to approximately \$287,500. Financial support is provided by about 20 governments. The United States pledged up to \$73,000 subject to the condition that its contribution not exceed 28% of total government contributions and that a portion be used to finance assistance to the UN Volunteers. In addition to the U.S. cash contribution, the Peace Corps has detailed one staff member to ISVS. A U.S. contribution of \$72,000 is proposed for FY 1974.

United Nations Relief and Works Agency

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), established in 1949, provides food, housing, schooling and health services to registered refugees of the 1948-49 Arab-Israeli conflict. It also provides certain services to persons displaced as a result of the 1967 hostilities. United States support for UNRWA meets a clear humanitarian need and is an important element in promoting political stability in the Middle East, complementing current efforts to achieve peace and helping protect our basic interests there.

As of December 31, 1972 the refugee population registered with UNRWA numbered approximately 1,523,035 (of whom 828,936 were receiving rations from UNRWA).

UNRWA is still coping with the effects of the June 1967 war, when about 250,000 persons fled to the East Bank of the Jordan from the West Bank and Gaza. Most of those refugees have subsequently been denied return by the Government of Israel. At the request of the UN General Assembly, UNRWA is helping the Government of Jordan administer food, housing and health services for these people on an emergency basis.

As has been the case for several years, the U.S. pledge is made in accordance with Section 301(c) of the Foreign Assistance Act, on the condition that UNRWA "take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army or any other guerrilla-type organization, or who has engaged in any act of terrorism." In late 1972, the Commissioner General of UNRWA reiterated his assurances that UNRWA is taking all measures possible to ensure that all contributed funds are used for assistance to eligible refugees in need, and are not diverted for any purpose foreign to UNRWA's mandate.

UNRWA has estimated its 1973 requirements at approximately \$54.4 million (or about \$53 million if reimbursement payments to Arab host governments for health and education services to refugees are excluded), an increase of nearly \$3 million over 1972, resulting from rising costs of materials and services and an increase in the numbers of refugee children in UNRWA/UNESCO schools. It appears that income for 1973 will be at least \$50 million, causing a shortfall of \$3 million.

The United States contributed to UNRWA's regular budget for FY 1974 \$23.2 million, \$14.3 million in cash and \$8.9 million in Title II PL 480 commodities. For FY 1973 the same amount (\$23.2 million), in the same cash/commodities ratio has been pledged, and we propose the same amount for FY 1974. Our present contribution constitutes about 52% of government contributions to UNRWA, well below the legislative limitation of 70%. In maintaining our contribution at the same level for several years, account has been taken of general cost increases and the fact that, as UNRWA's budget rises each year, the U.S. contribution becomes proportionately smaller.

United Nations Fund for Namibia

The United States supported a General Assembly Resolution in 1970 which established the Fund for Namibia (Southwest Africa) "to provide assistance to Namibians who have suffered from persecution and to finance comprehensive educational and training programs for Namibians, with particular regard to their administrative responsibilities in the Territory."

The Fund was intended to be supported by voluntary contributions, but a shortfall of contributions has necessitated annual support from the regular UN budget in 1971 and 1972 in the amount of \$50,000. The 27th General Assembly raised regular budget support to \$100,000 for 1973. A contribution from the U.S. of \$50,000 should help eliminate the fund as a regular UN budget item and would be consistent with our efforts to prevent the UN budget from being saddled with long term commitments for special projects.

By the terms of several General Assembly and Security Council resolutions, supported by a 1971 advisory opinion of the International Court of Justice, the United Nations assumed legal responsibility for the territory of Namibia. The United States has consistently supported this position. The Namibian Fund is the only UN fund established to meet the United Nation's responsibilities in Namibia and a U. S. contribution to it would be consistent with U.S. policy towards the territory.

Our contribution would be pledged subject to the condition that U.S. funds shall not exceed one-third of total contributions. Furthermore, we would make it clear at the time our pledge is made that the United States will not make any further contributions until this fund is removed from the regular budget of the United Nations.

United Nations Environment Program Fund

The United Nations Environment Program (UNEP) was established by the 27th General Assembly in December 1972 as a result of the Stockholm Conference on the Human Environment in June 1972. UNEP consists of (a) a 58-member Governing Council for Environmental Programs; (b) a small Environment Secretariat headed by an Executive Director; (c) a UN Environment Coordinating Board; and (d) a UN Environment Fund to be supported from voluntary contributions of member states.

The organization reflects recommendations made by the United States at the time of the Stockholm Conference. In particular, President Nixon proposed, and the General Assembly approved, the establishment of the UN Environment Fund, with a goal of \$100 million for the first five-year period. The United States proposed, subject to Congressional action, to contribute on a matching basis up to \$40 million of the \$100 million proposed for the first five years.

Separate legislation to authorize the appropriation of the first \$10 million share of the U.S. contribution to the Fund was transmitted to Congress on February 15, 1973. The FY 1974 budget requests appropriation of that amount under the International Organization account.

At the first meeting of the UNEP Governing Council to be held in June 1973, probable courses of action will be considered. These will include (a) identification and evaluation of proposals requiring global environmental action; (b) development of a plan for the coordination of research activities on global environmental problems; and (c) development of a monitoring program to identify conditions and trends in the global environment. In addition, we expect UNEP to play a central role in the implementation of international environmental agreements

such as the Endangered Species Convention concluded in Washington, March 2, 1973.

As of January 15, 1973 other donor pledges to the UNEP Fund totaled \$41.47 million. On the basis of the pledges received so far there is little doubt that the full amount for the initial five-year period will be subscribed.

Indus Basin Development Fund

The Indus Basin Settlement Agreements of 1960 and 1964 provided for the establishment of the Indus Basin Development Fund to finance a construction program which would ensure an equitable division of the waters of the Indus Basin between India and Pakistan and provide increased water for irrigated agriculture and electricity for human and industrial needs. The United States and eight other donors (the World Bank, Australia, New Zealand, Pakistan, United Kingdom, Canada, West Germany and India) contribute to the Fund.

Under the Indus Basin Agreement India received the use of the waters of the three eastern rivers and Pakistan the use of the waters of the three western rivers. In addition to replacing water diverted to India the agreements provide for a substantial element of development for Pakistan.

The major work of the Indus Basin has been completed including the Mangla Dam, 300 miles of link canals and seven low dams. The bulk of the Indus Basin Development Fund this year and in the future will finance the construction of Tarbela Dam, which was begun in 1968 and is expected to be completed ahead of schedule in 1976.

The increased availability of electricity is already changing the lives of Pakistani people. Electricity from the Mangla Dam has led to a growth in industry in the Lahore area. Increased power will also lead to an increase in the number of tubewells and the amount of land under irrigation.

The Indus Basin Development Fund Agreement provides that contributors make payments to the Fund according to a fixed apportionment upon semi-annual call from the World Bank. Funds are called on the basis of the expected rate of construction and expenditure.

Commitments of the United States and the eight other donors to the Fund roughly total \$1.6 billion in foreign exchange and rupees. India's commitment under the Fund is \$168.8 million in foreign exchange, and Pakistan has made a commitment of \$1.2 million in foreign exchange and \$403.7 million equivalent in rupees. The other donors have committed \$353.3 million. U.S. participation is as follows:

		(\$ Million)	Remaining
<u>Total Commitment</u>		<u>Provided to Date</u>	<u>Obligation</u>
Dollars Grant	295.6	250.6	45.0*
Dollars Loan	121.2	118.7	2.5*
Rupees	235.0	235.0	-

*With the April 1973 calls from the World Bank, A.I.D. will be delinquent in its payments by approximately \$8 million in grants and \$.5 million in loan funds.

We are requesting \$2.2 million in loan funds and \$15 million in grant funds for FY 1974. It is important the full amount be provided because the grant made available under the FY 1973 Continuing Resolution fell short of called requirements by \$7.5 million which will increase

by an additional \$.5 million as a result of the April 1973 call. The \$15 million requested for FY 1974 will enable A.I.D. to pay these overdue amounts as well as the Bank's October 1973 call which is expected to be \$5.9 million. The \$1.1 million balance remaining would meet a portion of the spring 1974 call, estimated at \$4.3 million. Under these circumstances, we would have to arrange with the Bank to cover the balance of the April 1974 call with FY 1975 funds.

UN Fund for Population Activities

President Nixon stated in his July 1969 message to Congress on population "that the United Nations, its specialized agencies and other international bodies should take the leadership in responding to world population growth. The United States will cooperate fully with their programs."

Created by the UN Secretary General in 1967, the United Nations Fund for Population Activities (UNFPA) is the principal UN mechanism for funding, coordinating and programming technical assistance funds for population projects. An initial U.S. contribution of \$500,000 was used to establish a field staff of ten population officers to help developing countries identify and prepare population projects. Today, the UNFPA is underwriting some 500 projects in 72 countries. The majority of these projects are executed by the UN specialized agencies (WHO, ILO, UNICEF, UNESCO and FAO) as well as by the United Nations through the Population Division and the Regional Economic Commissions. While specialized agencies administer family planning projects, the other UN organizations run programs related to censuses, demographic aspects of development planning, and economic and social statistics. As a new organization in the UN system, the UNFPA has grown very rapidly and has, with U.S. encouragement, remained flexible in its organization and

operations.

All UNFPA funds come from voluntary contributions of governments. In 1972 the UNFPA set a pledge goal of \$45 to \$50 million toward which the U.S. pledged up to \$24 million with the condition that our payments would not exceed 48% of total unearmarked contributions. Matchable pledges from other donors reached \$15.2 million requiring \$14 million from the U. S. For 1973, the U. S. plans to pledge up to \$20 million on a 45/55 basis to match unearmarked contributions from other donors.

U.S. pledges to the UNFPA have been made on a calendar year basis since 1970, while U.S. contributions pursuant to these pledges have been funded from U.S. fiscal year obligations. Thus calendar year pledges have been met from funds made available in one or more fiscal years. To meet our CY 1971 pledge, \$9.5 million was obligated from FY 1971 funds and almost \$5 million from FY 1972. More than \$10 million remains from FY 1972 funds to be applied toward our CY 1973 pledge.

The amount and conditions of the U. S. pledge to UNFPA for CY 1974 have not been decided, but the UNFPA has indicated to the UN Development Program Governing Council that some \$54 million of new resources will be needed in 1974. Our present estimate is that at least the \$20 million requested for FY 1974 will be required to cover our eventual pledge.

UN Fund for Drug Abuse Control

The UN Secretary General established the UN Fund for Drug Abuse Control (UNFDA) on April 1, 1971, inviting contributions from public and private sources "for the purpose of combatting drug abuse and its disastrous impact on individuals and nations." This action was a result of a U.S. initiative endorsed by the UN Commission

on Narcotic Drugs, the UN Economic and Social Council, and the UN General Assembly.

The Fund finances programs designed to eliminate the supply of illegal drugs, the demand for such drugs, and the illicit traffic which supplies the demand. Projects include efforts to: (1) expand research, information, and training facilities of UN drug control bodies; (2) plan and implement programs of technical assistance for crop substitution, for the establishment and improvement of national drug control administrations and enforcement machinery, for the training of enforcement personnel, and for setting up or expanding research and training centers which could serve national or regional needs; (3) extend the operations of national and regional drug control facilities for the treatment, rehabilitation, and social reintegration of drug addicts; and (4) develop educational material and programs suitable for use on high-risk populations.

The largest project thus far is in Thailand, where the Fund has contributed \$2 million, matched by the equivalent of \$5 million from the Thai Government, to a five-year project which includes crop substitution and economic development in the mountainous tribal areas, new methods and facilities for addict treatment and rehabilitation, and information programs aimed at high-risk segments of the population. Although the Fund encountered difficulties in getting the program underway, administrative problems have been largely resolved, and the program is now being implemented.

A project for Lebanon has been approved, and the Fund is holding discussions with the Governments of Burma and Afghanistan.

The United States contributed \$2 million in 1971 and \$2 million from FY 1972 funds to UNFDA. Other countries

have pledged or contributed some \$1.8 million. We plan to contribute \$5 million from FY 1973 funds and we propose a \$5 million contribution in FY 1974.

United Nations Force in Cyprus

The UN-Force in Cyprus (UNFICYP) was established in 1964 to contribute to the restoration and maintenance of peace and security in Cyprus. The UN Security Council has periodically extended UNFICYP's mandate, and the latest extension continues the force until June 15, 1973.

The size of force requested in 1964 was 7,000 men. As a result of reductions made over the years, as of November 25, 1972, the force numbered 3,153 men from eight countries.

U.S. interest in the Cyprus problem reflects the goal of maintaining peace in the Eastern Mediterranean. Eruption of another round of fighting would run the very strong risk of mutually destructive conflict between Greece and Turkey and incalculable damage to the southeastern flank of NATO. Experience has shown that UNFICYP is a stabilizing factor essential under present conditions.

In the aftermath of the close brush with war that followed an outbreak of violence on the island in November 1967, intensive diplomatic efforts were made to establish a viable basis for negotiating a settlement to the Cyprus problem. Between the summer of 1968 and August 1971 representatives of the Greek and Turkish Cypriot communities held direct talks to seek a solution. In early 1972 the UN Secretary General suggested the talks be reactivated in expanded form. The United States supports the Secretary General's efforts. Although a UN force should not be stationed in Cyprus indefinitely, UNFICYP is expected to be required at least through FY 1974.

The costs of the UNFICYP operation are met by cash contributions and by contributions in kind. The larger portion, cash contributions, administered by the UN, has totaled \$147.9 million through December 15, 1972. Of this, the United States has pledged \$59.3 million for costs through June 15, 1972.

The governments which provide military and police contingents themselves bear a substantial share of the financial burden of such contingents rather than charge the UN for expenses relating to the presence of their contingents in Cyprus. Through December 1972 such contributions in kind are estimated at \$44.4 million of which the United States has furnished airlift services valued at \$1.3 million.

The United States has negotiated with other contributors to develop a new financial formula which should place future UNFICYP financing on a sound basis. The U.S. share under the new formula would be approximately 26% of total contributions in cash and in kind.

In FY 1973, \$2.4 million of Security Supporting Assistance funds were made available instead of the originally programmed \$4.8 million since the balance was able to be financed from the carryover from previous years.

For FY 1974 a U.S. contribution of \$4.2 million from Supporting Assistance funds is required to finance the U.S. share of the peace-keeping operation.

INTERNATIONAL FINANCIAL INSTITUTIONS

No funds are requested in this Program Presentation for the international financial institutions. However, because of their importance as a source of development finance, it is important to understand how these organizations relate to the bilateral and multilateral programs for which funds are requested. The international development banks which the United States and most other industrialized countries outside the Communist bloc support include the World Bank Group (IBRD, IDA, and IFC), the Inter-American Development Bank, the Asian Development Bank for the African Development Bank.

The volume of lending by these banks combined exceeded the U.S. bilateral program on an annual basis some time ago and in FY 1972 totalled about \$4 billion compared to less than \$1 billion in the early 1960s. Approximately one-third of these funds were lent on concessional terms. The bulk of the increased resources came from sources other than the U.S. Government, indicating the success which the banks have had in getting non-U.S. and private sources to share the burden of development assistance. The financial strength of the banks is demonstrated by their increasing ability to raise capital for harder term lending in the private markets of Europe and Japan as well as the United States.

The international financial institutions have gradually assumed a leadership role in international development assistance beyond their importance as a source of capital. The World Bank organizes and chairs most of the consultative groups through which donors coordinate their bilateral aid to the larger developing countries; and in-depth economic reports on given countries and development issues prepared by the World Bank's staff provide guidance on which individual donors, including the United States, draw to plan their bilateral assistance programs.

The United States plays a major role in policy formulation of the international financial institutions through participation in the Boards of Governors and through U.S. directors appointed by the President. These development banks have managed to recruit and develop highly qualified staff, including a number of Americans who occupy important management positions. Partly at our insistence, the banks have improved their procurement policies and audit and evaluation capabilities. Greater attention is now given to forward planning of operations and overall lending strategy. Most recently, like A.I.D., they have sought to direct loan funds to the poorest countries and for projects and programs of direct benefit to large groups of people.

The World Bank Group

The World Bank Group is the oldest and largest of the international development financial institutions. Under the leadership of its American president, Robert McNamara, the World Bank administers three separate programs. Loans of the International Bank for Reconstruction and Development (IBRD) are made on market terms, primarily to the more advanced developing countries. International Development Association (IDA) funds are provided on soft terms to less developed countries with an annual per capita GNP of under \$375. Some countries get both IBRD and IDA funds, and are called "blend" countries. The International Finance Corporation (IFC) makes loans and takes equity positions on commercial terms to assist private companies in developing countries. The same staff operates both the IBRD and IDA programs; IFC is administered by a separate small group of specialists in private business and investment matters.

OFFICIAL U.S. CONTRIBUTIONS TO INTERNATIONAL FINANCIAL INSTITUTIONS

(In millions of U.S. dollars on appropriations basis)

	<u>FY 1946-71</u>	<u>FY 1972</u>	<u>FY 1973</u>	<u>FY 1974 Request</u>
<u>World Bank Group</u>				
International Bank for Reconstruction & Development				
Paid-in Capital	635.0	12.3	-	-
Callable Capital	5,715.0	110.7	-	-
International Development Association	1,112.5	-	320.0	320.0
International Finance Corporation	35.2	-	-	-
<u>Inter-American Development Bank</u> (founded in 1960)				
Paid-in Capital	175.0	75.0	25.0	25.0
Callable Capital	1,223.6	136.8	168.4	168.4
Fund for Special Operations	1,850.0	-	225.0	500.0
Social Progress Trust Fund	525.0	-	-	-
<u>Asian Development Bank</u> (founded in 1966)				
Paid in Capital	100.0	-	-	24.2
Callable Capital	100.0	-	-	96.8
Special Funds	-	-	-	100.0
<hr/>				
Total - International Financial Institutions	11,471.3	334.8	738.4	1,234.0

NOTE: Excludes bonds floated on private U.S. capital markets.

The IBRD was created along with the International Monetary Fund (IMF) in 1945 to help reconstruct the war-devastated countries and to finance economic development. As European reconstruction was completed, IBRD shifted its primary attention to the less developed world, which remains the focus of its work today.

About 125 countries now belong to the IBRD/IDA. The U.S. has over 23% of the voting power, more than any other member. Professional staff totals about 1,600, representing two-thirds of the members. Americans occupy about 27% of the professional positions, more than any other country. In addition to the Washington headquarters, liaison offices are maintained in the capital market centers of London, Paris and Tokyo, and resident staffs in 14 other countries assist in the preparation and implementation of projects. Loans totalling almost \$20 billion have been made since 1945 from IBRD funds for close to 900 separate projects, largely for power generation and transmission, roads, bridges, and harbors. General program loans also have been made on occasion. IBRD terms today average 15-20 years repayment at 7-1/4% annual interest. The great majority of the projects financed have been successfully completed and repayments of principal and interest due to IBRD are made on schedule.

The U.S. has provided \$6.35 billion in share capital to IBRD, 26% of the total. Only 10% of this contribution was paid in, the remainder being callable capital kept in the U.S. Treasury as part of the backing for IBRD's bonds. As indicated earlier, the main source of funds for IBRD is not appropriations from member governments, but borrowings via bonds in world capital markets, which now total over \$13 billion. Shares of these bonds are held by investors in the United States, Germany, Japan, Switzerland, Canada, and elsewhere. The IBRD also derives resources for new loans from sales from its loan port-

folio and repayments of outstanding loans.

IDA is a different loan "window" from IBRD rather than a different organization. IDA's normal terms are repayment in 50 years, including a 10-year grace period, with no interest rate as such but a charge of 3/4 of 1% per annum of the outstanding principal to meet administrative costs. These concessional terms are extended only to the poorer developing countries, as measured by per capita income, and represent substantial amounts of development aid in terms of their grant content. If the funds are to be passed on by the recipient government for use by a revenue producing entity, a second and harder set of terms is agreed upon for the latter, so that it is the country that gets the full concessional benefit of the credit while financial discipline is maintained for the revenue producing entity.

To be eligible for IDA commitments, a developing country must have limited credit-worthiness for borrowing on conventional terms and have satisfactory overall economic performance, in addition to having sound projects and programs that deserve financing.

IDA has committed \$4.2 billion to the developing countries since its establishment in 1960, for almost 400 projects in power, transportation, telecommunications, agriculture, education, industry, water supply, population control, and other sectors. Projects financed with IDA funds are subjected to the same rigorous assessment of economic, financial and technical feasibility as are those financed with IBRD funds. Partly because of our influence, IDA has increased its lending to the least developed countries, and is helping them prepare project proposals. Several small and poor African countries have received their first assistance from IDA during the past year.

Both IBRD and IDA are devoting more funds to attack the problems of mass poverty, such as nutrition, rural development, and population control. The United States has encouraged the Bank to focus attention on these areas, and there is close cooperation between A.I.D. and the Bank in research. IBRD/IDA is also devoting more attention to the income distribution and employment effects of its activities than it did in the past, taking a lead from A.I.D. in these respects also.

Unlike the IBRD, IDA does not obtain funds from commercial sources; it relies mainly on replenishments by the industrial members, including the United States. The IDA Third Replenishment was voted by the Governors in 1971, and subsequently was adhered to by the United States. The U.S. share is \$960 million of the \$2.4 billion for three years, or 40%. Discussions are now underway regarding a Fourth Replenishment which would take effect in 1974.

The IFC encourages private investment in developing countries by lending to private companies and taking equity positions in commercial ventures. With U.S. encouragement, it has also advised some of the more advanced developing countries on the development of capital markets. IFC's operations are much smaller than those of IBRD and IDA - over \$700 million has been committed for about 190 enterprises in 50 different countries. But this \$700 million helped mobilize another \$3 billion which other investors put into the same enterprises, a measure of the catalytic role that IFC can play. Latin America has received the largest share of IFC commitments (39%). Major activities which IFC has supported include pulp and paper projects, cement plants, textiles and synthetic fibers, iron and steel, and fertilizer production. The U.S. has the largest single share of IFC votes (27%) and an American is in direct charge of IFC.

The Bank Group as a whole approved lending and investment operations totalling more than \$3 billion in FY 1972, including 72 IBRD loans to 40 countries for almost \$2 billion, 74 IDA credits to 38 countries for \$1 billion, and 23 IFC commitments in 17 countries for \$116 million. This total probably will be exceeded in FY 1973, and assures attainment of the goal to double commitments in the five-year period 1969-73 as compared to 1964-68.

Inter-American Development Bank

The Inter-American Development Bank (IDB), with headquarters in Washington, D. C., was the first of the regional development banks to be established and has become the largest. It began operations in 1960 as part of the system of the Organization of American States (OAS).

IDB has 24 members, consisting of 22 Latin American countries plus the United States and Canada, which became a member in 1972. With U.S. encouragement, the IDB is negotiating with European countries and Japan regarding membership. The U.S. is the largest subscriber and holds about 40% of the voting strength. Americans occupy important management positions in the IDB, including the position of Executive Vice President. IDB has field missions in each member country and an office in Paris concerned primarily with fund raising. The Bank has recently been reviewed by a major U.S. consulting firm, on whose recommendations it is now undergoing a reorganization designed to strengthen its capacity to handle an increased flow of funds.

IDB's ordinary capital resources are now authorized at \$4.4 billion, of which 17% is paid in by the members and the remainder represents callable capital in support of IDB bonds. The U.S. share of ordinary capital is \$1.75

billion, or 40% of the total. Bond flotations on world capital markets to date total close to \$600 million, reflecting the soundness of IDB's financial position in the eyes of investors in the industrial countries. Ordinary capital is normally loaned at terms of 7 to 20 years at interest rates reflecting world money market conditions. The current interest rate is 8% per annum.

The Fund for Special Operations (FSO) is the soft loan "window" of IDB. Amortization periods for FSO loans range from 15 to 30 years, and interest rates are 3/4% annually.

A third category of resources administered by IDB, the Social Progress Trust Fund (SPTF), has in the past financed such programs as land settlement, low-income housing and community water supply facilities. SPTF has been phased down, and FSO funds are used increasingly for projects designed to improve the social welfare of the masses. IDB also administers funds provided to it by such countries as the U.K., Germany, and Sweden, for use in Latin American development projects.

Total volume of lending by IDB through December 31, 1972 totalled \$5.44 billion in 718 separate commitments in all of the Latin American member countries. Commitments in agriculture lead the list, followed by electric power, transportation, and industry. IDB management has placed special emphasis on assisting social projects, first through SPTF resources and now with FSO funds. The poorer and smaller member countries are favored in the allocation of FSO funds, while countries better able to pay market rates receive loans at market rates. Some grant technical assistance activities are also financed from FSO and SPTF funds. A.I.D. missions cooperate closely with IDB staff in many projects, and IDB also has joint projects with the World Bank Group.

IDB faces financial problems. The members, including the United States agreed in 1970 to a \$1.5 billion replenishment of the FSO of which \$1 billion, or two-thirds, was to be provided by the United States, a reduction from our three-fourths share in the previous replenishment. Congress has authorized the \$1 billion, but to date has appropriated only \$275 million. Another \$500 million will be sought in FY 1974, with the remainder carrying over to FY 1975. Meanwhile, FSO commitments have been curtailed because of the shortage of funds. The shortfall affects primarily the poorer Latin American countries which receive the bulk of their IDB commitments from FSO funds.

An ordinary capital increase of \$2 billion was also agreed to in 1970. Of this amount, the U.S. was expected to provide \$824 million in three tranches. Appropriation of the final tranche of \$193 million will be sought from Congress during FY 1974.

Asian Development Bank

The Asian Development Bank (ADB) was founded in 1966 with headquarters in Manila. It grew out of discussions within the Economic Commission for Asia and the Far East (ECAFE). Seventeen industrialized countries and 21 less developed are members. Originally the United States and Japan each had the same voting weight. However, Japan's percentage now has jumped to over 20% of the total since it has subscribed to a recent increase in ordinary capital resources, while the United States has fallen to slightly over 8% because we have so far failed to subscribe. India and Australia also now have more votes than does the United States.

ADB has both ordinary capital and a much smaller soft-loan "window" called Special Funds. Increasingly,

African Development Bank

ordinary capital, which is loaned at commercial rates, is being raised by bond flotations. Special Funds made available to date total \$263 million; commitments from them are repayable in an average of 27 years at annual interest rates averaging 2-1/2%.

ADB has committed about \$1 billion to projects in infrastructure, agriculture, and education. Countries important to the United States, including Korea, Taiwan, and Thailand, have been major recipients of ADB loans. ADB grants have financed technical assistance activities, particularly to poorer members such as Fiji and Papua-New Guinea.

The ADB seeks to increase its Special Funds in order to extend more concessional credits to the poorer countries. The United States has not yet contributed to the Special Funds although we indicated some years ago that we would seek to contribute \$100 million to match an equivalent amount from Japan and smaller amounts from other developed country members. Congress authorized the \$100 million in 1972 after some years of delay, but it has not yet been appropriated. Meanwhile, contributions by other members have reached \$263 million, of which \$156 million is from Japan. Much of this total has already been committed.

In order to augment ADB's ordinary capital, the Governors of the bank have agreed to a new round of subscriptions toward which the U.S. share would be \$300 million: \$60 million "paid in" over a three-year period and the remainder "callable". An appropriation for the first tranche is requested in FY 1974. Approval of these subscriptions would again bring the United States to voting parity with Japan.

The African Development Bank (AFDB) was established in 1964 with headquarters in Abidjan, Ivory Coast. Its creation reflected a desire on the part of African states to establish a development finance institution controlled by and responsive to the needs of Africans. Thirty-six African countries are now members of the Bank. Unlike the other banks, AFDB has no non-African members.

In 1972, after long negotiations with the industrialized countries, the African Development Bank established a soft loan "window" called the African Development Fund, to be administered by AFDB and the donors. A number of donors have already contributed to the Fund, the purpose of which is to provide concessional financing to the poorer countries of Africa. While the United States has made no commitment to join the Fund, a U.S. share of \$15 million, to be made available over three years, has been considered. Appropriations for the first \$5 million may be sought in FY 1975. The contributions of other donors will probably be in excess of \$100 million.

COORDINATION

Coordinating Groups

Groups of donors are an important feature of the international aid effort to coordinate bilateral aid to individual developing countries. These bodies are generally called consultative groups (CGs) or consortia.

About twenty such active groups now cover most of the major recipients of development assistance. The World Bank has sponsored the great majority of them on behalf of the donors, arranging the meetings and providing the chairman. CG's sponsored by the Bank include those for Colombia, Peru, Tunisia, Ethiopia, Zaire, Sri Lanka, Thailand, the Philippines and Korea, among others, in addition to the India and Pakistan consortia. The Netherlands acts as chairman for the Intergovernmental Group for Indonesia, and the OECD sponsors the Turkish consortium. In each of the latter cases, the World Bank attends as one of the donors. Formal meetings normally are held annually.

The United States participates in each group. In FY 1974, 93% of A.I.D.'s proposed development loans will be committed in the context of coordinating groups. The U.S. delegation to meetings is headed by a senior A.I.D. official and usually includes representatives from other U.S. Government agencies with major concerns in the given recipient country. Policy positions are fixed prior to the meetings after consultation among interested U.S. Government agencies.

These groups perform a valuable function both for donors and recipients. For donors such as the United States, they provide the occasion for periodic formal reviews of the policies, performance, and needs of the recipient. The assessment of economic and development performance (usually assisted by a World Bank economic

report on the country), and suggestions made to the recipient country for policy changes, are particularly useful. The group can make criticisms and sensitive recommendations which would be inappropriate from a single donor. Group coordination maximizes the effectiveness of bilateral assistance by ensuring that such aid is mutually reinforcing rather than duplicative. Terms of assistance are discussed, and group pressure has had some long term effect in persuading hard lenders to liberalize their terms.

In the context of the group, the recipient presents its case for future aid and discusses in depth its current performance, its plans for the future, and the measures it proposes to take to help itself.

Donor Coordination

Another major instrument for the coordination of bilateral aid is the Development Assistance Committee (DAC) of the OECD, with headquarters in Paris. Formed in 1960, the DAC is composed of 16 donor nations, including the United States, which together provide over 90% of total non-Communist economic development assistance. The DAC meets regularly throughout the year to discuss volume, terms, methods, and criteria of aid, and each member's aid program is reviewed annually by the other members.

The Chairman of the DAC is an American, and the United States is represented in the Committee by a senior A.I.D. official. Since its establishment, the Committee has encouraged its members to expand the volume and improve the terms of their development assistance programs. Today all the major industrialized countries have aid programs, and the proportion of the aid burden carried by the U.S. has been steadily declining.

Another organization which plays an active role in the coordination of economic policy questions, including development assistance, is the Inter-American Committee of the Alliance for Progress (CIAP) of the Economic and Social Council of the Organization of American States (IA-ECOSOC), of which the United States and 22 Latin

American countries are active members. Through its periodic reviews of each country's economic performance, CIAP provides useful information against which the IDB and other donors such as A. I. D. and the World Bank can assess their individual project and program commitments in Latin America.

(M) WORLDWIDE
PROGRAMS

WORLDWIDE PROGRAMS

TABLE OF CONTENTS

	<u>PAGE NO.</u>
Introductory Statement.....	M-1
Worldwide Technical Assistance and Research.....	M-2
Worldwide Population Programs.....	M-15
Private and Voluntary Agency Activities.....	M-19
Participant Training Services.....	M-26
Disaster Relief and Reconstruction.....	M-29
Acquisition and Utilization of Excess Property.....	M-33

POPULATION

The objective of A.I.D.'s population program is to improve the quality of life for less developed country populations by bringing excessive population growth into line with their development needs and aspirations.

In support of this objective, A.I.D. provides assistance to help create adequate

- demographic and social data;
- population policies; understanding of the implications of rapid population growth for economic and social development and the welfare of individuals; and programs to curb population growth based on an understanding of the factors affecting fertility behavior;
- means of convenient and effective fertility control;
- systems for delivery of family planning services, separately or in combination with preventive health and nutrition services;
- systems for delivery of information and knowledge about family planning policies, programs, and services;
- trained personnel and multipurpose institutions, and their utilization for the development, implementation, and evaluation of population and family planning policies and programs.

A.I.D.'s assistance in these areas is provided where appropriate on a bilateral or regional basis. In other cases--such as when activities have application in more than one geographic area or when action is not feasible on a bilateral or regional basis--assistance is provided under the centrally funded population program. The central program provides guidance, technical and material assistance, research support for population programs, and support to international

organizations and other public and private institutions engaged in population activities in the developing countries.

In FY 1974, the A.I.D. request for the centrally funded population program totals \$51.8 million, including \$7 million for population research. The proposed program includes activities in all of the functional areas mentioned above.

Demographic and Social Data

Remedying a shortage of facts is often a first need. Such data are basic to the identification and measurement of population problems and to devising remedial policies and programs. They are also essential for evaluation of program progress and improvement of program management.

A major component of A.I.D.'s assistance in this area has been to provide, through an agreement with the U.S. Bureau of the Census, in-country advisory services; training of host country technicians in the design and execution of censuses and demographic surveys; and the compilation, publication and analysis of data. In FY 1974 A.I.D. will continue to provide such assistance through the Bureau of the Census and will also increasingly call upon this resource to support and strengthen the capabilities of the UN and its specialized agencies in demographic data collection and analysis.

During FY 1973 A.I.D. provided funds to test an innovative approach for obtaining demographic measurement through the use of earth satellites launched by the National Aeronautics and Space Administration. Further funding in FY 1974 will permit additional testing in several less developed countries with different demographic and topographical characteristics.

Another recent initiative to improve demographic and social data is A.I.D.'s support for the World Fertility Survey,

POPULATION

begun in FY 1972. This is a five-year international program to assist some 30 to 50 countries throughout the world carry out internationally comparable sample surveys of human fertility behavior. Variations in concepts and procedures have previously made such comparability unattainable. The comparative analyses are expected to enhance a country's understanding of its own population situation and to provide guidance in the development of population policies and planning programs. In FY 1974 A.I.D. will continue funding for this major project in cooperation with the UN Fund for Population Activities.

Population Policy, Population Dynamics, and Fertility Behavior

The development of adequate national policies and programs to influence population growth rates requires an understanding of the relationship of numerous demographic variables to development. In addition, it requires an understanding of the many factors--social, economic, religious, legal--which may influence individuals' desired and actual family size and their use of family planning services.

For several years A.I.D. has been assisting population research and demonstration activities designed to provide information to policy-making groups in the less developed countries about the consequences of rapid population growth. One such program, conducted by General Electric/TEMPO and now in operation in several Latin American countries, is designed to improve the capacity of national economic planning agencies to assess the impact of different rates of demographic change on development objectives.

Another project, administered by the Smithsonian Institution, provides small grants to less developed country researchers for studies on the development of population growth to economic and social progress. This program will also sponsor a series of international workshops and seminars

in which the results of research will be presented to policy-making and policy-influencing groups in the developing countries. FY 1974 funds will be provided to continue both of these important programs.

In addition, a new project under consideration for FY 1974 funding will use current research findings in anthropology to assist policy-makers and program administrators in understanding what influences individuals' desired and actual family size. It will also identify aspects of this problem in which further research is needed to facilitate development of adequate population and family planning policies and programs.

Means of Fertility Control

New fertility control techniques better suited for use in developing countries are needed. Improvement in the acceptability of methods is crucial. Consequently A.I.D. seeks a variety of methods which are suitable for use in countries characterized by low educational levels and inadequate systems for movement of supplies, transportation, and delivery of health care.

An important element in A.I.D.'s fertility control research program is the development of an effective, once-a-month method. With such a method, control of fertility in developing countries could be attained more quickly, with greater reliability, and at a much lower cost. A.I.D. also supports efforts to develop other new means of fertility control and to improve currently available techniques.

To insure the practicality of new fertility control techniques for the particular conditions of developing countries, A.I.D. supports comparative field trials of new methods under use conditions in developing countries. Beginning in FY 1967, A.I.D. supported the development of the International IUD Program of the Pathfinder Fund. This field study

POPULATION

has provided high quality data on intra-uterine device performance from 40 countries and has allowed selection of the most suitable intra-uterine devices for use in developing country family planning programs to which A.I.D. provides contraceptive assistance.

To extend the availability of a clinical network for field trials, an International Fertility Research Program was funded in FY 1971 under a contract with the University of North Carolina. Additional funds in FY 1974 will continue collaborative field trials in many countries of new intra-uterine devices, sterilization techniques, and other promising new means of fertility control.

Family Planning Delivery Systems

Efforts to reduce population growth rates depend greatly on the effectiveness of family planning delivery systems to provide necessary services to people in those areas where growth rates are the highest. However, family planning programs do not currently reach the great mass of rural and urban poor in the poor countries who tend to have the highest fertility. Therefore a major thrust of A.I.D.'s population program is expanding the reach of effective, low-cost family planning delivery systems, separately or in combination with low-cost maternal and child care, preventive health, and nutrition services.

A.I.D.'s centrally funded population program supports this thrust in several ways. Improvement of current family planning programs and the extension of such services into areas not previously supplied requires continued bulk procurement through the General Services Administration of recently standardized packages of oral contraceptives. In addition, complementary management and logistics systems will be strengthened to assure continuously available supplies at all points in the distribution network. The provision of contraceptives and information on their use by commercial

outlets will receive continuing encouragement in FY 1974.

Support to private U.S. and international organizations providing assistance to family planning programs of the developing nations has been an important element of A.I.D.'s effort to extend family planning services. For many years such groups as the Pathfinder Fund, the International Planned Parenthood Federation, and the Population Council have been instrumental in calling attention to the problems of excessive population growth and in encouraging countries to initiate remedial action. Over the past several years A.I.D. has consolidated under the central program its various grants to each organization in order to improve program management and effectiveness. In FY 1974 additional grants will enable these experienced non-profit organizations to continue their active support of private sector family planning programs and related activities.

In addition, A.I.D. is attempting to improve the administration of family planning programs. Increasingly, developing country administrators are recognizing the importance of effective management to program success and are requesting assistance in this area. Under an A.I.D. contract, Management Services for Health, Inc. is working to increase awareness of management problems and to assist program administrators in specifying and meeting their management needs in concrete terms. A.I.D. projects with the U.S. Census Bureau, Center for Disease Control, University of Chicago, Columbia University, and Battelle Memorial Institute have been instituted to assist less developed country family planning programs in generating accurate, timely information on program operations and accomplishments as a basis for planning and management.

Communication and Information Systems

Family planning programs, rooted in voluntary participation by individuals, depend upon public knowledge and under-

POPULATION

standing of the benefits, methods, and program services of family planning.

To help achieve rapid spread of public participation and adoption of family planning practices, A.I.D. supports the extension of education and information through various communication media and channels. For example, a recent grant to the International Confederation of Mid-wives has enlisted the interest and cooperation of organized mid-wives, worldwide, in less developed country family planning programs. The American Home Economics Association under an A.I.D. contract is promoting family planning concepts in less developing country home economics institutes as part of the effort to improve the quality of family life. A.I.D. assistance to these organizations in FY 1974 will continue to strengthen their educational and informational roles in family planning.

Manpower and Institutional Development

Successful operation of less developed country population and family planning programs requires adequate manpower and institutional support.

Through a number of centralized projects, training is being pursued with professions that actually or potentially have major roles in the delivery of family planning services. For example, A.I.D. recently initiated a program through Johns Hopkins University to provide training for developing country obstetricians, gynecologists, and surgeons in the most advanced medical and surgical techniques of fertility

control. In FY 1974 A.I.D. plans to expand this type of training in less developed countries as rapidly as possible to meet increasing developing nation demands for these clinical methods.

In addition to trained manpower, the developing countries need organizations to lead and sustain efforts in research, public administration, demographic data collection and analysis, and other population program-related activities. Grants to eight universities and four non-university organizations are helping to develop U.S. expertise and service capabilities in the population field and to link these to developing country institutions and problems. In FY 1974 additional grants to the Universities of North Carolina, Johns Hopkins, Michigan and Hawaii will strengthen their capabilities to respond to the population and family planning needs of developing countries.

Thus far A.I.D. funds have been used to assist institutions in 30 countries to develop their own capacity for research, training and the provision of services to their operating agencies. For example, the University of North Carolina is using A.I.D. funds to establish a population center at the University of Ghana which will do research and teach demography to Ghanaian and other African students. In Indonesia a consortium of U.S. universities is working with the School of Public Health to incorporate population/family planning subjects into the curriculum, and in Jamaica A.I.D. is assisting the University of the West Indies to incorporate population research, training and service functions into the Department of Social and Preventive Medicine.

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

A.I.D. concentrates its resources on sectors likely to produce the broadest development gains, but development can go forward simultaneously at a variety of levels and places in the developing countries. Long experience demonstrates that there is value in a multiple approach to this complexity of development targets.

The vital energy of private and voluntary groups in America is a prime mover in many aspects of our economic and social life. Over the years, this energy has become an important resource in humanitarian and development efforts overseas as well.

Some 800 private U.S. voluntary agencies have programs concerned with the needs of developing societies. A.I.D. seeks to further this involvement because the private and voluntary agencies focus their efforts at the precise level where A.I.D. wishes increasingly to place its own emphasis -- the quality of peoples' lives.

American society is diversified; it tackles problems through a variety of American channels and institutions. Similarly, in other societies, people create their own national institutions of varying sizes, resources, and capabilities, and viability. Independently of, or in associations with governments, these bodies participate in identifying problems and bringing about change.

To engage this private and voluntary energy in improving the well-being of the least favored people in the less developed countries is an important role for A.I.D.'s new Bureau for Population and Humanitarian Assistance. It has made a major effort to increase a constructive cooperation between public and private programs which address basic human needs and improve the productive capacities of people in the developing nations.

Toward this goal, A.I.D. is using a number of methods to

bring about increased participation by private, voluntary agencies. A.I.D. is working for:

- Expansion of present voluntary programs;
- Involvement of additional private and voluntary organizations;
- Enhancement of the capacity of private organizations to participate in less developed countries' development;
- Encouragement of cooperation among private agencies in program planning and execution.

As the perception of developing country needs has shifted from relief to development, the programs of U.S. voluntary groups have been changing in character. The central humanitarian concern has been retained, but a longer view is being taken in program structure. Child feeding and welfare support is being augmented by agricultural technical assistance, vocational education, and even credit development. In addition to the traditional voluntary groups, a number of other private nonprofit organizations with specialized technical skills and interests have entered the field.

During the past year A.I.D. has stepped up its consultation with private agencies. The Advisory Committee on Voluntary Foreign Aid (a group of highly experienced, private citizens appointed by the Administrator of A.I.D.) has undertaken a major study in cooperation with the American Council of Voluntary Agencies for Foreign Service on the changing role of such agencies in the 1970s.

Among other efforts A.I.D. has:

- Expanded support to organizations with proven program and management capability such as the International Executive Service Corps and the Asia Foundation.

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

- Offered encouragement and matching funds to new approaches such as a consortium of private agencies.
- Provided over \$20 million in grants to voluntary agencies in Bangladesh, which, with their own resources, enable them to carry reconstruction and rehabilitation assistance directly to the people.
- Financed the publication of a worldwide directory of private nonprofit organizations carrying out overseas programs.
- Continued consultation with the cooperative community in the United States to realize its most effective role in the next few years. Over the last decade A.I.D. has helped sponsor increased participation by American cooperatives in overseas assistance. In recent years, the cooperatives of other developed countries also have become more world-conscious in their interests. A.I.D. is reassessing its relationship with the cooperatives to determine what it should be in the longer term. We have asked the cooperatives themselves to give us the benefit of their views on an appropriate development strategy for the 1970s.

Various forms of support continue for the humanitarian activities of the 87 organizations presently registered as voluntary agencies. Registration qualifies these organizations to apply for PL 480 surplus commodities, excess property, and ocean freight for privately donated supplies. During FY 1973, nine agencies received \$186 million in food plus freight at \$45 million under PL 480. Participating agencies include such well recognized groups as CARE, Church World Service, Seventh-Day Adventist Welfare Service and Catholic Relief Services.

Thirty agencies also received \$4.5 million in ocean freight for their own commodities, and 14 agencies acquired U.S. Government-owned excess property in FY 1972 having an acquisition cost of \$4.6 million.

Substantial benefits flow from cooperation in overseas programs where private goals and abilities mesh with A.I.D.'s development objectives:

- The resources, experience, and management capability of the private agency, especially when working with its own counterpart abroad, provide an efficient and often less costly method of implementation for some types of activity -- a particular advantage as A.I.D.'s overseas personnel continue to decline in number.
- Private programs often work more directly with people at the lower end of the economic and social development scale, a traditionally elusive target for the official development community.
- These programs help marshal the involvement and better tap the talent and energy of private American concern in meeting human development priorities in developing countries.

During FY 1974, A.I.D. proposes to provide a total of \$14,687,000 to continue support to the overseas programs of such private organizations, including the following:

International Executive Service Corps (IESC) is a non-profit membership corporation directed by leading American businessmen. IESC meets the requests of overseas companies and governments for experienced management help. Since 1965, IESC has enabled some 3,100 volunteer American business executives to help locally owned enterprises in 50 developing countries. In 1972, IESC responded to requests of a dozen governments on specific needs including uniform national standards of accounting and projects involving smaller companies. These executives serve without pay but are provided travel and living expenses. An A.I.D. general support grant provides for some of these expenses and for the expenses of IESC country directors residing overseas. Fees charged to client enterprises and donations from the U.S. business

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

community provide over 40% of IESC's budget. Last year IESC provided 600 volunteers to overseas companies and governments. A.I.D.'s annual grants to IESC averaged \$3.4 million in FY 1971-73. In FY 1974, A.I.D. proposes to grant IESC \$4.020 million to enable it to increase the number of its projects to 700 per year.

The Asia Foundation is a privately managed organization which has worked since 1954 with individuals, community and professional groups, and private and public agencies in Asia. The Foundation looks for matching self-help efforts by the groups with which it works. Its grants and professional advisory services support education, legal studies and administration, book and library programs, science teaching, rural development, population programs, and Asian regional collaboration. In addition, increasing attention is being given to manpower and unemployment problems in Asia. A.I.D. has given the Foundation general support annual grants of \$3.75 million in 1971-73. In FY 1973 A.I.D. provided an additional \$1.407 million for educational activities in the population field over three years, and \$494,000 for a Bangladesh rehabilitation program. In FY 1974 we propose to continue general support of \$3.75 million.

The YMCA has for several decades conducted in the United States a broad array of training activities developed in response to surveyed local needs. The U.S. YMCA has also helped foreign YMCAs to establish similar programs.

In late FY 1972, A.I.D. made a grant of \$70,000 to the U.S. YMCA, to enable it to assist YMCAs in five African countries expand their efforts to develop management and/or vocational training programs. Funding is projected at \$113,000 in FY 1973 and the same for FY 1974. The bulk of the support for these overseas programs comes from the United States and local private sectors, host governments, and the YMCA.

Private Agencies Cooperating Together (PACT) is a consortium

of private voluntary organizations which was formed in 1971 to increase the effectiveness of small-scale technical and capital assistance to enterprises, persons, and institutions in developing countries.

PACT's founding members are: (1) Congregational Christian Service Committee; (2) Emerging Economies Corporation; (3) Heifer Projects; (4) International Educational Development; (5) Meals for Millions; (6) Partnership for Productivity; (7) Technoserve; and (8) Volunteers for International Technical Assistance (VITA).

A.I.D. made an initial grant to PACT of \$149,000 in FY 1972, to assist it to organize. It is expected that A.I.D. will provide PACT with up to \$300,000 in FY 1973 and \$400,000 in FY 1974 in project and administrative funds on a matching basis.

Technoserve assists in starting locally owned, profit-making enterprises in Africa and Latin America. Support is given to cultural and employment-generating projects of small scale where there is demonstrated desire and community need. The necessary technical and managerial advice is provided principally through long-term field volunteers or businessmen who serve at part pay. Capital is provided, when needed, from a \$300,000 revolving fund raised from private contributions.

A grant of up to \$75,000 through a 1:2 matching provision (one A.I.D. dollar for every two dollars raised privately) was made to Technoserve in February 1972. In the year following, Technoserve raised \$168,000 in private funds. Because of this initial success and strong demand for Technoserve's services, the funding for FY 1973 has been increased to \$90,000. In FY 1974, funding is projected at \$90,000, predicated on continued success by Technoserve in raising private funds and achieving project objectives.

The International Eye Foundation (IEF) seeks to facilitate the transfer of American ophthalmological technology and

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

work of those U.S. private voluntary organizations active in the international development arena. The center compiles and produces special reports on these agencies' programs. It also publishes regional and worldwide directories of U.S. non-profit voluntary organizations, missions and foundations. In addition, its Reference Services are widely used by businesses, libraries, the public and government agencies, both here and abroad.

TAICH publishes a newsletter on events and trends of significance to the international work of private and voluntary organizations. This year TAICH commenced a series of studies on major issues and program trends in specific functional development fields.

It is expected that the present A.I.D. contract with TAICH will continue into FY 1974 during which TAICH plans to expand its in-depth studies and publications.

Cooperatives

A.I.D.'s program with cooperatives has been running at about \$3-\$4 million annually. In addition to specific projects in the developing countries, a minimum of \$588,000 will be provided in FY 1974 to support the administrative structure of the following cooperatives' international programs:

Cooperative League of the U.S.A. (CLUSA) is supported by numerous U.S. cooperatives. It provides assistance in insurance, development of consumer cooperatives, agri-business, and the organization, management, and finance of producer cooperatives. Through its own programs and through programs contracted by A.I.D., CLUSA has worked in many countries. It is now assisting programs in Costa Rica, Ecuador, Panama, Peru and India.

An important recent step in CLUSA's work is to do more to promote the growth of cooperatives through assistance to

the International Cooperative Alliance (ICA). ICA is the major international cooperative confederation, with worldwide membership in 60 countries.

The Credit Union National Association, Inc. (CUNA) is the national organization of U.S. credit unions. It specializes in helping organize local credit unions and their member federations to mobilize capital and extend credit to both urban and rural areas. Since 1962, CUNA has assisted in the creation or expansion of credit unions in 16 Latin American countries, which now have a total of 1.2 million members with savings of \$135 million. It is giving substantial assistance to a regional multinational program to develop and service credit unions in 19 African countries. These two broad efforts in Latin America and Africa have helped to foster two regional credit union confederations -- a significant step in creating indigenous agencies -- to extend varied services to their members. One facet of this is to involve credit sources in productive relationships with the marketing and farmer-supply cooperatives in each country. This develops channels for moving private and government investment funds to small farmers. U.S.-guaranteed loans from American credit unions to credit unions in developing countries are expected to flow by FY 1974 from a new OPIC/A.I.D./CUNA program. CUNA members contribute nearly \$300,000 annually to help develop credit unions overseas through the World Council of Credit Unions. CUNA also has been instrumental in generating about \$225,000 in cash and \$500,000 equivalent in contributed manpower in non-A.I.D. donor support to the World Council of Credit Unions.

The Agricultural Cooperative Development International (ACDI) is a group composed of 32 major U.S. cooperatives, federations and related organizations which is interested in assisting small farmers abroad by improving the production, supply, marketing, credit functions and training of the staff and management of agricultural cooperatives in developing countries. ACDI now supports projects in Honduras, Guatemala, Paraguay, Philippines, Kenya, Tanzania and Vietnam. For

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

surgical expertise to those developing countries having a high incidence of eye disease and an acute shortage of trained medical personnel in this field. The Foundation's purpose is to utilize volunteer professional services and donated equipment and supplies to combat eye disease and improve the institutional capability of eye-care centers in selected developing countries. Since 1961, IEF has been assisting eye-care programs in 29 countries in Latin America, Africa and Asia.

During FY 1973, A.I.D. is prepared to grant up to \$200,000 to support IEF's ongoing programs and help initiate four new programs.

Volunteers for International Technical Assistance (VITA), founded in 1959, is a private organization with a reservoir of over 6,000 technical volunteers from industry and the universities in the United States and abroad. Volunteers give of their own time in providing advice on specific problems received by mail from developing countries. VITA also works to strengthen local agencies in the Philippines, Dominican Republic, and Central America to provide technical data and advice to local projects.

Major private support for VITA comes from U.S. companies, foundations and individuals. In FY 1972, A.I.D.'s contribution to VITA was \$85,000. In FY 1973, A.I.D. increased its contribution to \$170,000, and is proposing comparable support in FY 1974 which VITA is undertaking to match.

International Voluntary Services, Inc. (IVS) is a private non-profit voluntary organization with long experience in volunteer development assistance. Its fundamental purpose is to combat poverty, disease and illiteracy in less developed countries. It has operated in 15 countries of Asia, Africa and the Middle East with programs in agriculture, health and education.

In 1972, IVS changed its primary mode of operation from depend-

ing on U.S. Government contracts to an operation that depends on the private sector and foreign governments for the major portion of its financial support.

During FY 1972, A.I.D. provided a grant of \$100,000 to permit IVS to investigate opportunities for volunteer participation in host country programs, to develop program proposals and to conduct negotiations with host governments.

The Institute for International Development, Inc. (IID) was formed in 1971 to help establish indigenous businesses and promote investment in developing countries. It reflects the concern of church groups for promoting small business enterprises overseas which will benefit local communities.

IIDI receives and screens project proposals, arranges for voluntary committees of businessmen to review proposed projects, and helps to locate interested investors who then make their own on-site appraisals of potential. In this work, IIDI draws on the knowledge and resources of American businessmen, many from smaller companies.

IIDI does not make investment decisions or become directly involved in operating aspects of enterprises, but plays a supportive role by providing counsel, training and other help to promote the success of projects in unfamiliar cultural and economic situations.

Agency support began in FY 1973 in the form of a grant of up to \$100,000 on a 1:2 matching basis. Comparable support for FY 1974 is proposed in light of IIDI's progress with project development and in raising private support for its work.

The Technical Assistance Information Clearing House (TAICH), operating under the auspices of the American Council of Voluntary Agencies for Foreign Service in New York City, is a private, non-profit information exchange center. TAICH facilitates and encourages exchange of information on the

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

example, in the Philippines ACDI works with the Philippine National Rural Bank Department to strengthen the cooperative credit system and the marketing cooperatives as part of a land reform program.

Volunteer Development Corps (VDC), organized in 1970, furnishes specialists to overseas cooperatives asking for assistance. Most volunteers are mid-career executives of U.S. cooperatives or retirees. Volunteers serve without pay for 30-90 day assignments. Projects include upgrading the operations and management of a packing cooperative and a cement cooperative in Bolivia, streamlining a supermarket cooperative in Panama City, and designing a new plant layout for a furniture cooperative in Peru. A.I.D. has provided a total of \$325,000 in grants from FY 1970 through FY 1973 and plans to provide \$100,000 in FY 1974.

National Rural Electric Cooperative Association (NRECA) draws on its 1,000 member organizations for technical resources to help build rural electric cooperatives in developing countries. American technicians serve overseas as advisors and as trainers for building new systems and improving ongoing systems. Programs are presently underway in Bolivia, Costa Rica, Ecuador, Nicaragua and the Philippines.

As the central non-government channel of American experience and talents in this field, NRECA responds to requests from the governments of developing countries, the World Bank, the Inter-American Development Bank and UN agencies, as well as A.I.D.

New Programs

In addition to the specific activities discussed above, A.I.D. intends to assist other private voluntary organizations with funds to finance innovative approaches to participation in development. For example, A.I.D. will explore devices for working with host country private groups, either directly

or through their American counterparts.

Support For Registered Voluntary Agencies

During 1972 registered voluntary agencies raised \$430 million in private contributions of cash and supplies. In addition, they received \$220 million from the U.S. Government in the form of PL 480 Title II foods, U.S. excess property, ocean freight reimbursement, and contracts and grants to carry out specific projects. Voluntary agencies carried out worldwide development and relief programs in 126 countries.

Ocean Freight

In response to section 635(c) of the Foreign Assistance Act, one of the ways in which A.I.D. encourages private overseas development and technical assistance programs of registered non-profit U.S. voluntary agencies is through reimbursement of the transportation costs of their program shipments. These shipments include purchases and donations from the public and U.S. Government domestic and foreign excess property.

In FY 1973 the program supported the activities of 29 voluntary agencies and the American National Red Cross in some 126 countries and areas. Eight of these voluntary agencies also participated in the PL 480 Title II Food donation program for which transportation costs are funded with Commodity Credit Corporation funds administered by A.I.D.

The A.I.D. allocation of freight funds to registered voluntary agencies is made on a worldwide basis, thus providing the voluntary agencies flexibility in their programming. The funds required for overseas freight fluctuate from year to year due to a number of variables. In years of severe disasters there is an increased requirement for overseas freight funds to transport supplies for long-range reconstruction and rehabilitation programs required after the immediate disaster has passed. Since the Tax Reform Act of 1969, which changed

PRIVATE AND VOLUNTARY AGENCY ACTIVITIES

the value of donors' tax deductions from fair market value to cost value, donations of medicines, pharmaceuticals and other supplies to voluntary agencies have decreased.

It is estimated that \$4.5 million will be required in FY 1974 for overseas freight funds for non-PL 480 commodities.

PARTICIPANT TRAINING SERVICES

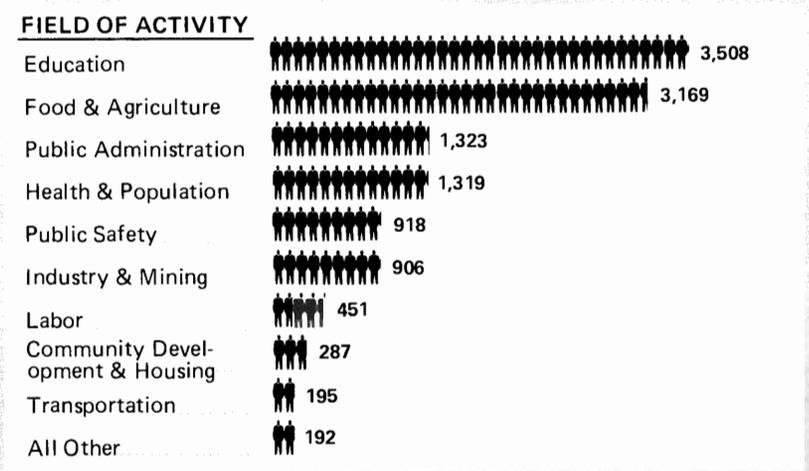
Training is one of the principal and most effective devices for transferring skill and knowledge across international boundaries. The opportunity A.I.D. has given thousands of promising men and women from abroad to come here and absorb new ideas has contributed significantly to the progress of the developing nations to which they have returned.

A.I.D.'s training program is an investment in the people of the developing countries, conducted mostly in the United States to help carefully selected, qualified foreign nationals acquire needed skills not available in their own countries. The program reflects the rapid advance of technology, the desire of developing countries to take more responsibility for their own development, and U.S. policy of encouraging local self-reliance. International training is directed toward institution building, technological advancement, capital investment, and social betterment. As such, it has bearing on the entire A.I.D. effort.

A key aspect of the program is that those involved must agree to return and use their training in the development of their own countries. There they have frequently moved to positions of both power and prestige:

- The Rectors of the two largest universities in Indonesia, Gajah Mada University, and the Institute Pertanian Bogor - University of Agriculture, received training at the University of Pittsburgh and Michigan State University.
- Six of the eighteen-member Afghan Cabinet were trained at the University of California, Columbia University, University of Illinois, Texas A&M, University of Pittsburgh and on-the-job training in Mexico.
- Many important positions in the Ethiopian Ministry of Education and Haile Selassie I University are occupied by former participants, including 1 Vice Minister; 3 Assistant Ministers; 17 Director Generals; 9 Provincial and Education Officers.
- Leonard O. Kibinge of Kenya studied Public Administration at American University and is now his country's Ambassador to the United States.
- Sama Fohdung, from the Republic of Cameroon, studied at UCLA, then returned to Cameroon to supervise all primary school workshops, and later became the Principal of the West Cameroon Government Technical College.
- Joao Paulo Velloso, Brazil's Minister of Economic Planning, studied economics at Yale University.

**PARTICIPANTS IN TRAINING TOTALLED
12,268* in FY 1972**



*9,021 IN THE U.S. AND 3,247 IN OTHER COUNTRIES; INCLUDES PARTICIPANTS FUNDED FROM SECURITY SUPPORTING ASSISTANCE.

The United States first began training foreign nationals in 1941, when the program was confined to Latin Americans. By the end of December 1972 more than 162,000 foreign nationals had been trained from all parts of the less developed world. They have been educated or trained in literally hundreds of U.S. colleges, universities, private firms, local governments,

PARTICIPANT TRAINING SERVICES

labor unions, cooperatives and a variety of other training institutions in the United States as well as in other countries.

Over the past three years, A.I.D. has had in training an average of 13,000 foreign nationals each year: 13,575 in FY 1970; 13,110 in FY 1971, and 12,268 in FY 1972. The largest number came from Latin America, followed by Asia and Africa. During FY 1972 more than one-fourth of the participants were trained in education (29%), followed closely by agriculture (22%); with large numbers enrolled in public administration (12%), health and family planning (11%), public safety (7%), industry (6%), labor (6%), and other programs (7%).

The objectives of the program are: to improve the technical and productive capabilities of foreign nationals through learning new technical knowledge and skills; to broaden the outlook of the foreign national through exposure to modernization, change and democratic processes; and to allow foreign nationals to gain a better understanding of the United States, particularly its people and its way of life through observation and participation in civic, social and economic activities.

Participants: Important criteria must be met by a foreign national before being selected for training under A.I.D. sponsorship. The participant's own country, in cooperation with the A.I.D. mission in that country, must confirm the need for the desired skills in the country's development program. The candidate must be technically and educationally qualified to pursue the proposed training; be prepared to enter a level of training beyond that available at home; and be employed or reasonably assured of employment upon return. Participants must be proficient in the English language except for those in short-term training (who are provided interpreters), mature enough to represent his or her country abroad and able to adjust to a foreign culture without great difficulty.

The typical participant is highly motivated and dedicated to his training program as well as to the social and economic

development of his country. By prior mutual agreement, upon completion of this program the participant must return to apply his training toward the achievement of his country's development goals and to train others. This agreement, which the participant makes with his government and the United States, is seldom broken. The effect of the "brain drain" from this program over the years has been almost negligible -- less than one half of one percent. Through continuation of personal contacts with the participant when he returns home, it has been established that more than 80% have put their training to direct use in the development of their countries. Of the remaining, only 4% have not been utilized for development. There is a lack of information on about 16% of the total number of participants trained, mostly in the earlier years.

Types of Training

Four types of training are offered:

(1) Academic training is given in an accredited institution in degree and non-degree programs. In FY 1972, 57% of A.I.D.'s participants were in some form of academic training at 350 U.S. educational institutions.

(2) Observation training is of short duration, usually for higher level participants who cannot be away from their countries for a long period of time. For example: Teams of Turkish mayors and governors have visited several U.S. cities and observed municipal and state government operations.

(3) On-the-job training provides an opportunity to learn by doing, side-by-side with an experienced person. For example: Education administrators come to the United States and work side-by-side with their American counterparts to learn their techniques for the planning and direction of higher education.

(4) Specialized training may include a combination of

PARTICIPANT TRAINING SERVICES

academic, on-the-job, and observation training, or may be a program tailored to specific individual needs. During FY 1972 over 2,500 participants received this type of training, most of which was conducted in cooperation with U.S. business, industry, and labor.

In some cases, A.I.D. supports training in other countries which are able to offer training geographically closer to the participant's own country, more relevant to specific needs, often in the same language and at less cost. This type of training also stimulates developing countries to help each other. Mexico, Taiwan, Israel, Iran and Lebanon, which were once recipients of U.S. foreign assistance, now offer training to other nationals in their areas. India, Thailand and the Philippines also provide training for other nationals. Approximately a third of A.I.D.-sponsored training takes place in such countries.

Community Participation: To administer the participant training program, A.I.D. relies upon the cooperation of community organizations and educational institutions throughout the United States. Participants who formed friendships with Americans have been more successful in their overall programs than those who did not. Simple home hospitality, offered freely throughout the United States, plays an important role

in training. In a series of special programs, an effort has been made to expose the participant to civic participation activities in the United States so that he can consider possible application of such activities in his own community.

Costs: Where they can afford to, the developing countries themselves share in the total cost of participant training. During FY 1972 over half of the international participant travel costs were paid by the host countries. They also bear most of the costs of preparing the participant for departure, such as travel from his home to the point of departure, English language training, and medical examinations. More importantly, many countries also maintain the participant's family at home by continuing salary payments during the training period.

In terms of U.S. costs, the participant training program is relatively inexpensive. The average cost per participant in FY 1972 was \$3,750. Funds for training costs are included in individual A.I.D. country programs, except for central support costs allocated to the Office of International Training. For these latter costs \$2.7 million is requested for FY 1974. An additional \$600,000 for central support costs is provided through the Population budget to service participants connected with that program.

DISASTER RELIEF AND RECONSTRUCTION

There is no program in which the practical compassion of the American people is more visible than in our national response to the disasters which occur throughout the world each year. Emergency relief of human suffering abroad--in the wake of floods, earthquakes, typhoons, epidemics and civil war--continues to be a priority humanitarian program of A.I.D.

Forty-two major overseas disasters, striking suddenly and unpredictably, claimed the lives of 122,000 people, left 51 million victims in desperate need of immediate external help, and wreaked incalculable economic losses during the period of July 1971 through February 1973. A.I.D., the official disaster relief coordinating agency of the U.S. Government, provided prompt and effective assistance in each of these calamities in response to requests from the stricken nations.

In its financing and coordinating role, A.I.D. works closely with the other U.S. military and civilian agencies involved, as well as with the community of U.S. voluntary agencies which traditionally respond to the needs of disaster victims abroad. The contribution of the voluntary agencies in these emergencies graphically symbolizes the finest of American values--compassionate and generous help from private American citizens to endangered humans struggling to survive.

During the period referred to, U.S. Government contributions to foreign disaster relief, food emergencies, rehabilitation and reconstruction activities totaled \$442.5 million. In addition, U.S. voluntary agencies donated supplies, services and equipment from their own resources valued at almost \$15 million. Particularly significant in these disasters were the contributions and efforts of CARE, Catholic Relief Services, Church World Service, Community Development Foundation, Lutheran World Relief, Mennonite Central Committee, Seventh Day Adventist Welfare Service, Salvation Army, World Relief Commission, World Vision Relief Organiza-

tion, Medical Assistance Programs, American National Red Cross, and the Direct Relief Foundation.

Because of the nature of A.I.D.'s Foreign Disaster Relief Program, it is impossible to forecast assistance requirements. When disaster strikes, the initial source of U.S. Government assistance is A.I.D.'s Contingency Fund. Later, program and specially appropriated funds may be used, depending on the magnitude and requirements of the situation. A major share of U.S. Government disaster assistance is in the form of PL 480 Food for Peace commodities. For these 42 disasters, \$1.5 million in FY 1972 and \$13.4 million in the first 8 months of FY 1973 were obligated from the Contingency Fund. In FY 1972, emergency food aid amounted to approximately \$135 million; in the first 8 months of FY 1973, \$60 million in commodities were donated.

Regular program funds, sometimes supplemented by special Congressional appropriations for specific disasters, are used for longer-term rehabilitation and reconstruction. Funds obligated for such activities amounted to \$178.7 million in FY 1972 and \$53.9 million for the first 8 months in FY 1973.

The bulk of A.I.D.'s efforts in FY 1972 and the first 8 months of FY 1973 were in response to three major disasters:

Bangladesh--Of \$442.5 million spent on disasters during this period, \$319 million went for the relief and continuing rehabilitation requirements of the 27 million victims of civil strife and war in Bangladesh. U.S. assistance to Bangladesh took many forms. It consisted of over 1 million metric tons of wheat, rice, oil and high protein foods; a \$35.3 million cash grant to the UN in support of a multilateral relief effort; \$20.9 million to voluntary agencies in support of housing, agriculture, health and education assistance programs; \$10.9 to cover costs of food transport and handling, health, nutrition and related needs; and a \$115 million bilateral grant to the Bangladesh Government for commodity imports, repair and construction

DISASTER RELIEF AND RECONSTRUCTION

of coastal embankments, restoration of power supplies and inland waterways, rebuilding roads and bridges, reconstruction of rural health centers and schools, and the procurement of textbooks, supplies and equipment. These efforts are discussed in more detail in the Bangladesh country narrative.

Philippines--Unprecedented torrential rains and floods struck Luzon during July and August 1972, taking over 500 lives and leaving 1.7 million people homeless and in desperate need of food, shelter and medical assistance. Damage to public and private property was immense. Because of the severity and extensiveness of the floods, assistance included U.S. helicopter relief missions, large shipments of food and medical supplies, six survey and relief teams, and \$44 million in financing for essential rehabilitation and reconstruction projects. The total value of U.S. Government aid was \$76.7 million.

Nicaragua--On December 23, 1972, a devastating earthquake leveled 50% of the capital city of Managua, leaving 4,000 to 6,000 people dead. 250,000 homeless survivors had to be evacuated from the city. A special Nicaraguan Task Force, set up in Washington under the direction of A.I.D.'s Deputy Administrator in his role as the President's Special Coordinator, called upon the resources of several U.S. Government agencies and coordinated their efforts with U.S. voluntary and international agencies. At A.I.D.'s request, the Department of Defense promptly provided a disaster assessment team, field hospitals, an equipped engineering company, helicopters and air transport. A.I.D. purchased in the United States or provided from its Panama stockpile tents, blankets, cots and other supplies; made PL 480 food available; financed air, sea and land transportation and the construction of emergency shelters; and made a cash contribution to the Organization of American States assistance program.

The total value of U. S. Government disaster assistance to Nicaragua, including a special \$15 million A.I.D. loan to

help the Government of Nicaragua move from emergency relief to reconstruction, totals \$31.3 million. U.S. voluntary agencies contributed nearly \$2 million.

The following cases are representative of the U.S. response to other disasters which occurred during this same period:

Afghanistan--As a result of two years of drought, the U.S. Government made grants of 130,000 metric tons of wheat and 360 metric tons of edible oil for emergency feeding programs of the Government of Afghanistan and the World Food Program in FY 1972 and 1973. Despite this assistance, reports of starvation, malnutrition and disease affecting 250,000 people in the highland provinces continued to be received. With in-country grain resources, U.S. contributions, and food shipments from other donor countries, there was enough food in Afghanistan to help all those in need. Unfortunately, it was in the wrong places. The problem was how to get it to the highland provinces over some of the most difficult terrain in the world before the onset of winter. The A.I.D. Mission assigned a senior management official to help the Afghan Government devise and carry out a distribution plan. Within 72 hours, he and his Afghan colleagues developed a plan so complete in detail that it won immediate cabinet approval. Called "Operation Help," it was described as without parallel in the history of the country. The plan assumed there would be only 60 days to bring food to 250,000 people before weather conditions would make delivery impossible. Afghans, A.I.D. Mission staff members and Peace Corps volunteers worked from dawn until after midnight, seven days a week. Everybody worked selflessly and with firm resolve to give life and hope to the people. Every available means of transportation, including camels, which could negotiate the rough terrain were used. "Operation Help" got under way October 3, 1972, and final distribution of food and supplies for the survival of a quarter of a million people was made in the middle of December 1972. The value of U.S. Government assistance was 14.3 million.

DISASTER RELIEF AND RECONSTRUCTION

Chile--On July 8, 1971, a violent earthquake lasting just 3 minutes killed 85, injured 451 and affected 2.3 million people. More than 300,000 homes were destroyed or damaged. Blankets, cots and tents were flown in from the A.I.D. stockpile in Panama and blood plasma from the United States. PL 480 commodities were provided through U.S. voluntary agencies and the World Food Program. The total value of U.S. Government assistance was \$862,000.

Peru--In March 1972, severe flooding caused massive damage along Peru's coastal strip, affecting 1.5 million people, washing away thousands of houses and destroying or damaging large sections of main roads and highways. Twelve people were killed; 75,000 were left homeless. The U.S. Government provided helicopters for rescue and relief missions, PL 480 food, water pumps, roofing, heavy equipment, sorghum seed and other supplies at a cost of over \$900,000.

Yugoslavia--In the spring of 1972 an outbreak of smallpox in Yugoslavia, the largest in Europe since World War II, resulted in 35 deaths out of 174 reported cases. Yugoslav health officials sought U.S. assistance to stem the spread of the disease. A.I.D. arranged with the U.S. Public Health Service Center for Disease Control in Atlanta, Georgia, to provide a team of epidemiologists to assist in a massive inoculation program and to train Yugoslav medical personnel in the use of jet injection equipment. Over 3 million doses of vaccine were provided by the United States. The total cost of this assistance was \$10,000.

Africa--Drought in Dahomey, Mauritania, Niger and Upper Volta affecting over 1,000,000 people resulted in donations of food under the PL 480 program valued at over \$2.6 million.

Burundi--Civil strife in Burundi took the lives of an estimated 100,000 and caused the displacement of 500,000 people from their homes and villages. Relief efforts to provide food, shelter and clothing to the victims began in FY 1972 and continued

into FY 1973. A.I.D. provided 91 tons of locally produced food, ambulances and carryalls, 6-1/2 tons of medicines, 5 tons of clothing, 10,000 blankets and cooking utensils and made cash donations to a Burundi Government relief fund, to the UN and to U.S. voluntary agencies engaged in the relief operations. Total U.S. Government assistance was \$313,000.

Fiji Islands--On October 24, Hurricane "Bebe" struck the islands with great force causing severe damage to homes and crops. At least 95,000 people were affected. The U.S. Government responded by providing air transport, food, flour, trucks, water storage tanks, tents and salt at a total cost of \$910,000.

Disasters cannot be prevented but preparations can be made to expedite relief shipments and minimize the loss of life. A.I.D. undertakes disaster preparedness activities aimed at reducing the reaction time and cost of U.S. emergency assistance. A.I.D. has established a liaison link with the UN Disaster Relief Coordinator, the Organization of American States (OAS), the Pan American Health Organization and other agencies to exchange information on relief and preparedness activities and provide a basis for sound disaster assistance decisions.

A.I.D. program funds were also budgeted in Fiscal 1973 for a Fourth Annual Disaster Preparedness and Relief Training Program to be held June-July 1973, in which the U.S. Defense Civil Preparedness Agency, OAS and the UN Disaster Relief Coordinator's office are also participating. The purpose of this training program is to bring together each year disaster relief administrators from several disaster-prone countries to enhance their capability to develop and improve national disaster plans, conduct disaster relief operations, initiate rehabilitation and reconstruction measures and establish national disaster relief systems that will be ready when disaster strikes.

DISASTER RELIEF AND RECONSTRUCTION

As a follow-on to this training, A.I.D., in cooperation with certain international organizations, proposes in FY 1974 to explore the initiation of technical assistance to support the actual development and subsequent testing of national plans in certain disaster-prone countries.

In November 1972, A.I.D. sponsored an exploratory meeting with major U.S. voluntary agencies to find ways of mutually strengthening the coordination of their respective foreign disaster relief and preparedness efforts both in the United States and abroad. Follow-up meetings are planned for FY 1974.

The effectiveness of A.I.D.'s Panama Disaster Stockpile in terms of timely response and economy of operations has been proved many times. This has resulted in the creation of

an additional disaster supply reserve in Guam, which is now being stocked. Negotiations with the Department of Defense are proceeding to create a similar stockpile this fiscal year in Leghorn, Italy, to cover disaster-prone North Africa and the Eastern Mediterranean. Fiscal 1974 plans call for establishing an additional stockpile to serve the South Asia region and the parts of the Middle East not covered by Leghorn.

In FY 1974 \$585,000 is requested to carry out the above-described training and stockpiling program.

Finally, A.I.D. is now creating a new, combined Disaster Operations and Information Center. The need for this center was highlighted by the extensive Washington support and special facilities found necessary during the recent Nicaragua earthquake relief efforts.

ACQUISITION AND UTILIZATION OF EXCESS PROPERTY

It is A.I.D.'s policy to promote the best use of U.S. Government-owned excess property in carrying out A.I.D. projects and programs. Two programs have been established for acquiring available domestic and foreign excess property to meet material requirements: the Section 608 Program and the Direct Acquisition Program.

Section 608 Program

The Foreign Assistance Act of 1961, as amended, authorized a revolving fund of \$5 million to administer this program. With these funds, A.I.D. defrays personnel costs and the expense of transporting, rehabilitating and holding acquired property at A.I.D. storage facilities. Reimbursement to the fund is made through charges levied on all property supplied under this program. For rehabilitated property shipped from the A.I.D. storage facility the charge is the sum of the cost of inbound transportation, the cost of rehabilitation, and 10% of the original acquisition cost. For unrehabilitated property shipped from the holding the charge is 6% of the original facility acquisition cost. Additional charges, covering packing and crating, inland transportation, port handling, and ocean

transportation, will vary depending on the location of the property.

An example of the use to which excess property under this program can be put is a tug boat recently acquired by the Government of Guyana. Acquisition of this vessel has enabled Guyana to increase barge delivery of crushed stone from quarry from 1,000 tons per week to 5,000 tons per week. Delivery of substantially more tonnage can be achieved by the purchase of additional barges.

Under the Section 608 program, property having an original acquisition cost of \$13.3 million was utilized in FY 1972. It is estimated that \$10 million will be utilized in FY 1973 and \$10 million in FY 1974.

Direct Acquisition Program

Under this program, eligible recipients acquire excess property directly from owning agencies on an "as is--where is" basis. The recipient arranges and pays for any services which may be furnished in connection with the transfer of the property to its point of use.

(N) OTHER
PROGRAMS

OTHER PROGRAMS
TABLE OF CONTENTS

	<u>PAGE NO.</u>
International Narcotics Control.....	N-1
American Schools and Hospitals Abroad.....	N-16
Contingency Fund.....	N-17
Housing Guaranty Program.....	N-20

INTERNATIONAL NARCOTICS CONTROL PROGRAM

In June 1971, President Nixon announced that the United States would support a worldwide effort to control international illicit narcotics traffic. Substantial progress has been made since then. Turkey has ordered an end to production of the opium poppy. Other governments are now more acutely aware of their own drug abuse problems. More effective enforcement programs have resulted in larger seizures of illicit drugs (1,650,906 pounds in 1972 compared to 655,521 pounds in 1971) and in the arrest of major traffickers throughout the world. Improved enforcement legislation has been passed by some nations and is under preparation by others; and regional cooperation has started under various auspices in Europe, Latin America, and the Near and Far East. However, more must be done before there is any significant and lasting reduction in the illicit supply of narcotics and dangerous drugs.

The Cabinet Committee on International Narcotics Control, chaired by Secretary of State William Rogers, coordinates the U.S. program which involves a number of departments and agencies. A.I.D. plays a major supporting role because of its experience and expertise in overseas assistance activities. Chapter 8 of the Foreign Assistance Act authorized U.S. assistance to any country in an effort to end drug production and trafficking.

The production of and trafficking in opium and its derivatives, especially morphine and heroin, and cocaine are being given priority attention. Plants of the cannabis family as well as mind and mood altering drugs, such as the amphetamines, the barbiturates and LSD, are also objects of U.S.-assisted programs.

The U.S. Government is conducting an intensive international campaign to eliminate the production, processing and trafficking of illicit drugs. Particular emphasis is being placed on action through the UN agencies, especially the UN Fund for Drug Abuse Control (UNFDAC). Established in 1971 at U.S. initia-

tive, the Fund is considered the best means for assistance to certain countries of critical importance for narcotics control. A.I.D. plans to provide \$5 million to support the UN Fund in FY 1973 and is requesting an additional \$5 million for FY 1974.

Prospects for regional cooperation have improved within the past year. At the initiative of France, European nations are consulting on improved coordination of their drug abuse programs. Argentina has hosted consultations in Latin America, while Colombia convened a meeting of regional enforcement officials on drug enforcement measures. In November 1972 the Association of Southeast Asian Nations (ASEAN), meeting in the Philippines, agreed to expand cooperation in drug enforcement programs, and the Colombo Plan Organization created a Drug Abuse Advisor position to help develop cooperative programs. The latter group plans to discuss the economic and social implications of drug abuse at its meeting in 1973. A.I.D. has allocated \$100,000 in FY 1973 and FY 1974 to support the Advisor's activities. Under UN auspices Turkey, Iran, Afghanistan and Pakistan are cooperating more closely.

The international illicit narcotics problem falls into two major categories--enforcement and agriculture. Most of the problems in these categories exist in each of the countries producing illicit opium. Despite improved cooperation and greater awareness, solutions will not be found easily nor major results achieved quickly.

Enforcement

Most illicit opium is grown in areas where governments are unable to exercise political or administrative control. Prohibition of poppy cultivation in such circumstances is impossible to enforce and governments can only attempt to stop the movement of drugs through regions they control. Control efforts are further hampered by poorly trained, poorly equipped

INTERNATIONAL NARCOTICS CONTROL PROGRAM

and poorly paid law enforcement units and ineffective administration. At the same time, raw opium is more and more being refined close to the source of supply, thereby reducing by 90% the bulk to be transported and making early interdiction even more difficult.

Agriculture

Virtually all opium poppy is cultivated in underdeveloped areas, where farmers live at a subsistence level and where modern agricultural practices are virtually unknown. Although opium poppy cultivation is extremely labor intensive and highly susceptible to the vagaries of weather, other crops that would provide the same rate of return are either unavailable or unmarketable. In many instances, opium producers are not users of the drug. More often, they find opium an attractive crop because it is easily transportable to the purchaser at minimal risk and provides income they would not otherwise have.

Aside from the two great concentrations of opium poppy acreage in India and the Golden Triangle area of Burma, Thailand, and Laos, varying amounts are also grown in Iran, Afghanistan, Pakistan, Europe, the USSR, China, South Korea, Australia, Mexico, Latin America and parts of North Africa. In most areas, it is cultivated and harvested by hand. India is the sole source of licit opium produced for export to meet the world's medicinal requirements.

Cocaine, the only major hard drug native to the Western Hemisphere, is derived from the coca shrub, which is grown primarily in the Andes mountains of Bolivia and Peru. Roughly 90% of the total coca leaf production is used locally and on a legal basis. Of the remaining 10%, a large part is legally exported to the United States and Europe.

Many of the factors which affect opium poppy cultivation also bear on coca production. Attempts to introduce alternative

crops in both Bolivia and Peru have met with little success because they are much less profitable and any attempt to ban coca would probably result in serious social disruption.

The movement of cocaine throughout Latin America is only one facet of the contraband which flows to and from the United States. The processing of cocaine is relatively simple, requiring minimal investment and equipment.

Progress to Date

By the end of 1971 the United States had started cooperative drug control programs with Canada, Mexico, France, Turkey, Vietnam, Laos, and Thailand. In addition, the Cabinet Committee requested U.S. Country Teams in 52 other countries considered to have a current or potential involvement with illicit hard drugs to prepare narcotics control action plans. The plans were reviewed in early 1972 by inter-agency committees and now serve as a basis for discussions of bilateral action programs with those governments. The plans will remain under continuous review.

Six inter-agency law enforcement teams have visited 20 countries to help identify enforcement problems. Particularly in Latin America, U.S. enforcement assistance programs have been based on the teams' recommendations.

Although progress has varied from country to country, some degree of cooperation has been established with nearly every nation involved in the narcotics problem. Cooperation ranges from an exchange of intelligence to helping officials design and implement programs in every facet of drug abuse. It should be emphasized that the type and degree of cooperation is not based on the extent to which direct U.S. assistance has been provided. In Europe, our help has been limited to training in narcotics enforcement techniques by the Bureau of Narcotics and Dangerous Drugs (BNDD) and Bureau of Customs. Cooperation with most of the European governments

INTERNATIONAL NARCOTICS CONTROL PROGRAM

is excellent.

During FY 1973 progress has been made in the development and implementation of high priority programs designed to improve the capability of foreign enforcement organizations to control drug abuse. These efforts concentrate on training in narcotics enforcement and the provision of essential equipment for enforcement agencies. In a number of countries, enforcement personnel were unable to identify such drugs as heroin and cocaine.

Training

Even with the increased training capacity of the BNDD, Customs and A.I.D.'s Office of Public Safety, several years are still required to meet existing training needs. Increasingly, emphasis will be given to in-country training and improvement in the capacity of foreign enforcement agencies to conduct their own training programs. An evaluation of the type, scope and level of training required will be completed during FY 1974.

In FY 1973, U.S. assistance has financed a substantial portion of the training conducted by BNDD, the foreign narcotics training program of Customs, and the training conducted by the A.I.D. Office of Public Safety. These programs will be funded from the FY 1974 narcotics control request. An area and language training program conducted by the State Department's Foreign Service Institute (FSI) primarily for BNDD and Customs personnel is also being supported. Training for narcotics personnel is planned at a level of \$2,383,000 in FY 1973 and \$6,731,000 in FY 1974.

Equipment

This type of assistance meets needs in transportation, communications, and narcotics identification, and limited amounts of standard police equipment. However, there are limits to

the amount and sophistication of equipment that can be utilized effectively.

Other Efforts

The development of alternative sources of income for opium farmers, particularly in Afghanistan, Thailand and Laos, will receive greater attention in FY 1974. Limited assistance in treatment and rehabilitation of drug addicts will continue to be provided. Particular emphasis will be placed on training in the United States of foreign health personnel to develop and conduct such programs in their own countries.

A.I.D. is requesting a total of \$42.5 million to finance the International Narcotics Control Program in FY 1974. Of this amount approximately \$9.7 million is unprogrammed and will be used to provide sufficient flexibility to respond quickly to new activities and opportunities to control drug production, trafficking, and use.

AFRICA

The processing and trafficking of hard drugs are not major problems in Africa. However, there is increasing concern among African governments about the international scope of the narcotics problem, the potential for development of narcotics transit routes through their countries, and the need to strengthen enforcement and control capabilities.

Approaches to the North African governments for increased international cooperation have been well received. During FY 1972, a U.S. law enforcement study team visited Algeria and Libya to discuss drug problems with their enforcement agencies and to lay the foundation for further cooperation with the United States. Algeria, Libya, and Tunisia have all taken steps to increase their narcotics enforcement capabilities.

INTERNATIONAL NARCOTICS CONTROL PROGRAM

During FY 1972 and FY 1973, four Tunisian and two Libyan police officers received narcotics control training in the United States. In December 1972, BNDD conducted a highly successful drug identification seminar for Moroccan officers. The Algerian Government has accepted in principle a U.S. offer to train narcotics officers.

To the extent possible, additional enforcement training will be provided for each of these countries in FY 1974. In addition, \$50,000 is programmed for Tunisia for the procurement of laboratory and other equipment related to the enforcement program and for short-term advisory services.

EAST ASIA

Burma, the largest producer of opium in southeast Asia, accounts for about 400 tons annually, largely in areas over which the Burmese Government has little or no control. The resources devoted to anti-narcotics programs are necessarily limited because of Burma's internal security requirements. At the same time, there are indications that increased enforcement efforts in Laos and Thailand have resulted in a build-up of opium stocks in Burma and that the availability of heroin is increasing in various parts of the country.

Burma is strongly neutralist and reluctant to accept foreign advice on narcotics matters. Although the United States has made several offers of assistance to Burmese narcotics control efforts, none has been accepted to date. Nevertheless, Burmese actions in narcotics control have increased markedly during FY 1973. The Government has agreed to receive a project preparation mission from UNFDAC and has taken increasingly aggressive actions against opium caravans. It has also increased publicity warning of the dangers of drug addiction and has moved toward a highly centralized authority for narcotics matters.

Although no funds are allocated in FY 1974, the United States

will provide narcotics assistance if requested.

Cambodia neither produces opium nor is known to be a significant transit route for narcotics produced elsewhere. Because of its strategic location in Southeast Asia, Cambodia should develop the capability to deter narcotics trafficking as it occurs. The Royal Khmer Government promulgated a new narcotics law in September 1972. The law prohibits trafficking in opium and its derivatives, provides severe penalties for violators, and established a 15-man narcotics control unit. During 1972, a total of 202.8 kilograms of opium was seized by the Khmer authorities.

The United States has given both advisory and commodity assistance, with technical guidance provided through bi-monthly visits of BNDD personnel from Saigon. A.I.D. has allocated \$20,000 for equipment purchases, has participated in in-country training of Khmer personnel, and expects to furnish training in the United States to selected higher officials. In FY 1974, the BNDD will continue to provide advisory assistance to the Khmer narcotics unit and, to the extent possible, additional enforcement training will be provided.

Laos, which produces some opium, serves as a potential transit route for narcotics produced in Burma and the Golden Triangle area. The northern hill tribes engage in opium traffic as a traditional economic activity, and insurgency has prevented effective Government control of large areas of the country. In addition, prior to September 1971 when the first narcotics control legislation was promulgated, Lao civil and military personnel participated in the narcotics traffic. Since then, the Laos anti-narcotics program has produced significant achievements. It has successfully cut off the flow of narcotics through Laos into the international trade, and intense surveillance has located no heroin processing facilities in operation.

Lao Government actions include: (a) establishment of the Groupe Special d'Investigation (GSI) which conducts enforce-

INTERNATIONAL NARCOTICS CONTROL PROGRAM

ment operations against major violators; (b) expansion and improvement of police anti-narcotics units and of the customs service; (c) initiation of a system of spot inspections of military and commercial aircraft and passengers; and (d) development of a rehabilitation program for drug addicts.

U.S. assistance in FY 1973 in the areas of law enforcement, rehabilitation of addicts and crop substitution amounts to a total of \$2,079,000. Specialized training was given to 273 enforcement officials.

For FY 1974, a total of \$1.5 million is requested to continue the same programs. The lower FY 1974 program is based on earlier procurement of equipment associated with the previous expansion of enforcement capacity.

The opium poppy is not believed to be grown in the Philippines. However, during 1972, the Philippines became more concerned with its narcotics problem, due to a growing awareness of increased drug addiction among its youth, and has increased its enforcement activities considerably. Most important was the enactment of legislation for treatment for drug abusers and harsh penalties (up to death) for narcotics trafficking.

Closer working relations have been developed between Philippine authorities and all U.S. agencies involved in narcotics law enforcement. A.I.D. provided training in the United States and assisted in in-country training programs for enforcement personnel. In FY 1973, a \$300,000 program will support the Philippine narcotics control activities, including commodity support, advisory services and training. A similar program totalling \$265,000 is planned in FY 1974.

Thailand is critical in any program of international narcotics control because of its large domestic production of opium (estimated at 200 tons annually) and its role as the principal country of transit for the larger Burmese production (estimated at 400 tons).

The control and eventual elimination of opium production and trafficking (which has been illegal in Thailand since 1958) is inhibited by several problems: the inability of the Royal Thai Government to operate effectively in northern Thailand (part of the Golden Triangle); the existence of a communist insurgency in the North; the economic dependence of the hill tribes on opium, their major cash crop; and the extensive use of a large number of small trawlers, which have ready access to isolated coastal areas, to transport narcotics to other countries.

Despite these difficulties, Thailand has taken active measures against traffickers since 1971 when the Thai-U.S. Memorandum of Understanding was signed. Following the establishment in 1972 of the Special Narcotics Organization (SNO) which operates in northern Thailand, the government has increased the staffing of some of its existing units; is in the process of establishing new offices; reorganized the Thai National Police narcotics units in October 1972; and has established additional SNO-type teams in the southern part of the country. During 1972, Thai actions resulted in the denial of 31,422 kilos of opium, and substantial amounts of morphine and heroin to the illicit market.

Thai enforcement efforts have also adversely affected opium trafficking and caused increased opium stockpiles in Burma to the extent that traffickers may be seeking a greater market in Burma itself. As a result, the price of raw opium in the Tachilek-Mai Sai border area fell to a ten-year low in August, and reports indicate that less opium was planted this year, another result of the suppression effort.

Despite its improvement in enforcement in 1972, Thailand remains a major trafficking route for narcotics originating in the Golden Triangle. Also as enforcement measures cut into the traditional livelihood of the hill tribes, crop substitution assistance became more urgent. UNFDAC encountered difficulties in getting its program underway but is expected to become

INTERNATIONAL NARCOTICS CONTROL PROGRAM

more active in crop substitution programs in 1973.

Perhaps the most significant development in 1972 was the noticeable increase in overall Thai concern on the narcotics issue, due in part to a mounting awareness of their own addiction problem and their regard for Thailand's international image. This concern was reflected not only in the seizures and arrests but also in the sense of priority transmitted throughout the police force.

U.S. assistance totalling \$1.9 million in FY 1973 includes police and customs training, advisory services, commodity assistance, and support for the development of the northern highlands. In FY 1974 this continuing program totalling \$1.1 million will place emphasis on customs assistance.

Vietnam is a "victim" of narcotics trafficking in the sense that it does not produce opium but has been a market for narcotics produced elsewhere. Energetic action by both the Vietnamese Government and U.S. authorities in 1971-1972, and the withdrawal of U.S. forces from the country, have largely destroyed the heroin market in Vietnam, bringing the narcotics problem within manageable proportions.

In recent months the narcotics control effort has emphasized intelligence collection and rigorous law enforcement and to date, has successfully impeded attempts by heroin traffickers to find routes to the United States. Vietnamese police seized 148 kilograms of opium and heroin during 1972 and made 5,276 arrests, including the leading agent in South Vietnam of an international ring and his American accomplice. In addition to police activity, successful customs operations were mounted against foreign vessels.

Problems remain, however, in uneven enforcement practices and judicial disposition of narcotics cases. In August 1972, President Thieu promulgated a law providing for a mandatory death penalty for traffickers.

During 1972 A.I.D. advisors helped train 379 police investigators and 14,485 police officers responsible for narcotics law enforcement on a nationwide basis. More than 50,000 national police personnel participated in narcotics familiarization courses. The U.S. customs team, financed by A.I.D., helped the Government carry out institutional changes, including the creation of a new narcotics control office and issuance of a new customs code. In FY 1973, \$500,000 is programmed to support U.S. advisors to the Vietnamese police and customs services.

Under the terms of the peace agreement of January 27, 1973, U.S. Public Safety advisors must be withdrawn immediately from Vietnam. For this reason, the FY 1974 A.I.D. program totalling \$203,000 will be devoted entirely to financing advisory services and commodity assistance to be provided by the U.S. Customs. Narcotics enforcement training is also planned for Vietnamese Customs personnel.

Other East Asian Countries

Long a transshipment point for heroin, raw and prepared opium, and morphine base, the Government of Singapore has declared an all out war on drug addiction and trafficking. In FY 1972 a Central Narcotics Bureau, responsible for coordination of all anti-narcotics efforts, was established. Legislation based on U.S. law and conforming to the 1961 Single Convention is now pending action by Parliament. Singapore is also cooperating in regional and multilateral narcotics control efforts. Two BNDD agents are assigned to Singapore, and training has been provided by BNDD both in Singapore and in the United States. Under FY 1973 funding, communications equipment is being procured for the Central Narcotics Bureau, for a program of \$40,000.

A heavy consumer of illegal narcotics originating in Southeast Asia, Hong Kong also serves as a transit point and, possibly, a processing point for heroin exported to the United States

INTERNATIONAL NARCOTICS CONTROL PROGRAM

and other countries. Hong Kong's efforts to curtail the illegal narcotics traffic have been considerable and are increasing. In 1972, enforcement activities resulted in increased narcotics arrests and seizures of 71.8 kilograms of heroin and 5,092 kilograms of opium. BNDD agents and a U.S. Customs officer are working with Hong Kong law enforcement agencies. Several Hong Kong Narcotics officers are expected to receive BNDD training in 1973 and additional enforcement training may be provided in FY 1974.

Information currently available indicates that illicit processing and trafficking of drugs occur on a low scale in Indonesia and that drug abuse is increasing. The Government has exhibited a growing concern over the problem, is committed to improve its prevention and enforcement efforts, and has taken the lead at various ASEAN meetings in getting narcotics matters on the agenda. BNDD agents in Singapore maintain liaison with Indonesian enforcement agencies and are arranging an in-country training program for early 1973. In FY 1973, \$19,000 was allocated for drug abuse education and treatment training and \$18,000 is planned for similar training in FY 1974.

There is a widespread availability of narcotics and dangerous drugs in Korea and a readily available market among the U.S. military forces stationed there. Drug abuse by indigenous personnel is considered negligible. Nevertheless, the Government of Korea has increased its narcotics enforcement staff and has instituted an internal training system to improve the capabilities of its narcotics agents. A bilateral U.S.-Korean ad hoc subcommittee has been instrumental in focusing attention on problems related to drugs and in developing cooperative programs to restrict drug traffic and use among U.S. personnel. The Government has also established procedures to prevent heroin smuggling by Korean forces returning from Vietnam. BNDD agents assigned to Japan maintain liaison with enforcement agencies in Korea. BNDD training for Korean narcotics agents is scheduled for 1973, and assistance to develop an

enforcement training capability within Korean institutions is planned in FY 1974.

LATIN AMERICA

Argentina, which represents an important transit route for drugs enroute to the United States, has taken significant measures during the past year to improve both internal control and international coordination in narcotics control. Among other actions, the Government has signed a joint U.S.-Argentine Memorandum of Understanding regarding cooperation in the field of drug abuse and entered into a bilateral extradition treaty with the United States.

Argentina's willingness to cooperate with the United States and other regional enforcement agencies was demonstrated in the combined efforts of Argentina, Brazil and the United States which resulted in the seizure of 64 kilograms of heroin transported from Argentina to Rio de Janeiro.

In FY 1973, \$234,000 is planned for a program providing commodity assistance for the expansion of enforcement activities. Both BNDD and Customs have provided enforcement training to Argentine officials. In FY 1974, \$310,000 is programmed to furnish additional enforcement equipment; further training will also be provided.

Bolivia probably produces more coca leaf than any country in the world and is a major source of processed and semi-processed cocaine, exported to neighboring countries for entry into the world market. In addition, there is reason to suspect that Bolivia is used as a way-station in the heroin traffic.

The solution of the narcotics problem as it relates to Bolivia is hampered by cultural, economic and topographic considerations. The use of the coca leaf is widespread and legal; the leaf is an important cash crop for thousands of small,

INTERNATIONAL NARCOTICS CONTROL PROGRAM

family farmers; and coca production is a major source of tax revenue in the areas of cultivation. Bolivia's rugged topography and extended land borders, together with its primitive internal communications and transportation systems facilitate illicit production and export of cocaine and make effective control a formidable task. Moreover, Bolivia's poverty severely limits the resources it is able to devote to narcotics control.

Other obstacles include poorly trained enforcement personnel, inadequate intelligence, a weak penal code with respect to narcotics control, and a slow-moving judicial system. Nevertheless, in the past year the Bolivian Government has assigned a higher priority to narcotics control and cooperated fully with the United States.

During FY 1972 direct A.I.D. assistance consisted of a \$19,000 grant to support enforcement operations. In FY 1973, A.I.D. is providing \$84,500 for enforcement equipment, \$25,000 for training in the United States and Bolivia, and \$5,000 for support operations. A.I.D. is also financing a study of coca production and marketing to enable planning for crop substitution and other programs. Assistance in FY 1974 will be limited to short-term advisory assistance amounting to \$4,000 and some enforcement training.

BNDD has several short-term advisors in Bolivia, as well as a full time agent who is working closely with Government officials to improve intelligence and enforcement operations, and has conducted a course for 24 Bolivian personnel. Through the U.S. Embassy we assisted the Bolivians in preparing new narcotics legislation, and a U.S. Customs team conducted a survey of Bolivian customs operations.

In Colombia, both cocaine and marijuana are produced and transhipped, and illicit traffic may be increasing as controls tighten in other Latin American countries. There is also evidence to indicate that heroin is transhipped through

Colombia.

The President of Colombia recently made a public commitment to launch an all-out effort to combat illegal drug traffic. A committee has been established to coordinate policy and operations among the various law enforcement agencies involved in narcotics control, the National Police has begun to upgrade its interdiction capacity and new narcotics legislation has been submitted to the Congress. During 1971, 59 kilos of cocaine were seized by the Government with a rise to 257 kilos in 1972.

U.S. assistance has included advice by A.I.D., BNDD and Customs; training; and financial help. A.I.D. advisors have assisted the national narcotics coordination committee and provided in-country training of both police and customs personnel. Four enforcement officials have been trained in the United States, and BNDD has conducted two in-country training programs in Colombia. Police equipment worth \$45,000 is being provided to the National Police and Customs in FY 1973.

U.S. assistance of \$238,000 in FY 1974 will help Colombian law enforcement agencies expand their capacity to control drug abuse. Assistance will include additional equipment and advisors from A.I.D., BNDD and Customs. Further enforcement training is also planned.

Ecuador, a major refiner of cocaine, primarily from coca paste imported from Peru and Bolivia, also serves as a major transit point for shipments of cocaine to the United States. Cultivation of opium poppies has been discovered in mountainous areas and, although heroin is not available locally, Ecuador is presumed to be a transit point for some heroin traffic.

Ecuador's ability to control narcotics traffic is seriously hampered by the decentralized structure of its law enforcement agencies, the lack of experience in narcotics enforcement, a shortage of necessary equipment to provide mobility and communications,

INTERNATIONAL NARCOTICS CONTROL PROGRAM

a long tradition of smuggling, and lax customs enforcement.

In 1972 there was significant and rapid growth in awareness among Ecuadorean leaders that their country is a victim of drugs. The President and ministers of the Government called for an intense effort against drug abuse and trafficking, and drug arrests increased sharply.

A cooperative program has been initiated under which the United States will provide equipment, advisory services, and training in the amount of \$308,000 in FY 1973. This assistance will help in the development of a specialized mobile drug control unit and other elements within the national civil police. Advisory assistance and equipment is also being provided to the Ecuadorean Custom Administration for establishment of a narcotics control organization. Training is being provided for the police drug unit, for Ecuadorean customs officials and for the national police. In FY 1974 obligations of \$300,000 are planned, primarily for advisors and additional equipment.

Mexico is a producing and a transit country and serves as a focal point for the illegal narcotics activity aimed at the United States. Opium is grown, processed locally into "brown" heroin, and then smuggled directly to the United States. "White" heroin is increasingly shipped through Mexico as the traffic directly from Europe is curtailed. Cocaine transits Mexico from Central and South America. Recently outlawed, the production and processing of amphetamines and barbituates have now moved underground. Mexico produces an estimated 80-90% of the high quality marijuana imported in the United States. The quantity of illegal narcotic substances reaching the United States from Mexico is substantial and may even be increasing.

The chief characteristic of the problem is its physical magnitude: the proximity of the producing areas to the U.S. market, the size of the country, the relatively unpatrolled 2,000 miles

of common boundary, its long coastline with numerous deep water ports, and the rugged topography. The lucrateness of drug trafficking which makes possible a sophisticated and powerful organization among the major traffickers adds to the dimensions of the problem. A procedural limitation is the lack of any centralized, systematic data on narcotics activity in Mexico. All of these factors are exacerbated by the primary obstacle to solving the problem--insufficient material and trained personnel.

Several Mexican policy decisions and actions since 1971 have advanced the anti-narcotics effort, including:

- the announcement of plans for the reorganization and augmentation of the Federal Judicial Police, which has the primary responsibility for the anti-narcotic effort;
- and the announcement of plans for revision of the Mexican Sanitary Code to provide a legal basis for applying to hallucinogens the same procedures of prohibition, control, and legal sanctions that presently apply to narcotics.

Additionally, the Government has continued vigorously its longstanding program of eradication of marijuana and of opium poppies, utilizing some 12,000 army troops and 300 Federal Judicial Police; and BNDD agents assisted in developing several important cases in international heroin trafficking, one of which resulted in the disruption of a major narcotics ring dealing in heroin.

Two U.S. Customs officials are now conducting a joint survey with Mexican Customs officials on steps to improve Mexico's overall customs effort, giving special attention to narcotics smuggling.

In September 1972, the United States concluded an assistance agreement providing for the grant of \$1.3 million to the Mexican Federal Judicial Police for narcotics control equipment.

INTERNATIONAL NARCOTICS CONTROL PROGRAM

A.I.D. also intends to provide \$5,000 for a basic reference library on narcotic abuse for the Mexican National Center for Drug Dependency Research. Total FY 1973 obligations of \$1.3 million are planned.

By the end of FY 1973, approximately 82 Mexican officials will have received training either in Mexico or the United States provided by BNDD, Customs and A.I.D. Training programs will be continued in FY 1974, and \$375,000 will provide communications equipment and U.S. Customs advisors to the Mexican Customs Service.

Because of its location and its role as a transportation crossroads, Panama has traditionally served as a transshipment point for contraband including, in recent years, the smuggling of narcotics into the United States. While there is no production of coca plants or opium poppy in Panama, there is some production of marijuana.

Because Panama has not had a domestic problem with drug abuse and traditionally has permitted a free flow of commerce through its borders, its capacity to control the narcotics traffic required greater attention to the problem and strengthening of its airport and border controls. Since both of Panama's ports for oceangoing vessels are under U.S. jurisdiction in the Canal Zone, the problem of the control of smuggling by ship requires a high degree of cooperation by Panamanian and U.S. Canal Zone authorities.

Panama has set up a special narcotics unit in its National Department of Investigations and has tightened its customs procedures. By the latter part of 1972 and early 1973, Panamanian cooperation had extended to intelligence and enforcement actions and the government has arrested and deported to the United States a number of narcotics traffickers. U.S.-Panamanian control efforts received a serious setback in March 1972 when the Panamanian Government expelled three BNDD

agents from Panama, charging them with "intervening in the internal affairs of Panama." However, the Panamanians subsequently agreed to accept replacements for the agents, and cooperation and effectiveness of enforcement efforts have since improved steadily.

Both BNDD and Customs have resident offices in Panama and have provided training courses for Panamanian narcotics control officials. A.I.D. has provided funds for training and equipment.

A.I.D. has obligated \$48,000 for FY 1973 and is requesting \$20,000 for FY 1974 narcotics control activities for Panama to supply vehicles for the Panamanian Customs service, training materials, and short-term advisory services. Additional enforcement training may also be provided.

In the past, Paraguay has served as a major transit point in Latin America for heroin reaching the United States from Europe, as well as for cocaine moving from the Andean countries. Smuggling has been possible because of Paraguay's countless remote airstrips, its central location in South America, and its lack of legal sanctions. The major current problem of concern to the United States is the continued transit of cocaine through the isolated border regions.

Events of the past year and a half have significantly hampered the ability of traffickers to rely on Paraguay as a sanctuary, and it is believed that little heroin has transitted the country in the past year. Major factors have been the arrest (March 1971) and the extradition to the United States (September 1972) of the French-Argentine trafficker Auguste Ricord, which signaled a Paraguayan determination to attack international trafficking; the adoption of narcotics enforcement legislation; ratification of the 1961 Single Convention on Narcotics and its 1972 amending protocol; the signature in October 1972 of a Memorandum of Understanding with the United States

INTERNATIONAL NARCOTICS CONTROL PROGRAM

on cooperation in interdicting narcotics smuggling; and negotiations to modernize the 1913 U.S.-Paraguay extradition treaty to include drug offenders.

The FY 1973 level of U.S. assistance amounting to \$50,000 will decline to \$22,000 in FY 1974. U.S. assistance is directed to strengthening the effectiveness of the new drug investigation unit and of police and military units concerned with narcotics control. Some commodities were provided in FY 1973, and an additional \$22,000 worth of equipment will be provided in FY 1974, as well as training in narcotics enforcement. Paraguayan leaders will continue to review U.S. narcotics programs under the international visitor program. BNDD and Customs agents will continue cooperation with Paraguayan enforcement agencies in developing narcotics intelligence and in the interdiction of smuggling activities.

Peru is a major producer of coca, primarily for local consumption. Cocaine consumption in Peru is considered to be relatively small, but appears to be spreading among middle class youth. Large numbers of small operators handle the bulk of the cocaine trade, usually smuggling the drug to the United States in commercial ships and aircraft.

The Peruvian Government has publicly adopted a vigorous anti-narcotics program, including sharply increased police activity and implementation of the provisions of the 1961 Single Convention of Narcotic Drugs with respect to the control of coca. Peruvian cooperation with the United States against the narcotics traffic has been excellent; important seizures have been made and mutual assistance has led to the apprehension of important traffickers.

To date, U.S. assistance has been limited to a BNDD-conducted in-country enforcement training program and planned training in the United States. However, an inter-agency narcotics enforcement team has recently concluded a survey of Peruvian narcotics enforcement programs and requirements for ex-

ternal assistance. The team's report will provide the basis for further discussions with Peru, and it is anticipated that agreement will be reached soon on an assistance program totalling \$143,000. The program would provide equipment to support an expanded enforcement effort by various organizations. Again based on the team's recommendations, \$250,000 is being requested in FY 1974 to continue assistance to them. Additional enforcement training will also be provided.

Other Latin American Countries

To varying degrees, several other Latin American countries are also involved in illicit drug production or trafficking. Brazil, Chile, Jamaica, Netherlands Antilles, Uruguay and Venezuela are either known or suspected transit points; Chile is known to produce cocaine and Jamaica represents an important source of marijuana entering the United States. There is a small but growing usage of drugs and marijuana in some countries, but for the most part drug abuse is not a significant problem. Few of these countries have either the resources to identify or cope with drug production and trafficking. Long, unguarded borders and coasts and difficult terrain remain obstacles to effective measures to prevent all types of smuggling.

Brazil has launched a major training program to upgrade the capability of its various enforcement agencies to control narcotics trafficking. During FY 1973, assistance to Brazil will be limited to \$4,000 for narcotics test kits plus in-country training furnished by Customs and BNDD. For FY 1974, \$100,000 is being requested to provide equipment and a narcotics laboratory. Chile has shown increasing interest in the drug abuse problem and willingness to cooperate with BNDD and Customs personnel. During the past year new legislation was passed tightening controls on narcotics and dangerous drugs. During FY 1973, \$31,000 is being programmed to cover the cost of enforcement training and another \$75,000 for equipment. In FY 1974, \$75,000 is requested to provide additional vehicles and equipment.

INTERNATIONAL NARCOTICS CONTROL PROGRAM

Minor amounts of assistance in the form of various commodities and equipment are being planned for: Jamaica, FY 1973 (\$33,000) and FY 1974 (\$26,000); Guyana, FY 1974 (\$2,000); and Barbados, FY 1973 (\$5,000) and FY 1974 (\$12,000).

Uruguay has taken steps to improve its narcotics enforcement capability, has negotiated an extradition treaty with the United States, and has stiffened its narcotics trafficking penalties. A.I.D. advisors in Montevideo have provided advisory assistance to Uruguayan police. U.S. assistance in FY 1973 is planned at a level of \$140,000 for U.S. Customs advisors, equipment, and training. In FY 1974, \$135,000 is requested for additional equipment.

Venezuela has also increased its narcotics enforcement efforts during the past year. U.S. assistance is limited to a Public Safety Advisor in FY 1973 (\$22,000) and FY 1974 (\$40,000), and enforcement training.

To the extent possible, additional enforcement training will be provided to all these countries during FY 1974, the amount and location of which is yet to be determined.

NEAR EAST AND SOUTH ASIA

At this time Afghanistan is not believed to be a supplier of illicit drugs to the United States. However, it is known that significant quantities of both opium and hashish are produced in Afghanistan and, as Turkish opium production ends, Afghanistan must be considered a potential source of supply to the western heroin markets.

Afghanistan faces numerous problems that make the control of production and trafficking of narcotic drugs difficult. Its terrain limits access to many areas, subsistence farming is still the dominant employment pattern, and Afghan tribesmen have engaged in international smuggling for centuries. The capabilities of the Afghan law enforcement agencies to

interdict the production and flow of narcotic drugs are extremely limited.

The Government's concern about the drug problem was manifested in an invitation to the UN to provide a team to develop a joint narcotics program and a policy statement committing the Government to support and cooperate in international narcotic control efforts. The report of the UN team will provide the basis for developing a comprehensive multilateral anti-narcotics program to which the United States will contribute, mainly through the UN Fund for Drug Abuse Control. In consultation with the UN, the government is presently drafting a comprehensive narcotics law.

During FY 1973, one Afghan police officer has received, and two others are scheduled to receive, narcotics enforcement training in the United States, and \$60,000 is being planned for an aerial survey of opium poppy cultivation areas. FY 1974 funding is estimated at \$300,000 primarily for the procurement of commodities for enforcement and agriculture programs to support the multilateral program.

Pakistan produces both legal opium under a licensing system to meet its own internal requirements and illicit opium which enters both the local and international drug traffic. At present, indications are that most of the illicit production is smuggled through Afghanistan to Iran. Although Pakistan is not known to be a supplier of illicit drugs to the United States, it must be considered a potential source for the western drug markets as traffickers seek alternatives to Turkish opium.

With possible minor exceptions, opium is cultivated in only one province, much of which is contiguous to Afghanistan and beyond effective government control. Thus, not only are undetermined amounts of opium and hashish cultivated freely but they move without restraint across the Pakistan-Afghanistan border. Subsistence level agriculture is common throughout this area which contributes to the economic

INTERNATIONAL NARCOTICS CONTROL PROGRAM

attractiveness of opium production. In 1972 the government expressed a commitment to full cooperation with the United States on narcotics matters and, during the year, took action to strengthen its narcotics enforcement capabilities.

In April 1972, a U.S. law enforcement study team visited Pakistan to review and discuss its enforcement capabilities. At the invitation of the Government, a second team visited Pakistan in early 1973 to advise on measures for strengthening its narcotics control efforts. The team's report is under study by the Government, and bilateral discussions on the implementation of its recommendations are expected in the near future.

In the meantime, the Bureau of Customs is providing in-country training to approximately 50 officers engaged in narcotics law enforcement, and a Pakistani law official is scheduled to receive management training in the United States. BNDD maintains an office in Islamabad. In FY 1974 a limited amount of commodity assistance totalling \$50,000 is planned for Pakistani enforcement agencies.

Much remains to be done if significant interdiction of narcotics production and trafficking in Pakistan is to be effected. A continuing commitment by the Government towards this end is essential. Reliable data and intelligence must be developed and the Government must reorganize its enforcement effort to assure maximum employment of its resources.

Despite internal political pressures, Turkey has reaffirmed on several occasions its decision to ban completely all opium poppy cultivation within the country. The final opium crop was harvested in 1972 under extremely tight government control. Cooperation between indigenous law enforcement agencies and BNDD has improved. These agencies are conducting investigations of major traffickers, have made sizeable independent narcotics seizures, and have requested BNDD participation in training and in a special task force initiated in early 1973. The Government of Turkey has budgeted

substantial increases for the agencies involved, including support for additional personnel, about \$2 million for specialized equipment, and funds for the procurement of helicopters which had been sought previously as grants from the United States.

Turkey has actively supported and participated in the UN Ad Hoc Committee on Illicit Traffic in the Near East. It participated in the Committee's study tour which produced recommendations for increased regional cooperation on narcotics control.

A grant agreement with the United States of \$10.4 million, signed on May 4, 1972, will support the Government's development program for the former poppy growing region. To date, \$2.5 million has been released. While progress in implementing specific programs has been slowed by Turkish legal and administrative problems, a development organization has been formed and some field activities have been launched. Specifically, the Turkish Government is using the funds to augment its own resources in carrying out projects in agricultural activities to substitute for poppy cultivation.

In FY 1973 the United States transferred to Turkey a grant of \$5 million to compensate for foreign exchange losses incurred as a result of its ban on opium production.

Fourteen enforcement officers received narcotics training in the United States, and BNDD conducted an in-country narcotics training program in 1972. More extensive training programs are planned before the end of FY 1973, with some additional training planned for FY 1974.

In FY 1974, funds totalling \$15 million are requested to fulfill the final contribution of the U.S. pledge of \$35 million to assist Turkey alleviate the economic difficulties created by the opium ban. Of this amount, \$5 million will provide an offset to foreign exchange losses and \$10 million will be used by Turkey to finance development activities in the former opium growing area.

INTERNATIONAL NARCOTICS CONTROL PROGRAM

Other Near Eastern and South Asian Countries

To varying degrees, a number of other NESAs are involved in illicit drug production or trafficking. In Lebanon, hashish production and trafficking remain the principal drug problem, but recent seizures of heroin and morphine base indicate an increase in hard drugs transiting Lebanon. These seizures reflect an improved vigilance and effectiveness on the part of Lebanese enforcement agencies, and excellent cooperation exists with BNDD agents in Lebanon. In 1972 the Chief of the Lebanese Narcotics Bureau received training in the United States. FY 1973 funding will amount to \$77,000, of which \$65,000 is earmarked for law enforcement commodities and the balance for training. For FY 1974, \$70,000 for law enforcement equipment is proposed, and additional enforcement training may also be possible.

In Nepal at present only the export of narcotic drugs is illicit. The principal drug of abuse is cannabis and its derivatives. One police officer has received narcotics law enforcement training in the United States under FY 1973 funding. Although no FY 1974 funds are requested at this time, additional assistance to Nepalese law enforcement agencies may be provided

if the Government initiates an anti-narcotics program.

Syria is considered an important link in the narcotics transit route and may be the source of some morphine base and heroin reaching the West. Despite the absence of diplomatic relations, Syria continues to cooperate with the United States through mutual membership in INTERPOL and has made some substantial seizures of hashish. To enable Syria to provide timely information on narcotics trafficking, \$8,000 has been allocated in FY 1973 for the procurement of communications equipment to provide a link with the INTERPOL network.

Iran closely controls its opium production and there is no evidence that any of its legal production enters the illicit traffic. However, it does face major problems in preventing illicit traffic entering the country, particularly from Afghanistan. During FY 1974 Iran improved its enforcement capabilities along the Afghanistan border and scored substantial successes against narcotics smugglers. In 1973, over 12 tons of opium in a single shipment were seized. BNDD agents are stationed in Iran and have established a close working relationship with their counterparts.

INTERNATIONAL NARCOTICS CONTROL PROGRAM
(In Thousands of Dollars)

	FY 1972	FY 1973	FY 1974
<u>TOTAL</u>	<u>20,637</u>	<u>20,500</u>	<u>42,500</u>
<u>ASIA</u>	<u>18,576</u>	<u>9,971</u>	<u>18,504</u>
Afghanistan	-	60	300
Lebanon	-	65	75
Pakistan	-	5	50
Syria	-	8	-
Turkey	15,700	5,000	15,000
Cambodia	-	24	-
Indonesia	-	19	18
Laos	1,100	2,079	1,500
Philippines	230	300	265
Singapore	-	40	-
Thailand	1,046	1,871	1,114
Vietnam	500	500	182
<u>LATIN AMERICA</u>	<u>36</u>	<u>2,596</u>	<u>1,927</u>
Argentina	-	234	310
Bahamas	-	-	15
Barbados	-	5	12
Bolivia	17	147	4
Brazil	-	4	100
Chile	-	106	75
Colombia	-	51	238
Ecuador	-	308	300
Guyana	-	-	2
Jamaica	-	33	26
Mexico	-	1,305	375
Netherlands Antilles	-	-	3
Panama	-	48	20
Paraguay	-	50	22
Peru	-	143	250
Uruguay	-	140	135
Venezuela	-	22	40
Regional	19	-	-
<u>AFRICA</u>	<u>-</u>	<u>-</u>	<u>50</u>
Tunisia	-	-	50
<u>INTERNATIONAL ORGANIZATIONS</u>	<u>2,000</u>	<u>5,100</u>	<u>5,100</u>
U. N. Special Fund	2,000	5,000	5,000
Colombo Plan	-	100	100
<u>WORLDWIDE PROGRAM COSTS</u>	<u>25</u>	<u>2,833</u>	<u>7,181</u>
Training	25	2,383	6,731
Interregional Costs	-	450	450
<u>UNPROGRAMMED</u>	<u>-</u>	<u>-</u>	<u>9,738</u>

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Section 214 of the Foreign Assistance Act authorized assistance to schools, libraries and hospitals outside the United States which are founded or sponsored by U.S. citizens and serve as study and demonstration centers for ideas and practices of the United States. As clarified by Congress, this legislation does not permit furnishing assistance for general education and welfare services to the citizens of foreign countries.

Although final decisions have not been made on the selection of institutions to receive dollar grants, the FY 1974 budget request of \$10 million will be administered according to A.I.D. procedures to assist institutions which meet established criteria.

As recommended by Congress, FY 1973 was a transitional year during which the selection criteria were applied reasonably to accommodate institutions with established needs and which had previously been endorsed by Congress.

In FY 1974, however, A.I.D. believes that:

- (1) The criteria governing the program should be observed scrupulously;
- (2) The number of institutions receiving assistance in any one country should be restricted to those needed to achieve U.S. demonstration objectives;

- (3) Priority should be given to support of existing institutions of quality, such as the American University of Beirut and the University of the Americas, which require continued assistance to operate as American centers of excellence; and

- (4) If funding permits, preference should be given to eligible applicants with projects in East Asia, Latin America, and Africa.

In the absence of appropriation of excess local currencies in FY 1973, the need for these funds has increased, a total of \$6.41 million equivalent to support projects in Egypt and Poland during FY 1974. Specifically, \$3.5 million equivalent in Egyptian pounds are required to meet the local construction costs of a library at the American University in Cairo, and \$1.25 million equivalent in Egyptian pounds for completion of construction of secondary school facilities at the Cairo American College. A total of \$660,000 equivalent in Polish zlotys are required for local construction costs of a library in memory of General Pulaski at Warka (\$110,000 equivalent) and for completion of the Krakow Pediatric Hospital (\$550,000 equivalent). An estimated \$1 million in Polish zlotys will also be needed for construction of a convalescent center supported by the Polish-American Congress at Poreba, Poland. A final determination of costs depends on a feasibility study of this project expected to be completed in mid-1973.

CONTINGENCY FUND

The Contingency Fund is used to meet assistance requirements which are unforeseen or cannot be accurately defined at the time the proposed program is prepared and submitted to the Congress. Although it may be used for any economic assistance activities, it is used primarily for two purposes -- disaster relief, and situations involving security interests of the United States.

The precise amount needed from the Contingency Fund in any given year cannot be predicted. What is predictable, however, is that natural disasters and other urgent contingencies will arise, and that funds will be needed to meet them. The need to have funds available for such uses is all the greater when emergencies such as relief for the victims of the Nicaragua earthquake and aid for the refugees in southern Sudan are dealt with in an international context. In such circumstances, it is imperative that the United States be able to respond quickly. Moreover, the ability to respond quickly often encourages positive action on the part of other donors.

For FY 1974, \$30 million is requested.

During FY 1973 and the past three fiscal years, the Contingency Fund has been used for a variety of purposes. For example:

- over \$10 million was used in Peru for earthquake relief and rehabilitation;
- approximately \$13 million was transferred to the Department of State for relief of refugees from such diverse areas as Eastern Europe, Bangladesh, and the Sudan;

- \$15 million was made available to Jordan to supplement the \$30 million previously provided out of Supporting Assistance to help that Government maintain its political stability, an essential element in the search for a just and lasting resolution of the Arab-Israeli conflict;
- \$10 million was provided to help alleviate the suffering of the victims of the December, 1972 earthquake in Managua, Nicaragua;
- over \$25 million was provided for relief of a broad spectrum of disasters in several countries, in addition to those specifically mentioned above; and
- the Contingency Fund was used to pay temporarily a part of the U.S. contribution to relief operations in Bangladesh and the Philippines until those costs could be met from funds authorized specifically for those purposes.

The following table illustrates the diverse uses made of Contingency Funds over a three-year period:

Prior Years Contingency Fund Uses
(including transfers to other agencies)

	(\$ millions)		
	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>
Disaster and Refugee Relief & Reconstruction	24.0	25.0	3.5
Security Assistance	1.0	-	24.5
Development Assistance	-	-	2.0
Other	<u>3.0</u>	<u>4.0</u>	<u>0.1</u>
Total	28.0	29.0	30.1

CONTINGENCY FUND

FY 1972 Approved Uses of the Contingency Fund

(\$000)

Latin America

Bolivia 2, 000

A cash grant was made to the Government of Bolivia to fund an emergency public investment program required to relieve severe unemployment problems and resume the Bolivian development effort.

Europe

Malta 9, 500

A cash grant was made in two tranches to support the economic and political stability of the Government of Malta and facilitate continuation of important strategic arrangements with that country.

Asia

Jordan 15, 000

A cash grant was made to supplement the \$30 million previously provided out of Supporting Assistance. Its purpose was to help the Jordanian Government maintain its political stability which is an essential element in the search for a just and lasting resolution of the Arab-Israeli conflict.

Multilateral Programs

UN Conference on the Human Environment 100

A contribution was made to the UN Conference on the Human Environment to support preparatory work with the developing countries to strengthen their participation in the Conference.

(\$000)

Inter-regional

1, 621

Disaster Relief

Floods	(578)
Earthquakes	(262)
War displaced persons	(250)
Civil strife	(172)
Storms	(99)
Volcano threat	(92)
Stockpile increases	(60)
Disease	(46)
Drought	(25)
Explosion	(25)
Miscellaneous	(12)

Eastern European Refugee Assistance 1, 850

Pursuant to Sec. 2(c) of the Migration and Refugee Assistance Act, the President authorized a transfer of \$1, 850, 000 to the Department of State to meet unanticipated urgent needs in connection with assistance to refugees from Eastern European countries.

Total Contingency Fund Uses, FY 1972 30, 071

CONTINGENCY FUND

FY 1973 Approved Uses of the Contingency Fund
Through December 31, 1972

	<u>(\$000)</u>
<u>Asia</u>	
<u>Khmer Republic Refugee Relief</u>	50
<p>An initial grant of \$50,000 to the ICRC was authorized for the relief of refugees in the Khmer Republic</p>	
<u>Inter-regional</u>	
<u>Disaster Relief</u>	11,175
Earthquake (Nicaragua)	(10,000)
Cyclone (primarily Fiji)	(762)
Floods	(50)
Civil Strife	(38)
Displaced Persons	(25)
Fire	(25)
Miscellaneous	(2)
Unobligated Reserve	(273)
 <u>Sudan - Refugee Relief</u>	 2,500
<p>Pursuant to Sec. 2(c) of the Migration and Refugee Assistance Act, the President authorized a transfer of \$2.5 million to the Department of State for relief of refugees and other war-displaced persons in the Southern Sudan.</p>	
 <u>Total Contingency Fund Uses</u>	 <u>13,725</u>

HOUSING GUARANTY PROGRAM

Urban growth accompanying economic development often creates acute housing shortages in developing countries. A.I.D. provides technical assistance in the development of appropriate housing policies and financial assistance where it contributes to the strengthening of a country's own institutional capacity to resolve its housing problem.

A.I.D.'s primary resource for attacking housing finance problems is the Housing Guaranty Program. The program began in FY 1962 with authority to guaranty \$10 million of U.S. private investment in overseas housing projects in Latin America. That authority has been increased annually and now exceeds \$780 million on a worldwide basis.

Initially the program's focus was on housing projects which would act as "pilot demonstrations." The rationale was that large-scale housing projects, usually involving a U.S. builder, would result in a transfer of technological skills. This approach was substantially broadened in 1965 by increasing the emphasis on involving local long-term investors such as local housing finance institutions, trade unions and cooperatives. At the same time, it was decided that more program resources should be devoted to housing for lower income groups.

The program operates through a 100% guaranty of payment of interest and principal to a U.S. investor. With this guaranty, the investor is encouraged to provide long-term financing (20 to 25 years) for housing projects meeting A.I.D.'s criteria at interest rates between 1/2% and 1% above the current rate authorized by the Federal Housing Administration. The borrower may be a private entrepreneur, but increasingly is a government or non-profit housing institution.

Repayments are channeled through the housing institution, or a separate administrator if the project is not institutionally sponsored, to the investor or his fiscal agent. A.I.D.'s contingent liability is protected by a variety of mechanisms ranging from the increasing value of the real estate itself, and

a series of reserve funds, to the full faith and credit guaranty of the host country government.

A fee is charged to cover the risks involved and to pay for all administrative expenses of the program; no appropriated funds are used to run the program. Total reserves now available for claims are in excess of \$50 million.

Latin America. As of February 1, 1973, 77 loan guaranties totaling \$350 million have been authorized. They insure mortgage financing for about 60,000 houses in 17 Latin American countries.

A network of savings and loan systems and associations has been created throughout Latin America. Much of it came into being as a result of A.I.D. technical assistance and development loans. Housing guaranties have helped provide additional financing to strengthen and expand newly formed thrift and credit institutions and stimulate the mobilization of local private savings. In the past 10 years institutions assisted by A.I.D. have made 192,000 housing loans involving a total of nearly \$1 billion.

Africa and Asia: The Housing Guaranty Program has been available to these continents only since 1970 but it has grown rapidly. The primary emphasis of the Housing Guaranty program in both Africa and Asia has been on development of housing institutions, including savings and loan institutions.

In Africa during the past two years, A.I.D. has authorized or is now considering new housing guaranty projects in Tunisia, Morocco, Kenya, Zaire, Ivory Coast, and Liberia. The total Guaranty Authority reserved for projects is \$63.5 million, of which \$30 million has already been authorized. In addition, A.I.D. previously authorized \$20.1 million for projects in Ethiopia, Senegal, Ivory Coast, Kenya, and Tunisia.

In Asia, previous housing guaranty projects in Taiwan and Thailand amounted to \$10 million during the last two years.

HOUSING GUARANTY PROGRAM

Three new programs in Israel, Iran, and Korea totaling \$85 million were authorized during FY 1972. The \$50 million Israel guaranty project signed only in February, 1972 has been fully disbursed. Agreements are expected to be signed for the Iranian and Korean projects, of \$25 million and \$10

million, respectively, during March 1973. Pre-investment and supplementary studies for new programs in Thailand and Taiwan are under review and feasibility studies for additional programs proposed by Iran and Israel are underway.

**MANAGEMENT
(O) & ADMINISTRATION**

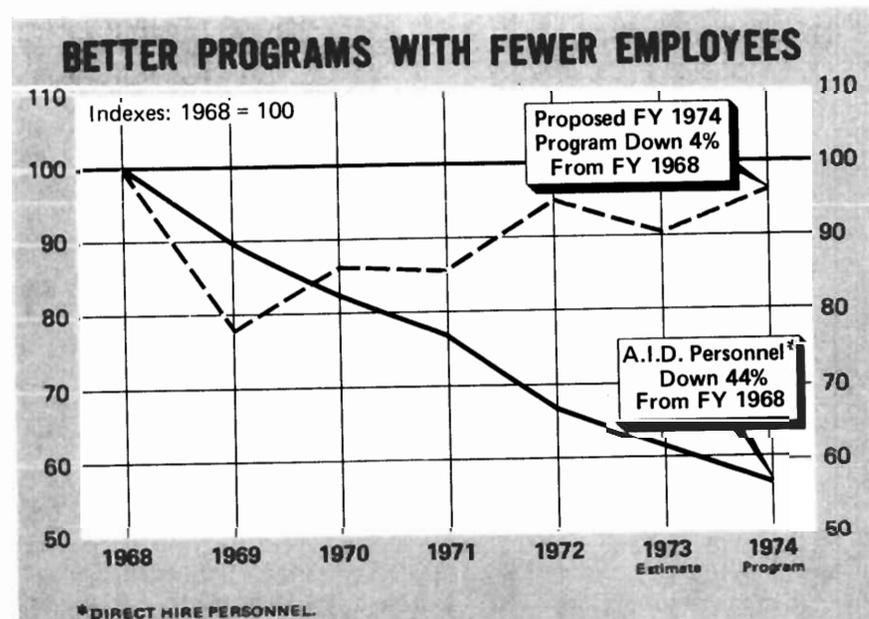
MANAGEMENT AND ADMINISTRATION

Since 1969 a continuing effort has been made to reform A.I.D.'s internal structure and operations to conform more realistically to the changed scope and size of A.I.D.'s program and to ensure improved control and greater administrative efficiency. These reforms reflect the changed style of A.I.D. overseas program operations, which calls for a reduction in the number of personnel and a consolidation of our assistance efforts on key development problems.

Fewer Employees

In recent years A.I.D. has reduced its direct-hire staff significantly. Between June 1968 and June 1974 the number of U.S. and foreign national employees will have been reduced by nearly 7,600 -- a decrease of 44%.

A.I.D. Direct Hire Personnel	End of Fiscal Year			
	1968	Actual 1970	1972	Proposed 1974
Americans	8,306	6,939	5,792	5,270
Foreign Nationals	9,263	7,547	5,927	4,630
Total	17,569	14,486	11,719	9,900
<u>Cumulative Decrease</u>		<u>%</u>	<u>%</u>	<u>%</u>
Americans	--	17	30	37
Foreign Nationals	--	18	36	50
Total	--	18	33	44



In FY 1972 alone, A.I.D.'s direct-hire staff was reduced by almost 1,800 -- a decrease of 13% and the largest single-year reduction in the Agency's history. This was achieved through a tightly enforced hiring freeze, separations of foreign service staff serving in time-limited appointments, and increased retirements.

Intensive review of A.I.D.'s personnel requirements is being continued during FY 1973 and extended in FY 1974. During FY 1974, A.I.D. will achieve further staff reductions, bringing the total number of its direct-hire employees to only 9,900.

Organizational Changes

To provide for more efficient use of A.I.D. funds, an Agency-wide internal reform effort has achieved stronger central management of A.I.D.'s programs and projects. As part of this effort, A.I.D. has:

- created an Administrator's Advisory Council, composed of senior executive-level officers, to review and advise on major policy issues and to evaluate progress against stated program objectives.
- consolidated responsibility for population and family planning; disaster relief and rehabilitation; and relationships with voluntary non-profit organizations in a new Bureau for Population and Humanitarian Assistance.
- consolidated various common services in a Bureau for Program and Management Services to achieve greater uniformity of services with greater flexibility and speed and more efficient use of manpower.

Improved Operating Procedures

Also basic to the internal reforms are Agency efforts to develop more effective operating methods and simplified operating procedures. A.I.D. is:

- converting to a simplified and easy-to-maintain system for issuing policies, regulations, and procedures;
- developing a uniform policy on the types and levels of support services provided for overseas employees;
- introducing a new and improved system for evaluating the performance of Agency foreign service employees;

- undertaking a special study of the organizational requirements at several overseas missions, resulting in consolidation of functions, improved efficiency, and manpower reductions;
- establishing a pilot regional accounting center to replace four separate country accounting units;
- developing a standard cost system for the participant training program to reduce field manpower requirements and paperwork; and
- developing a comprehensive financial system for systematically identifying and analyzing total operating costs of the Agency.

Improved Costing System

Modern business management systems have long been concerned with evaluating the cost of various management functions. To provide a more meaningful and comprehensive analysis of such costs, A.I.D. has, this year, consolidated the costs related to these functions. This new system permits improved analysis of the effectiveness of each major management task and provides a better understanding of the relationship between various aspects of the Agency's management responsibilities. These management costs have always been incurred, but the new system permits better identification and analysis.

This system now permits Agency managers to analyze costs and personnel requirements continuously in terms of function or activity. Costs can be more closely related to the actual workload borne by each functional area and deficiencies can more readily be identified.

Under the consolidated system of determining Agency management costs, operating expenses are defined as

the salaries and supporting costs for personnel involved in the policy, planning, coordination, managerial, and certain program support functions of the Agency's Washington and overseas operations. These costs exclude the costs of A.I.D. personnel directly responsible for program and project implementation as technical advisors attached to specific projects.

	<u>Total A.I.D. Operating Expenses</u>		
	(\$000)		
	1972 Actual	1973 Estimated	1974 Estimated
Overseas	\$118,991	\$116,591	\$104,694
Washington	84,948	84,616	86,425
Total	<u>\$203,939</u>	<u>\$201,207</u>	<u>\$191,119</u>

Operating expenses are funded from two primary sources: A.I.D. Administrative Expenses and the major program appropriations such as Development Grants, Supporting Assistance, Population, etc. In addition, non-appropriated funds available to the Agency -- for the housing investment guaranty and excess property programs -- and foreign currency Trust Funds contributed by host countries are used to meet such costs. The table below shows the amounts funded from each source for FY 1972 - FY 1974.

Appropriated Funds

	1972	1973	1974
	(\$000)		
A.I.D. Administrative Expenses	\$ 58,628	\$ 57,159	\$ 57,875
Worldwide Development Grants	62,079	61,070	56,910
Alliance Development Grants	15,408	15,197	14,035
Population Programs	2,414	4,006	5,873
Refugee Relief & Rehabilitation Assistance (Bangladesh)	112	520	-
American Schools & Hospitals Abroad	141	219	225
Supporting Assistance	33,961	31,804	5,230
Indochina Reconstruction Assistance	-	-	27,248
Total Appropriated Funds	\$172,743	\$169,975	\$167,396

Other Funds

Housing Guaranty Fund	702	900	1,060
Excess Property Fund	487	447	421
Host Country Local Currency Contributions	30,007	29,885	22,242
Total	<u>\$203,939</u>	<u>\$201,207</u>	<u>\$191,119</u>

Management Functions

Management and operations costs include the costs of managing and implementing all A.I.D. programs -- except for the costs of technicians working directly with the developing countries as advisors under specific country projects. This management and operations system groups manpower and costs into functional categories relating to the major operational and management responsibilities of the Agency. These functions are:

Executive Direction includes the top policy formulation and direction of the Agency. Included in this category are the Administrator, Deputy Administrator, Assistant Administrators, and overseas Mission Directors and their immediate staffs, including secretarial support.

Program Planning and Budgeting includes overall program planning and resource allocation and identifies country, regional, and worldwide development needs and sets priorities for the use of available A.I.D. resources.

Technical Analysis, Management and Evaluation includes technical planning and review of programs and projects, project management, and program evaluation. Technical staffs in Washington work on two levels of development problems. On one level, they identify key technical bottlenecks to development that are common to many countries, and help design and manage research and development programs aimed at breaking these bottlenecks. On the second level, the technical staffs support individual country programs. In Washington and overseas, technical staffs assist in project design, prepare technical analyses used in A.I.D. program decisions, and monitor project implementation.

Central Backstopping of Overseas Operations

involves the primary contact between overseas missions and the Washington organization. Backstopping is generally provided through Country Desks included in each of the Washington Regional Bureaus, and includes program as well as administrative backstopping.

External Relations and Information includes legislative liaison and public affairs activities.

Administration of Special Programs includes management of the American Schools and Hospitals Abroad program, Disaster Relief, Food for Peace, and Private and Voluntary Cooperation programs.

Legal Services involves provision of legal advice and services to all elements of A.I.D. in Washington and overseas.

Audit and Inspection Services includes the Agency comprehensive internal audit program and the investigation of alleged irregularities and deficiencies relating to compliance and integrity of operations.

Program Support Services includes functions directly supporting A.I.D.-financed programs and projects: commodity management, contract services, engineering services, and participant training services.

Management Services encompasses the full range of administrative management services. They include personnel management, financial management (controller services), data management (including computer facilities), and logistics support (including communications, vehicle operations and maintenance, building and property operations and maintenance, supplies, and related support).

Administrative Expenses, A.I.D.

As outlined above, A.I.D.'s operating expenses are funded from a variety of sources. Approximately one-third of the appropriated dollar funding is from the Administrative Expenses account, with the remaining two-thirds divided among other program appropriations.

The request for Administrative Expenses funds in FY 1974 is \$57.9 million. Almost 80% of the costs are for salaries and benefits. Funding requirements for FY 1974 are only slightly higher than FY 1973. Although added costs result from the January 1973 pay raise, these are largely offset by the proposed reductions in the numbers of personnel.

<u>Estimated Availability</u>	<u>Actual FY 1972 (\$000)</u>	<u>Estimated FY 1973 (\$000)</u>	<u>Proposed FY 1974 (\$000)</u>
New Obligational Authority	\$ 50,000	\$ 50,000	\$ 53,100
Unobligated Balance Brought Forward	1,723	2,594	-0-
Receipts & Recoveries	2,400	1,665	1,875
Transfer for Pay Raise Costs	3,500	-0-	-0-
Transfer for Expanded Vietnam Program	3,600	2,900	2,900
Unobligated Balance Carried Forward	-2,594	-0-	-0-
Total	\$ 58,629	\$ 57,159	\$ 57,875

Inspector General of Foreign Assistance

The Office of the Inspector General of Foreign Assistance, organizationally located in the Department of State, has broad statutory responsibilities relating to the effectiveness of U.S. economic and military assistance programs as well as Peace Corps and PL 480 activities. Subsection 624(d) of the Foreign Assistance Act authorizes the operating costs of the office to be funded by allocations from Economic Assistance, Military Assistance, and Peace Corps program appropriations. The FY 1974 budget estimates for the A.I.D. portion of the expenses of the IGA are as follows:

	<u>Actual FY 1972 (\$000)</u>	<u>Estimated FY 1973 (\$000)</u>	<u>Proposed FY 1974 (\$000)</u>
Development Loans	\$ 500	\$ 550	\$ 580
Development Grants	182	200	200
Supporting Assistance	<u>265</u>	<u>300</u>	<u>300</u>
Total	\$ 947	\$1,050	\$1,080

SUMMARY TABLES

TABLE OF CONTENTS

	<u>PAGE NO.</u>
Total Program Availability (FY 1974).....	P-1
Total Program Availability (FY's 1972-1973).....	P-2
Summary of Program by Area and Appropriation Account (FY's 1972-3-4)....	P-3
Summary of Program by Area and Objective (FY's 1972-3-4).....	P-4
Disbursements and Unliquidated Balances (FY 1974).....	P-5
Disbursements and Unliquidated Balances (FY's 1972-1973).....	P-6
PL 480 Sales and Donation Shipments (CCC value).....	P-7
Programs Subject to "Number of Countries" Limitation.....	P-11
Authorization and Appropriation Legislative History (FY-s 1948-1973)....	P-12

AGENCY FOR INTERNATIONAL DEVELOPMENT

TOTAL PROGRAM AVAILABILITY - FY 1974

(In thousands of dollars)

	Unobl. Bal. Brought Fwd.	Appropriation	Transfers ^{1/}	Receipts & Reimbursements	Recoveries	Total Avail. for Oblig.	FY 1974 Program
DEVELOPMENT ASSISTANCE							
Development Loans	(-)	(351,400)	(-)	(261,977)	(32,173)	(645,550)	(645,550)
Worldwide	-	201,400	-	234,777	24,173	460,350	460,350
Alliance	-	150,000	-	27,200	8,000	185,200	185,200
Development Grants	(-)	(251,750)	(-)	(1,048)	(16,669)	(269,467)	(269,467)
Worldwide	-	165,650	-	1,048	12,669	179,367	179,367
Alliance	-	86,100	-	-	4,000	90,100	90,100
Population Programs	-	116,000	-	-	9,000	125,000	125,000
International Organizations	(-)	(152,000)	(-)	(-)	(22)	(152,022)	(152,022)
UNDP and Other Programs	-	134,800	-	-	22	134,822	134,822
UN Technical Assistance & Other Programs	(-)	(124,800)	(-)	(-)	(22)	(124,822)	(124,822)
UN Environment Fund	(-)	(10,000)	(-)	(-)	(-)	(10,000)	(10,000)
Indus Basin, Loans	-	2,200	-	-	-	2,200	2,200
Indus Basin, Grants	-	15,000	-	-	-	15,000	15,000
Refugee Relief Assistance (Bangladesh)	-	-	-	-	500	500	500
American Schools & Hospitals Abroad	-	10,000	-	-	-	10,000	10,000
International Narcotics Control	-	42,500	-	-	-	42,500	42,500
Contingency Fund	-	30,000	-	-	300	30,300	30,300
Admin. Expenses - A.I.D.	-	53,100	2,900	1,875	-	57,875	57,875
State	-	5,100	-	-	-	5,100	5,100
Prototype Desalting Plant	20,000	-	-	-	-	20,000	-
TOTAL, DEVELOPMENT ASSISTANCE	20,000	1,011,850	2,900	264,900	58,664	1,358,314	1,338,314
INDO-CHINA POSTWAR RECONSTRUCTION	--	632,000	-2,900	1,845	--	630,945	630,945
SECURITY SUPPORTING ASSISTANCE	-	100,000	--	--	24,055	124,055	124,055
TOTAL A.I.D.	20,000	1,743,850	-	266,745	82,719	2,113,314	2,093,314

^{1/} Transfers are as follows:

Indo-China Postwar Reconstruction \$2,900,000 transferred to Admin. - A.I.D. for administrative costs of the Reconstruction program in South Vietnam.

AGENCY FOR INTERNATIONAL DEVELOPMENT
TOTAL PROGRAM AVAILABILITY - FY 1972 and FY 1973

(In thousands of dollars)

	FY 1972 (Actual)						FY 1973 (Estimated)							
	Unobl. Bal. Brought Fwd.	Appropriation	Transfers ^{3/}	Receipts & Reimbursements	Recoveries	Total Avail. for Oblig.	FY 1972 Program	Unobl. Bal. Brought Fwd.	Appropriation	Transfers ^{4/}	Receipts & Reimbursements	Recoveries	Total Avail. for Oblig.	FY 1973 Program
DEVELOPMENT ASSISTANCE														
Development Loans	(76,971)	(350,000)	(-32,187)	(185,792)	(41,223)	(621,799)	(606,300)	(15,499)	(400,000)	(-43,972)	(158,967)	(67,115)	(597,609)	(597,609)
Worldwide	75,478	200,000	-32,187	104,549	31,338	379,178	363,700	15,478	250,000	-43,972	114,913	35,990	372,409	372,409
Alliance	1,493	150,000	-	81,243	9,885	242,621	242,600	21	150,000	-	44,054	31,125	225,200	225,200
Development Grants	(2,758)	(240,000)	(4,597)	(1,757)	(17,504)	(266,616)	(264,453)	(2,168)	(232,500)	(2,382)	(1,048)	(13,608)	(251,701)	(251,701)
Worldwide	2,327	160,000	3,948	1,687	13,139	181,101	179,050	2,051	155,000	2,112	1,048	9,608	169,819	169,819
Alliance	431	80,000	649	70	4,365	85,515	85,403	112	77,500	270	-	4,000	81,882	81,882
Population Programs	2/	125,000	-	60	-	125,060	123,267	1,793	100,000	18,207	-	5,000	125,000	125,000
International Organizations	(147)	(149,000)	(-)	(-)	(441)	(149,588)	(149,147)	(441)	(127,000)	-	(-)	(31)	(127,472)	(127,472)
UNDP & Other Programs	147	127,000	-	-	441	127,588	127,147	441	105,000	-	-	31	105,472	105,472
Indus Basin, Loans	-	12,000	-	-	-	12,000	12,000	-	12,000	-	-	-	12,000	12,000
Indus Basin, Grants	-	10,000	-	-	-	10,000	10,000	-	10,000	-	-	-	10,000	10,000
Refugee Relief Assistance (Bangladesh)	-	200,000	-5,000	-	-	195,000	194,422	578	100,000	-	-	522	101,100	101,100
American Schools & Hospitals Abroad	16	20,000	-	-	2	20,018	19,986	32	25,500	-	-	-	25,532	25,532
International Narcotics Control	-	-	20,637	-	-	20,637	20,637	-	-	20,500	-	-	20,500	20,500
Contingency Fund	466	30,000	-1,850	-35	5,556	34,137	32,939	1,198	25,000	-2,500	-	300	23,998	23,998
Admin. Expenses - A.I.D.	1,723	50,000	7,100	1,593	807	61,223	58,629	2,594	50,000	2,900	1,665	-	57,159	57,159
State	25	4,221	216	-	7	4,469	4,448	21	4,221	78	-	-	4,320	4,320
Prototype Desalting Plant	20,000	-	-	-	-	20,000	-	20,000	-	-	-	-	20,000	-
TOTAL, DEVELOPMENT ASSISTANCE	102,106	1,168,221	-6,487	189,167	65,540	1,518,547	1,474,228	44,319	1,064,221	-2,405	161,680	86,576	1,354,391	1,334,391
SECURITY SUPPORTING ASSISTANCE	2,721	550,000	-2,363	2,216	45,265	597,839	593,225	4,614	600,000	-1,595	1,845	23,027	627,891	627,891
TOTAL A.I.D.	104,827	1,718,221	-8,850	191,383	110,805	2,116,386	2,067,453	48,933	1,664,221	-4,000	163,525	109,603	1,982,282	1,962,282

2/ Prior to FY 1972, Population activities were financed from other A.I.D. funds.

3/ Transfers are as follows:

- a. Worldwide Development Loans \$9,550,000 transferred for pay raise costs to Worldwide Development Grants - \$3,948,000; Alliance Development Grants - \$649,000; Admin. - A.I.D. \$3,500,000; Admin. - State \$216,000; Security Supporting Assistance \$1,237,000.
- b. Worldwide Development Loans \$2,000,000 transferred to State Department, Office of Refugee and Migration Affairs.
- c. Worldwide Development Loans \$20,637,000 allocated for International Narcotics Control.
- d. Refugee Relief Assistance (Bangladesh) \$5,000,000 transferred to State Department, Office of Refugee and Migration Affairs.
- e. Contingency Fund \$1,850,000 transferred to State Department, Office of Refugee and Migration Affairs.
- f. Security Supporting Assistance \$3,600,000 transferred to Admin. - A.I.D. for administration of expanded Vietnam program.

4/ Transfers are as follows:

- a. Worldwide Development Loans \$3,959,000 transferred for pay raise costs to Worldwide Development Grants \$2,112,000; Alliance Development Grants \$270,000; Population Programs \$194,000; Admin. and Other Expenses - State \$78,000; and Security Supporting Assistance \$1,305,000.
- b. Worldwide Development Loans \$18,013,000 allocated for Population Programs.
- c. Worldwide Development Loans \$20,500,000 allocated for International Narcotics Control programs.
- d. Worldwide Development Loans \$1,500,000 transferred to State Department, Office of Refugee and Migration Affairs.
- e. Contingency Fund \$2,500,000 transferred to State Department, Office of Refugee and Migration Affairs.
- f. Security Supporting Assistance \$2,900,000 transferred to Admin. - A.I.D. for administration of expanded Vietnam program.

**SUMMARY OF PROGRAM BY AREA AND APPROPRIATION ACCOUNT
FISCAL YEARS 1972 - 1973 - 1974**

(In thousands of dollars)

TABLE I

COUNTRY	TOTAL			DEVELOPMENT LOANS			DEVELOPMENT GRANTS (Including Population)			OTHER		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972 ^{a/}	1973	1974
SUMMARY - DEVELOPMENT ASSISTANCE	1,474,228	1,334,391	1,338,314	606,300	597,609	645,550	387,720	376,701	394,467	480,207	360,081	298,297
LATIN AMERICA	335,911	315,064	274,664	242,400	225,000	185,000	91,475	87,468	87,737	2,036	2,596	1,927
ASIA	527,352	424,567 ^{b/}	457,777	257,600	260,000	380,000	54,715	57,970	61,569	215,037	106,597 ^{b/}	16,208
AFRICA	171,505 ^{c/}	162,203	159,730	104,050	96,000	80,000	67,455	66,203	79,680	-- ^{c/}	--	50
INTERREGIONAL PROGRAMS	142,696	165,736	148,202	500	550	550	140,550	151,178	140,471	1,646	14,008	7,181
INTERNATIONAL ORGANIZATIONS	182,037	145,631	177,122	1,750	4,059	--	29,040	9,000	20,000	151,247	132,572	157,122
UNDP and Other Programs	(151,775)	(119,572)	(149,922)	--	--	--	(29,040)	(9,000)	(20,000)	(122,735)	(110,572)	(129,922)
UN Environment Fund	--	--	(10,000)	--	--	--	--	--	--	--	--	(10,000)
Indus Basin												
Loans	(13,750)	(16,059)	(2,200)	(1,750)	(4,059)	--	--	--	--	(12,000)	(12,000)	(2,200)
Grants	(16,512)	(10,000)	(15,000)	--	--	--	--	--	--	(16,512)	(10,000)	(15,000)
AMERICAN SCHOOLS AND HOSPITALS ABROAD	19,987	25,532	10,000	--	--	--	--	--	--	19,987	25,532	10,000
ADMINISTRATIVE EXPENSES - A.I.D.	58,628	57,159	57,875	--	--	--	--	--	--	58,628	57,159	57,875
State	4,448	4,320	5,100	--	--	--	--	--	--	4,448	4,320	5,100
CONTINGENCY FUND	(32,939)	(23,998) ^{d/}	30,300	--	--	--	--	--	--	(32,939)	(23,998) ^{d/}	30,300
INTERNATIONAL NARCOTICS CONTROL	(20,637)	(20,500)	(42,500)	--	--	--	--	--	--	(20,637)	(20,500)	(42,500)
UNDISTRIBUTED	--	12,773 ^{e/}	9,738 ^{f/}	--	--	--	--	--	--	--	12,773 ^{e/}	9,738 ^{f/}
OTHER DEVELOPMENT ASST. PROGRAMS ^{g/}	31,663	21,406	7,806	--	12,000	--	4,485	4,882	5,010	27,178	4,524	2,796
SUMMARY - SUPPORTING ASSISTANCE	593,225	627,891	124,055	--	--	--	--	--	--	593,225	627,891	124,055
SUPPORTING ASSISTANCE COUNTRIES	574,483	556,786	117,500	--	--	--	--	--	--	574,483	556,786	117,500
OTHER S.A. PROGRAMS ^{h/}	18,743	71,105	6,555	--	--	--	--	--	--	18,743	71,105	6,555
INDO-CHINA RECONSTRUCTION	--	--	630,945	--	--	--	--	--	--	--	--	630,945
TOTAL - A.I.D.	2,067,453	1,962,282	2,093,314	606,300	597,609	645,550	387,720	376,701	394,467	1,073,433	987,972	1,053,297

^{a/} Includes Development Loan funds used for International Narcotics Control purposes.

^{b/} Excludes \$50,000,000 of Supporting Assistance funds for Philippines disaster relief.

^{c/} Excludes \$3,700,000 of Supporting Assistance funds for a police academy in Nigeria and training of refugees in Southern Africa.

^{d/} \$11,225,000 was allocated for humanitarian assistance and disaster relief while \$12,773,000 was undistributed as of December 31, 1972.

^{e/} Unprogrammed Contingency Fund as of December 31, 1972.

^{f/} Unprogrammed International Narcotics Control funds.

^{g/} Includes programs in Supporting Assistance countries funded from development assistance or other appropriations - Development Loans, Development Grants, International Narcotics Control, Population and Contingency Fund.

^{h/} Supporting Assistance funded support for Philippines, Nigeria, Southern Africa Regional, UN Force in Cyprus, Southeast Asia Regional and Interregional.

SUMMARY OF PROGRAM BY AREA AND OBJECTIVE
(in thousands of dollars)

TABLE II

	Total			Food Production and Nutrition			Population Planning and Health			Human Resource Development			Selected Development Problems			Selected Countries and Organizations			Other Programs and Support Costs		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
SUMMARY - DEVELOPMENT ASSIST.	1,474,228	1,334,391	1,338,314	191,993	195,796	299,568	137,316	167,900	152,762	100,313	84,449	113,771	273,846	232,247	177,650	200,288	204,691	218,367	570,472	449,308	376,196
LATIN AMERICA	335,911	315,064	274,664	75,654	75,988	85,883	19,079	45,206	31,715	52,797	49,529	77,837	124,583	96,957	46,939	46,673	28,892	15,800	17,126	18,492	16,490
ASIA	527,352	424,567 ^{a/}	457,777	53,345	65,294	140,081	14,465	18,494	21,510	17,621	15,569	13,433	79,112	76,378	83,425	135,984	131,385	171,500	226,825	117,447	27,828
AFRICA	171,505 ^{b/}	162,203	159,730	50,229	33,560	58,128	14,220	18,514	16,188	28,071	15,701	17,573	64,079	50,569	38,355	2,064	31,555	17,865	12,842	12,304	11,621
INTERREGIONAL PROGRAMS	142,696	165,736	148,202	12,706	10,523	15,131	57,304	72,800	59,439	1,485	3,350	4,628	6,072	6,223	8,731	15,567	12,859	13,202	49,563	59,981	47,071
INTERNATIONAL ORGANIZATIONS	182,037	145,631	177,122	--	--	--	29,040	9,000	20,000	--	--	--	--	--	--	--	--	--	152,997	136,631	157,122
UNDP & Other Programs	(151,775)	(119,572)	(149,922)	--	--	--	(29,040)	(9,000)	(20,000)	--	--	--	--	--	--	--	--	--	(122,735)	(110,572)	(129,922)
UN Environment Fund	--	--	(10,000)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(10,000)
Indus Basin	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Loans	(13,750)	(16,059)	(2,200)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(13,750)	(16,059)	(2,200)
Grants	(16,512)	(10,000)	(15,000)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(16,512)	(10,000)	(15,000)
AMERICAN SCHOOLS AND HOSPITALS ABROAD	19,987	25,532	10,000	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	19,987	25,532	10,000
ADMIN. EXPENSES - A.I.D.	58,628	57,159	57,875	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	58,628	57,159	57,875
State	4,448	4,320	5,100	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	4,448	4,320	5,100
CONTINGENCY FUND	(32,939)	(23,998) ^{c/}	30,300	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(32,939)	(23,998) ^{e/}	30,300
INT'L. NARCOTICS CONTROL	(20,637)	(20,500)	(42,500)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(20,637)	(20,500)	(42,500)
UNDISTRIBUTED	--	12,773 ^{d/}	9,738 ^{e/}	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	12,773 ^{d/}	9,738 ^{e/}
OTHER DEVEL. ASST. PROGRAMS ^{f/}	31,663	21,406	7,806	59	10,431	345	3,208	3,886	3,910	339	300	300	--	2,120	200	--	--	--	28,057	4,669	3,051
SUMMARY - SUPPORTING ASSISTANCE	593,225	627,891	124,055	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	593,225	627,891	124,055
SUPPORTING ASSIST. COUNTRIES	574,483	556,786	117,500	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	574,483	556,786	117,500
OTHER S.A. PROGRAMS ^{g/}	18,743	71,105	6,555	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	18,743	71,105	6,555
INDO-CHINA RECONSTRUCTION	--	--	630,945	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	630,945
TOTAL - A.I.D.	2,067,453	1,962,282	2,093,314	191,993	195,796	299,568	137,316	167,900	152,762	100,313	84,449	113,771	273,846	232,247	177,650	200,288	204,691	218,367	1,163,697	1,077,199	1,131,196

a/ Excludes \$50,000,000 of Supporting Assistance funds for Philippines disaster relief.

b/ Excludes \$3,700,000 of Supporting Assistance funds for a police academy in Nigeria and training of refugees in Southern Africa.

c/ \$11,225,000 was allocated for humanitarian assistance and disaster relief while \$12,773,000 was undistributed as of December 31, 1972.

d/ Unprogrammed Contingency Fund as of December 31, 1972.

e/ Unprogrammed International Narcotics Control funds.

f/ Includes programs in Supporting Assistance countries funded from development assistance or other appropriations - Development Loans, Development Grants, International Narcotics Control, Population and Contingency Fund.

g/ Supporting Assistance funded support for Philippines, Nigeria, Southern Africa Regional, UN Force in Cyprus, Southeast Asia Regional and Interregional.

AGENCY FOR INTERNATIONAL DEVELOPMENT
DISBURSEMENTS AND UNLIQUIDATED BALANCES
Fiscal Year 1974
(in thousands of dollars)

	Unliq. Bal. (Pipeline) 6/30/73	FY 1974 (Estimated)			Unliq. Bal. (Pipeline) 6/30/74
		Appropriation	Other Funds Available ^{a/}	Total Available Disbursements	
DEVELOPMENT ASSISTANCE					
Development Loans	(1,269,271)	(351,400)	(261,977)	(1,882,648) (1,269,271)	(554,065) (1,328,583)
Worldwide	560,094	201,400	234,777	996,271	260,570 735,701
Alliance	709,177	150,000	27,200	896,377	293,495 592,882
Development Grants	(242,068)	(251,750)	(1,048)	(494,866)	(244,716) (250,150)
Worldwide	164,097	165,650	1,048	330,795	162,610 168,185
Alliance	77,971	86,100	--	164,071	82,106 81,965
Population Programs ^{b/}	198,131	116,000	--	314,131	95,750 218,381
International Organizations	(114,052)	(152,000)	--	(266,052)	(134,454) (131,598)
UNDP & Other Programs	114,052	134,800	--	248,852	117,254 131,598
UN Technical Assistance & Other Programs	(114,052)	(124,800)	--	(238,852)	(116,254) (122,598)
UN Environment Fund	(--)	(10,000)	--	(10,000)	(1,000) (9,000)
Indus Basin, Loans	--	2,200	--	2,200	2,200 --
Indus Basin, Grants	--	15,000	--	15,000	15,000 --
Refugee Relief Assistance (Bangladesh)	157,999	--	--	157,999	77,032 80,967
American Schools & Hospitals Abroad	34,023	10,000	--	44,023	15,130 28,893
International Narcotics Control ^{c/}	23,527	42,500	--	66,027	31,427 34,600
Contingency Fund	14,688	30,000	--	44,688	19,080 25,608
Administrative Expenses - A.I.D.	8,750	53,100	4,775	66,625	57,855 8,770
State	88	5,100	--	5,188	5,100 88
Prototype Desalting Plant	--	--	20,000	20,000	-- --
Social Progress Trust Fund	9,065	--	--	9,065	4,532 4,533
Other Unliquidated Funds - Net ^{d/}	16,247	--	--	16,247	3,600 12,647
TOTAL, DEVELOPMENT ASSISTANCE	2,087,909	1,011,850	287,800	3,387,559	1,242,741 2,124,818^{h/}
INDO-CHINA POSTWAR RECONSTRUCTION	486,683^{k/}	632,000	-1,055	1,117,628	607,161 510,467
SECURITY SUPPORTING ASSISTANCE	81,114	100,000	--	181,114	101,194 79,920
TOTAL A.I.D.	2,655,706	1,743,850	286,745	4,686,301	1,951,096 2,715,205
Loan Receipts ^{e/}					-216,301
Proprietary Receipts ^{f/}					-71,001
NET OUTLAYS					1,663,794

NOTES:

- ^{a/} Receipts, Transfers, Reimbursements & Unobligated Balance brought forward from prior year.
^{b/} Includes funds for Population in other appropriation categories prior to FY 1972 (e.g. Development Loan Grants & Alliance Loan Grants). Also includes UN Population Fund.
^{c/} Funded from Worldwide Development Loans in FY 1972 and FY 1973.
^{d/} Includes Housing Guaranty Fund, Advance Acquisition of Property Revolving Fund, Office of Inspector General, Consolidated Working Fund. These accounts are held for designated purposes and are not available for funding of regular accounts.
^{e/} Principal and interest received from loans which are available for reprogramming.
^{f/} Loan receipts from predecessor agencies (prior to FY 1954) which are returned to Treasury.
^{g/} Represents obligations carried over from the Security Supporting Assistance Program.
^{h/} Does not include \$20,000,000 unobligated balance of funds for Prototype Desalting Plant.

AGENCY FOR INTERNATIONAL DEVELOPMENT
DISBURSEMENTS AND UNLIQUIDATED BALANCES

Fiscal Years 1972 and 1973

(in thousands of dollars)

	Unliq. Bal. (Pipeline) 6/30/71	FY 1972 (Actual)					Unliq. Bal. (Pipeline) 6/30/72	Unob. Bal. Brought Fwd.	FY 1973 (Estimated)				Unliq. Bal. (Pipeline) 6/30/73
		Appropriation	Other Funds Available a/	Total Available	Disbursements	Adjustments ^{b/}			Appropriation	Receipts, Transfers & Reimbursements	Total Avail.	Disbursements	
DEVELOPMENT ASSISTANCE													
Development Loans	(1,548,306)	(350,000)	(230,501)	(2,128,807)	(635,653)	(73,603)	(1,404,052)	(15,499)	(400,000)	(110,936)	(1,930,487)	(661,216)	(1,269,271)
Worldwide	859,303	200,000	147,840	1,207,143	449,055	69,514	673,096	15,478	250,000	66,882	1,005,456	445,362	560,094
Alliance	689,003	150,000	82,661	921,664	186,598	4,089	730,956	21	150,000	44,054	925,031	215,854	709,177
Development Grants	(233,616)	(240,000)	(9,111)	(482,727)	(255,084)	(-17)	(225,497)	(2,163)	(232,500)	(3,430)	(463,590)	(221,522)	(242,068)
Worldwide	159,452	160,000	7,961	327,413	174,135	1,406	149,821	2,051	155,000	3,160	310,032	145,935	164,097
Alliance	74,164	80,000	1,150	155,314	80,949	-1,423	75,676	112	77,500	270	153,558	75,587	77,971
Population Programs ^{c/}	124,293	125,000	60	249,353	68,769	6,680	172,111	1,793	100,000	18,207	292,111	93,980	198,131
International Organizations	(163,939)	(149,000)	(147)	(313,087)	(195,932)	(5,563)	(111,151)	(441)	(127,000)	(4,059)	(242,651)	(128,599)	(114,052)
UNDP & Other Programs	152,925	127,000	147	280,073	162,918	5,363	111,151	441	105,000	--	216,592	102,540	114,052
Indus Basin, Loans	6,980	12,000	--	18,980	18,980	--	--	--	12,000	4,059	16,059	16,059	--
Indus Basin, Grants	4,034	10,000	--	14,034	14,034	--	--	--	10,000	--	10,000	10,000	--
Refugee Relief Assistance (Bangladesh)	--	200,000	-5,000	195,000	56,949	-3,598	141,071	578	100,000	--	241,649	83,650	157,999
American Schools & Hospitals Abroad	29,841	20,000	16	49,857	21,935	308	27,582	32	25,500	--	53,114	19,091	34,023
International Narcotics Control ^{d/}	--	--	20,637	20,637	3,785	--	16,852	--	--	20,500	37,352	13,825	23,527
Contingency Fund	30,445	30,000	-1,476	58,969	43,270	178	14,323	1,198	25,000	-2,500	38,021	23,333	14,688
Administrative Expenses - A.I.D.	9,808	50,000	10,416	70,224	56,757	1,694	9,179	2,594	50,000	4,565	66,338	57,588	8,750
State	102	4,221	241	4,564	4,482	-20	81	21	4,221	78	4,401	4,313	88
Prototype Desalting Plant	--	--	20,000	20,000	--	--	--	20,000	--	--	20,000	--	--
Social Progress Trust Funds	18,589	--	-27	18,562	390	42	18,130	--	--	--	18,130	9,065	9,065
Other Unliquidated Funds - Net ^{e/}	28,775	--	-292	28,483	4,725	4,800	18,958	--	--	--	18,958	2,711	16,247
TOTAL, DEVELOPMENT ASSISTANCE	2,187,713	1,168,221	284,334	3,640,268	1,347,729	89,233	2,158,987	44,319	1,064,221	159,275	3,426,802	1,318,893	2,087,909^{f/}
SECURITY SUPPORTING ASSISTANCE	713,958	550,000	28,557	1,292,515	717,054	45,301	525,542	4,618	600,000	250	1,130,410	562,613	567,797
TOTAL A.I.D.	2,901,671	1,718,221	312,891	4,932,783	2,064,783	134,534	2,684,529	48,937	1,664,221	159,525	4,557,212	1,881,506	2,655,706
Loan Receipts ^{g/}					-177,371							-184,482	
Proprietary Receipts ^{h/}					-63,828							-71,274	
European Monetary Assets ^{i/}					--							-241,500	
NET OUTLAYS													1,884,250

NOTES:

- a/ Receipts, Transfers, Reimbursements & Unobligated Balance brought forward from prior year.
- b/ Reimbursements collected, net change in cash advances and other adjustments.
- c/ Includes funds for Population in other appropriation categories prior to FY 1972 (e.g. Development Loan Grants & Alliance Loan Grants). Also includes UN Population Fund in FY 1973.
- d/ Funded from Worldwide Development Loans in FY 1972 & FY 1973.
- e/ Includes Housing Guaranty Fund, Advance Acquisition of Property Revolving Fund, Office of the Inspector General, Consolidated Working Fund. These accounts are held for designated purposes and are not available for funding of regular accounts.
- f/ Principal and interest received from loans which are available for reprogramming.
- g/ Loan receipts from predecessor agencies (prior to FY 1954) which are returned to Treasury.
- h/ One-time credit in FY 1973 for funds returned to Treasury.
- i/ Does not include \$20,000,000 unobligated balance of funds for Prototype Desalting Plant.

P.L. 480 SALES AND DONATIONS SHIPMENTS
 CCC VALUE
 (\$000)
 SUMMARY

	FY 72 ACTUAL						FY 73 ESTIMATE						FY 74 PROPOSED					
	TOTAL	TITLE I SALES	TITLE II DONATIONS			TOTAL	TITLE I SALES	TITLE II DONATIONS			TOTAL	TITLE I SALES	TITLE II DONATIONS					
			TOTAL	GOVT/ GOVT	VOL. AGENCY/ UNICEF			WORLD FOOD PROGRAM	TOTAL	GOVT/ GOVT			VOL. AGENCY/ UNICEF	WORLD FOOD PROGRAM	TOTAL	GOVT/ GOVT	VOL. AGENCY/ UNICEF	WORLD FOOD PROGRAM
SUMMARY - ALL PROGRAMS	1,315,514	790,904	524,610				1,260,100	864,100	396,000				1,146,800	880,600	266,200			
COMMODITIES - SUBTOTAL	1,122,003	718,262	403,741	92,774	264,322	46,645	1,095,600	801,100	294,500	71,631	186,363	36,506	1,028,100	830,100	198,000 ^{2/}	19,296	119,977	39,547
Latin America	98,729	30,854	67,875	10,719	48,493	8,663	106,631	45,300	61,331	11,478	41,333	8,520	79,043	36,500	42,543	6,049	26,687	9,807
Africa	104,397	58,743	45,654	11,594	21,086	12,974	87,148	37,000	50,148	8,306	24,603	17,239	86,492	49,800	36,692	5,191	15,965	15,536
Asia	917,938	628,003	289,935	70,184	194,743	25,008	863,521	680,500	183,021	51,847	120,427	10,747	825,285	725,700	99,585	8,056	77,325	14,204
Asia Bureau	(732,233)	(455,621)	(276,612)	(63,574)	(189,506)	(23,532)	(571,019)	(402,700)	(168,319)	(43,890)	(114,380)	(10,049)	(526,185)	(437,600)	(88,585)	(4,227)	(70,844)	(13,514)
Supporting Assistance Bureau	(185,705)	(172,382)	(13,323)	(6,610)	(5,237)	(1,476)	(292,502)	(277,800)	(14,702)	(7,957)	(6,047)	(698)	(299,100)	(288,100)	(11,000)	(3,829)	(6,481)	(690)
Europe	939	662	277	277	--	--	24,900	24,900	--	--	--	--	8,100	8,100	--	--	--	--
Private Trade Entities	-- 1/	-- 1/	--	--	--	--	13,400	13,400	--	--	--	--	10,000	10,000	--	--	--	--
Emergency Reserve/Unallocated Title II	--	--	--	--	--	--	--	--	--	--	--	--	19,180	--	19,180	--	--	--
OCEAN FREIGHT	190,510	72,642	117,868	--	--	--	162,500	63,000	99,500	--	--	--	117,700	50,500	67,200	--	--	--
GRANTS OF TITLE I CURRENCIES, SEC. 204 of TITLE II	3,001	--	3,001	--	--	--	2,000	--	2,000	--	--	--	1,000	--	1,000	--	--	--

1/ Distributed within country totals.

2/ Total commodity program includes \$19,180,000 of Title II emergency reserve.

P.L. 480 SALES AND DONATIONS SHIPMENTS
 CCC VALUE
 (\$000)

	FY 72 ACTUAL						FY 73 ESTIMATE						FY 74 PROPOSED					
	TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS			
			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM
REGION:																		
LATIN AMERICA - TOTAL	98,729	30,854	67,875	10,719	48,493	8,663	106,631	45,300	61,331	11,478	41,333	8,520	79,043	36,500	42,543	6,049	26,687	9,807
Barbados	72	--	72	--	--	72	173	--	173	--	--	173	--	--	--	--	--	--
Bolivia	6,657	4,117	2,540	79	1,850	611	8,903	5,700	3,203	32	1,909	1,262	8,836	6,900	1,936	--	836	1,100
Brazil	13,928	1,145	12,783	6,081	6,104	598	10,661	--	10,661	5,594	4,718	349	7,947	--	7,947	4,111	3,486	350
British Honduras	253	--	253	--	253	--	195	--	195	--	195	--	180	--	180	--	180	--
Chile	4,936	--	4,936	--	4,813	123	3,756	--	3,756	--	3,205	551	2,371	--	2,371	--	1,996	375
Colombia	19,790	5,475	14,315	910	9,920	3,485	18,704	8,700	10,004	799	7,117	2,088	16,442	8,700	7,742	500	2,742	4,500
Costa Rica	1,248	--	1,248	--	1,156	92	1,189	--	1,189	--	1,111	78	1,346	--	1,346	--	1,266	80
Dominican Republic	19,819	12,979	6,840	--	6,786	54	15,053	10,000	5,053	--	4,958	95	9,708	7,000	2,708	--	2,608	100
Ecuador	7,340	4,904	2,436	--	2,263	173	10,725	7,400	3,325	--	3,236	89	7,420	4,400	3,020	--	2,930	90
El Salvador	1,565	--	1,565	72	1,493	--	1,172	--	1,172	41	1,131	--	604	--	604	--	604	--
Guatemala	3,423	--	3,423	--	3,403	20	3,316	--	3,316	--	3,284	32	3,574	--	3,574	--	3,542	32
Guyana	343	--	343	219	--	124	300	300	--	--	--	--	500	300	200	200	--	--
Haiti	1,787	--	1,787	--	1,763	24	1,554	--	1,554	--	1,284	270	2,123	1,000	1,123	--	1,123	--
Honduras	1,261	--	1,261	--	1,235	26	990	--	990	--	897	93	790	--	790	--	700	90
Jamaica	2,203	503	1,700	1,111	498	91	2,005	--	2,005	1,509	324	172	1,712	1,500	212	--	212	--
Nicaragua	1,000	--	1,000	--	973	27	3,928	--	3,928	1,238	2,519	171	1,300	--	1,300	--	900	400
Panama	1,218	--	1,218	--	1,218	--	1,062	--	1,062	--	1,062	--	1,100	--	1,100	--	1,100	--
Paraguay	2,796	1,731	1,065	--	959	106	1,826	--	1,826	--	1,470	356	2,490	2,000	490	--	--	490
Peru	5,440	--	5,440	2,247	2,440	753	6,198	--	6,198	2,265	2,081	1,852	4,850	--	4,850	1,238	2,112	1,500
Trinidad & Tobago	152	--	152	--	142	10	99	--	99	--	92	7	--	--	--	--	--	--
Uruguay	1,429	--	1,429	--	688	741	13,592	13,200	392	--	392	--	4,700	4,700	--	--	--	--
Venezuela	1,436	--	1,436	--	--	1,436	864	--	864	--	--	864	700	--	700	--	--	700
Regional	633	--	633	--	536	97	366	--	366	--	348	18	350	--	350	--	350	--

P.L. 480 SALES AND DONATIONS SHIPMENTS
CCC VALUE
(\$000)

	FY 72 ACTUAL						FY 73 ESTIMATE						FY 74 PROPOSED					
	TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS			
			TOTAL	GOVT/GOVT	VOL. AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL. AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL. AGENCY/UNICEF	WORLD FOOD PROGRAM
REGION:																		
ASIA - TOTAL	917,938	628,003	289,935	70,184	194,743	25,008	863,521	680,500	183,021	51,847	120,427	10,747	825,285	725,700	99,585	8,056	77,325	14,204
ASIA BUREAU - SUBTOTAL	732,233	455,621	276,612	63,574	189,506	23,532	571,019	402,700	168,319	43,890	114,380	10,049	526,185	437,600	88,585	4,227	70,844	13,514
Afghanistan	14,915	6,322	8,593	6,605	76	1,912	10,939	6,100	4,839	3,174	123	1,542	8,250	4,700	3,550	2,050	--	1,500
Bangladesh	6,432	--	6,432	4,129	--	2,303	67,500	--	67,500	30,000	37,500	--	66,344	64,400	1,944	--	1,944	--
Burma	774	--	774	--	774	--	--	--	--	--	--	--	49	--	49	--	49	--
China (Taiwan)	8,840	5,181	3,659	--	--	3,659	4,800	4,800	--	--	--	--	--	--	--	--	--	--
Cyprus	624	--	624	--	--	624	861	--	861	--	--	861	650	--	650	--	--	650
Egypt	--	--	--	--	--	--	745	--	745	--	745	--	700	--	700	--	700	--
Fiji	--	--	--	--	--	--	135	--	135	135	--	--	--	--	--	--	--	--
India	147,774	33,395	114,379	39,341	71,085	3,953	46,014	--	46,014	--	43,722	2,292	40,358	--	40,358	--	38,058	2,300
Indonesia	124,214	114,933	9,281	3,036	4,266	1,979	125,907	120,300	5,607	2,020	2,889	698	118,581	114,300	4,281	2,106	1,575	600
Iran	14,099	13,566	533	--	110	423	--	--	--	--	--	--	--	--	--	--	--	--
Iraq	477	--	477	--	255	222	192	--	192	--	192	--	100	--	100	--	100	--
Korea	169,563	158,750	10,813	7,525	1,350	1,938	154,319	151,300	3,019	--	1,255	1,764	152,790	150,000	2,790	--	790	2,000
Lebanon	7,769	6,427	1,342	--	166	1,176	3,548	3,400	148	--	148	--	3,500	3,400	100	--	100	--
Macao	116	--	116	--	116	--	75	--	75	--	75	--	50	--	50	--	50	--
Malaysia	691	--	691	--	602	89	630	--	630	225	405	--	271	--	271	71	200	--
Nepal	259	--	259	--	--	259	2,372	--	2,372	2,372	--	--	250	--	250	--	--	250
Pakistan	76,150	70,594	5,556	1,809	809	2,938	77,286	75,000	2,286	--	1,097	1,189	59,500	52,700	6,800	--	2,650	4,150
Philippines	25,547	21,363	4,184	--	4,023	161	43,337	30,300	13,037	5,964	6,792	281	39,633	33,100	6,533	--	6,253	280
Ryukyu Islands	1,129	--	1,129	1,129	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Singapore	53	--	53	--	53	--	--	--	--	--	--	--	--	--	--	--	--	--
Sri Lanka (Ceylon)	23,572	21,199	2,373	--	1,856	517	13,061	11,500	1,561	--	1,261	300	17,032	15,000	2,032	--	1,548	484
Syrian Arab Rep.	315	--	315	--	315	--	--	--	--	--	--	--	--	--	--	--	--	--
Turkey	12,515	3,891	8,624	--	7,257	1,367	8,973	--	8,973	--	7,851	1,122	6,112	--	6,112	--	4,912	1,200
Yemen, Dem. Rep. of	130	--	130	--	118	12	120	--	120	--	120	--	120	--	120	--	120	--
Yemen Arab Rep.	24	--	24	--	24	--	781	--	781	--	781	--	100	--	100	--	--	100
UNICEF (India Bangladesh)	17,130	--	17,130	--	17,130	--	--	--	--	--	--	--	--	--	--	--	--	--
UNRWA (Palestine Refugees)	12,438	--	12,438	--	12,438	--	9,424	--	9,424	--	9,424	--	11,795	--	11,795	--	11,795	--
UNROD (Bangladesh)	66,683	--	66,683	--	66,683	--	--	--	--	--	--	--	--	--	--	--	--	--
SUPPORTING ASSIST. BUREAU - AL	185,705	172,382	13,323	6,610	5,237	1,476	292,502	277,800	14,702	7,957	6,047	698	299,100	288,100	11,000	3,829	6,481	690
Cambodia	9,787	9,767	20	--	20	--	41,532	41,500	32	--	32	--	30,934	30,900	34	--	34	--
Israel (West Bank & Gaza)	54,758	52,332	2,426	--	2,426	--	56,004	53,700	2,304	--	2,304	--	58,865	56,800	2,065	--	2,065	--
Jordan	5,099	1,936	3,163	838	849	1,476	3,467	2,000	1,467	--	769	698	4,484	3,000	1,484	--	794	690
Laos	1,337	--	1,337	1,030	307	--	1,421	--	1,421	1,207	214	--	1,505	--	1,505	1,279	226	--
Malta	250	--	250	--	250	--	350	--	350	--	350	--	350	--	350	--	350	--
Thailand	827	--	827	--	827	--	13,942	13,100	842	--	842	--	16,342	15,500	842	--	842	--
Vietnam	113,647	108,347	5,300	4,742	558	--	175,786	167,500	8,286	6,750	1,536	--	176,420	171,700	4,720	2,550	2,170	--
S.E. Asia Rice Reserve	--	--	--	--	--	--	--	--	--	--	--	--	10,200	10,200	--	--	--	--
EUROPE - TOTAL	939	662	277	277	--	--	24,900	24,900	--	--	--	--	8,100	8,100	--	--	--	--
Iceland	662	662	--	--	--	--	1,000	1,000	--	--	--	--	1,000	1,000	--	--	--	--
Portugal	--	--	--	--	--	--	23,900	23,900	--	--	--	--	7,100	7,100	--	--	--	--
Romania	277	--	277	277	--	--	--	--	--	--	--	--	--	--	--	--	--	--

P.L. 480 SALES AND DONATIONS SHIPMENTS
 CCC VALUE
 (\$000)

REGION:	FY 72 ACTUAL						FY 73 ESTIMATE						FY 74 PROPOSED					
	TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS				TOTAL	TITLE I SALES	TITLE II DONATIONS			
			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM			TOTAL	GOVT/GOVT	VOL.AGENCY/UNICEF	WORLD FOOD PROGRAM
AFRICA - TOTAL	104,397	58,743	45,654	11,594	21,086	12,974	87,148	37,000	50,148	8,306	24,603	17,239	86,492	49,800	36,692	5,191	15,965	15,536
Algeria	--	--	--	--	--	--	1,306	--	1,306	--	--	1,306	1,306	--	1,306	--	--	1,306
Botswana	908	--	908	--	--	908	2,358	--	2,358	--	--	2,358	2,300	--	2,300	--	--	2,300
Burundi	487	--	487	--	234	253	825	--	825	--	363	462	385	--	385	--	385	--
Cameroon	162	--	162	--	162	--	206	--	206	--	155	51	219	--	219	--	164	55
Central African Republic	158	--	158	--	--	158	131	--	131	--	--	131	140	--	140	--	--	140
Chad	70	--	70	--	--	70	53	--	53	--	--	53	55	--	55	--	--	55
Congo (Brazzaville)	345	--	345	--	--	345	484	--	484	--	--	484	400	--	400	--	--	400
Dahomey	362	--	362	--	46	316	201	--	201	--	59	142	1,009	--	1,009	719	145	145
Ethiopia	811	--	811	691	72	48	237	--	237	--	166	71	540	--	540	440	100	--
Gambia	536	--	536	--	196	340	275	--	275	--	226	49	290	--	290	--	240	50
Gabon	43	--	43	--	--	43	3	--	3	--	--	3	5	--	5	--	--	5
Ghana	8,085	6,821	1,264	--	1,221	43	4,986	3,800	1,186	--	1,077	109	10,217	9,500	717	--	607	110
Guinea	6,058	5,120	938	--	--	938	4,444	4,000	444	--	--	444	5,550	5,100	450	--	--	450
Ivory Coast	1,178	--	1,178	--	--	1,178	412	--	412	--	--	412	400	--	400	--	--	400
Kenya	878	--	878	--	564	314	1,048	--	1,048	--	960	88	431	--	431	--	431	--
Lesotho	2,416	--	2,416	--	928	1,488	2,168	--	2,168	--	878	1,290	2,216	--	2,216	--	966	1,250
Liberia	2,332	1,681	651	--	411	240	689	--	689	--	364	325	1,685	1,000	685	--	385	300
Malagasy Republic	663	--	663	--	443	220	348	--	348	--	180	168	370	--	370	--	170	200
Malawi	179	--	179	--	173	6	236	--	236	--	52	184	196	--	196	--	16	180
Mali	1,134	--	1,134	822	--	312	1,612	--	1,612	1,463	--	149	750	--	750	700	--	50
Mauritania	1,288	--	1,288	--	93	1,195	103	--	103	--	--	103	105	--	105	--	--	105
Mauritius	1,644	--	1,644	512	--	1,132	1,352	--	1,352	486	--	866	1,226	--	1,226	--	--	700
Morocco	41,153	27,236	13,917	5,245	8,404	268	22,602	12,700	9,902	--	8,327	1,575	22,714	15,000	7,714	--	6,114	1,600
Niger	844	--	844	623	--	221	1,454	--	1,454	1,168	--	286	900	--	900	700	--	200
Nigeria	682	--	682	--	238	444	51	--	51	--	--	51	60	--	60	--	--	60
Rwanda	496	--	496	--	496	--	375	--	375	--	375	--	283	--	283	--	283	--
Senegal	2,143	--	2,143	1,614	234	295	2,109	--	2,109	873	1,002	234	1,263	--	1,263	700	--	240
Seychelles	62	--	62	--	62	--	87	--	87	--	87	--	70	--	70	--	70	--
Sierra Leone	2,222	542	1,680	--	1,659	21	1,462	500	962	--	949	13	1,337	500	837	--	822	15
Somali Republic	--	--	--	--	--	--	9	--	9	--	--	9	10	--	10	--	--	10
Sudan	91	--	91	--	91	--	7,112	2,300	4,812	--	3,363	1,449	4,676	3,000	1,676	--	176	1,500
Swaziland	388	--	388	--	--	388	799	--	799	--	--	799	790	--	790	--	--	790
Tanzania	1,515	--	1,515	--	1,341	174	2,051	--	2,051	--	1,894	157	1,800	--	1,800	--	1,600	200
Togo	635	--	635	--	448	187	607	--	607	--	568	39	639	--	639	--	579	60
Tunisia	18,515	15,058	3,457	822	2,207	428	18,975	11,000	7,975	3,207	2,267	2,501	17,721	13,000	4,721	706	2,015	2,000
Uganda	99	--	99	--	--	99	216	--	216	--	--	216	200	--	200	--	--	200
Upper Volta	2,688	--	2,688	1,265	1,009	414	2,124	--	2,124	1,109	679	336	1,037	--	1,037	700	337	--
Zaire	3,039	2,285	754	--	350	404	2,920	2,300	620	--	612	8	2,487	2,300	187	--	37	150
Zambia	84	--	84	--	--	84	718	400	318	--	--	318	710	400	310	--	--	310
Regional Programs	4	--	4	--	4	--	--	--	--	--	--	--	--	--	--	--	--	--

Programs Subject to the "Number of Country" Limitations
Contained in the Foreign Assistance Act*

	Number of Countries							
	FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974
<u>Development Loans</u>								
Asia	10	6	7	5	5	6	9	10
Africa	13	7	6	7	7	5	9	8
Total, Development Loans	23	13	13	12	12	11	18	18
<u>Development Grants</u>								
Asia	13	12	12	11	11	9	10	11
Africa	35	28	28	29	29	31	30	29
Total, Development Grants	48	40	40	40	40	40	40	40
<u>Supporting Assistance</u>								
Latin America	5	5	4	4	2	--	--	--
Asia	7	5	4	4	6	6	7	3
Africa	4	2	2	2	1	1	--	--
Europe	--	--	--	--	--	--	2	2
Total, Supporting Assistance	16	12	10	10	9	7	9	5

* Includes countries receiving Contingency Funds in accordance with the provisions applicable to the relevant funding category.

Excludes countries receiving only: (1) amendments of prior year loans without change of scope, (2) funds programmed for necessary expenses of winding up terminated programs under Section 617 of the Foreign Assistance Act, (3) self-help funds totaling \$600,000 or less for countries over 40 in FY 1968 through FY 1973 (5 African countries in FY 1968, 4 in FY 1969, 5 in FY 1970, 5 in FY 1971, 2 in FY 1972, 5 in FY 1973, and 7 in FY 1974) (4) assistance furnished as part of regional or interregional programs or by private or multilateral agencies partially supported by A.I.D., (5) funds for population programs under Title X of the Foreign Assistance Act or for international narcotics programs under chapter 8 of the FAA, (6) capitalized interest on prior year loans, or (7) Indo-China Postwar Reconstruction funds.

Authorization and Appropriation History for Economic Assistance
Under the Foreign Assistance Act of 1961 and Predecessor Legislation
(including supplementals)
FY 1948 - 1973
(In millions of dollars)

Fiscal Year	Authorization Request a/	Authorized by Congress b/	Appropriation Request a/	Appropriated by Congress
1948 - 49	7,370.0	6,913.0	7,370.0	6,446.3
1950	4,280.0	4,280.0	4,280.0	3,728.4
1951	2,950.0	2,762.5	2,950.0	2,262.5
1952	2,197.0	1,585.7	2,197.0	1,540.4
1953	2,475.0	1,894.3	2,499.0	1,782.1
1954	1,543.2	1,475.7	1,543.2	1,301.5
1955	1,798.1	1,571.9	1,788.5	1,528.8
1956	1,812.8	1,851.8	1,812.8	1,681.1
1957	1,860.0	1,815.1	1,860.0	1,749.1
1958	1,964.4	1,786.9	1,964.4	1,428.9
1959	2,142.1	2,070.6	2,142.1	1,933.1
1960	2,330.0	2,176.8	2,330.0	1,925.8
1961	2,875.0	2,786.3	2,875.0	2,631.4
1962	2,883.5	2,559.5	2,883.5	2,314.6
1963	3,281.3	3,074.8	3,281.3	2,573.9
1964	3,124.6	2,602.1	3,124.6	2,000.0
1965	2,461.7	2,452.0	2,461.7	2,195.0
1966	2,704.5	2,605.0	2,704.5	2,463.0
1967	3,443.4	2,628.0	2,469.0	2,143.5
1968	2,785.6	2,165.0	2,630.4	1,895.6
1969	2,554.2	1,609.8	2,498.5	1,380.6
1970	2,210.0	1,624.2	2,210.0	1,424.9
1971	2,093.7	2,093.7	2,008.0	1,733.9
1972	2,355.2	1,868.6	2,355.2	1,718.2
1973	1,970.5 <u>d/</u>	1,026.5 <u>d/ e/</u>	2,256.6	1,664.2 <u>f/</u>

NOTE: Excludes Investment Guaranty Program (borrowing Authority and Appropriations) and OPIC.

a/ Adjusted to fiscal year basis and including Executive Branch adjustments.

b/ Adjusted to fiscal year basis.

c/ Includes borrowing authority (other than for Investment Guaranties) during Marshall Plan period April 1948 - 1952.

d/ Includes \$984,000,000 authorized in FY 1972 for development assistance programs in FY 1973.

e/ Excludes Supporting Assistance and Refugee Relief Assistance (Bangladesh) which were not authorized in FY 1973.

f/ Represents annual rate contained in the Continuing Resolution (P.L. 93-9; March 8, 1973).