

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

**DEVELOPMENT ASSISTANCE PROGRAMS**

**FY 1974 PRESENTATION TO THE CONGRESS**

***PROGRAM AND PROJECT DATA***

***ASIA***

ASIA

TABLE OF CONTENTS

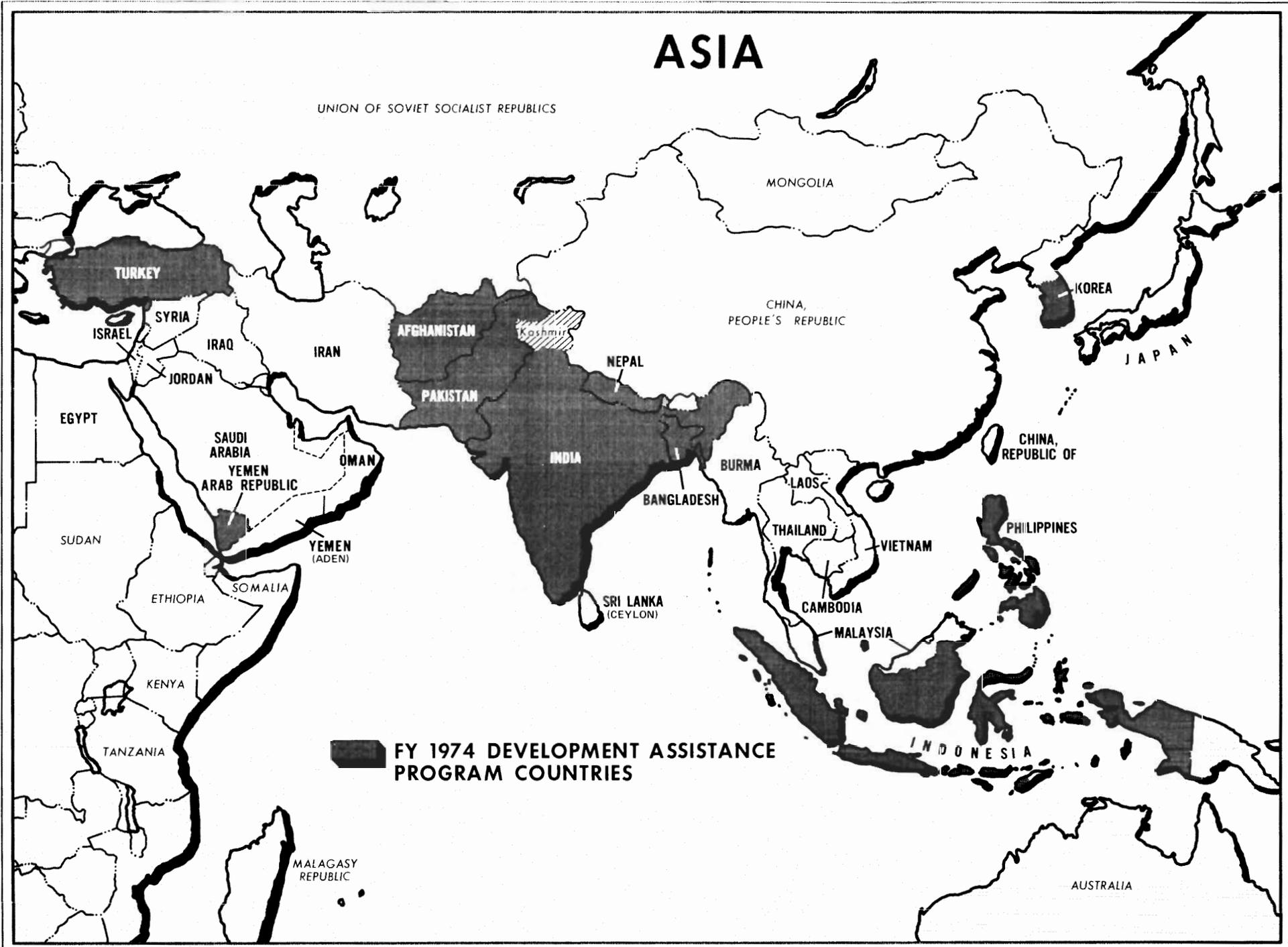
	<u>PAGE NO.</u>		<u>PAGE NO.</u>
<u>ASIA</u>		Project Sheet (Table VI) .....	52 - 57
Asia Regional Narrative.....	1 - 5	Proposed Development Loans (Table VII) ..	58
Summary of Program by Country and Appropriation Account (Table I).....	6	Historical Aid Table .....	59
Summary of Program by Country and Objective (Table II) .....	7	<u>BANGLADESH</u>	
Summary of Technicians and Participants by Country (Table III).....	8	Country Narrative .....	61 - 64
Economic and Social Data Tables.....	9 - 11	Project Fiscal Summary (Table V)	65
<u>TURKEY</u>		Project Sheet (Table VI).....	66 - 67
Country Narrative.....	13 - 15	Proposed Development Loans (Table VII)..	68
Status of Active Development Loans Summary (Table IV).....	16	Historical Aid Table .....	69
Project Fiscal Summary (Table V).....	17	<u>INDIA</u>	
Project Sheet (Table VI) .....	18 - 21	Country Narrative .....	71 - 73
Proposed Development Loans (Table VII)..	22 - 23	Status of Active Development Loans Summary (Table IV) .....	74
Historical Aid Table.....	24	Project Fiscal Summary (Table V) .....	75
<u>YEMEN ARAB REPUBLIC</u>		Project Sheet (Table VI).....	76
Country Narrative .....	25 - 26	Proposed Development Loans (Table VII)..	77
Project Fiscal Summary (Table V).....	27	Historical Aid Table .....	78
Project Sheet (Table VI) .....	28 - 34	<u>PAKISTAN</u>	
Proposed Development Loans (Table VII) ..	35	Country Narrative .....	79 - 81
Historical Aid Table.....	36	Status of Active Development Loans Summary (Table IV).....	82
<u>REGIONAL PROGRAMS</u>		Project Fiscal Summary (Table V).....	83
Regional Narrative.....	37 - 38	Project Sheet (Table VI).....	84 - 86
Project Fiscal Summary (Table V).....	39	Proposed Development Loans (Table VII)..	87
Project Sheet (Table VI) .....	40 - 46	Historical Aid Table .....	88
<u>AFGHANISTAN</u>		<u>NEPAL</u>	
Country Narrative .....	47 - 49	Country Narrative .....	89 - 90
Status of Active Development Loans Summary (Table IV).....	50	Project Fiscal Summary (Table V).....	91
Project Fiscal Summary (Table V).....	51	Project Sheet (Table VI).....	92 - 97
		Proposed Development Loans (Table VII)..	98
		Historical Aid Table .....	99

ASIA

TABLE OF CONTENTS

	<u>PAGE NO.</u>		<u>PAGE NO.</u>
<u>INDONESIA</u>		<u>PHILIPPINES</u>	
Country Narrative.....	101 - 104	Country Narrative .....	131 - 133
Status of Active Development Loans		Status of Active Development Loans	
Summary (Table IV).....	105	Summary (Table IV).....	134
Project Fiscal Summary (Table V).....	106	Project Fiscal Summary (Table V).....	135
Project Sheet (Table VI) .....	107 - 115	Project Sheet (Table VI) .....	136 - 144
Proposed Development Loans (Table VII) .	116 - 118	Proposed Development Loans (Table VII) .	145 - 146
Historical Aid Table.....	119	Historical Aid Table.....	147
 <u>KOREA</u>		 <u>OTHER</u>	
Country Narrative .....	121 - 123	<u>IRAN:</u>	
Status of Active Development Loans		Status of Active Development Loans	
Summary (Table IV).....	124	Summary ( Table IV) .....	149
Project Fiscal Summary ( Table V).....	125		
Project Sheet (Table VI).....	126 - 127		
Proposed Development Loans (Table VII) .	128 - 129		
Historical Aid Table.....	130		

# ASIA



**■ FY 1974 DEVELOPMENT ASSISTANCE PROGRAM COUNTRIES**

## 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
<b>Total</b>	<b>527.4</b>	<b>53.3</b>	<b>14.5</b>	<b>17.6</b>	<b>79.1</b>	<b>136.0</b>	<b>226.8</b>
<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
<b>Total</b>	<b>474.6<sup>a/</sup></b>	<b>65.3</b>	<b>18.5</b>	<b>15.6</b>	<b>76.3</b>	<b>131.4</b>	<b>167.4</b>
<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
<b>Total</b>	<b>457.8<sup>a/</sup></b>	<b>140.1</b>	<b>21.5</b>	<b>13.4</b>	<b>83.4</b>	<b>171.5</b>	<b>27.8</b>

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	-
<b>Total</b>	<u>\$113,000</u>	<u>\$75,000</u>

### 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
<u>ASIA BUREAU - TOTAL</u>	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 <sub>d/</sub>	300 <sub>d/</sub>
Bangladesh	199,107	102,100	55,500	--	--	50,000	--	1,000	5,000	199,107 <sub>a/</sub>	101,100 <sub>b/</sub>	500 <sub>b/</sub>
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 <sub>d/</sub>	18 <sub>d/</sub>
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 <sub>d/</sub>	50 <sub>d/</sub>
Philippines	30,520	79,796	28,981	20,000	20,000	20,000	10,290	9,496	8,716	230 <sub>d/</sub>	50,300 <sub>c/</sub>	265 <sub>d/</sub>
Turkey	58,963	47,593	57,510	40,000	40,000	40,000	3,263	2,593	2,510	15,700 <sub>d/</sub>	5,000 <sub>d/</sub>	15,000 <sub>d/</sub>
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 <sub>d/</sub>	75 <sub>d/</sub>
Singapore	--	40	--	--	--	--	--	--	--	--	40 <sub>d/</sub>	--
Syria	--	8	--	--	--	--	--	--	--	--	8 <sub>d/</sub>	--

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	24,292	17,887	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	5,835	2,525	2,686	5,417	6,013	814	945	810	33,490	38,880	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	-
<b>Total</b> .....	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

SUMMARY OF TECHNICIANS AND PARTICIPANTS BY COUNTRY

TABLE III

REGION: ASIA

Country	NUMBER OF U.S. TECHNICIANS On Duty At Close Of Fiscal Year												NUMBER OF PARTICIPANTS Programmed During Fiscal Year								
	A.I.D. employed			Participating agency			Contractor technicians			Total			Non-contract			Contract			Total		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
AFGHANISTAN	41	36	29	6	11	8	55	42	56	102	89	93	182	180	205	58	20	19	240	200	224
BANGLADESH	4	14	14	-	-	-	-	1	10	4	15	24	-	85	130	-	-	-	-	85	130
INDIA	43	11	7	21	4	-	51	15	3	115	30	10	8	66	30	135	-	-	143	66	30
INDONESIA	36	39	38	12	9	7	16	23	25	64	71	70	147	159	195	55	43	72	202	202	267
KOREA	36	28	16	3	2	2	16	5	9	55	35	27	148	140	160	-	-	-	148	140	160
NEPAL	18	22	18	4	5	6	10	16	21	32	43	45	105	60	110	-	3	10	105	63	120
PAKISTAN	25	23	18	2	2	4	2	8	6	29	33	28	7	90	100	-	15	-	7	105	100
PHILIPPINES	53	43	42	5	2	-	12	23	27	70	68	69	130	148	78	-	-	-	130	148	78
TURKEY	28	27	25	2	-	-	17	22	22	47	49	47	231	166	122	6	3	-	237	169	122
YEMEN	-	4	5	-	-	2	-	4	7	-	8	14	-	27	77	-	-	-	-	27	77
ASIA REGIONAL	29	27	27	10	5	4	44	39	32	83	71	63	3	-	17	459	481	488	462	481	505
<b>Total.....</b>	313	274	239	65	40	33	223	198	218	601	512	490	961	1,121	1,224	713	565	589	1,674	1,686	1,813

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	AS PERCENT 5-19 AGE GROUP	PERCENT	
	MILLIONS	PERCENT	THOUSANDS		PERCENT								
Afghanistan .....	18	2.3-2.7	7	8	82	20,670	39	184	192	660 <sup>a</sup>	4	11 <sup>a</sup>	8
Bangladesh .....	76	2.7	5	5	80	8,860	46	125	3,872	6,355 <sup>b</sup>	19	23 <sup>c</sup>	22
India .....	590	2.2 <sup>d</sup>	18	20	73	4,800	51	128	37,000	54,100 <sup>E, b</sup>	24	33 <sup>b</sup>	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 <sup>e</sup>	52	66 <sup>e</sup>	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 <sup>E, b</sup>	17	23 <sup>c</sup>	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 <sup>f</sup>	76	4 <sup>f</sup>	4	10 <sup>E</sup>

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 <sup>a</sup>	PER CAPITA GNP 1972 <sup>a</sup>	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 <sup>b</sup>	90 <sup>b</sup>	n.a.	n.a.	n.a.	n.a.	66 <sup>c</sup>	95 <sup>d</sup>	Fruits, nuts, karakul skins, natural gas, cotton	138 <sup>c</sup>	118 <sup>d</sup>
Bangladesh <sup>e</sup> .....	4,300 <sup>f</sup>	60 <sup>f</sup>	n.a.	n.a.	-1.7	-4.2	477	154 <sup>g</sup>	Jute & Jute manufactures	538	213 <sup>g</sup>
India <sup>h</sup> .....	59,010	99	3.5	1.3	4.9 <sup>i</sup>	2.8 <sup>i</sup>	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 <sup>b</sup>	80 <sup>b</sup>	n.a.	n.a.	n.a.	n.a.	29 <sup>c</sup>	22 <sup>d</sup>	Food, jute	37 <sup>c</sup>	39 <sup>d</sup>
Pakistan <sup>j</sup> .....	4,740 <sup>d</sup>	79 <sup>d</sup>	4.3 <sup>k</sup>	1.6 <sup>k</sup>	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 <sup>b</sup>	80 <sup>b</sup>	n.a.	n.a.	n.a.	n.a.	7 <sup>l</sup>	6	Coffee, qat, cotton	45 <sup>l</sup>	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 <sup>a</sup>			CENTRAL GOVERNMENT FINANCES <sup>b</sup>							
				EXPENDITURES						DOMESTIC REVENUES	
	TOTAL			DEFENSE EXPENDITURES							
	AMOUNT			AMOUNT			AS % OF GNP <sup>c</sup>				
	1970	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 <sup>E</sup>	---	n.a.	---	n.a.	---	n.a.	---	n.a.
India <sup>d</sup> .....	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 <sup>e</sup> .....	182 <sup>f</sup>	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 <sup>g</sup> ....	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



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	37.1
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.6
Population in Urban Areas . . . . .	35
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	72
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	378*
Life Expectancy ( <i>years</i> ) . . . . .	57
People Per Doctor . . . . .	2,220
Literacy Rate ( <i>percent</i> ) . . . . .	46
Students as % of 5 - 19 Age Group . . . . .	49
( <i>Primary and Secondary</i> )	

\* - 1972, in 1971 prices and year-end exchange rates.

## 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
<b>1972</b>							
Devel. Loans	40,000	-	-	-	40,000	-	-
Devel. Grants	3,263	591	-	1,780	-	-	892
Other	15,700	-	-	-	-	-	15,700 <sup>a/</sup>
<b>Total</b>	<b>58,963</b>	<b>591</b>	<b>-</b>	<b>1,780</b>	<b>40,000</b>	<b>-</b>	<b>16,592</b>
<b>1973</b>							
Devel. Loans	40,000	10,000	-	-	30,000	-	-
Devel. Grants	2,593	691	93	1,061	-	-	748
Other	5,000	-	-	-	-	-	5,000 <sup>a/</sup>
<b>Total</b>	<b>47,593</b>	<b>10,691</b>	<b>93</b>	<b>1,061</b>	<b>30,000</b>	<b>-</b>	<b>5,748</b>
<b>1974</b>							
Devel. Loans	40,000	4,000	-	-	36,000	-	-
Devel. Grants	2,510	569	60	1,053	-	-	828
Other	15,000	-	-	-	-	-	15,000 <sup>a/</sup>
<b>Total</b>	<b>57,510</b>	<b>4,569</b>	<b>60</b>	<b>1,053</b>	<b>36,000</b>	<b>-</b>	<b>15,828</b>

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 Bosphorus 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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: TURKEY

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation			Amount Disbursed	Principal Repay-ments	Interest Collected
277-H-053	Gokcekaya Dam Ciceroz	6-15-64	12-02-64	10	40	3/4	2	U.S.\$	20,400	13,056		308
277-H-060	Gokcekaya Transmission Lines	5-28-65	8-27-65	10	40	1	2½	U.S.\$	5,690	4,398		125
277-H-063	Keban Dam	6-29-65	8-31-66	10	40	1	2½	U.S.\$	40,000	26,827		901
277-H-068	Family Planning & Rural Health Services	6-07-66	10-04-66	10	40	1	2½	U.S.\$	2,100	1,877		26
277-H-070	Turkish Coal Industry	6-24-66	4-04-67	10	40	1	2½	U.S.\$	28,100	19,075		376
277-H-076	Black Sea Copper	5-17-67	5-31-68	10	40	1	2½	U.S.\$	30,500	28,070		487
277-H-078	Eregli Steel Mill	6-29-67	5-15-68	10	40	1	2½	U.S.\$	11,850	11,230		240
277-H-080	Middle East Technical University	6-29-67	10-23-67	10	40	1	2½	U.S.\$	4,500	1,604		16
277-H-083	Hacetepe Science Center	6-29-67	10-23-67	10	40	1	2½	U.S.\$	4,500	3,477		51
277-H-084	Industrial Development Bank	7-19-67	5-18-68	10	40	1	2½	U.S.\$	7,500	5,904		49
277-H-086	Agricultural Development & Control	6-25-68	9-06-68	10	40	2	2½	U.S.\$	3,000	1,941		52
277-H-087	Industrial Investment & Credit Bank	6-24-68	9-17-69	10	40	2	2½	U.S.\$	5,000	679		3
277-H-088	Eregli Sintering Plant	6-26-68	11-27-68	10	40	2	2½	U.S.\$	12,500	11,381		216
277-H-092	Development Program	6-01-71	7-26-71	10	40	2	3	U.S.\$	25,000	18,273		23
277-H-093	Expansion of Steel Mill	7-14-71	4-28-72	10	40	2	3	U.S.\$	40,000	-		-
	Total.....	XXXXXX	XXXXXX	XX	XX	XXX	XXX	XXXX	240,640	147,792		2,873

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

**TABLE V**

COUNTRY: **TURKEY**

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost	
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73				
<b>FOOD PRODUCTION AND NUTRITION</b>													
Cereals Production	* 277-11-130-444	1967	1975	919	749	170	691	250	205	215	569	340	1,823
On-Farm Water Development	* 277-11-120-426	1968	1975	985	930	55		189	130	114	374	115	1,419
Agriculture Administration and Planning	277-11-190-594	1971	1975	531	425	106		252	211	147	130	102	1,010
<b>POPULATION PLANNING AND HEALTH</b>													
Family Planning	277-11-590-599	1973	Cont.	-	-	-	93	93	93	-	60	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>													
Academies of Economics and Commerce	277-11-770-357	1962	1972	2,041	1,865	176	1,061	-	110	66	1,053	-	2,041
Higher Education	277-11-660-445	1968	1972	2,522	1,835	687		-	358	329	-	-	2,522
Development Statistics	277-11-740-364	1962	1973	1,426	1,367	59		46	59	46	-	-	1,472
National Education Research and Planning	277-11-690-398	1967	1973	932	722	210		20	230	-	-	-	952
Budget Administration Improvement	277-11-750-448	1970	1973	227	206	21		38	50	9	-	-	265
Development Administration Training	277-15-995-396	1966	Cont.	2,150	1,598	552		622	616	558	558	Continuing	
Bosphorus University	277-11-660-597	1973	1977	-	-	-		335	335	-	315	600	1,250
Management Education Improvement	* 277-15-660-602	1974	1977	-	-	-		-	-	-	80	415	495
Public Finance and Statistical Resources	* 277-11-790-603	1974	1975	-	-	-		-	-	-	100	-	100
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>													
Technical Support	277-15-999-000	1952	Cont.	15,775	15,698	77	748	748	785	40	828	Continuing	
<b>Total . . . . .</b>							<b>2,593</b>	<b>3,182</b>	<b>1,524</b>	<b>2,510</b>			

\*Detailed project narrative—See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	28	27	25
Participating agency . . . . .	2	-	-
Contractor technicians . . . . .	17	22	22
<b>Total . . . . .</b>	<b>47</b>	<b>49</b>	<b>47</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	231	166	122
Contract . . . . .	6	3	-
<b>Total . . . . .</b>	<b>237</b>	<b>169</b>	<b>122</b>

Country: TURKEY

## PROJECT SHEET

TABLE VI

PROJECT TITLE Cereals Production 277-11-130-444	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER	PRIOR REFERENCE p.28 FY 73 PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: This project assists the Ministry of Agriculture in its campaign to achieve national self-sufficiency in cereals production by 1980. The project has focused on application of adaptive research aimed at improved cereals yields in the dry central plateau of Turkey. In response to a request from the Government of Turkey the project has been extended two years in order to complete 5 full research cycles with demonstrations in 25 provinces, with the objective of establishing optimum cultivation practices. Erratic weather and a two year crop cycle have prevented adequate field demonstrations of the research since 1968.

An A.I.D. contract team assists Turkish specialists in conducting research trials on improved techniques for tillage, moisture conservation, weed control and seeding. The A.I.D. team works with extension staff to develop farmers' training packages of improved cereals cultivation techniques based on the research. In FY 1973 teams from five pilot areas were trained in adaptive research techniques and use of imported tillage equipment. Extension teams from 25 provinces were trained in basic wheat production and the latest methods of wheat cultivation.

FY 1974 Program: The four-man OSU contract team

will work with Ministry of Agriculture counterparts to refine the package of cultivation techniques for increased wheat yields, to train 35 additional provinces' extension teams in the improved production package, and to upgrade teaching of improved methods to farmers. Research on weed control techniques and on cereals other than wheat will continue along with expanded field demonstrations. To assist with the weed control research, a fourth OSU advisor is planned. Corn and sorghum field demonstrations using seed varieties and techniques introduced in 1972 will begin soon. Prototype dry land farm equipment developed by the A.I.D. machinery advisor will be field tested.

U.S. Technicians: One direct hire agronomist, four contract advisors in summer fallow, weed control, extension management, and cereals production training; two short-term consultants in summer fallow and feed grain production.

Participants: Nine continuing programs in production research and extension; eight new long-term starts in cereals research, weed control and extension methodologies.

Commodities: Spray and Tillage equipment; pesticides, herbicides.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/72	919	749	170								Oregon State U.
Estimated FY 73	250	205									
Estimated through 6/30/73	1169	954	215	U.S. Technicians	29	130	159	31	170	201	
				Participants ....	87		87	110		110	
				Commodities ....		4	4		3	3	
		Future Year Obligations	Estimated Total Cost	Other Costs ....							
Proposed FY 74	314	340	1823	Total Obligations	116	134	250	141	173	314	

Country: TURKEY

## PROJECT SHEET

TABLE VI

PROJECT TITLE On-Farm Water Development	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 277-11-120-426	PRIOR REFERENCE Pg.29, FY 1973 PDB	INITIAL OBLIGATION FY: 1968
		SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: This project is designed to provide TOPRAKSU (The Government's National Farm Irrigation and Soil Conservation Agency) with the capability of assisting farmers in preparing their land for expanded production by applying the most efficient irrigation and drainage practices.

Complementing multi-million dollar projects financed by the IBRD and the European Investment Bank, which has increased TOPRAKSU's capacity to perform leveling and construction work on large plots of land, A.I.D. resources have concentrated on improving the individual plots of small farmers (70% of the farm population). Locally produced equipment along with irrigation and drainage practices designed for smaller land parcels have been emphasized.

Last year's Congressional Presentation proposed a one-year extension to help TOPRAKSU expand private sector participation in on-farm water services, primarily in southwestern Turkey. Since that time the Government of Turkey has approved plans to introduce local action - farmer financed land development in other regions of the country. The Government has earmarked the equivalent of \$21 million for this purpose, has initiated discussions concerning development loan assistance in FY 1974, and has requested

our technical assistance in helping TOPRAKSU carry out its broadened responsibilities. As a result, we propose a 2-year extension of the project - from FY 73 to FY 75.

Progress to Date: TOPRAKSU's operating effectiveness has been strengthened to a point where its 800 engineers now survey, design and supervise land leveling operations on 100,000 acres a year. Private contractors carry out much of the work in land leveling, field drainage and canal construction at prevailing market prices.

FY 1974 Program: U.S. advisors will help TOPRAKSU introduce farmer financed land development in new regions of the country by assisting: (a) local farm equipment manufacturers and suppliers and (b) land development contractors. The advisors also will assist TOPRAKSU establish a credit program for irrigation and land development services.

U.S. Technicians: Two direct-hire - one irrigation systems specialist, one farm equipment technician;

Participants: One continuation in irrigation economics; five short term programs in irrigation practices and farm management.

Contract: 2 short term in farm planning/marketing and agri-business services.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 73	Estimated through 6/30/73	Future Year Obligations		Estimated Total Cost	Estimated FY 1973		Proposed FY 74			
	985	930	55		Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
	189	130		U.S. Technicians	59	67	126	62	31	93	
	1,174	1,060		Participants ....	63	-	63	37	-	37	
				Commodities ....	-	-	-	-	-	-	
				Other Costs ....	-	-	-	-	-	-	
Proposed FY 74	130	115	1,419	Total Obligations	122	67	189	99	31	130	

PROJECT TITLE Management Education Development	OBJECTIVE/ACTIVITY Education and Human Resource Dev.	FUNDS DG
PROJECT NUMBER 277-15-660-602	PRIOR REFERENCE	SCHEDULED FINAL OBLIGATION FY: 1977
	INITIAL OBLIGATION FY: 1974	

Project Target and Course of Action: This project will improve the quality of Turkish managerial training by professionally upgrading the teaching of management. It will promote linkages between the private Management Education Foundation (MEF) and other Turkish private sector organizations with the objective of applying modern management research techniques to Turkish problems.

The Turkish Third Five-Year Plan cites the need for improved management practices and trained managers to achieve rapid industrialization. Over the past fifteen years, A.I.D. has helped establish and support several of Turkey's major management institutions. Today these institutions face a heavy and increasing demand for their services. More students seek admittance than the schools can train well with existing staff. MEF plays a pivotal role meeting this need and in disseminating modern management concepts to other management organizations and the private sector. The project will focus on upgrading Turkish MBA programs through advanced U.S. professional training for selected management instructors and by supporting management research and U.S. senior research fellowships.

FY 1974 Program: A.I.D. will provide a grant to the Management Education Foundation which

will monitor and implement the program in cooperation with other Turkish groups and universities. Up to ten outstanding teachers of management will be selected and enrolled for advanced Ph.D. or D.B.A. training. In cooperation with the Ford Foundation and Turkish management groups, A.I.D. will support studies assessing the actual private sector supply and demand for improved management skills as well as the feasibility and desirability of further U.S. investment in Turkish management improvement activities.

Participant Training: \$80,000 grant to Management Education Foundation (MEF) for project implementation, i.e., selection and processing of up to ten management educators for advanced professional training.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
	Estimated FY 73				Estimated FY 1973	Proposed FY 74		
Estimated through 6/30/73				U.S. Technicians	Direct AID	Contract/Other Agency		Total
		Future Year Obligations	Estimated Total Cost	Participants ....				
Proposed FY 74	80	415	495	Commodities ....				
				Other Costs ....				
				Total Obligations				
					80		80	
					80		80	

Country: TURKEY

## PROJECT SHEET

TABLE VI

PROJECT TITLE Public Finance and Statistical Resources	OBJECTIVE/ACTIVITY Education and Human Resource Dev.	FUNDS DG
PROJECT NUMBER 277-11-790-603	PRIOR REFERENCE	SCHEDULED FINAL OBLIGATION FY: 1974
		FY: 1974

**Project Target and Course of Action:** The project will assist the Turkish Government to resolve specific problems related to efficient operations and staff development within Turkish public finance and statistical agencies.

Building on previous A.I.D. assistance in the upgrading of Turkish financial and statistical institutions, we plan to provide limited, but essential follow-on technical assistance in program budgeting, revenue collection and statistical analysis. This will encourage Turkish government agencies to strengthen links with U.S. Institutions capable of providing necessary assistance after A.I.D. support is phased out. Under the two-year grant, funds will be provided to the Ministry of Finance and the State Institute of Statistics for U.S. advisory and training services responding to specific requests from the Revenue Directorate, the Budget Directorate and the State Institute of Statistics, all past recipients of A.I.D. technical assistance. The Government of Turkey will be responsible for grant implementation, i.e., obtaining the necessary follow-on consultant services and short term training in the U.S.

**FY 1974 Program:** The U.S. will respond to modest requests for U.S. training and/or

consultant services which the Government of Turkey requires to overcome one or more critical impediments to efficient government operations and services in tax administration, budget management, and statistical information collection, analysis and retrieval. For example, the State Institute of Statistics has indicated a need for up to six short-term consultants to assist in solving problems related to implementation of a computerized national income accounting system. During FY 1974 the Turkish agencies will continue to identify and anticipate their requirements for limited U.S. assistance. **Contract Services:** Six short term consultants in data processing and national accounting, revenue system administration and program budgeting.

**Participant Training:** Short term U.S. training for 5 participants in U.S. tax and revenue administration, program budget analysis and national income accounting.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated FY 73				U.S. Technicians							To be selected
Estimated through 6/30/73				Participants ....				-	60	60	
				Commodities ....				40	-	40	
		Future Year Obligations	Estimated Total Cost	Other Costs ....				-	-	-	
Proposed FY 74	100	-	100	Total Obligations				40	60	100	

PROPOSED DEVELOPMENT LOANS

Country: TURKEY

TABLE VII

Title of Loan: IRRIGATED AGRICULTURE		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	10,000

The loan will assist in accelerating the use of improved practices of irrigated agriculture in new areas by stimulating credit-financed, private sector-executed land development. The proposed sector loan includes (1) land leveling; (2) construction of lateral canals, drains, roads and other infrastructure; (3) supervised credit, probably under the Agriculture Bank; and (4) extension services, marketing and cooperative assistance. It will enable farmers to profit from irrigated agriculture and will expand construction capabilities by helping private enterprises to buy machinery and get into the business of land levelling and civil works. There are at least four areas where such activities might be developed, including Isparta-Konya, Samsun, Mersin and Malatya.

Title of Loan: RURAL DEVELOPMENT		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	5,000

This proposed sector loan will focus on rural development. Loan financing will be for basic infrastructural requirements (such as roads, water supply and possibly electric power distribution) and will support the development of agricultural production, credit cooperatives, and small scale agro-industry. The loan will permit the integration of rural construction projects with planned social and economic development for several defined areas.

Title of Loan: OYMAPINAR HYDROELECTRIC PROJECT		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	25,000

The Oymapinar Dam will be located in the southwest portion of Turkey on the Manavgat River. A concrete arch dam 600 feet high with a 540 megawatt power station is proposed. It would take about six years to complete and will provide power to help Turkey meet its expanding power demands. The \$25 Million loan will finance U.S. engineering and construction services and equipment. Additional foreign exchange financing for the project will come from supplier countries or the Government of Turkey.

Other Loans Eligible for Funding:

Title of Loan: ESPIYE MINES AND CONCENTRATOR		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	8,000

The proposed project involves the development of two copper mines (one open pit and the other underground) and the construction of a concentrator to produce copper, zinc and pyrite concentrates. Total costs are estimated at \$25 million including foreign exchange costs of \$8 million. The project would be executed by the Black Sea Copper Co., a private company owned exclusively by Turkish interests both public and private. The Company is currently completing construction of its copper mining, concentrating and smelting facilities at three sites along the Black Sea coast of Turkey with foreign exchange costs of up to \$30.5 million financed by AID Loan 277-H-076. The proposed new project would provide supplementary copper concentrate to the new smelter complex to raise its production from a planned 40,800 MT to 49,000 MT of blister copper per annum. The zinc and pyrite concentrates would be sold to Turkish industries. AID financing would be required for design engineering and mining and concentrator equipment, almost all of which would come from the U.S. A detailed

Country: TURKEY

feasibility study is expected to be completed by August 1973.

Title of Loan: KEBAN HYDROELECTRIC UNITS 5 AND 6		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	15,000

This project involves the engineering and installation of two turbine-generators of 155 MW capacity each in a dam at Keban, Turkey. This largest of all power dams in Turkey is currently nearing completion with four generating units of 155 MW each. It is being financed by AID, the European Investment Bank, Germany, France, Italy, and the World Bank.

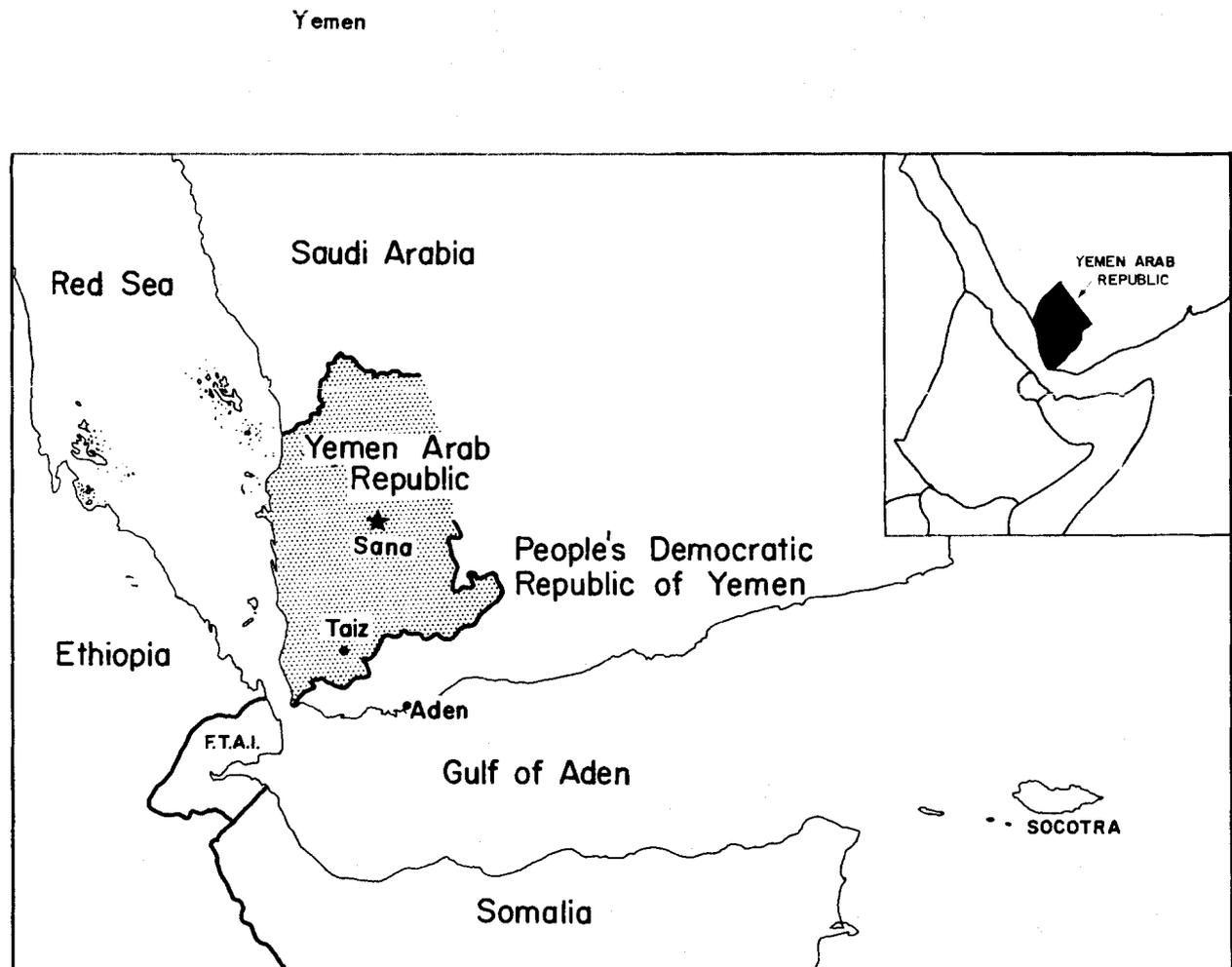
The proposed addition of two more units (for which provision has already been made in the design) will likely be the most efficient way for Turkey to partially overcome a critical shortage of power which is forecast to extend for a number of years in the future.

TURKEY  
(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	INTEREST		
<b>ECONOMIC PROGRAMS</b>							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)	-	-		
<b>FOOD FOR PEACE - TOTAL</b>	29.0	7.9	546.8	122.7	424.1		
<i>Title I - Total</i>	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)		
<i>Title II - Total</i>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	0.1	*	27.4	14.7	12.7		
PEACE CORPS	0.1	*	15.2	-	15.2		
OTHER	-	-	12.2	14.7	-2.5		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	11.0	34.9	123.5	79.4	44.1		
OTHER LOANS	-	-	-	-	-		
<b>TOTAL OTHER OFFICIAL LOANS</b>	11.0	34.9	123.5	79.4	44.1		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	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		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	35.7	35.1	231.9	-	231.9		
OTHER GRANTS	7.5	41.4	239.1	-	239.1		
<b>TOTAL MILITARY PROGRAMS</b>	142.6	152.2	3,575.4	-	3,575.4		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
<b>TOTAL</b>	FY 1971 127.3	FY 1972 160.2	FY 1946-72 762.9	DONOR	CY 1970 76.4	CY 1971 96.9	CY 1969-71 750.4
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	104.4
Other UN (CY)	0.1	0.2	9.1	<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
EEC - Eur. Invest. Bank	-	-	175.0	1971 (Calendar Year)	-		
				1972 (Calendar Year)	158		
				Cumulative thru 1972	548		

\* Less than \$50,000.

# Yemen Arab Republic



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	6.1
Annual Growth Rate ( <i>percent</i> ) . . . . .	3.0
Population in Urban Areas . . . . .	6
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	73
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	80*
Life Expectancy ( <i>years</i> ) . . . . .	44
People Per Doctor . . . . .	62,700
Literacy Rate ( <i>percent</i> ) . . . . .	10 <sup>E</sup>
Students as % of 5 - 19 Age Group . . . . .	4
( <i>Primary and Secondary</i> )	

\* - 1971 in 1971 prices and year-end exchange rates.

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.

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

**TABLE V**

COUNTRY: YEMEN ARAB REPUBLIC

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							427			587		
Sorghum Production	* 279-11-130-018	1973	1978	-	-	-	95	30	65	45	410	550
Poultry Production	* 279-11-130-019	1973	1977	-	-	-	80	20	60	145	255	480
Rural Water Supply	* 279-11-125-022	1973	1977	-	-	-	252	50	202	397	1,316	1,965
<b>POPULATION PLANNING AND HEALTH</b>							430			255		
Sana's Emergency Water Supply	* 279-11-521-021	1973	1975	-	-	-	200	40	160	150	100	450
Taiz Water System Rehabilitation	* 279-11-521-017	1973	1975	-	-	-	230	90	140	105	100	435
<b>HUMAN RESOURCE DEVELOPMENT</b>							122			323		
Public Sector Training	* 279-11-690-020	1973	Cont.	-	-	-	122	20	102	323	Continuing	
<b>SELECTED DEVELOPMENT PROBLEMS</b>							271			585		
Pre-Development Studies	* 279-11-995-023	1973	1976	-	-	-	271	40	231	585	604	1,460
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							350			450		
Technical Support	279-11-999-000	1973	Cont.	-	-	-	350	300	50	450	Continuing	
<b>Total . . . . .</b>							1,600	590	1,010	2,200		

\*Detailed project narrative--See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	-	4	5
Participating agency . . . . .	-	-	2
Contractor technicians . . . . .	-	4	7
<b>Total . . . . .</b>	-	8	14

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	-	27	77
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	-	27	77

PROJECT TITLE Sorghum Production	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 279-11-130-018	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: 1978

Target and Course of Action: The purpose of this project is to increase sorghum and millet production in the Sana'a Governate, where over 80% of the cultivated acreage is planted annually to these two crops. Increased production will make possible the release of acreage in other areas of the country for raising other crops. A two-phase program is envisioned, concentrating first on adaptive research, and then on extending the research results to farmers. During 1973 introductory trials of improved varieties of sorghum and millet will be established by short-term technicians with the cooperation of a Ford Foundation sorghum expert from the Foundation's research center in Beirut. High yielding varieties already developed mainly in Mexico and Lebanon will be the germ plasma source. Participants will be selected and sent for a 7-8 month training program in Beirut with the Ford Foundation and/or the American University of Beirut. A contract technician will be made available for continuing technical and supervisory assistance beginning in FY 1974.

FY 1974 Program: The introductory trials will be continued with new plant materials. The successful varieties from the first year's trials will be further tested and one or two of the most promising varieties will be used to initiate trials in fertilizer requirements, and rate and date of planting trials and other cultural practices.

U.S. Technicians: One long-term contract advisor.

Participants: Two for 8 months training each in Beirut.

Commodities: Small equipment such as plot planters, scales, and weather instruments; fertilizer and pesticides.

Other Costs: In-country travel, building fences, and a well and pump house.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 73	Estimated through 6/30/73	Future Year Obligations		Estimated Total Cost	Estimated FY 1973		Proposed FY 74			
						Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency
	-	-	-		10	-	10	-	20	20	To Be Selected
	95	30		U.S. Technicians	3	-	3	5	-	5	
	95	30	65	Participants ....	36	-	36	14	-	14	
				Commodities ....	46	-	46	6	-	6	
				Other Costs ....	95	-	95	25	20	45	
Proposed FY 74	45	410	550	Total Obligations							

Country: YEMEN ARAB REPUBLIC

## PROJECT SHEET

TABLE VI

PROJECT TITLE Poultry Production	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 279-11-130-019	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: 1977

**Target and Course of Action:** The goal of this project is to assist the Yemen Government increase the production of animal protein. Poultry is one of the quickest, most efficient methods of converting feed grains to animal protein. Animal protein is in short supply and prices prohibitively high. In this project, a poultry enterprise established under the Ministry of Agriculture to provide eggs and broilers for the city of Sana'a, will be used to demonstrate that an efficient poultry enterprise is a profitable business venture and to encourage and assist Yemeni entrepreneurs to start such enterprises in other major cities. Subsequently, poultry production enterprises will be developed in major cities. In addition to providing advice and encouragement to private poultry enterprises, assistance will be provided to the Ministry of Agriculture to improve the poultry enterprise so that it can serve as a training facility for poultry technicians, a research facility for upgrading local poultry, and a source of baby chicks or fertile eggs for small-village-size poultry enterprises.

A full-time poultry advisor under a personal services contract will provide continuing advice to the Ministry of Agriculture technicians being trained under this project. The British Overseas Development Corporation's animal health project in Sana'a and the American University of Beirut will provide short-term veterinary assistance, as needed, to the project and in the training of

technicians assigned to the project. Funding for these activities would be provided for under the project. A consultant will take an in-depth look at the poultry sector in the Spring of FY 1973 in order to complete project implementation plans.

**FY 1974 Program:** The necessary buildings for the poultry enterprise will be constructed. A short-term technician will assist with the building plans and selection of the other commodities for the project. Chicks will be imported from Beirut to establish a laying flock of hens, and as a source of broilers. The goal will be 1,000 broilers marketed per week. The full time poultry advisor will begin on-the-job training programs with the Ministry of Agriculture and the managers of the poultry enterprise.

**U.S. Technicians:** One poultry advisor under a personal services contract; one short-term contract technician.

**Participants:** Four for short-term technical training: in general poultry, broiler production, egg production, and procurement-marketing.

**Commodities:** Chicks and equipment such as feeders, mixers, brooders, and waterers.

**Other Costs:** Local construction costs of the buildings, water supply, and fencing.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
	Estimated FY 73	80	20		Estimated FY 73	Proposed FY 74		
Estimated through 6/30/73	80	20	60	U.S. Technicians	Direct AID	Contract/Other Agency		Total
		Future Year Obligations	Estimated Total Cost	Participants ....	10	-	10	
				Commodities ....	-	-	-	
				Other Costs ....	30	-	30	
Proposed FY 74	145	255	480	Total Obligations	40	-	40	
					80	-	80	
								95
								50
								145

PROJECT TITLE Rural Water Supply	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 279-11-125-022	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY 1977

**Target and Course of Action:** The goal of this project is to: increase health and living standards, and the general productivity of rural areas by bringing a convenient supply of potable and irrigation water into the villages; and improve the capacity of the Yemen Government agencies responsible for maintaining and expanding village water supplies. The project will focus on self-help at the local level. Personal investment of labor by the villagers in constructing the water supply system is expected to create the incentive to keep it in working condition, and to encourage general participation in community improvement efforts. The target is to provide a total of 75 villages (total population about 600,000) with potable water, or about 15 villages a year. An average of 15 Yemeni will be trained each year at the Amilieh Technical Institute, Beirut, in constructing, maintaining, and operating the water supply systems.

**FY 1974 Program:** Surveys for the first 15 villages will be conducted and drilling and cistern construction will begin in the highest priority villages. Pipes and pumps will be installed and on-the-job training conducted. Also plans will be drawn up for the next group of villages to be assisted.

**U.S. Technicians:** One civil hydraulic engineer, a general engineer, and a heavy equipment specialist on personal service contracts.

**Participants:** 15 Yemeni for short-term training at Amilieh Technical Institute, Beirut.

**Commodities:** Well drilling rig, pumps, engines, well casing, screening, pipes and fittings, cement, and vehicles will be purchased from the U.S.

**Other Costs:** To establish an operational site, contract a third-country-national well-drilling specialist.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 73	50	-		Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/73	252	50	202	U.S. Technicians	-	100	100	-	140	140	Personal Services Contracts
		Future Year Obligations	Estimated Total Cost	Participants ....	20	-	20	42	-	42	
				Commodities ....	90	-	90	140	-	140	
				Other Costs ....	42	-	42	75	-	75	
Proposed FY 74	397	1,316	1,965	Total Obligations	152	-	252	257	140	397	

Country: YEMEN ARAB REPUBLIC

PROJECT SHEET

TABLE VI

PROJECT TITLE Sana'a Emergency Water Supply	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG	
PROJECT NUMBER 279-22-521-021	PRIOR REFERENCE -	INITIAL OBLIGATION FY: FY 1973	SCHEDULED FINAL OBLIGATION FY: FY 1975

Target and Course of Action: The goal of this project is to provide additional domestic water to the residents of Sana'a, capital of Yemen with a population of 140,000, on an emergency basis until the permanent water supply and sewerage system, for which an IBRD loan is contemplated, has been completed. The program will begin in FY '73, and will consist of well drilling, water line construction, installation of public hydrants, and participant training. One U.S. technician, recruited in FY 1973, will supervise the above. Wells will be drilled under local contracts to be negotiated in FY 1973.

and fittings, and miscellaneous appurtenances.

Other Costs: Local contracts for well drilling and construction of pump houses and pipelines.

FY 1974 Program: Well drilling will continue. Construction will begin on the supply lines to tie into the existing system, and public hydrants as needed. Participants for foreign training will be selected and training will begin.

U.S. Technicians: One technician, under a personal service contract, to advise and assist the Sana'a Cooperative Association which is managing the project.

Participants: Four more Yemeni personnel will receive short-term training at the Amilieh Technical Institute in Beirut, Lebanon in vocational subjects related to water supply.

Commodities: Pumps, engines, well casings, steel pipe

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/72	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
	-	-	-	Estimated FY 1973		Proposed FY 74				
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Estimated FY 73	200	40					Personal Services Contract			
Estimated through 6/30/73	200	40	160							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 74	150	100	450	150	50	200		75	75	150
				Cost Components						
				U.S. Technicians	-	50		50	-	50
				Participants ....	15	-	15	15	-	15
				Commodities ....	100	-	100	40	-	40
				Other Costs ....	35	-	35	20	25	45
				Total Obligations	150	50	200	75	75	150

PROJECT TITLE Taiz Water System Rehabilitation	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 279-11-521-017	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: 1975

Target and Course of Action: The objective of the project is to rehabilitate the J.F.K. Memorial Water System to its original project design capacity of supplying 1.2 million gallons of potable water per day, and to encourage the improvement of the managerial and technical capabilities of the Water System personnel. This project was built with A.I.D. funds during the early 1960s and was successfully operating at the time diplomatic relations were broken. During the civil war it was not adequately monitored as some trained personnel were lost, and parts not available. It is now operating at approximately one-third of capacity.

A U.S. technician, under a personal services contract, will be responsible for advising and assisting the Taiz Cooperative Organization in rehabilitating the system. On-the-job training will be carried out by several project employees who were trained by USAID/Yemen between 1962-66 and who are still working with the Water System. In addition, supervisory employees will be sent to Amilleh Technical Institute, Beirut for 6-9 months intensive training in vocational subjects; and supervisors now in responsible managerial positions will attend short management courses in U.S. institutions.

FY 1974 Program: On-the-job training will begin and employees to be trained abroad will be selected. U.S. commodities will be ordered and installed. Activities

begun in FY 1973 will be completed, such as modification and rehabilitation of the power facilities; partial replacement of the well field electrical transmission line; rebuilding of the pumps and engines; drilling of new wells; provision, improvement, and repair of the distribution system, storage facilities, chlorinators, water meters, and existing maintenance equipment.

U.S. Technicians: One engineering technician under personal services contract.

Participants: Eight short-term participants for training at Amilleh Technical Institute, Beirut and short-term U.S. training for four participants.

Other Costs: Local procurement of equipment and supplies.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 73	230	90		Estimated FY 1973	Proposed FY 74				
Estimated through 6/30/73	230	90	140	U.S. Technicians	Direct AID	Contract/Other Agency		Total	Personal Services Contract	
		Future Year Obligations	Estimated Total Cost	Participants ....						
				Commodities ....						
				Other Costs ....						
Proposed FY 74	105	100	435	Total Obligations	180	50	230	55		50

Country: YEMEN ARAB REPUBLIC

## PROJECT SHEET

TABLE VI

PROJECT TITLE Public Sector Training	OBJECTIVE/ACTIVITY Human Resources Development	FUNDS DG
PROJECT NUMBER 279-11-690-020	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: Continuing

Target and Course of Action: The immediate objective of this participant training project is to provide managerial, administrative, and technical training to selected government officials (and private sector individuals as appropriate) who will occupy positions of responsibility in those Yemen Government ministries, agencies, and institutions directly concerned with economic development and resource management. It is hoped that in the long run the project will assist the Government in developing a public service more capable of meeting the operational and administrative responsibilities of a modernizing society. Training will be provided either in the U.S. or an acceptable third country, for approximately 28 new starts per year, about half of which will be for non-academic and observational visits, and the remainder for full term academic programs leading to degrees. Short-term consulting services will be provided to assist the Government in establishing an inter-ministerial committee which will set training priorities, and manage the training programs.

Participants: 13 continuing and 13 new for long-term academic training and 15 for non-academic training.

FY 1974 Program: A short-term advisor will assist in establishing a committee on the selection and placement of qualified participants. A second group of participants will be selected for training to follow those selected in FY 1973.

U.S. Technicians: One short-term direct-hire consultant.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 73	20	-		Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/73	122	20	102	U.S. Technicians	8	-	8	15	-	15	
		Future Year Obligations	Estimated Total Cost	Participants ....	114	-	114	308	-	308	
				Commodities ....	-	-	-	-	-	-	
				Other Costs ....	-	-	-	-	-	-	
Proposed FY 74	323	Continuing		Total Obligations	122	-	122	323	-	323	

PROJECT TITLE Pre-Development Studies	OBJECTIVE/ACTIVITY Selected Development Problems	FUNDS DG	
PROJECT NUMBER 279-11-995-023	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973	SCHEDULED FINAL OBLIGATION FY: 1976

Target and Course of Action: Under this project a series of economic and technical analyses, feasibility studies, and pilot activities will be conducted to help the Yemen Government identify the most promising activities for economic development. Studies proposed under this project will be designed to provide a firm basis for future activities by A.I.D. and other donors. Through this project the Yemen Government will have an improved project analysis capacity to present its project requirements to other foreign donors or the private sector. This should increase the size and effectiveness of other-donor aid. We expect the emphasis will be on agriculture and infrastructure activities. Subject to timing decisions and availabilities of funding the following studies are planned for FY 1973: 1) Virginia Tobacco curing, to help the Government determine the feasibility of improving its tobacco processing industry; 2) a feasibility study for the city of Taiz on extending its water system and constructing a new sewerage works; 3) a pre-feasibility study on the Taiz airport to determine whether conditions warrant conducting a more thorough feasibility study.

FY 1974 Program: Two pre-development studies are proposed for FY 1974: 1) Dairy Production - to determine the feasibility of improving the cattle industry and/or introducing milk reconstituting plants; and 2) Tropical Horticulture - to study the possibility of improving or increasing production of such crops as bananas, citrus

fruits, and date palms. A water and mineral survey is planned which will assist the Government in developing data on water resources, and help institute a Department of Hydrology. This 4-year effort will include on-the-job training and training abroad and will be the nucleus of the Government's capability for future reconnaissance. Based upon the results of the pre-feasibility study of the Taiz airport, begun in FY 1973, a detailed feasibility and preliminary design study will be conducted in FY 1974.

U.S. Technicians: A PASA with USGS for a hydrologist and an economic geologist (\$80,000) and short-term consultants in dairying and horticulture (\$20,000).

Participants: Two well drillers and two heavy equipment specialists will be sent to Amilieh Technical Institute, Beirut.

Commodities: 2 well drilling rigs, drilling casing and ancillary equipment, scientific equipment, trucks and jeeps.

Other Costs: Local hire contract personnel, an operations center, local procurement of supplies and a third country national well driller.

U.S. DOLLAR COST (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES		
	Obligations	Expenditures	Unliquidated						
				Estimated FY 1973		Proposed FY 74			
Through 6/30/72				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 73	271	40		21	250	271	-	100	100
Estimated through 6/30/73	271	40	231	-	-	-	20	-	20
		Future Year Obligations	Estimated Total Cost	-	-	-	365	-	365
				-	-	-	100	-	100
Proposed FY 74	585	604	1,460.	21	250	271	485	100	585

PRINCIPAL CONTRACTORS/AGENCIES

U.S. Geological Survey

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: YEMEN ARAB REPUBLIC

Title of Loan: TAIZ WATER AND SEWERAGE SYSTEMS		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	5-10,000

The project is to design and install an expansion of the water supply system and a new sewerage system in Yemen's second largest city, Taiz. The John F. Kennedy Water System, now being rehabilitated after deterioration during the civil war, was designed when Taiz had a population of 20,000 to 25,000, affording them 40 gallons per capita per day. With a population now exceeding 80,000, Taiz needs its water supply increased to at least triple to meet present needs. A potable water supply of that magnitude works satisfactorily only if it has an accompanying sewerage system. Sewage now is handled by individual septic tanks, which frequently results in general pollution of the subsoil and contamination of dug wells. It is, therefore, appropriate to combine in one project the expansion of the water supply and the installation of a sewerage system.

AID is planning to finance a feasibility study by a U.S. consulting firm to be completed in FY 1974. The proposed loan would finance the engineering design, construction supervision, equipment and a substantial part of the local construction costs. It would also cover the cost of training for the management and staffs of the expanded water and sewerage systems.

YEMEN ARAB REPUBLIC  
(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			
<b>ECONOMIC PROGRAMS</b>							
A. OFFICIAL DEVELOPMENT ASSISTANCE							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	-	-	32.4	-	32.4		
Loans	-	-	-	-	-		
Grants	-	-	32.4	-	32.4		
(Supporting Assistance)	(-)	(-)	(25.1)	-	-		
<b>FOOD FOR PEACE - TOTAL</b>	*	*	10.3	-	10.3		
<b>Title I - Total</b>	-	-	-	-	-		
REPAYABLE IN U.S. DOLLARS - LOANS	-	-	-	-	-		
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use	-	-	-	-	-		
(Total Sales Agreements, including U.S. Uses)	(-)	(-)	(-)	(-)	(-)		
<b>Title II - Total</b>	*	*	10.3	-	10.3		
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD	-	-	10.1	-	10.1		
VOLUNTARY RELIEF AGENCIES	*	*	0.2	-	0.2		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>							
PEACE CORPS	-	-	-	-	-		
OTHER	-	-	-	-	-		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
B. OTHER OFFICIAL ECONOMIC PROGRAMS							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
<b>TOTAL OTHER OFFICIAL LOANS</b>	-	-	-	-	-		
<b>TOTAL ECONOMIC PROGRAMS</b>	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	-	-	*	-	*		
Credit Sales (FMS)	-	-	-	-	-		
Grants	-	-	*	-	*		
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	-	-	-		
OTHER GRANTS	-	-	-	-	-		
<b>TOTAL MILITARY PROGRAMS</b>	-	-	*	-	*		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	*	*	42.7	-	42.7		
Loans	-	-	-	-	-		
Grants	*	*	42.7	-	42.7		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
<b>TOTAL</b>	<b>FY 1971</b>	<b>FY 1972</b>	<b>FY 1946-72</b>	<b>DONOR</b>	<b>CY 1970</b>	<b>CY 1971</b>	<b>CY 1960-71</b>
	3.6	10.1	19.8	<b>TOTAL</b>	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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year)..... -			
				1972 (Calendar Year)..... 21			
				Cumulative thru 1972 ..... 187			

\* Less than \$50,000.



ASIA 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	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.

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

**TABLE V**

COUNTRY: ASIA REGIONAL

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>												
Agriculture Development Council	298-15-110-021	1972	1974	300	-	300	300	200	400	300	-	900
Asian Vegetable Research & Development Center	498-11-130-212	1971	1975	1,200	635	565	600	750	415	600	600	3,000
Southeast Asia Fisheries	498-11-180-226	1969	1973	186	159	27	100	65	62	-	-	286
<b>POPULATION PLANNING AND HEALTH</b>												
Family Planning	* 298-15-590-019	1968	Cont.	11,353	7,710	3,643	1,172	2,750	2,065	1,615	Continuing	
Cholera Research Laboratory	* 298-11-510-020	1959	1976	2,891	2,611	280	475	480	275	1,000	2,000	6,366
<b>HUMAN RESOURCE DEVELOPMENT</b>												
American University of Beirut Regional Trng	* 298-13-995-015	1951	Cont.	44,097	41,867	2,230	2,405	2,500	2,135	2,075	Continuing	
Asian American Free Labor Institute	* 498-11-410-017	1969	Cont.	2,941	1,583	1,358	1,052	1,200	1,210	1,400	Continuing	
Asian Institute of Technology	498-15-660-114	1958	1974	12,076	11,203	873	819	838	854	831	-	13,726
Regional Educational Development	* 498-11-690-198	1967	1978	11,538	8,731	2,807	4,229	3,200	3,836	2,151	4,709	22,627
<b>SELECTED DEVELOPMENT PROBLEMS</b>												
Regional Program Development Support and Training	298-15-995-017	1952	Cont.	4,278	3,875	403	500	450	453	300	Continuing	
<b>SELECTED COUNTRIES AND ORGANIZATIONS</b>												
Support of CENTO Technical Assistance Requests	290-11-995-200	1958	Cont.	1,365	1,239	126	375	425	76	375	Continuing	
Grants to CENTO Multilateral Cooperation, Science and Industrial Funds	290-11-995-114	1959	Cont.	1,229	1,229	-	125	125	-	125	Continuing	
Southeast Asia Development advisory Group	* 498-11-995-208	1966	1977	2,857	2,345	512	885	800	597	1,000	2,500	7,242
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>												
Regional Technical Advisory Services	498-11-995-165	1963	Cont.	7,236	7,031	205	1,319	1,524	-	1,368	Continuing	
<b>*Detailed project narrative--See Table VI.</b>							<b>Total . . . . .</b>	<b>14,356</b>	<b>15,307</b>	<b>12,378</b>	<b>13,140</b>	

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	29	27	27
Participating agency . . . . .	10	5	4
Contractor technicians . . . . .	44	39	32
<b>Total . . . . .</b>	<b>83</b>	<b>71</b>	<b>63</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	3	-	17
Contract . . . . .	459	481	488
<b>Total . . . . .</b>	<b>462</b>	<b>481</b>	<b>505</b>

PROJECT TITLE Regional Family Planning 298-15-590-019 (replaces Projects 298-15-590-019 and 498-11-580-200) PROJECT NUMBER	OBJECTIVE/ACTIVITY Population Planning and Health		FUNDS DG
	PRIOR REFERENCE Page 18 FY 1973 SA CP; Page 39, FY 1973 PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: Continuing

**Project Target and Course of Action:** This project supports training and research which are relevant to the family planning programs of the entire region. Title X funds are helping to finance the following activities: (a) a systematic investigation of factors related to population growth in a Moslem culture carried out by the American University of Cairo (AUC); (b) Population Institute of the East-West Center in Hawaii - graduate level scholarships for Asian participants, seminars and research on Asian population problems; (c) an Inter-governmental Coordinating Committee (IGCC) Program to facilitate coordination and improved effectiveness of family planning activities in nine Asian countries; (d) Colombo Plan which emphasizes the development of population curricula for Asian education systems, and (e) Economic Committee of the Central Treaty Organization (CENTO) which carries out clinical research on family planning matters of concern to Iran, Turkey and Pakistan.

**Progress to Date:** A grant of \$810,000 was made to AUC in 1971 to finance research in five governates of the United Arab Republic. AUC staff is conducting household fertility surveys; studies of sociological factors in family planning acceptance; follow-up studies of women using family planning clinics and tests of various communication and educational approaches to family planning.

The Population Institute of the East-West Center in Hawaii is completing its 1968-1973 development plan with

assistance of A.I.D. The project provides for (a) institutional training at the graduate and undergraduate levels and seminars, workshops and conferences for high level Asian nationals in population dynamics, and (b) upgrading the institutional capacity of Asian countries to deal with indigenous population problems. It is now fully equipped and staffed (35 full time professionals) and is providing training to Asian nationals. Instructional programs bring to the Center each year approximately 2,000 degree students and leaders from 35 Asian countries. Institute assisted activities are scheduled to take place in FY 1974 in Korea, Indonesia, Taiwan and the Philippines as well as at the East-West Population Institute. A.I.D. assistance is expected to decrease from FY 1974 to 1977 when other donors and the Institute are expected to take over the financial responsibility.

Grants to the Population Council and the Pathfinder Fund, and a sub-project for conferences and seminars were terminated in FY 1973 as a part of the Asia Regional program. These activities have been consolidated with similar projects in other geographic areas and are now funded under the interregional population program.

The Medical Assistance Programs (MAP), originally a regional project, is being funded under the Afghanistan program beginning in FY 1973.

The Narangwal project under contract with Johns Hopkins

U.S. DOLLAR COST (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	American University in Cairo Population Institute of the East-West Center
Through 6/30/72	11,353	7,710	3,643								
Estimated FY 73	1,172	2,750		U.S. Technicians	-	460	460	-	685	685	
Estimated through 6/30/73	12,525	10,460	2,065	Participants ....	-	150	150	-	270	270	
		Future Year Obligations	Estimated Total Cost	Commodities ....	-	-	-	-	-	-	
				Other Costs ....	292	270	562	390	270	660	
Proposed FY 74	1,615	Continuing		Total Obligations	292	880	1,172	390	1,225	1,615	

Country: ASIA REGIONAL

PROJECT SHEET (Continued)

Objective/Activity: Population Planning and Health

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Regional Family Planning	298-15-590-019

University is experimenting in India with several kinds of delivery systems to determine which results in maximum acceptance of family planning. These trials range from offering contraceptive services only to including family planning with comprehensive maternal and child health care. This activity is continuing with prior year funds.

FY 1974 Program: AUC - \$270,000 to support the second year for the Social Research Institute project on Population and Family Planning in the Middle East.

--Population Institute of the East-West Center - \$920,000 to help the Institute to continue and expand its training and institutional development programs in the Asian Region.

--Colombo Plan - \$90,000 to continue support for the Colombo Plan Bureau's population seminars, workshops and publications program.

--IGCC Secretariat - \$300,000 for continuing administrative and program costs, including workshops, training sessions, conferences and technical assistance to member nations.

--CENTO - \$35,000 to cover anticipated costs of family planning seminars in the member countries.

U.S. Technicians: Contract: \$650,000 for 40 full time and part-time staff members and contract backstopping support at East-West Center's Population Institute; \$35,000 for 5 short-term technicians and related travel and support for CENTO family planning seminars.

Participants: Contract: \$270,000 for training at the East-West Center's Population Institute of 50 graduate students, 350 non-graduate students and the cost of short-term seminars and workshops for about 250 key Asian officials.

Other Costs: Direct: \$300,000 for A.I.D. support for IGCC Secretariat's program costs and 8 local staff salaries; \$90,000 for A.I.D. support of Colombo Plan program costs, 3 local staff salaries, and housing and office costs of one direct hire technician.

--Contract: \$270,000 for local salaries of 19 senior research workers and assistants, and for supporting personnel and costs of AUC project.

PROJECT TITLE Cholera Research	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 298-11-510-020	PRIOR REFERENCE H. 17, FY 1973 EA PDB	INITIAL OBLIGATION FY: 1959
		SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action: The goal of this project is to develop and demonstrate improved techniques for the prevention and eventual control of cholera. It is hoped that the end result will be an improved vaccine. Field research and tests are carried out at the laboratory facilities in Bangladesh while related research and production is carried out in the United States. Operations in Bangladesh and in the United States are under the immediate scientific direction of the U.S. National Institutes of Health.

Progress to Date: New and simplified methods for the rapid diagnosis and treatment of cholera have been developed and tested in Dacca at the Cholera Research Laboratory. The cholera vaccine presently available provides up to 75 percent protection for approximately six months. Research conducted in the U.S. as a part of the project has developed a cholera toxoid which, it is hoped, will give protection for up to two years and will be 90 percent effective. This toxoid is now being tested in the U.S. and will soon be ready for field trials. Facilities in Bangladesh, where a population of 220,000 is under intensive surveillance throughout the year in a cholera endemic area, are ideal for the toxoid field trials.

As a result of the Indo-Pakistan war, the functioning of the laboratory facilities were disrupted. The local currency required for continued operation of the laboratory's treatment facilities was made available

from relief and rehabilitation funds while the PASA was funded from ASIA regional funds. The Governments of Bangladesh and the U.S. are discussing future arrangements for the operation of the cholera research program. We anticipate that the responsibility for program direction in FY 1974 will be handled by the National Institutes of Health, and the entire cost, including local currency costs, will be under the PASA.

The Government of Bangladesh provides the various laboratory, hospital and field facilities, as well as some local currency support and it is anticipated that this support will continue.

FY 1974 Program: While an agreement between the Government of Bangladesh and the U.S. is yet to be finalized, it is anticipated that the cholera program will continue and that the field testing of the vaccine will be started in FY 1974. Problems in the development and the testing of the vaccine in the US have resulted in delays of about one year.

US Technicians: Under a PASA with the National Institutes of Health for one PASA employee, three contract technicians and consultants.

Commodities: For medical supplies and equipment.

Other Costs: To provide local currency support for the local staff and facilities required to test the toxoid.

U.S. DOLLAR COST (In Thousands)							NATIONAL INSTITUTES OF HEALTH / AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1973			Proposed FY 74		
Through 6/30/72	2,891	2,611	280		Direct AID	Other Agency		Total	Direct AID	Other Agency
Estimated FY 73	475	480			-	183	183	-	180	180
Estimated through 6/30/73	3,366	3,091	275		-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost							
Proposed FY 74	1,000	2,000	6,366	Total Obligations	-	475	475	-	1,000	1,000

Country: ASIA REGIONAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE American University of Beirut	OBJECTIVE/ACTIVITY Human Resource Development	FUNDS DG
PROJECT NUMBER 298-13-995-015	PRIOR REFERENCE Page 38, FY 1973 PDB	INITIAL OBLIGATION FY: 1951
		SCHEDULED FINAL OBLIGATION FY: Continuing

For the past twenty years we have annually funded for 400 - 500 graduate and undergraduate students at the American University of Beirut. This program has played a major roll in filling the need for trained manpower. Courses of study, which are of higher quality at AUB than those in most other universities in the region, are offered in such critical areas for development as agriculture, education, engineering, public health, and public and business administration.

In the 1973-74 school year we expect to finance up to 470 students from ten countries. Slightly more than half of the students will come from Pakistan, Jordan and Afghanistan; the remainder come from other countries throughout the region - including Lebanon, Cyprus, Iran, Bangladesh, Nepal and the Arab Gulf States. Over half the students will be trained as public school teachers and agricultural technicians and scientists. The remainder will study engineering, public health, business and public administration.

U.S. Technicians: Direct: 1 coordinator and local staff.

Contract: Tuition and maintenance for up to 470 students.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	American University of Beirut
Through 6/30/72	44,097	41,867	2,230								
Estimated FY 73	2,405	2,500									
Estimated through 6/30/73	46,502	44,367	2,135	U.S. Technicians	60	-	60	60	-	60	
		Future Year Obligations	Estimated Total Cost	Participants ....	-	2,345	2,345	-	2,015	2,015	
				Commodities ....	-	-	-	-	-	-	
				Other Costs ....	-	-	-	-	-	-	
Proposed FY 74	2,075	Continuing		Total Obligations	60	2,345	2,405	60	2,015	2,075	

PROJECT TITLE Asian Free Labor Union Development	OBJECTIVE/ACTIVITY Human Resource Development	FUNDS DG
PROJECT NUMBER 498-11-410-017	PRIOR REFERENCE Page H-19, FY 1973 SA CP	INITIAL OBLIGATION FY: 1969
		SCHEDULED FINAL OBLIGATION FY: Continuing

**Project Target and Course of Action:** The purpose of this project is to encourage the development of free trade unions throughout Asia and the Mideast. A.I.D. is providing assistance to Asian labor organizations through a contract with the Asian American Free Labor Institute (AAFLI). Working with local trade unions, the Labor Institute develops programs and projects to train workers in union leadership and administration, with the emphasis on organizing, collective bargaining, and service to members and community. Other important activities include the development of union cooperatives and credit unions and vocational skills training.

In addition, the Institute sub-contracts with several U.S. affiliates of International Trade Secretariats for short-term, in-country workshops. These affiliates are the Brotherhood of Railway and Airline Clerks, the International Federation of Petroleum and Chemical Workers, the Retail Clerks International Association, the American Federation of Teachers, and the International Alliance of Theatrical Stage Employees.

Finally, the Institute sponsors special or advanced training in the United States for Asian trade unionists, as well as participation of trade unionists in international labor union conferences.

**Progress to Date:** Since the initial contract was signed in 1968, the Asian American Free Labor Institute has conducted a series of short-term workshops, seminars, regional conferences and technical assistance programs

throughout Asia. Permanent staff representatives are located in a regional office in the Philippines and a branch in Korea, with responsibilities for all participating Asian countries. In the Philippine program, 150 workshops have been conducted with local unions, and ten technical assistance projects have been carried out, including the establishment of a national trade union research center. Elsewhere in the Region 35 regional and local seminars and local technical assistance programs have been conducted.

Under the participant training program, ten labor union officials have received formal training in the United States and 34 have participated in labor union conferences.

**FY 1974 Program:** The \$1,400,000 request for FY 1974 will provide funding for the sixth year of the contract with AAFLI as follows: \$325,000 for 11 labor union specialists, 6 serving in Washington and 5 in the field, and for additional specialists as part-time instructors or consultants; \$75,000 for participant training; \$150,000 for miscellaneous commodities, primarily for assistance to local Asian labor unions; \$410,000 for local costs in the region, such as local travel, local staff, and rental of quarters, offices and teaching facilities in some 12 Asian countries; and \$440,000 for international travel and general administrative costs in the United States. The latter figure includes the cost of the U.S. based non-professional administrative staff.

U.S. DOLLAR COST (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS' AGENCIES  Asian American Free Labor Institute
	Obligations	Expenditures	Unliquidated	Estimated FY 1973			Proposed FY 74			
				Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	
Through 6/30/72	2,941	1,583	1,358							
Estimated FY 73	1,052	1,200								
Estimated through 6/30/73	3,993	2,783	1,210							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 74	1,400	Continuing		-	1,052	1,052	-	1,400	1,400	
				Cost Components						
				U.S. Technicians						
				Participants ....						
				Commodities ....						
				Other Costs ....						
				Total Obligations						

Country: ASIA REGIONAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE Regional Education Development	OBJECTIVE/ACTIVITY Human Resource Development	FUNDS DG	
PROJECT NUMBER 498-11-690-198	PRIOR REFERENCE Page H-21, FY 1973 SA CP	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1978

Regional Target and Course of Action: The purpose of this project is to assist countries of Southeast Asia in the development of regional education programs. Under the Southeast Asian Ministers of Education Organization, six centers for advanced study and research are being developed with the support of host countries, the United States and other donors.

Progress to Date: Regional governing bodies, representing member countries, now assist in planning activities and operational programs for six centers: English language (Singapore), agricultural research (Philippines), science and mathematics (Malaysia), tropical medicine and public health (Thailand), tropical biology (Indonesia) and education technology (Viet Nam). The U.S. has provided assistance for planning and initial project activities as well as support of up to 50% of agreed overall project costs over a five-year period. The five year program for the Regional English Language Center began in January 1972 and activities in the Regional Center for Graduate Study and Research in Agriculture in July 1969. A construction agreement for the Regional Center for Graduate Study and Research in Agriculture at the University of the Philippines College of Agriculture was signed in mid 1969. The operational program of the Regional Center for Education in Science and Mathematics, Penang, Malaysia, began in July 1970 following agreement on overall program plans and related

construction signed in May 1970. The operational program of the Regional Tropical Medicine and Public Health program began in July 1970 and related national center programs are being established in six member countries. Interim activities are underway at the Regional Center for Tropical Biology at Bogor, Indonesia, with the operational program scheduled to begin in July 1973.

FY 1974 Program: Contract - Six long term advisors and nine short term staff.

--Commodities - Equipment and library materials related to Tropical Medicine National Center.

--Other Costs - Operational costs of the Tropical Medicine, Biology, Education Technology Centers, scholarships and project support.

U.S. DOLLAR COST (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1973			Proposed FY 74			
Through 6/30/72	11,538	8,731	2,807	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Southeast Asian Ministers of Education Organization
Estimated FY 73	4,229	3,200		-	442	442	-	404	404	
Estimated through 6/30/73	15,767	11,931	3,836	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	-	702	702	-	346	346	
				-	3,085	3,085	-	1,401	1,401	
Proposed FY 74	2,151	4,709	22,627	-	4,229	4,229	-	2,151	2,151	
				Total Obligations						

PROJECT TITLE Southeast Asia Development Advisory Group (SEADAG)	OBJECTIVE ACTIVITY Selected Countries and Organizations	FUNDS DG
PROJECT NUMBER 498-11-995-208	PRIOR REFERENCE Page H-23, FY 1973 SA CP	INITIAL OBLIGATION FY: 1966
		SCHEDULED FINAL OBLIGATION FY: 1977

Project Target and Course of Action: The purpose of this project is to strengthen United States and Asian competence to aid Southeast Asia development by supporting seminars and research efforts of Asian and American scholars. There are two main elements to this project: (a) the SEADAG program and (b) Southeast Asia Research effort. Under the SEADAG, A.I.D. finances a contract with the Asia Society which utilizes panels and interdisciplinary seminars to stimulate the exchange of ideas between Asian and U.S. scholars and government officials. The Asia Research Program carries out the priority short to intermediate research needs of A.I.D. Missions in East Asia. Proposals are considered in terms of host government and Mission priorities.

A thorough evaluation of the SEADAG program was carried out in FY 1973 and concluded the academic interchange was of significant value to A.I.D. objectives in Southeast Asia. As a result, we are proposing to extend the termination date of this project from FY 1974 to FY 1977.

Progress to Date: Since FY 1966 when the U.S. Government first contracted with the Asia Society for the SEADAG program, scholars have been drawn from over 90 universities and foundations covering a wide range of disciplines in the social and natural sciences. The basic structure of SEADAG consists of a small secretariat located in New York and 10 panel chairmen selected by the Asia Society on an annual basis from universities across the country or from Asian countries. They organize 2 - 3

seminars a year on key development topics, one of which is held in Asia. The seminars provide opportunities for informal consultations among SEADAG scholars, U.S. Government officials and Asian representatives. They have been particularly useful to A.I.D.'s efforts to assist Mekong Basin planning in the field of resettlement, in demonstrating the importance of non-formal education programs as alternatives for meeting Southeast Asia manpower training needs and in helping formulate an urban development policy for the Agency.

The East Asia Research program has approved 32 projects to date, including eight in FY 1973. Some examples of the topics covered by these projects are an Indonesia migration study, a Philippines rural electrification socio-economic base line survey and a Laos language curriculum study.

FY 1974 Program: Contract - \$700,000 for 12 month contract to finance SEADAG (secretariat, seminars, research grants and project support) and \$300,000 to support East Asia Research program.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1973			Proposed FY 74		
					Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total
Through 6/30/72	2,857	2,345	512							
Estimated FY 73	885	800								
Estimated through 6/30/73	3,742	3,145	597							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 74	1,000	2,500	7,242	Total Obligations	-	885	885	-	1,000	1,000

The Asia Society



# Afghanistan



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	17.9
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.3-2.7
Population in Urban Areas . . . . .	8
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	82
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	90*
Life Expectancy ( <i>years</i> ) . . . . .	39
People Per Doctor . . . . .	20,670
Literacy Rate ( <i>percent</i> ) . . . . .	8
Students as % of 5 - 19 Age Group . . . . .	11
( <i>Primary and Secondary</i> )	

\* - 1971 in 1971 prices and year-end exchange rates.

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	-	-	-	-	-	-	-
<b>Total</b>	<b>9,560</b>	<b>2,042</b>	<b>275</b>	<b>2,031</b>	<b>3,117</b>	<b>-</b>	<b>2,095</b>
<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 <sup>a/</sup>
<b>Total</b>	<b>24,292</b>	<b>17,741</b>	<b>1,432</b>	<b>2,812</b>	<b>337</b>	<b>-</b>	<b>1,970</b>
<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 <sup>a/</sup>
<b>Total</b>	<b>17,887</b>	<b>11,015</b>	<b>1,087</b>	<b>3,135</b>	<b>400</b>	<b>-</b>	<b>2,250</b>

<sup>a/</sup> 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.

## STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: AFGHANISTAN

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation			Amount Disbursed	Principal Repay- ments	Interest Collected
306-H-009	Kandahar Diesel Electric Generators	2-21-66	11-05-66	10	40	1	2 $\frac{1}{2}$	U.S.\$	800	711		12
306-H-012	Land Reclamation	6-21-67	5-13-68	10	40	1	2 $\frac{1}{2}$	U.S.\$	4,600	1,552		1
306-H-013	Kajakai Hydroelectric Plant	6-21-67	5-13-68	10	40	1	2 $\frac{1}{2}$	U.S.\$	12,000	3,600		12
306-H-013A	Kajakai Hydroelectric Plant	6-27-72	11-11-72	10	40	2	3	U.S.\$	3,000	-		-
306-H-017	Fertilizer Distribution	10-13-72	11-01-72	5	30	3	3	U.S.\$	16,500	-		-
	Two-Step	-	-	10	40	2	3	-	-	-		-
Total.....		XXXXXX	XXXXXX	XX	XX	XXX	XX	XXX	36,900	5,863		25

COUNTRY: AFGHANISTAN

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							<u>1,241</u>			<u>1,015</u>		
National Agriculture Development	306-11-190-002	1952	1973	10,966	10,597	369	718	729	358	-	-	11,684
Helmand Arghandah Valley Regional Development	306-11-995-090	1954	1974	19,419	19,317	102	523	517	108	585	-	20,527
Agriculture Extension Information & Trng	* 306-11-110-127	1974	1978	-	-	-	-	-	-	170	1,330	1,500
Rural Works	* 306-11-995-131	1974	1978	-	-	-	-	-	-	260	940	1,200
<b>POPULATION PLANNING AND HEALTH</b>							<u>1,432</u>			<u>1,087</u>		
Family Planning	* 306-11-570-110	1968	Cont.	2,178	936	1,242	1,432	872	1,802	1,087	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>							<u>2,812</u>			<u>3,135</u>		
Kabul University Administration Improvement	306-11-680-013	1966	1972	1,668	1,304	364	-	288	76	-	-	1,668
Agriculture Education	306-11-690-092	1956	1972	6,260	5,835	425	-	327	98	-	-	6,260
Technical Education	306-11-660-093	1953	1972	13,215	12,606	609	-	480	129	-	-	13,215
Economic Planning	306-11-755-080	1961	1972	3,001	2,936	65	-	42	23	-	-	3,001
Financial Administration Improvement	306-51-750-029	1956	1974	6,124	5,851	273	410	347	336	510	-	7,044
Elementary and Secondary Education	* 306-11-690-091	1952	1976	15,716	14,974	742	773	869	646	875	1,857	19,221
Higher Education (Kabul University)	306-11-660-121	1973	1975	-	-	-	808	10	798	810	800	2,418
National Development Training	306-11-790-123	1972	Cont.	108	-	108	354	59	403	525	Continuing	
Statistical Information System Development	306-11-780-124	1972	1976	58	25	33	467	331	169	415	875	1,815
<b>SELECTED DEVELOPMENT PROBLEMS</b>							<u>337</u>			<u>400</u>		
Industrial Development	306-11-910-116	1971	1975	437	244	193	337	316	214	400	410	1,584
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							<u>1,910</u>			<u>1,950</u>		
Technical Support	306-11-999-000	1952	Cont.	30,785	30,472	313	1,910	1,922	301	1,950	Continuing	
<b>Total</b>							<b>7,732</b>	<b>7,109</b>	<b>5,461</b>	<b>7,587</b>		

\*Detailed project narrative--See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed .....	41	36	29
Participating agency .....	6	11	8
Contractor technicians .....	55	42	56
<b>Total</b> .....	<b>102</b>	<b>89</b>	<b>93</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract .....	182	180	205
Contract .....	58	20	19
<b>Total</b> .....	<b>240</b>	<b>200</b>	<b>224</b>



Country: AFGHANISTAN

PROJECT SHEET (Continued)

Objective/Activity:

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Agricultural Extension Information and Training	306-11-110-127

management and administration procedures. In addition, seven participants will receive third country training in Iran.

Commodities: Visual aids and publications.



Country: AFGHANISTAN

PROJECT SHEET

TABLE VI

PROJECT TITLE Population/Family Planning	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 306-11-570-110	PRIOR REFERENCE Page 96, FY 1973 PDB	INITIAL OBLIGATION FY: 1968
		SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: The project will assist the Royal Government of Afghanistan (RGA) to obtain the demographic information needed for development planning and help the RGA establish a core of trained personnel to provide family planning services.

A team of U.S. health systems consultants reviewed the Ministry of Health's administrative procedures and identified major problem areas and recommended a course of action. The Ministry has accepted the consultant's recommendation.

For the past two years A.I.D. assistance has consisted primarily in helping to carry out a nationwide sample survey to obtain basic demographic data. In the fall of 1972, however, the Government of Afghanistan decided to expand significantly family planning activities and requested A.I.D. assistance in three areas:

A U.S. nurse educator arrived in June 1972 to analyze the problems of staffing and training in order to develop a program for training paramedicals, auxiliary nurse midwives and other personnel for the health clinics. These clinics will ultimately provide health and related family planning services to about 92% of the Afghan people. Fifty-two auxiliary midwives are now in training. The RGA has budgeted \$240,000 equivalent for the construction of classroom and other training facilities.

1) to help establish family planning services (contraceptives and guidance) in 280 rural health centers.

FY 1974 Program: With regard to demographic activities, we expect to complete the coding and analysis of national sample survey data. Beginning in FY 74, using this data we plan to assist the Afghan Government design field studies for family planning motivation, expanded delivery systems, and commercial marketing of contraceptives.

2) to train female paramedical personnel and nurse midwives to meet the needs of health/family planning services.

3) to improve management procedures in the Ministry of Health.

Progress to Date: With respect to demographic activities air photos have been taken of 574 urban and rural sample sites. The first phase of interviewing was completed in 100 villages and 9 urban areas.

A new 5 man contract team funded in FY 73 for 18 months will develop and assist the implementation of an improved management, training and health data collection program.

A second 3 man contract team funded in FY 73 for 18

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS XXXXXXXXXX
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1973		Proposed FY 74	
				Direct AID	Contract/Other	Total	
Through 6/30/72	2,178	936	1,242				SUNY Medical Assistance Program
Estimated FY 73	1,432	872					
Estimated through 6/30/73	3,610	1,808	1,802				
		Future Year Obligations	Estimated Total Cost				
Proposed FY 74	1,087	Continuing		669	763	1,432	
				482	605	1,087	

Country: AFGHANISTAN

PROJECT SHEET (Continued)

Objective/Activity: Population Planning and Health

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Population/Family Planning	306-11-570-110

months will start to develop curricula and training materials for the nurse midwifery school and a grant will help construct permanent training and student housing facilities. During the initial period, training efforts will concentrate on developing a corps of auxiliary nurse midwives to staff some 100 existing basic health clinics and subcenters. Orientation programs and seminars will be conducted for administrators and other public health personnel.

U.S. Technicians: Three direct hire: Population Officer, Deputy, and population advisor. Six demographic contract: chief of party, administrative assistant, family guidance research advisor, demographic research advisor, demographic assistant, and survey procedures advisor.

Participants: In the U.S. - Twenty-five man-months for seven participants to study population dynamics; information education, communications; family planning education; public health management; and nurse education. In third country areas four participants will study communication media and family planning statistics evaluation.

Commodities: Contraceptives, education equipment, training and research materials, and vehicles.

Other Costs: \$10,000 for invitational travel.

Contract Costs: \$555,000 to fund 6 SUNY contract advisors and commodities, plus \$50,000 to fund the Medical Assistance Programs (MAP) contract for 10 nurse midwives.

Country: AFGHANISTAN

## PROJECT SHEET

TABLE VI

PROJECT TITLE ELEMENTARY and SECONDARY EDUCATION (Curriculum & Textbook)	OBJECTIVE/ACTIVITY Human Resources Development	FUNDS DG
PROJECT NUMBER 306-11-690-091	PRIOR REFERENCE Page 91, FY 1973 PDB	INITIAL OBLIGATION FY: 1952
		SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action: This project assists the Afghanistan Ministry of Education to upgrade and modernize its primary education curriculum. U.S. advisors assist the Ministry in the development and production of curricula, textbooks and teachers instructional guides. The project also includes professional training for Afghans in curriculum development, textbook writing and testing, and allied education subjects.

Progress to Date: The Curriculum & Textbook Department established in the Ministry of Education to develop the new curriculum and teaching materials has prepared curricula in all areas for grades one to six. A total of 142 titles are scheduled for preparation. Manuscripts for 42 textbooks and teacher's guides have been approved for publication and sent to press. Twenty-four texts are now being tested and revised prior to final approval. Afghan curriculum and textbook writing specialists are now receiving on-the-job training under U.S. contract advisors. Five Afghan participants have returned from study programs in the U.S. and seven are currently in the U.S. studying textbook writing and curriculum development. Four textbook illustrators have received short-term training in Iran and have returned to the Ministry of Education to apply their skills.

FY 74 Program: 50 new books are scheduled for preparation. Approximately 3.5 million textbooks will be introduced into the Afghan national school system by June 1974. In-service teacher training on the use of the new textbooks

and curriculum will continue. Training of Afghan educators and textbook writers, both on-the-job and in the U.S. and Iran will continue. A team of educators will evaluate the first series of new textbooks introduced into the Afghan schools to determine their effectiveness. With the adoption of new textbooks throughout the elementary level, Ministry officials are beginning to focus on the need to modernize the curriculum and textbooks in the secondary schools.

U.S. Technicians: A team of 19 U.S. contract personnel under the Teachers College, Columbia University contract: A Chief of Party (1) and specialists in the fields of health education (1), practical arts (1), language arts and skills (3), elementary mathematics (1), science (1), in-service teacher training (2)-(1 for primary and 1 for secondary education), social studies (1), research secondary education curriculum and materials specialist (1), teacher training (2), book distribution specialist (1), and four (4) U.S. local hire secretaries.

Participants: 100 man-months of participant training in the U.S. for 5 new starts and 9 already in training in fields of teacher education, editing, language arts, science and mathematics. In addition, 9 man-months of training in Iran in art production.

Commodities: Reference books, office supplies and demonstration equipment.

Contract Costs: \$872,000 to fund the TCCU contract costs through March 1974.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Teachers College Columbia University
Through 6/30/72	15,716	14,974	742								
Estimated FY 73	773	869									
Estimated through 6/30/73	16,489	15,843	646								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 74	875	1,857	19,221	Total Obligations	13	760	773	3	872	875	

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: AFGHANISTAN

Title of Loan: FERTILIZER		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	10 - 15,000

Title of Loan: KAJAKAI HYDROELECTRIC PLANT		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	5,000

Agriculture is the dominant sector in the Afghan economy and engages over 80% of the total population. Given the Afghan economic situation, it is essential to continue to find ways to increase agricultural production. Increased yields require a far more widespread and consistent use of fertilizer than has been the practice in the past. The Afghan Government endeavored to distribute and finance fertilizer in 1971 through the public sector, but met with limited success. As a new approach to the problem, in 1973 at RGA request, the U.S. approved a \$16.5 million fertilizer loan to cover foreign exchange costs of imported fertilizer and the services of a U.S. management team to organize and operate a newly formed Afghan Fertilizer Corporation. This Corporation will harness the energies of the private sector in the distribution of fertilizer to assure that sufficient fertilizer reaches the farmer. In FY 1974 up to \$15.0 million is required to assure continuing distribution of fertilizer through this non-government corporation, after which time the project is expected to be self supporting. The Project consists of (a) the establishment of a mixed public and privately owned corporation, controlled by the Agricultural Development Bank but separately managed, which is to assume responsibility for the purchase of fertilizer from foreign and domestic suppliers, to be distributed primarily through private sector wholesalers.

The proposed amendment to the Loan Agreement signed in June 1968 would add \$5 million to the present loan of \$15 million for the Kajakai Hydroelectric Power project. The basic project consists of construction of a 33 MW capacity generating plant, substations, plus a training program. This \$5 million will cover the foreign exchange cost of the transmission lines which are essential to transfer power from the generating station currently under construction to users in southern Afghanistan.

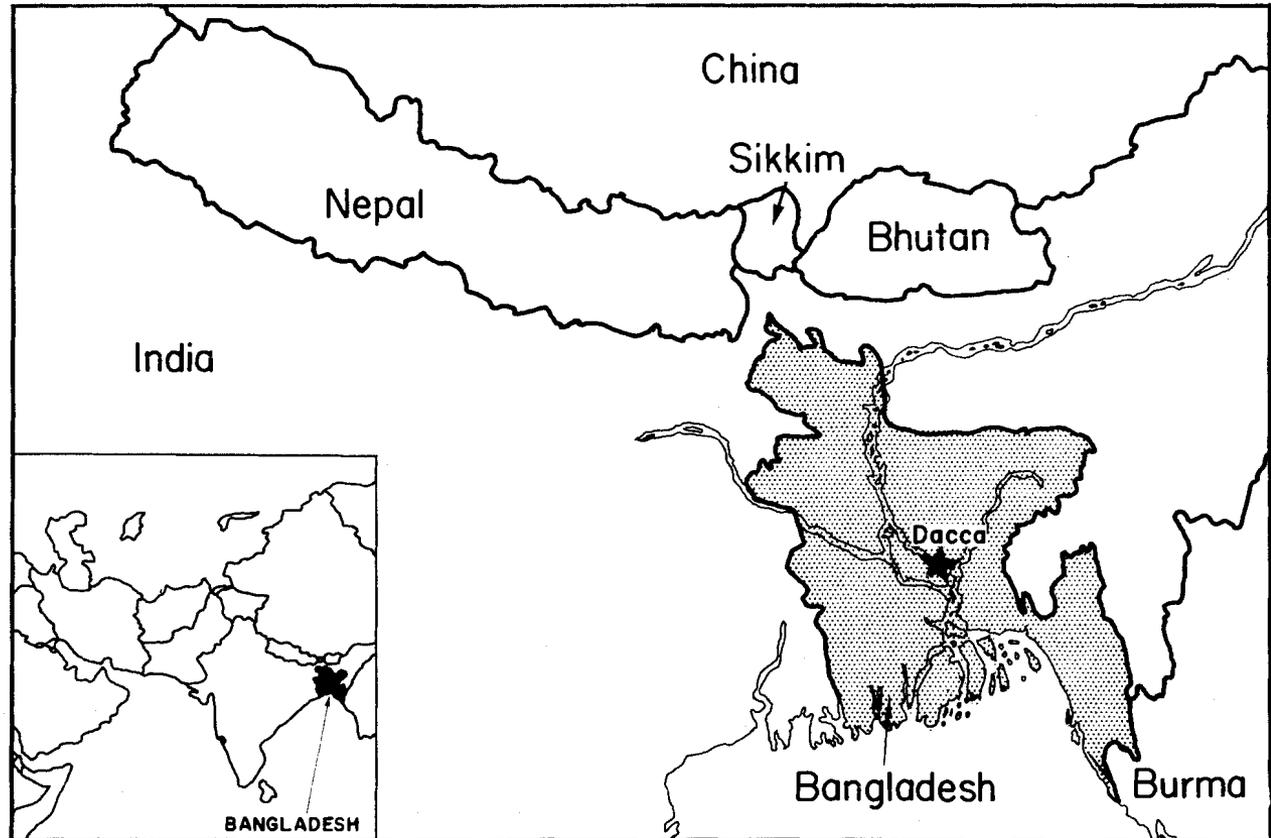
Other Loan Eligible for Funding:

AFGHANISTAN  
(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			
<b>ECONOMIC PROGRAMS</b>							
<b>A. OFFICIAL DEVELOPMENT ASSISTANCE</b>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)	(-)	(-)	(-)				
<b>FOOD FOR PEACE - TOTAL</b>	3.8	24.8	148.4	2.6	145.8		
<b>Title I - Total</b>	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 (Total Sales Agreements, including U.S. Uses)	-	-	3.0	0.3	2.7		
	(-)	(-)	(1.0)	(-)	(1.0)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	1.1	1.3	11.8	-	11.8		
PEACE CORPS	1.1	1.3	11.7	-	11.7		
OTHER	-	-	0.1	-	0.1		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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>B. OTHER OFFICIAL ECONOMIC PROGRAMS</b>							
<b>EXPORT-IMPORT BANK LOANS</b>	1.0	-	34.1	44.9	-10.8		
<b>OTHER LOANS</b>	-	-	-	-	-		
<b>TOTAL OTHER OFFICIAL LOANS</b>	1.0	-	34.1	44.9	-10.8		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	0.2	0.2	4.4	-	4.4		
Credit Sales (I MS)	-	-	-	-	-		
Grants	0.2	0.2	4.4	-	4.4		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
<b>TRANSFERS FROM EXCESS STOCKS</b>	-	-	-	-	-		
<b>OTHER GRANTS</b>	-	-	-	-	-		
<b>TOTAL MILITARY PROGRAMS</b>	0.2	0.2	4.4	-	4.4		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
<b>TOTAL</b>	<b>FY 1971</b>	<b>FY 1972</b>	<b>FY 1946-72</b>	<b>DONOR</b>	<b>CY 1970</b>	<b>CY 1971</b>	<b>CY 1960-71</b>
	12.5	4.0	68.9	<b>TOTAL</b>	12.4	21.4	120.0
Int'l Dev. Association	5.0	-	15.2	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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year)..... 5			
				1972 (Calendar Year)..... 166			
				Cumulative thru 1972..... 911			

\* Less than \$50,000.

# Bangladesh



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	76.2
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.7
Population in Urban Areas . . . . .	5
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	80
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	60*
Life Expectancy ( <i>years</i> ) . . . . .	46
People Per Doctor . . . . .	8,860
Literacy Rate ( <i>percent</i> ) . . . . .	22
Students as % of 5 - 19 Age Group . . . . .	23
( <i>Primary and Secondary</i> )	

\* - 1970 in 1970 prices and year-end exchange rates.

BANGLADESH

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	199,107	-	-	-	-	-	199,107 <sup>a/</sup>
Total	199,107	-	-	-	-	-	199,107
<u>1973</u>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	1,000	-	1,000	-	-	-	-
Other	101,000	-	-	-	-	-	101,000 <sup>b/</sup>
Total	102,100	-	1,000	-	-	-	101,000
<u>1974</u>							
Devel. Loans	50,000	50,000	-	-	-	-	-
Devel. Grants	5,000	1,000	3,000	-	-	-	1,000
Other	500	-	-	-	-	-	500 <sup>c/</sup>
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.

TABLE V

PROJECT FISCAL SUMMARY  
(Dollar Amounts in Thousands)

COUNTRY: BANGLADESH

Project Title	* Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<u>FOOD PRODUCTION AND NUTRITION</u> Development services and Training	* 388-11-190-001	1974	Continuing	-	-	-	-	-	-	1,000 1,000	Continuing	
<u>POPULATION PLANNING AND HEALTH</u> Family Planning	* 388-11-580-002	1973	Continuing	-	-	-	1,000 1,000	150	850	3,000 3,000	Continuing	
<u>OTHER PROGRAMS AND SUPPORT COSTS</u> Technical Support	388-11-999-000	1974	Continuing	-	-	-	-	-	-	1,000 1,000	Continuing	
							<b>Total . . . . .</b>	<b>1,000</b>	<b>150</b>	<b>850</b>	<b>5,000</b>	

\*Detailed project narrative--See Table VI.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	4	14	14
Participating agency . . . . .	-	-	-
Contractor technicians . . . . .	-	1	10
<b>Total . . . . .</b>	<b>4a/</b>	<b>15a/</b>	<b>24</b>

a/ Funded under Relief and Rehabilitation.

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	-	85	130
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	<b>-</b>	<b>85a/</b>	<b>130</b>

Country: BANGLADESH

## PROJECT SHEET

TABLE VI

PROJECT TITLE	OBJECTIVE/ACTIVITY	FUNDS	
Development Services and Training PROJECT NUMBER 388-11-190-001	Food Production and Nutrition	DG	
	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	-	FY: 1974	FY: Continuing

Project Target and Course of Action: To assist the Government of Bangladesh obtain from the U.S. high priority technical assistance to plan, implement, and manage effectively agricultural and rural development programs and projects; and to meet requirements for related training in US and third countries. Development of the rural economy is a primary area of concentration for AID assistance to Bangladesh.

The Government of Bangladesh will devote the majority of its resources to development of the rural sector, principally aimed at increasing foodgrain production. It is recognized that institutional and administrative capacity is the most complex and consequently difficult requirement in meeting this goal. The present limited availability of trained manpower to plan and manage programs, direct research and perform studies, and train new staff could become even more of a constraint in the future as rural development and related agricultural programs expand. To help meet this need, AID will provide a grant to Bangladesh for the procurement of technical services and training. The grant will be based on an annual plan prepared by the Government and approved by AID detailing activities requiring technical assistance, such as program planning, cooperative development, agricultural credit, and small farm irrigation. The grant will concentrate on the institutional requirements of those rural development and agricultural programs receiving AID loan assistance.

The grant will give the Government flexibility in selecting the consultants and training it requires. Recruitment, selection, and backstopping of technicians will be accomplished through a variety of arrangements. Contracts may be directly between the technician and the Bangladesh institution in which he serves or between the Government and individuals, private firms, universities, or voluntary agencies. Similarly, Bangladesh will be responsible for the selection of candidates for training programs and fields of study.

A principal objective of the grant is to lodge maximum operational responsibility with the host government, in order to reduce AID involvement in the details of program management and operations. All contracts and training agreements will be within established criteria and subject to AID standards and approval.

FY 1974 Program: To finance the services of US personnel identified by the Government in its plan, and to provide short and long-term training of Bengalees in key areas within agriculture and rural development.

US Technicians: The grant will finance an estimated 98 man-months of short and long-term high level contract services.

Participants: Twenty long-term participants in the US and 100 short-term participants in the US and third countries.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Contractors to be selected.
Through 6/30/72											
Estimated FY 73											
Estimated through 6/30/73											
		Future Year Obligations	Estimated Total Cost								
Proposed FY 74	1,000	Continuing		Total Obligations				450	550	1,000	

Country: BANGLADESH

PROJECT SHEET

TABLE VI

PROJECT TITLE Family Planning	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG	
	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1973	SCHEDULED FINAL OBLIGATION FY: Continuing
PROJECT NUMBER 388-11-580-002			

Project Target and Course of Action: With 75 million people on 55,000 square miles of land, Bangladesh is the most densely populated major country in the world. The Government recognizes the urgent need to reduce the estimated per annum rate of population growth, which range from 3.0 to 3.3% in order to make possible improvements in per capita living standards. At the time of independence in December 1971, Bangladesh inherited a family planning organization with a large number of family planning workers but with serious administrative deficiencies. The Government has recognized and articulated the need to rehabilitate the family planning effort and to reorganize it so as to make more effective use of available resources including personnel from prior programs. Plans for improving and expanding the national family planning program are under active consideration by the BDG.

AID has a full-time population officer stationed in Dacca to help Bangladesh develop activities aimed at reducing the population growth rate. As an initial step, AID in FY 1973 will provide commodities -- mainly contraceptives -- to assist the Ministry of Health to meet pressing short-term requirements.

FY 74 Program: It is expected that by the end of FY 1973 the BDG will have decided upon a plan of action to provide family planning to a large portion of its citizens and will have further identified specific inputs for financing by external donors. On the basis of

estimated obligations this fiscal year and with the anticipation of expansion in family planning programs requiring larger foreign assistance support, AID proposes to make available \$3 million in FY 74 for contraceptives, post-partum programs, consulting services, training and other needs as developed in the plan.

US Technicians: Four technicians on personal services contract funded for one year.

Participants: Ten short-term participants in the US and support for in-country training.

Commodities: Conventional contraceptives, equipment for post-partum programs and limited vehicles.

Other Costs: Support for non-governmental agency programs in-country travel, construction of facilities and support for Bangladesh Government operating costs.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES  To be selected.			
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 73	1,000	150		-	Estimated FY 1973		Proposed FY 74		
						Direct AID		Contract/Other Agency	Total	Direct AID
Estimated through 6/30/73	1,000	150	850	U.S. Technicians	-	-	-	150	150	
				Participants ....	-	-	-	100	100	
				Commodities ....	1,000	-	1,000	1,850	-	1,850
				Other Costs ....	-	-	-	900	-	900
Proposed FY 74	3,000	Continuing		Total Obligations	1,000	-	1,000	2,850	150	3,000

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: BANGLADESH

Title of Loan: AGRICULTURAL INPUTS		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	30,000

The proposed loan will finance the importation of fertilizer, pesticides, and high yielding varieties of seeds required to increase food production and support a domestic seed multiplication program and equipment for small storage units. The loan will also finance the importation of a limited quantity of new and different fertilizers, pesticides and hand sprayers previously not available in Bangladesh for field testing and pilot studies. The most rapid method of increasing food production is to improve yields per acre by applying these agricultural inputs.

Title of Loan: RURAL DEVELOPMENT		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	20,000

The proposed loan would provide financial support for (a) training and commodity components for projects designed to stimulate the use of low-lift pumps and low cost tubewells; (b) improvement and expansion of farmer co-operative associations through the construction of facilities, the provision of seed capital for credit operations, and training; and (c) the development of rural infrastructure through the support of labor-intensive public works, provision of grain storage facilities and other critical agro-services, and the expansion of government facilities, including rural development training institutions. The loan will be designed to assist the development of rural infrastructure and institutions designed to increase foodgrain production and improve the small-scale farmers' income and quality of life.

Other Loan Eligible for Funding:

Title of Loan: CONSULTING SERVICES		
Type	Sector Objective	Amount (\$000)
PROJECT	SELECTED DEVELOPMENT PROBLEMS	2,000

The proposed loan would finance consulting services and necessary supporting equipment for conducting studies, collecting data and providing advice for selected activities. In selecting the activities and studies to be undertaken emphasis will be given to quick-yielding development opportunities, particularly in the key areas of agriculture, water resources and rural development. The loan will assist the Government of Bangladesh to undertake studies essential to the planning, design and evaluation of development projects considered to be of highest priority.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1948-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1948-1972				
<b>ECONOMIC PROGRAMS</b>							
<b>A. OFFICIAL DEVELOPMENT ASSISTANCE</b>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b> .....		199.1					
Loans .....		-					
Grants .....		199.1					
(Supporting Assistance) .....		(-)					
<b>FOOD FOR PEACE - TOTAL</b> .....		87.2					
<b>Title I - Total</b> .....		-					
REPAYABLE IN U.S. DOLLARS - LOANS .....		-					
PAYABLE IN FOREIGN CURRENCY - Planned for Country Use .....		-					
(Total Sales Agreements, including U.S. Uses) .....		(-)					
<b>Title II - Total</b> .....		87.2					
EMERGENCY RELIEF, ECON. DEVELOPMENT & WORLD FOOD .....		87.2					
VOLUNTARY RELIEF AGENCIES .....		-					
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b> .....		-					
PEACE CORPS .....		-					
OTHER .....		-					
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b> .....		286.3					
Loans .....		-					
Grants .....		286.3					
<b>B. OTHER OFFICIAL ECONOMIC PROGRAMS</b>							
EXPORT-IMPORT BANK LOANS .....		-					
OTHER LOANS .....		-					
<b>TOTAL OTHER OFFICIAL LOANS</b> .....		-					
<b>TOTAL ECONOMIC PROGRAMS</b> .....		286.3					
Loans .....		-					
Grants .....		286.3					
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b> .....		-					
Credit Sales (FMS) .....		-					
Grants .....		-					
MILITARY ASSISTANCE SERVICE-FUNDED GRANTS .....		-					
TRANSFERS FROM EXCESS STOCKS .....		-					
OTHER GRANTS .....		-					
<b>TOTAL MILITARY PROGRAMS</b> .....		-					
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b> .....		286.3					
Loans .....		-					
Grants .....		286.3					
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
<b>TOTAL</b>	<b>FY 1971</b>	<b>FY 1972</b>	<b>FY 1948-72</b>	<b>DONOR</b>	<b>CY 1970</b>	<b>CY 1971</b>	<b>CY 1960-71</b>
Other UN (CY)		3.0		<b>TOTAL</b>		9.4	
		3.0		Switzerland		3.0	
				Norway		2.6	
				Netherlands		2.6	
				Australia		1.2	
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year) .....			
				1972 (Calendar Year) .....			
				Cumulative thru 1972 .....			

\*Less than \$50,000.

NOTE: Data prior to FY 1972 included in Pakistan.

# India



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	590.2
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.2
Population in Urban Areas . . . . .	20
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	73
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	99*
Life Expectancy ( <i>years</i> ) . . . . .	51
People Per Doctor . . . . .	4,800
Literacy Rate ( <i>percent</i> ) . . . . .	29
Students as % of 5 - 19 Age Group . . . . .	33
( <i>Primary and Secondary</i> )	

\*- 1972, in 1971 prices and year-end exchange rates.

## INDIA

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
<b>1972</b>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	5,560	3,359	512	338	-	-	1,351
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>5,560</b>	<b>3,359</b>	<b>512</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>1,351</b>
<b>1973</b>							
Devel. Loans	-	-	-	-	-	-	-
Devel. Grants	2,135	872	135	20	-	-	1,108
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>2,135</b>	<b>872</b>	<b>135</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>1,108</b>
<b>1974</b>							
Devel. Loans	75,000	-	-	-	-	75,000	-
Devel. Grants	1,500	-	-	179	500	-	821
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>76,500</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>500</b>	<b>75,000</b>	<b>821</b>

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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: INDIA

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation			Amount Disbursed	Principal Repay- ments	Interest Collected
386-A-126	Beas Dam	8-31-64	6-16-66	10	30	3½	3½	Rupees	18,000	14,238		1,800
386-H-143	Dhuvaran Thermal Power	6-26-65	6-01-66	10	40	1	2½	U.S. \$	18,450	16,955		286
386-H-200	Private Sector Capital Equipment	7-03-69	10-16-69	10	40	2	3	U.S. \$	19,999	13,691		237
386-H-201	Indian Farmers Fertilizer Coop., Ltd. (Two Step)	7-03-69	6-18-71	10	40	2	3	U.S. \$	21,000	15,166		94
386-H-207	Production Loan - 1970	5-20-70	6-23-70	10	40	2	3	U.S. \$	158,986	144,712		3,951
386-H-212	Production Loan - 1971	3-03-71	3-13-71	10	40	2	3	U.S. \$	190,000	104,200		1,092
	Total.....	XXXXXX	XXXXXX	XX	XX	XXX	XX	XXXX	426,435	308,962		7,460

TABLE V

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

COUNTRY: INDIA

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							872					
Rural Electric Cooperative Development	386-11-220-342	1967	1973	683	595	88	53	128	13	-	-	736
Rice Research Improvement	386-11-110-379	1967	1972	578	483	95	-	70	25	-	-	578
Agricultural Universities Development - I	386-11-110-281	1955	1973	28,639	27,271	1,368	625	1,423	570	-	-	29,264
Agricultural Production Promotion	386-11-110-366	1967	1973	4,915	4,719	196	17	182	31	-	-	4,932
Increased Agricultural Inputs	386-11-190-367	1967	1973	2,295	2,233	62	13	75	-	-	-	2,308
Soil and Water Management	386-11-120-368	1967	1973	3,369	3,170	199	115	314	-	-	-	3,484
Nutritional Foods Development	386-11-560-380	1969	1973	1,258	1,026	232	49	281	-	-	-	1,307
<b>POPULATION PLANNING AND HEALTH</b>							135					
Family Planning	386-51-580-332	1967	1973	6,175	6,069	106	135	211	30	-	-	6,310
<b>HUMAN RESOURCE DEVELOPMENT</b>							20			179		
Development Training	386-15-790-414	1971	1972	94	92	2	-	2	-	-	-	94
Teaching of Science and Mathematics	386-11-660-226	1964	1975	6,755	6,520	235	20	229	26	179	109	7,063
<b>SELECTED DEVELOPMENT PROBLEMS</b>							-			500		
Development Services and Training	* 386-11-995-452	1974	Cont.	-	-	-	-	-	-	500	-	Continuing
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							1,108			821		
Technical Support	386-15-999-000	1952	Cont.	27,874	27,805	59	1,108	1,117	50	821	-	Continuing
							Total . . . . .	2,135	4,032	745	1,500	

\*Detailed project narrative--See Table VI.

## NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	43	11	7
Participating agency . . . . .	21	4	-
Contractor technicians . . . . .	51	15	3
<b>Total . . . . .</b>	115	30	10

## NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	8	66	30
Contract . . . . .	135	-	-
<b>Total . . . . .</b>	143	66	30

Country: INDIA

PROJECT SHEET

TABLE VI

PROJECT TITLE Development Services and Training	OBJECTIVE/ACTIVITY Selected Development Problems	FUNDS DG
PROJECT NUMBER 386-11-995-452	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1974
		SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: To assist the Government of India to meet critical human resource needs in priority development areas such as agriculture, education, health and rural development; and to meet requirements for related training in the U.S. and third countries.

As a result of the growth of many Indian institutions aided in part by U.S. and other technical assistance, and because of the availability of highly competent Indian personnel, an important need now in India is for short-term, individualized, high-level services and training chosen by India to complement existing Indian talents to help break development bottlenecks. Areas in which this kind of selective assistance could be most useful are: science education, agricultural research, food processing, educational technology, and environmental studies.

The basic thrust of India's upcoming 5th 5-Year Plan (1974-1979) is a more direct approach to tackling the problems of the third of the population living below the poverty line. Selective expert assistance from the US can make an important contribution to the government's efforts, for example, to broaden the adaptability of the new rice varieties, or to develop an effective system of programmed instruction for elementary education.

AID is provisionally requesting funds to provide a grant for the procurement of technical services and training. An objective of the grant is to lodge maximum operational responsibility with the host government and provide flexibility in selecting the consultants and training. Recruitment, selection, and backstopping of technicians will be accomplished through a variety of arrangements. For example, contracts may be directly between the technician and the institution or between the Government and individuals, private firms or universities. Similarly, the Government will be responsible for the selection of candidates for training programs. All contracts and training agreements will be within established criteria and subject to AID standards and approval.

FY 1974 Program: To finance the services of US personnel needed to fill advisory and skilled technician roles identified by India and to finance short-term and long-term training in key areas.

U.S. Technicians: The grant will finance some 70 man-months of principally short-term contract technician services.

Participants: Twenty-five participants for training in the US and third countries.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1973			Proposed FY 74
					Direct AID	Contract/Other Agency		Total
Through 6/30/72	-	-	-					
Estimated FY 73	-	-						
Estimated through 6/30/73	-	-	-					
		Future Year Obligations	Estimated Total Cost					
Proposed FY 74	500	Continuing		Total Obligations	100	400	500	
				U.S. Technicians		400	400	
				Participants ....	100	-	100	
				Commodities ....		-	-	
				Other Costs ....		-	-	

PROPOSED DEVELOPMENT LOANS

Country: INDIA

TABLE VII

Title of Loan: DEVELOPMENT LOAN		
Type	Sector Objective	Amount (\$000)
PROGRAM	SELECTED COUNTRIES AND ORGANIZATIONS	75,000

While the aid relationship with India continues under review, we have not held the normal bi-lateral program discussions on which proposed appropriations are based. The requirements cited below are, however, known in some detail from publicly available information and are given high priority by India.

Fertilizer is an essential ingredient for agricultural production. Despite a more than doubling of its fertilizer production capacity over the last five years, India's fertilizer consumption requirements are still far greater than its plants can produce. New plants are currently under construction but current domestic production is unable to meet the demand of fertilizer consumers, and the gap between supply and demand is expected to remain high over the next few years. The deficits in nitrogen and phosphate are estimated to be as much as one million tons and 400,000 tons respectively in Indian fiscal year 1973/74, and only slightly lower in 1974/75. This loan would finance imports to cover a portion of the shortfall. Distribution of the fertilizer would be carried out by the Indian Farmers Fertilizer Cooperative, Ltd. (IFFCO), an all-India cooperative which will own and operate a \$124 million fertilizer manufacturing complex now being built. While the plants are under construction, IFFCO is conducting a market preparation or "seeding" program to test the infrastructure of transportation, credit, warehousing and merchandising. Apart from having an experienced sales organization when the plants come on stream, IFFCO will be able to put its plants into full production almost immediately as a result of the seeding program's effect on the marketing and distribution channels, as well as farmer awareness of a superior product.

Proceeds of this loan are also proposed to be used to assist India's power sector by financing imports of machinery, components and spare parts for industries engaged in the manufacture of power generating and transmission equip-

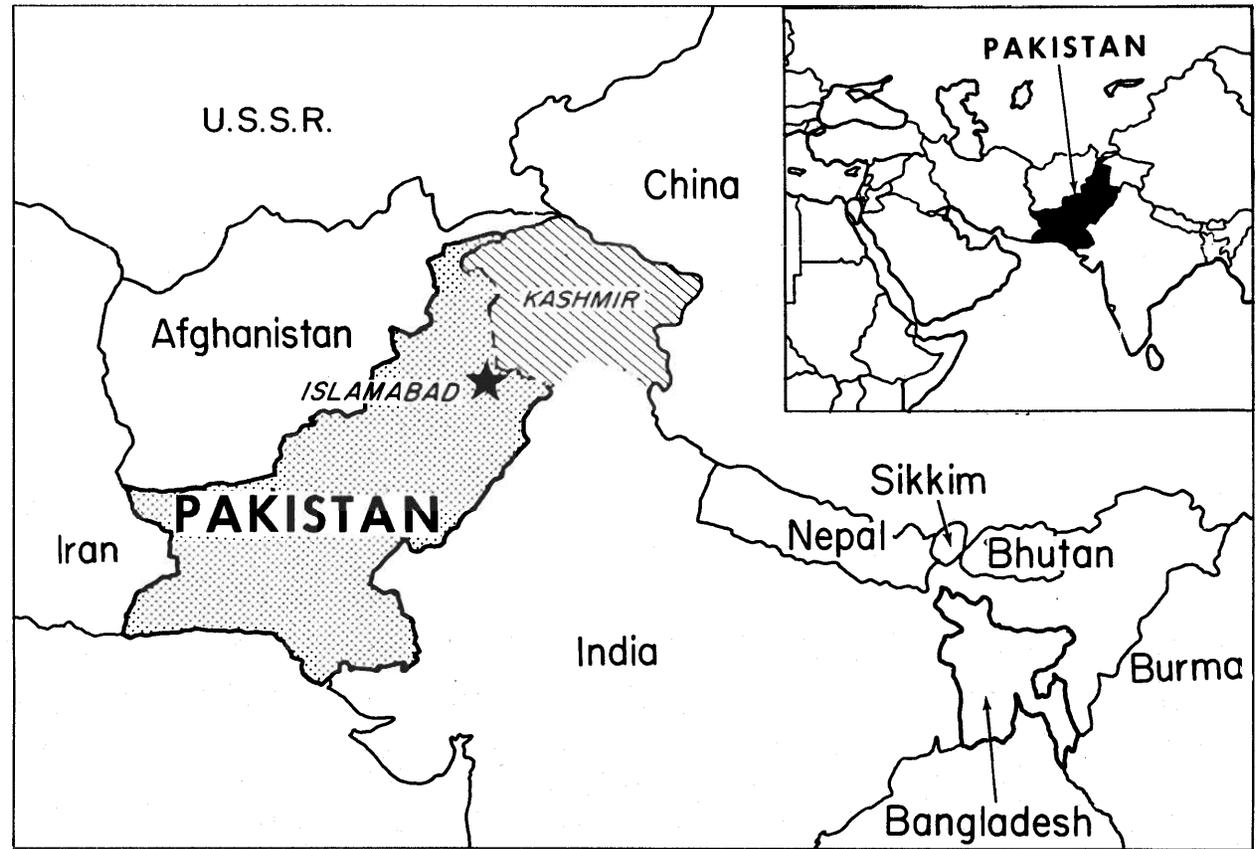
ment. India is currently experiencing severe power shortages due in part to the drought which has reduced output from hydroelectric plants. Progress in power development has also suffered because of the inability of Indian manufacturing plants to meet the requirements of power projects on a timely basis. The import of balancing equipment, components and spare parts should enable these plants to increase output. In addition, we expect to finance technical studies to delineate preferred sources of energy and some generating equipment required to alleviate energy deficits.

INDIA  
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			
<b>ECONOMIC PROGRAMS</b>							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)	(-)	(-)	(*)	-	-		
<b>FOOD FOR PEACE - TOTAL</b>	234.8	104.6	4,653.3	456.6	4,196.7		
<b>Title I - Total</b>	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. Users)	(30.0)	(-)	(4,102.8)	(-)	(4,102.8)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	12.4	15.0	534.9	424.2	110.7		
OTHER LOANS	-	-	5.2	4.0	1.2		
<b>TOTAL OTHER OFFICIAL LOANS</b>	12.4	15.0	540.1	428.2	111.9		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	0.2	*	122.3	8.6	113.7		
Excess Stock (FMS)	-	-	27.7	8.6	19.1		
Grants	0.2	*	94.6	-	94.6		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
<b>TRANSFERS FROM EXCESS STOCKS</b>	-	-	7.3	-	7.3		
<b>OTHER GRANTS</b>	-	-	-	-	-		
<b>TOTAL MILITARY PROGRAMS</b>	0.2	*	129.6	8.6	121.0		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
<b>TOTAL</b>	260.5	322.3	3,076.4	<b>TOTAL</b>	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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year) . . . . . -			
				1972 (Calendar Year) . . . . . -			
				Cumulative thru 1972 . . . . . 1,975			

\* Less than \$50,000.

# Pakistan



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	61.0
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.7
Population in Urban Areas . . . . .	26
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	53
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	79*
Life Expectancy ( <i>years</i> ) . . . . .	50
People Per Doctor . . . . .	4,260
Literacy Rate ( <i>percent</i> ) . . . . .	16
Students as % of 5 - 19 Age Group . . . . .	23
( <i>Primary and Secondary</i> )	

\* - 1971 in 1971 prices and year-end exchange rates.

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	-	-	-	-	-	-	-
<b>Total</b>	<b>62,401</b>	<b>182</b>	<b>303</b>	<b>86</b>	<b>16</b>	<b>60,000</b>	<b>1,815</b>
<u>1973</u>							
Devel. Loans	60,000	-	-	-	-	60,000	-
Devel. Grants	3,256	397	1,390	302	85	-	1,082
Other	5	-	-	-	-	-	5 <sup>a/</sup>
<b>Total</b>	<b>63,261</b>	<b>397</b>	<b>1,390</b>	<b>302</b>	<b>85</b>	<b>60,000</b>	<b>1,087</b>
<u>1974</u>							
Devel. Loans	60,000	25,000	-	-	-	35,000	-
Devel. Grants	3,492	580	1,692	315	-	-	905
Other	50	-	-	-	-	-	50 <sup>a/</sup>
<b>Total</b>	<b>63,542</b>	<b>25,580</b>	<b>1,642</b>	<b>315</b>	<b>-</b>	<b>35,000</b>	<b>955</b>

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 devaluating 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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: PAKISTAN

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
391-H-059	Coastal Embankment Project	3-14-63	8-15-63	10	40	3/4	3/4	U.S.\$	4,330	4,291		164
391-H-071	Telecommunications Facilities	6-29-63	10-23-63	10	40	3/4	3/4	U.S.\$	4,700	4,377		125
391-H-081A	Karnafuli Hydroelectric Unit III	6-22-67	12-01-67	10	40	1	2-1/2	U.S.\$	1,500	307		3
391-H-082	Siddhirganj Thermal Plant	4-22-64	8-28-64	10	40	3/4	2	U.S.\$	8,500	8,237		241
391-H-087	Salinity Control-Reclamation II B	5-29-64	12-30-66	10	40	3/4	2	U.S.\$	14,100	10,343		179
391-H-091	E.P. Transmission Lines	6-25-64	9-17-64	10	40	3/4	2	U.S.\$	2,800	2,298		27
391-H-092	Dacca-Aricha Road	6-27-64	1-11-65	10	40	3/4	2	U.S.\$	14,000	10,622		249
391-H-094	Chittagong Port Facilities	6-29-64	10-14-64	10	40	3/4	2	U.S.\$	3,400	2,348		33
391-H-124	WAPDA Consultants	6-21-67	2-08-68	10	40	1	2-1/2	U.S.\$	2,400	1,070		33
391-H-126	Mangla Transmission II	6-22-67	2-09-68	10	40	1	2-1/2	U.S.\$	3,437	3,320		73
391-H-139	Seed Potato Multiplication	6-26-68	8-10-68	10	40	2	2-1/2	U.S.\$	109	22		1
391-H-142	Consulting Services	6-27-69	8-05-69	10	40	2	3	U.S.\$	3,000	1,446		42
391-H-143	Groundwater Survey	6-27-69	10-02-69	10	40	2	3	U.S.\$	1,500	138		2
391-H-144	Program Loan	6-30-69	11-19-69	10	40	2	3	U.S.\$	19,997	19,941		753
391-H-148	Program Loan	4-06-70	4-13-70	10	40	2	3	U.S.\$	99,497	98,675		2,452
391-H-152	Financial Assistance	6-29-72	9-25-72	10	40	2	3	U.S.\$	60,000	3,956		-
391-H-153	Program Loan	2-23-73	2-28-73	10	40	2	3	U.S.\$	40,000	-		-
391-H-154	Fertilizer Loan	2-23-73	2-28-73	10	40	2	3	U.S.\$	20,000	-		-
Total.....		XXXXX	XXXXXX	XX	XX	XXX	XXX	XXXXX	303,270	171,391		4,377

COUNTRY: PAKISTAN

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>												
Agriculture Research	391-11-660-296	1969	1975	662	624	38	397	233	202	580	75	1,714
<b>POPULATION PLANNING AND HEALTH</b>												
Malaria Eradication	391-52-511-139	1963	1973	1,286	1,271	15	1,390	29	-	1,692	-	1,290
Family Planning	* 391-11-580-256	1967	Cont.	6,012	5,448	564	1,376	1,615	325	1,692	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>												
Statistical Services	391-11-780-037	1955	1971	2,678	2,634	44	302	44	-	315	-	2,678
Low Cost Textbook Publishing	391-11-690-346	1971	1971	209	44	165	-	165	-	-	-	209
Government Administrative Staff Improvement	391-11-760-299	1969	Cont.	192	186	6	132	72	66	180	Continuing	
Functional Literacy	391-11-690-348	1973	1974	-	-	-	170	30	140	55	-	225
Grants to Pakistani Educational Institutions	* 391-11-660-366	1974	1976	-	-	-	-	-	-	80	160	240
<b>SELECTED DEVELOPMENT PROGRAMS</b>												
Financial Legislation	391-11-950-345	1971	1973	116	16	100	85	113	72	-	-	201
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>												
Technical Support	391-11-999-000	1955	Cont.	36,233	36,195	38	1,082	1,035	85	905	Continuing	
				<b>Total</b>			<b>3,256</b>	<b>3,336</b>	<b>890</b>	<b>3,492</b>		

\*Detailed project narrative--See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed .....	23	20	14
Participating agency .....	2	-	4
Contractor technicians .....	2	11	11
<b>Total</b> .....	<b>27</b>	<b>31</b>	<b>29</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract .....	7	90	100
Contract .....	-	15	-
<b>Total</b> .....	<b>7</b>	<b>105</b>	<b>100</b>

PROJECT TITLE Family Planning	OBJECTIVE/ACTIVITY Population and Health	FUNDS DG
PROJECT NUMBER 391-11-580-256	PRIOR REFERENCE Page 79, FY 1973 PDB	SCHEDULED FINAL OBLIGATION FY: Continuing
	INITIAL OBLIGATION FY: 1967	

Project Target and Course of Action: Pakistan's population of approximately 65 million is increasing by nearly 2 million each year. This high rate of growth imposes an increasingly severe strain on the ability of the country to feed, employ and provide basic social services such as schooling and health care to its burgeoning population. In recognition of the desirability of attaining lower fertility rates among its people, the Government of Pakistan instituted in 1965 a nation-wide family planning program aimed at disseminating family planning information and providing contraceptive devices. The U.S. has helped to support this program since FY 1967 by providing advisory services, participant training and commodities.

Progress to Date: The family planning program relies upon research and experimentation to determine the most effective motivational approaches to family planning in Pakistan. As a result of this experimentation, there has been developed the Continuous Motivation System (CMS) which has registered trial results indicating an acceptance rate among fertile couples measurably higher than the national average of 4.5% for traditional programs. The System relies upon close and repetitive contact between motivation teams and the target population. The use of locally recruited, village-oriented motivation teams, the involvement of both male and female family members in the motivation process, and incentive

payments to workers based on actual reduction in births are important features of this system. The Government of Pakistan wishes to extend the system throughout the most densely populated areas of the country and has asked for U.S. help in financing this expansion.

A Population Planning Unit has been formally established within the Pakistan Institute for Development Economics, the foremost economic research group of the government establishment; the Population Unit will do basic research on population matters and advise the Planning Commission and substantive government ministries and departments of the effects of government policies, plans and regulations on population growth and movements.

A team of short-term consultants has recently completed a study of all aspects of vehicle maintenance problems and has submitted recommendations designed to improve the management and operation of the family planning automotive fleet. These recommendations have been accepted by the government and will be put into effect during the next year.

FY 1974 Program: One U.S. contract technician will be made available to the Population Planning Unit to assist in the development of that organization and in the planning of a basic research program. Staff development

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Through 6/30/72	6012	5448		564	Estimated FY 1973		Proposed FY 74		
						Estimated FY 73		1376	1615	
Estimated through 6/30/73	7388	7063	325	U.S. Technicians	175	384	559	175	-	175
		Future Year Obligations	Estimated Total Cost	Participants ....	27	-	27	27	-	27
				Commodities ....	790	-	790	1490	-	1490
				Other Costs ....	-	-	-	-	-	-
Proposed FY 74	1692	continuing		Total Obligations	992	384	1376	1692	-	1692

Country: PAKISTAN

PROJECT SHEET (Continued)

Objective/Activity:

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Family Planning	391-11-580-256

will also be furthered by the training of participants in the U.S. Assistance will continue to be directed toward improving the quality of existing family planning services, extending the Continuous Motivation System into additional districts and building into the government planning system a better awareness of population growth and its implications on overall development planning.

Contraceptive and clinical supplies and automotive vehicles will be needed for extension of the family planning program, giving primary attention to the expansion of the Continuous Motivation System.

U.S. Technicians - Direct Hire: Five U.S. direct hire advisors will assist the government in its population program.

Participants: Three long-term participants will be given U.S. training.

Commodities: Contraceptives, research supplies/equipment and some vehicles will be provided.

PROJECT TITLE	OBJECTIVE/ACTIVITY	FUNDS	
Grants to Pakistan Educational Institutions PROJECT NUMBER 391-11-660-366	Human Resources Development	DG	
	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	-	FY: 1974	FY: 1976

Project Target and Course of Action: During the decade of the 1960s the U.S. made important contributions to the development of certain colleges and universities in Pakistan by providing advisors from U.S. institutions and by financing the advanced training of Pakistani faculty members at the home campuses of these institutions. During the course of this assistance, close relationships developed between the U.S. institutions and their sister institutions in Pakistan -- relationships which proved, and continue to prove of great benefit to both the U.S. and Pakistani institutions as the latter go through the processes of improvement and modernization. With the termination of the AID contracts, however, these relationships have weakened because of the lack of the wherewithal to keep them alive. The purpose of this project is to reinforce on an experimental basis already existing U.S.-Pakistani institutional relationships by providing grant funding to continue a system of professional exchanges, and to strengthen these AID-sponsored institutions in the post-project phase. The institutional grants to be made to U.S. institutions will be used for faculty exchanges of short duration, exchanges of research information, the short-term training program in the U.S. of Pakistani faculty, and for the acquisition of professional books, reference materials and periodicals needed by the Pakistani institutions to keep research facilities up to date.

For FY 1974 it is planned to provide two continuing or terminal grants of three years amounting to \$40,000 each per annum. In addition to dollar grants to U.S. institutions, the project will make available a grant in U.S.-owned rupees to the Pakistani institutions. These rupee grants will be for such expenses as financing international transportation, in-country costs of U.S. visiting professors, staff development of Pakistani institutions, or costs of internal research publications. Additionally, these funds will be used to meet a part of the needs for the research efforts now being undertaken by the institutions with their severely limited resources.

FY 1974 Program: During FY 1974 two grants of \$40,000 each will be provided to finance exchanges between the following institutions:

1. University of Peshawar, College of Engineering and Colorado State University.
2. University of the Punjab, Institute of Education and Research and Indiana University.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 73	Estimated through 6/30/73	Future Year Obligations		Estimated Total Cost	Estimated FY 1973		Proposed FY 74		
						Direct AID		Contract/Other Agency	Total	Direct AID
				U.S. Technicians				30	30	To be selected
				Participants . . .				30	30	
				Commodities . . .				10	10	
				Other Costs . . .				10	10	
Proposed FY 74	80	160	240	Total Obligations				80	80	

**PROPOSED DEVELOPMENT LOANS**

TABLE VII

Country: PAKISTAN

Title of Loan: AGRICULTURAL SECTOR		
Type	Sector Objective	Amount (\$000)
SECTOR	FOOD PRODUCTION AND NUTRITION	25,000

This proposed sector loan would finance a number of priorities in the field of agriculture including (1) improvement in water distribution and on-farm water utilization to benefit small farmers; (2) agricultural research to ensure continuation of the green revolution; income distribution and nutrition considerations would be included in research activities; (3) development of new systems to increase the agricultural production of low-income farmers living in the non-irrigated areas of Pakistan; and (4) development of farm to market roads as an incentive to farmers to increase agricultural production.

Title of Loan: FERTILIZER		
Type	Sector Objective	Amount (\$000)
PROGRAM	FOOD PRODUCTION AND NUTRITION	15,000

A loan of \$15 million is proposed to the Government of Pakistan (GOP). Its purpose is to finance the import of fertilizer, principally phosphate type, required for agricultural production including such crops as wheat, rice, corn, and sorghum. The fertilizer is deemed essential for the continued development of Pakistan's agricultural sector.

Title of Loan: PROGRAM		
Type	Sector Objective	Amount (\$000)
PROGRAM	SELECTED COUNTRIES AND ORGANIZATIONS	20,000

A loan of \$20 million is proposed to the Government of Pakistan (GOP) to finance the import of general commodities including essential raw materials and equipment required for economic and industrial development. It will directly support both the continuation of the import liberalization policy, initiated in the 1972 economic reform program, and the continuing GOP efforts to revive the economy. It is anticipated that priority will be given by the GOP to the import of iron, steel, non-ferrous metals, industrial chemicals and tallow.

PAKISTAN  
(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				
<b>ECONOMIC PROGRAMS</b>							
<b>A. OFFICIAL DEVELOPMENT ASSISTANCE</b>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)				
<b>FOOD FOR PEACE - TOTAL</b>	100.8	102.7	1,632.3	122.8	1,509.5		
<b>Title I - Total</b>	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)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	-	-	75.2	0.1	75.1		
PEACE CORPS	-	-	7.3	-	7.3		
OTHER	-	-	67.9	0.1	67.8		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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>B. OTHER OFFICIAL ECONOMIC PROGRAMS</b>							
EXPORT-IMPORT BANK LOANS	12.6	-	123.7	57.4	66.3		
OTHER LOANS	-	5.3	20.4	16.7	3.7		
<b>TOTAL OTHER OFFICIAL LOANS</b>	12.6	5.3	144.1	74.1	70.0		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	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		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	-	-	8.9	-	8.9		
OTHER GRANTS	-	-	4.5	-	4.5		
<b>TOTAL MILITARY PROGRAMS</b>	0.1	0.1	695.7	5.8	689.9		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1969-71
<b>TOTAL</b>	105.5	2.4	1,259.9	<b>TOTAL</b>	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	50.2	161.5
UNDP - TA (CY)	1.0	0.8	19.3				
Other UN (CY)	13.7	1.0	36.2				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year) ..... 209			
				1972 (Calendar Year) ..... -			
				Cumulative thru 1972 ..... 857			

\* Less than \$50,000.

NOTE: Data prior to FY 1972 include Bangladesh.

# Nepal



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	11.5
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.1-2.3
Population in Urban Areas . . . . .	5
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	92
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	80*
Life Expectancy ( <i>years</i> ) . . . . .	42
People Per Doctor . . . . .	49,100
Literacy Rate ( <i>percent</i> ) . . . . .	9
Students as % of 5 - 19 Age Group . . . . .	15
( <i>Primary and Secondary</i> )	

\* - 1971 in 1971 prices and year-end exchange rates.

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	1,995	575	383	549	-	-	488
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>1,995</b>	<b>575</b>	<b>383</b>	<b>549</b>	<b>-</b>	<b>-</b>	<b>488</b>
<u>1973</u>	6,000	-	-	-	6,000	-	-
Devel. Loans	3,340	661	1,044	517	-	-	1,118
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>9,340</b>	<b>661</b>	<b>1,044</b>	<b>517</b>	<b>6,000</b>	<b>-</b>	<b>1,118</b>
<u>1974</u>	5,000	-	-	-	5,000	-	-
Devel. Loans	4,000	975	1,411	451	-	-	1,163
Devel. Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>9,000</b>	<b>975</b>	<b>1,411</b>	<b>451</b>	<b>5,000</b>	<b>-</b>	<b>1,163</b>

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.

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

**TABLE V**

COUNTRY: **NEPAL**

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							661			793		
Groundwater Investigation	* 367-11-120-207	1969	1974	651	562	89	168	216	41	194	-	1,013
✓ Foodgrain Technology	367-11-110-054	1958	1974	3,219	3,065	154	493	518	129	599	-	4,311
							<u>1,044</u>			<u>1,411</u>		
<b>POPULATION PLANNING AND HEALTH</b>												
Malaria Eradication	367-11-511-014	1954	1972	6,595	6,594	1	-	1	-	-	-	6,595
Integration of Health Services	* 367-11-590-227	1973	1977	-	-	-	304	91	213	136	400	840
Family Planning	* 367-11-580-096	1968	Cont.	1,668	1,036	632	740	817	555	1,275	Continuing	
							<u>517</u>			<u>633</u>		
<b>HUMAN RESOURCE DEVELOPMENT</b>												
Agriculture Education Planning	367-11-110-217	1972	1972	58	-	58	-	58	-	-	-	58
Teacher and Technical Education	367-11-610-060	1954	1972	4,517	4,376	141	-	121	20	-	-	4,517
Management Improvement and Training	367-11-720-074	1962	1972	957	911	46	-	46	-	-	-	957
Teacher and Materials Utilization and Development	* 367-11-690-228	1972	1977	300	-	300	335	200	435	241	804	1,680
Administration and Management	367-11-720-101	1973	1977	-	-	-	152	63	89	135	313	600
Manpower Development Training	367-11-999-224	1973	Cont.	-	-	-	30	4	26	75	Continuing	
Institute of Agriculture & Animal Sciences	* 367-11-110-102	1974	1978	-	-	-	-	-	-	182	850	1,032
							<u>1,118</u>			<u>1,163</u>		
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>												
Technical Support	367-11-999-000	1952	Cont.	11,000	10,830	170	1,118	1,138	150	1,163	Continuing	
							<b>Total . . . . .</b>	<b>3,340</b>	<b>3,298</b>	<b>1,633</b>	<b>4,000</b>	

\*Detailed project narrative--See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	18	22	18
Participating agency . . . . .	4	5	6
Contractor technicians . . . . .	10	16	21
<b>Total . . . . .</b>	<b>32</b>	<b>43</b>	<b>45</b>

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	105	60	110
Contract . . . . .	-	3	10
<b>Total . . . . .</b>	<b>105</b>	<b>63</b>	<b>120</b>

Country: NEPAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE Groundwater Investigation	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 367-11-120-207	PRIOR REFERENCE Page 101, FY 1973 PDB	INITIAL OBLIGATION FY: 1969
		SCHEDULED FINAL OBLIGATION FY: 1974

**Statement of Project Target:** The project purpose is to assist Nepal to develop an institutional capability to carry out an investigation of groundwater resources in Nepal. To develop this capability, AID and the Government of Nepal are carrying out groundwater studies in two areas of Western Nepal and providing training for Nepalese technicians. Project activities involve test drilling, aquifer testing, chemical analysis of water, basic well inventory and geological mapping to produce detailed information on production well construction, water yield, chemical quality, well spacing and cost of water production. Such information provides the necessary basic data for future water use planning and economic development in the areas studied.

**Progress to Date:** The project has been making good progress in the past year under the U.S. Geological Survey PASA team after the first year's lag in equipment procurement. Exploratory drilling (41,750 feet) in the first exploratory area (Lumbini zone) was completed at the end of the 1971-72 field season in June. Fourteen wells were finished for production and are suitable for irrigation or public water supply. About 50 permanent observation wells were completed for current and future hydrologic monitoring. Data are now sufficient to construct groundwater availability maps for the Lumbini zone and an interim report on groundwater potentials of the zone is now in preparation. Exploratory drilling commenced in the second area (Bheri zone) in late

November 1972.

A water quality laboratory was established in the Hydrology Department in Kathmandu in May 1971. A staff of 250 (from geologists and engineers to laborers) has been built from scratch in the Department. In the past two years, one quality water chemist and 5 geohydrologists received practical training in the U.S. Three Nepalese well drillers received 6 months training in West Pakistan. A technical and institutional assessment of the project was made in November 1972, and it indicated that reliable technical data was being produced and recommended that the Government give serious consideration to the establishment of a permanent Groundwater Section in the Hydrology Department to carry on further investigation of Groundwater use.

**FY 1974 Program:** The final stages of the drilling program for the second zone (Bheri) will be completed and a consolidated report on the zonal groundwater potentials issued by the end of FY 1974. The one year extension to complete the second zone was necessary because of the earlier delays in procurement of U.S. drilling equipment.

**U.S. Technicians:** Two US Geological Survey PASA advisors and nine months short-term PASA assistance.

**Participants:** Six months training each for two hydrogeologists and one chemist in the U.S.

**Commodities:** Spare parts for U.S.-supplied equipment.

**Other Costs:** In-country travel and a local hire driller.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
	651	562	89		Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	U.S. Geological Survey Personal Services Contracts (2)
Estimated FY 73	168	216			3	106	109	-	142	142	
Estimated through 6/30/73	819	778	32	U.S. Technicians	25	-	25	20	-	20	
		Future Year Obligations	Estimated Total Cost	Participants ....	20	-	20	18	-	18	
				Commodities ....	12	2	14	10	4	14	
Proposed FY 74	194	-	1,013	Other Costs ....	60	108	168	48	146	194	
				Total Obligations							

Country: NEPAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE Integration of Health Services	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 367-11-590-227	PRIOR REFERENCE Page 102, FY 1973 PDB	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: 1977

**Statement of Project Target:** The purpose of this project is to assist Nepal to test two possible approaches by which it can expand its health system under differing conditions in two pilot districts. Nepal has several health service delivery systems which operate independently and possibly could provide improved services at reduced cost through an efficient combining of staff, programs, and coverage. The Malaria Eradication Organization, begun with A.I.D. assistance, is in some areas one of the independent health systems. In some other areas it is the only operating Nepalese health institution. The project will assess in one area the feasibility of integration of all of the existing spectrum of health services. In the other test area, where only the Malaria Eradication Organization exists, its workers will be given additional tasks in smallpox, tuberculosis, leprosy, and family planning.

**Progress to Date:** The Government of Nepal began preparatory work in the first of the two pilot areas in January 1972 and in the second district in April. With the arrival of a USPHS public health officer, project design work was completed and plans for assignment and training of Nepalese health workers put into operation. Initial field testing of the project design has been conducted on a limited basis for six months to assess technical, logistic and administrative feasibility. Assessment of results confirms the technical feasibility but the narrow geographic coverage of the initial test is insufficient

to confirm administrative and logistic feasibility.

**FY 1974 Program:** Expanded field testing of the pilot techniques will be completed in January 1974. Results of the experiences in the two dissimilar districts will be assessed and necessary modifications incorporated in the project design. With the assistance of a second USPHS officer (health services planner), administrative, logistic and technical planning will get underway, as well as training programs, for expansion from the two pilot areas to the next larger administrative unit, the zone. Observation training will be financed to expose Nepalese health service officers to techniques and integration efforts in other countries of the region.

**U.S. Technicians:** Two U.S. Public Health Service PASA technicians, one a public health officer and the other a health services planner.

**Participants:** Ten short-term participants in 3rd countries.

**Other Costs:** In-country travel, per diem and local support costs.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL <del>XXXXXXXXXX</del> / AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
Through 6/30/72	-	-	-		Direct AID	<del>XXXXXX</del> Other Agency	Total	Direct AID	<del>XXXXXX</del> Other Agency	Total	U.S. Public Health Service
Estimated FY 73	304	91		U.S. Technicians	-	62	62	-	95	95	
Estimated through 6/30/73	304	91	213	Participants ....	15	-	15	25	-	25	
		Future Year Obligations	Estimated Total Cost	Commodities ....	200	-	200	-	-	-	
				Other Costs ....	27	-	27	16	-	16	
Proposed FY 74	136	400	840	Total Obligations	242	62	304	41	95	136	

Country: NEPAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE Family Planning	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 367-11-580-096	PRIOR REFERENCE Page 107, FY 1973 PDB	INITIAL OBLIGATION FY: 1968
		SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: To assist the Government of Nepal in its efforts to develop and strengthen the institutional base necessary to mount an effective long range program of fertility reduction. AID assistance through FY 1974 will be focused primarily on helping with the development of materials, demonstration, and information conducive to supporting Nepal's efforts to carry out an effective family planning effort.

Progress to Date: The Government of Nepal now operates 141 Family Planning/Maternal and Child Health Clinics, an increase of 55 over the number functioning in 1971. With the national program operating in 30 of Nepal's 75 administrative districts, training of clinic staffs and field workers has been the main focus. 400 full-time paramedical workers trained in Family Planning and MCH skills are now assigned to field clinics, 160 of them completing training during 1972. Building upon the expanded staff capabilities at the clinic level, a shift in program emphasis was begun in 1972 whereby clinic workers through regular visits to households in the clinic areas make readily available family planning material, contraceptives and information. The maternal and child health element emphasizes preventive immunization for mothers and children against smallpox, diphtheria, tetanus and tuberculosis. Registered users of these services reached a level of 48,000 families in 1972, an increase of 8,000 over that of 1971, not counting non-sustaining or emergency clients.

At the Ministry of Health level, A.I.D. direct-hire and contract advisors aided the Ministry staffs to assess existing program plans and operations as a basis for revising training programs, information materials writing and distribution, logistics, and the need for administrative reforms. Selective research studies were undertaken to serve as a basis for design and planning of experimental package programs for selected rural and urban areas.

A Population and Development Conference, the first of its kind for Nepal, was held in 1972 to create an awareness among government and civic leaders of the implications of population growth and its impact on national development efforts. The effects of this exposure of influential Nepalese to the realities of population growth have already been reflected in changing attitudes toward population realities and their effect on Nepal's development programs and policies.

FY 1974 Program: A new six man contract team will assist the Ministry of Health to launch several experimental programs which were planned for FY 1973 but were delayed by planning lags. The experimental programs will focus on an approach of a selective package of services tailored to varying local educational/cultural factors, family economic status and medical/administrative capabilities of staffs at selected rural and urban clinics. The contract advisors will also assist the Ministry in upgrading

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract Other Agency	Total	Direct AID	Contract Other Agency	Total	
Through 6/30/72	1,668	1,036	632		83	44	127	37	475	512	University of Michigan New Contractor to be Selected U.S. Bureau of the Census
Estimated FY 73	740	817		U.S. Technicians	76	-	76	143	53	196	
Estimated through 6/30/73	2,408	1,853	555	Participants ....	100	-	100	-	150	150	
		Future Year Obligations	Estimated Total Cost	Commodities ....	437	-	437	417	-	417	
				Other Costs ....							
Proposed FY 74	1,275	Continuing	-	Total Obligations	696	44	740	597	678	1,275	

Country: NEPAL

PROJECT SHEET (Continued)

Objective/Activity: Population Planning and Health

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Family Planning	367-11-580-096

its training programs, intensifying research and evaluation efforts and improving central administration and logistics support of field operations. Participant training of key staff within Nepal, in third countries and in the U.S. will continue.

U.S. Technicians Direct Hire: One Family Planning Officer.

Contract: Six technicians funded for 24 months.

Participants: Twenty-seven long-term.

Other Costs: Travel within Nepal, per diem, local hire technicians and a U.S. contribution to cover a portion of local costs of the Nepalese family planning program.

Country: NEPAL

## PROJECT SHEET

TABLE VI

PROJECT TITLE Teacher and Materials Utilization and Development	OBJECTIVE/ACTIVITY Human Resources Development		FUNDS DG
	PRIOR REFERENCE Page 103, FY 1973 PDB	INITIAL OBLIGATION FY: 1972	SCHEDULED FINAL OBLIGATION FY: 1977
PROJECT NUMBER 367-11-690-228			

Statement of Project Target: This project is designed to build into the Nepalese education system an institutional capability to create modern, relevant teaching materials in the fields of mathematics, science and vocational agriculture. The project places heavy stress on feedback from actual teaching experience with textbooks and teachers guides. This process will occur on the writing-testing-revision cycle as teachers are trained how to use and evaluate these materials. The resulting findings will then be incorporated into the cycle in the form of modifications to current materials as well as the inclusion of new ideas. A related aspect of this activity is to develop a program to train 25 teacher trainers and supervisors in vocational agriculture. They in turn will be responsible for training 600 secondary school vocational agriculture teachers by 1977.

Progress to Date: Five U.S. technicians, funded under a contract with the National Education Association (NEA), have begun working with a basic cadre of writers, teacher trainers and materials specialists in math and science at the Institute of Education. In line with the desire of the Nepalese Government to guide and direct their own education program, two Nepalese education officials played a key role in selection of these specialists. Three vocational agriculture contract personnel, funded in FY 1973, are expected to arrive by late FY 1973.

FY 1974 Program: The five NEA contract specialists will work with Nepalese teams in math, science and general

teacher education programs at the seven campuses of the Institute of Education. The three contract vocational agriculture education specialists will work at the several campuses of the Institute of Education and at the Institute of Agriculture and Animal Science, the objective being to train the first group of agriculture teacher trainers for service in the several Institutes. Short-term consultants will be used for demonstration workshops for supervisors and administrators.

U.S. Technicians: Contract funding for five NEA advisors for eight months.

Participants: Six long-term and eleven short-term participants.

Commodities: Books and teaching materials.

Other Costs: Provides for in-country travel and per diem and project support costs.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS <del>XXXXXX</del>			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1973			Proposed FY 74		
					Direct AID	Contract/Agency	Total	Direct AID	Contract/Agency	Total
Through 6/30/72	300	-	300							
Estimated FY 73	335	200			39	212	251	-	127	127
Estimated through 6/30/73	635	200	435		51	-	51	79	-	79
		Future Year Obligations	Estimated Total Cost		1	-	1	2	-	2
					32	-	32	33	-	33
Proposed FY 74	241	804	1,680	Total Obligations	123	212	335	114	127	241

National Education Assn.

Country: NEPAL

PROJECT SHEET

TABLE VI

PROJECT TITLE Institute of Agriculture and Animal Sciences	OBJECTIVE/ACTIVITY Human Resources Development	FUNDS DG
PROJECT NUMBER 367-11-110-102	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1974
		SCHEDULED FINAL OBLIGATION FY: 1978

Statement of Project Target: This new project supports the initiative by the Government of Nepal to create an Institute of Agriculture and Animal Sciences (IAAS) capable of providing university-level training for agriculture technicians, extension agents, and secondary school teachers. Nepal until now has been sending trainees to other countries for higher-level skill training of this type and thus expansion of the skilled agricultural manpower pool has been dependent upon other countries having available training openings. The training is also not always ideally suited to Nepal's needs. Although Nepal is still reviewing final alternatives, we anticipate being requested to provide suitable expertise for long-range development planning for the future direction and growth of the Institute and its programs. We would also be prepared to consider providing assistance in teacher training, curriculum and research.

The Government of Nepal created an agricultural college in 1971 under the aegis of the Ministry of Agriculture to begin in-country training of agricultural technicians to meet manpower needs of its agricultural programs. The Government decided to upgrade the College to an Institute and make it a part of the University. At the Government's request, AID agreed to finance in FY 1972 a study of higher agricultural education in Nepal and contracted with the Midwestern Universities Consortium for International Activities (Wisconsin, Minnesota,

Indiana, Michigan State and Illinois) to assess the situation and make recommendations as to various alternative approaches. Their findings, which recommended proceeding with the creation of the Institute, are now being implemented by the Nepalese Government. The Government participated actively in the study and supports its conclusions. The first steps to organize the Institute and move it out of the capital and into the countryside are just getting underway.

FY 1974 Program: The first year's operation will consist of: contracting with a U.S. institution to provide three full-time advisors to the IAAS; assisting the Institute in relocating its facilities and staff from Kathmandu to its new rural location; commence curriculum and course design, develop plans for staff training; and select four Nepalese for training in the U.S. and possibly third countries.

U.S. Technicians: Eighteen months funding for three contract advisors.

Participants: Four long-term contract participants.

Commodities: Books and teaching materials.

U.S. DOLLAR COST (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS <del>XXXXXXXXXX</del> To be Selected			
Through 6/30/72	Obligations	Expenditures	Unliquidated	Estimated FY 1973				Proposed FY 74		
Estimated FY 73				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Estimated through 6/30/73							-	152	152	
		Future Year Obligations	Estimated Total Cost				-	2	2	
Proposed FY 74	182	850	1,032				-	182	182	
				Cost Components						
				U.S. Technicians						
				Participants ....						
				Commodities ....						
				Other Costs ....						
				Total Obligations						

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: NEPAL

Title of Loan: TRANSPORTATION/ROADS AND AIRPORTS		
Type	Sector Objective	Amount (\$000)
SECTOR	SELECTED DEVELOPMENT PROBLEMS	5-10,000

The purpose of this loan is to assist in the development of an integrated transportation system in Nepal and to provide supervised road construction experience for Nepalese engineers and foremen. The loan will finance the construction of an 85 Kilometer road from Nepalganj near the Indian border to the Surkhet Valley in Western Nepal and the realignment and surfacing of an existing short runway airport in Nepalganj. The road and airport will open up the Surkhet Valley, link it with other areas, and support the Nepalese Government's efforts to develop the remote sections of the country.

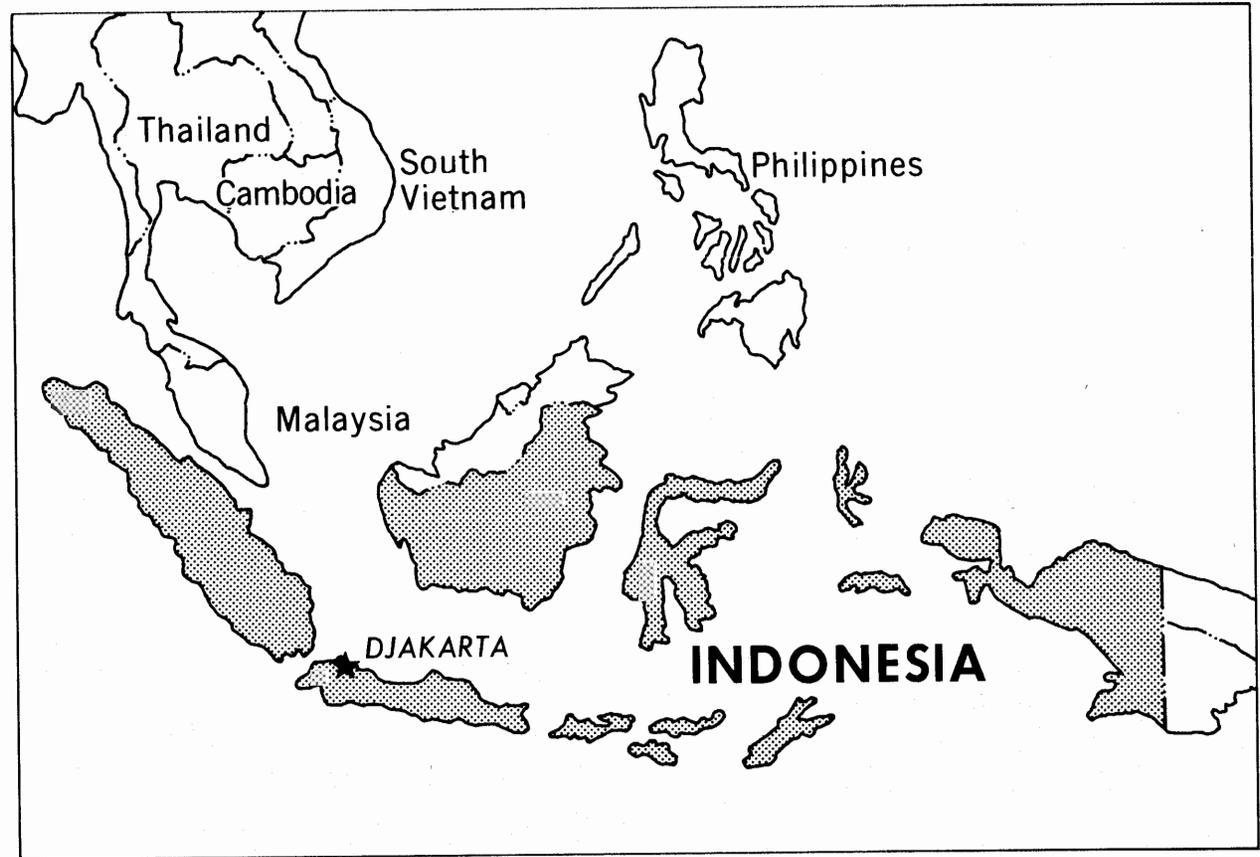
NEPAL  
(U.S. Fiscal Years - Millions of Dollars)

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				
<b>ECONOMIC PROGRAMS</b>							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)	(-)	(-)	(-)				
<b>FOOD FOR PEACE - TOTAL</b>	8.7	8.2	109.5	0.9	108.6		
<b>Title I - Total</b>	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)	(-)	(-)	(-)	(-)	(-)		
<b>Title II - Total</b>	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	-	-	*	-	*		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	1.2	1.0	12.5	-	12.5		
PEACE CORPS	1.2	1.0	12.5	-	12.5		
OTHER	-	-	-	-	-		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<i>B. OTHER OFFICIAL ECONOMIC PROGRAMS</i>							
EXPORT-IMPORT BANK LOANS	-	-	-	-	-		
OTHER LOANS	-	-	-	-	-		
<b>TOTAL OTHER OFFICIAL LOANS</b>	-	-	-	-	-		
<b>TOTAL ECONOMIC PROGRAMS</b>	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>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	*	*	1.9	-	1.9		
Credit Sales (FMS)	-	-	-	-	-		
Grants	*	*	1.9	-	1.9		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
<b>TRANSFERS FROM EXCESS STOCKS</b>	-	-	*	-	*		
<b>OTHER GRANTS</b>	-	-	-	-	-		
<b>TOTAL MILITARY PROGRAMS</b>	*	*	1.9	-	1.9		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
<b>TOTAL</b>	<u>11.7</u>	<u>11.1</u>	<u>47.5</u>	<b>TOTAL</b>	<u>4.9</u>	<u>9.3</u>	<u>29.4</u>
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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year)	-		
				1972 (Calendar Year)	-		
				Cumulative thru 1972	82		

\* Less than \$50,000



# Indonesia



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	126.4	Per Capita GNP ( <i>dollars</i> ) . . . . .	71*
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.7	Life Expectancy ( <i>years</i> ) . . . . .	48
Population in Urban Areas . . . . .	17	People Per Doctor . . . . .	27,750
( <i>Percent - 1971</i> )		Literacy Rate ( <i>percent</i> ) . . . . .	43
Labor Force in Agriculture . . . . .	66	Students as % of 5 - 19 Age Group . . . . .	38
( <i>Percent</i> )		( <i>Primary and Secondary</i> )	
		* - 1972, in 1971 prices and year-end exchange rates.	

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
<b>1972</b>							
Devel. Loans	108,100				33,100	75,000	
Devel. Grants	6,601	833	2,686	814	390	-	1,878
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>114,701</b>	<b>833</b>	<b>2,686</b>	<b>814</b>	<b>33,490</b>	<b>75,000</b>	<b>1,878</b>
<b>1973</b>							
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 <sup>a/</sup>
<b>Total</b>	<b>102,736</b>	<b>5,835</b>	<b>5,417</b>	<b>945</b>	<b>38,880</b>	<b>50,000</b>	<b>1,659</b>
<b>1974</b>							
Devel. Loans	90,000	-	-	-	30,000	60,000	-
Devel. Grants	11,413	2,525	6,013	810	475	-	1,590
Other	18	-	-	-	-	-	18 <sup>a/</sup>
<b>Total</b>	<b>101,431</b>	<b>2,525</b>	<b>6,013</b>	<b>810</b>	<b>30,475</b>	<b>60,000</b>	<b>1,608</b>

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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: INDONESIA

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Auth- orized	Loan Agree- ment			Grace Period	Amorti- zation			Amount Disbursed	Principal Repay- ments	Interest Collected
497-H-017	Commodities Import	4-15-69	5-02-69	10	40	2	3	U.S.\$	41,360	41,202		1,665
497-H-018	Gresik Cement Plant	6-19-69	7-25-69	10	40	2	3	U.S.\$	6,300	5,770		117
497-H-019	Central Java Electric Power	4-17-70	5-22-70	10	40	2	3	U.S.\$	27,700	558		6
497-H-020	Pusri Fertilizer Plant	5-26-70	7-02-70	10	40	2	3	U.S.\$	20,000	8,599		9
497-H-021	Jakarta Bogor Highway Design	5-25-70	8-20-70	10	40	2	3	U.S.\$	800	497		6
497-H-022	Medan Electric Power	6-26-70	9-19-70	10	40	2	3	U.S.\$	13,800	372		1
497-H-023	Commodities Import	7-02-70	7-06-70	10	40	2	3	U.S.\$	29,970	29,364		697
497-H-024	Semarang Steam Power Station	6-15-71	11-03-71	10	40	2	3	U.S.\$	19,700	-		-
497-H-025	Ketenger T&D Rehabilitation	6-15-71	11-03-71	10	40	2	3	U.S.\$	21,000	-		-
497-H-026	Commodities Import	7-13-71	8-26-71	10	40	2	3	U.S.\$	75,000	29,738		198
497-H-027	Project Development	7-15-71	11-03-71	10	40	2	3	U.S.\$	5,000	-		-
497-H-028	West Java T&D	6-26-72	-	10	40	2	3	U.S.\$	17,200	-		-
497-H-029	Commodities Import	12-21-72	-	10	40	2	3	U.S.\$	50,000	-		-
497-H-031	Jagorawi Highway Construction	2-28-73	-	10	40	2	3	U.S.\$	26,000	-		-
497-H-020	Pusri Amendment	2-27-73	-	10	40	2	3	U.S.\$	4,000	-		-
497-H-030	West Java Interim Generation	2-28-73	-	10	40	2	3	U.S.\$	6,800	-		-
Total.....		XXXXXX	XXXXX	XXX	XXX	XXXX	XXX	XXXXX	359,630	116,100		2,699

COUNTRY: INDONESIA

## PROJECT FISCAL SUMMARY

TABLE V

(Dollar Amounts in Thousands)

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							1,835			2,525		
Assistance to Agriculture	* 497-11-110-189	1969	1976	755	702	53	670	380	343	700	800	2,925
Agricultural Research	* 497-11-110-198	1971	1976	508	13	495	165	362	298	425	700	1,798
Higher Agricultural Education	* 497-11-660-190	1969	1975	2,860	1,767	1,093	1,000	1,120	973	1,400	1,500	6,760
<b>POPULATION PLANNING AND HEALTH</b>							5,417			6,013		
Family Planning	* 497-15-580-188	1968	Cont.	6,143	3,837	2,306	5,417	4,537	3,186	6,013	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>							945			810		
Use and Development of Educational Material	497-11-690-186	1968	1970	439	417	22	-	22	-	-	-	439
Civic Action	497-11-690-184	1967	1971	493	481	12	-	12	-	-	-	493
General Participant Training	* 497-11-690-183	1967	Cont.	6,667	5,424	1,243	945	875	1,313	810	Continuing	
<b>SELECTED DEVELOPMENT PROBLEMS</b>							380			475		
Geological Survey Assistance	497-11-210-193	1970	1974	967	785	182	380	468	94	475	-	1,822
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							1,640			1,590		
Technical Support	497-11-990-000	1954	Cont.	15,213	14,255	958	1,640	2,430	168	1,590	Continuing	
<b>Total</b>							<b>10,217</b>	<b>10,206</b>	<b>6,375</b>	<b>11,413</b>		

\*Detailed project narrative--See Table VI.

## NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed .....	36	39	38
Participating agency .....	12	9	7
Contractor technicians .....	16	23	25
<b>Total</b> .....	<b>64</b>	<b>71</b>	<b>70</b>

## NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract .....	147	159	195
Contract .....	55	43	72
<b>Total</b> .....	<b>202</b>	<b>202</b>	<b>267</b>

Country: INDONESIA

PROJECT SHEET

TABLE VI

PROJECT TITLE Assistance to Agriculture	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 497-11-110-189	PRIOR REFERENCE Page 117, FY 1973 PDB	INITIAL OBLIGATION FY: 1969
		SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action: This project is designed to help the Indonesian Government improve agricultural marketing systems and assist in carrying out sector studies leading to the expansion of crop production, livestock, forestry and agricultural credit.

A two year extension of the project is proposed--from FY 74 to FY 76--so that essential Agriculture Sector studies can be completed.

A number of countries and multilateral organizations have been providing assistance to Indonesia in the agricultural sector. A.I.D. under this project is selectively supplementing these efforts by providing long-term advisory assistance in supply, distribution, and servicing of agricultural inputs and in production marketing systems analysis and development. This assistance is being carried out by two full-time PASA employees as well as by short-term contract services in the areas of agricultural input market management, soil and plant analysis for input marketing, grain marketing, rice production economics and extension, and agricultural program administration and credit.

The U.S. also is assisting in the preparation of broad sub-sector studies for the development of integrated plans aimed at expanding crop production, livestock, forestry, and agricultural credit. Work is being

initiated this year with a livestock sub-sector study. Participant training in agricultural input and production marketing, agricultural credit, and livestock management is being provided with A.I.D. financing.

Progress to Date: The agriculture production advisor participated in field surveys which resulted in the GOI (1) establishing a fertilizer Management Board to coordinate planning and procurement of fertilizer, (2) revising the subsidy formula for fertilizer to encourage bulk fertilizer shipments, (3) increasing profit margins to encourage more private sector distributors, and (4) initiating plans for manufacture of phosphate and mixed fertilizers to supplement the sole production of nitrogen materials.

The agricultural marketing advisor participated in field surveys which identified early signs of a short-fall in rice production this year, advised of the need for increased imports, identified numerous constraints to efficient marketing and widespread deficiencies in GOI's price policy for rice producers. Shortly afterward, the GOI raised the floor price for stalk paddy (rice) to provide increased incentive for producers.

FY 1974 Program: Technical services under TVA and USDA PASAs of an agricultural production advisor and a marketing advisor will be continued and contract specialists will be financed for major sub-sector studies in forestry, agricultural credit institution development, and food crop research development. Short-term technical services

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1973		Proposed FY 74				
Through 6/30/72	755	702	53	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 73	670	380		-	471	471	-	580	580	
Estimated through 6/30/73	1,425	1,082	343	182	-	182	105	-	105	
		Future Year Obligations	Estimated Total Cost	Commodities ....	17	-	17	15	-	15
				Other Costs ....	-	-	-	-	-	-
Proposed FY 74	700	800	2,925	Total Obligations	199	471	670	120	580	700

PASA with TVA and USDA Contractors to be selected.

Country: INDONESIA

PROJECT SHEET (Continued)

Objective/Activity: Food Production and Nutrition

TABLE VIa

PROJECT TITLE Assistance to Agriculture	PROJECT NUMBER 497-11-110-189
--	----------------------------------

will be provided for studies in the fields of marketing quality control, agribusiness association development, grain market systems development, agriculture program administration and rodent control, and a pesticides survey.

Participants: Twenty-five short-term participants will be trained in the fields of input marketing quality control, output marketing, systems development and management, agriculture policy, agricultural credit, and attend seminars in cooperatives and agriculture cooperatives.

Commodities: Materials will be provided for in-country training programs.

Country: INDONESIA

PROJECT SHEET

TABLE VI

PROJECT TITLE Agricultural Research	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG	
PROJECT NUMBER 497-11-110-198	PRIOR REFERENCE Page 117, FY 1973 PDB	INITIAL OBLIGATION FY: 1971	SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action: The purpose of this project is to strengthen and make more effective national agricultural research programs in rice and related crops. Improvement in these programs is of critical importance to the achievement of Indonesia's agricultural goals. The U.S., as part of a multilateral effort, including Japan, the Netherlands, and Ford Foundation, is financing five research specialists under a contract with the International Rice Research Institute (IRRI) based in the Philippines, to work with the GOI researchers and other specialists in the Central Research Institute for Agriculture. The U.S. is also financing participant training for Indonesian staff, and commodity support for the Institute.

Due to delays in recruitment of contract advisors, the project did not become fully operational until September 1972--almost a year later than originally planned. As a result, the termination is being extended from FY 1975 to FY 1976.

Progress to Date: With the arrival of the IRRI contract advisors, work began on reorganization of research programs for rice and other important crops. Building on prior Indonesian research, the team has already introduced the IRRI technique of accelerated screening of thousands of rice varieties in small plot trials to identify disease and insect resistance, and fertilizer response. Training of GOI staff has proceeded on

schedule, with four departing for advanced graduate study in agronomy, plant breeding, agricultural economics and entomology during FY 73, and eight going to the Philippines for six months training at IRRI in rice and secondary crop production techniques.

FY 1974 Program: Extensive field trials of rice varieties showing promise in screening trials are planned throughout Indonesia, together with further research in production techniques. Also, crops having highest economic potential when grown in rotation with or intercropped with rice will be identified. Ongoing food crop research programs of the numerous GOI institutes and university agricultural faculties will be evaluated to combine or eliminate those with duplicate functions. Finally, training programs within Indonesia will be conducted to improve the technological competence of the personnel in the agricultural research community.

U.S. Technicians: The contract will be extended with IRRI for five full-time advisors in agronomy, multiple cropping, rice breeding, statistics/economics, plus six man-months of specialized plant scientists.

Participants: Four new participants will start and eight will continue academic training; short-term training will be provided for eight participants at the IRRI in the Philippines.

Commodities: Limited laboratory analysis equipment and research supplies not available in Indonesia will be provided to the various research institutes under the project.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/72	Estimated FY 73	Estimated through 6/30/73		Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency	Total
	508	13	495		-	35	35	-	245	245	International Rice Research Institute (IRRI) in the Philippines
	165	362		U.S. Technicians	90	-	90	115	-	115	
	673	375	298	Participants ....	10	30	40	-	65	65	
		Future Year Obligations	Estimated Total Cost	Commodities ....	-	-	-	-	-	-	
	425	700	1,798	Other Costs ....	100	65	165	115	310	425	
				Total Obligations							

PROJECT TITLE Higher Agricultural Education	OBJECTIVE/ACTIVITY Education and Human Resource Development	FUNDS DG
PROJECT NUMBER 497-11-660-190	PRIOR REFERENCE Page 118, FY 1973 PDB	INITIAL OBLIGATION FY: 1969
		SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: This project assists the Indonesian Government in upgrading and expanding graduate instruction and research at Indonesia's two foremost agricultural education institutions, the Agricultural Institute at Bogor and Gadjah Mada University at Jogjakarta. Within the framework of the recently created Indonesian Consortium for the Agricultural Sciences, these two institutions are being developed as centers of academic excellence which, in turn, will serve as "feeder universities" with responsibility for upgrading the more than 20 younger provincial universities with programs in agriculture.

Assistance is being provided through an A.I.D.-financed Institutional Development Agreement (IDA) with the Midwest Universities Consortium for International Activities (MUCIA). A team of long-term advisors provides overall project management and coordination and assists the two universities and the Agricultural Sciences Consortium in program planning and implementation. These advisors are supplemented annually by ten to twelve short-term specialized consultants who help develop curricula, organize research, and conduct seminars and in-service training. Graduate teaching programs, with supporting research, are to be established in agriculture, animal husbandry, veterinary medicine, fisheries, biology, forestry and agricultural engineering.

Since strengthening the Indonesian faculties is a primary objective of this project, advanced degree training in the United States is being provided for a substantial number of staff members from the two "feeder" universities, as well as smaller number of faculty from the affiliated provincial institutions.

The Indonesian Government is financing the rehabilitation and expansion of facilities at the Agricultural Universities and has allocated substantially increased budgets for research activities and improved operations.

This project covers the first five years of IDA assistance scheduled within a general institutional development plan which may require up to ten years.

Progress to Date: Major progress has been made in the establishment of new graduate and undergraduate curricula. In the advanced graduate teaching program, six new courses essential to graduate training have been introduced by the Agricultural Institute at Bogor (IPB), and necessary regulations for the new Doctorate submitted to the Ministry of Education. Three graduate courses have been developed at Gadjah Mada University (GMU). At the undergraduate program level, a new four-year curriculum is now in its second year of pilot operation at IPB. Nine of a planned eighteen subjects have been newly developed and introduced

U.S. DOLLAR COST (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/72	2,860	1,767	1,093								Midwest Universities Consortium for International Activities (MUCIA)
Estimated FY 73	1,000	1,120			125	125		580	580		
Estimated through 6/30/73	3,860	2,887	973		510	510		575	575		
		Future Year Obligations	Estimated Total Cost		365	365		245	245		
Proposed FY 74	1,400	1,500	6,760	Total Obligations	1,000	1,000		1,400	1,400		

Country: INDONESIA

PROJECT SHEET (Continued)

Objective/Activity: Education and Human Resource Development

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Higher Agricultural Education	497-11-660-190

at IPB and five basic undergraduate courses are being developed at GMU. Four "package" undergraduate courses (Agronomy, Botany, Zoology, and Animal Physiology) are being introduced at selected provincial universities. The Midwest Universities Consortium (MUCIA) advisors have assisted in developing new curricula, as well as in improving university administration and research activities. In research, several significant new investigations have been initiated with MUCIA expert guidance, e.g., in forestry, soil fertility, soybean variety development, and poultry feeding in tropical conditions. University staff upgrading, a key project focus, has been furthered by two one-month faculty upgrading workshops held during the year for "feeder" and provincial university staff, and by extensive U.S. participant training. To date, sixteen faculty have completed U.S. advanced training and returned to their staff positions. Thirteen new participants began advanced degree training in the U.S. in 1972, and a continuing level of approximately fifty participants are receiving U.S. training annually.

FY 1974 Program: The Indonesian Consortium for the Agricultural Sciences and MUCIA will continue to focus their efforts on the establishment of new graduate and undergraduate curricula, the improvement of university administration and structure, and the conduct of expanded research and public service programs. Increased effort is being directed to the provincial universities in staff upgrading, "package" course introduction, and research design.

U.S. Technicians: Long-term contract advisors include two program administrators with responsibility for overall project direction, two educational advisors at Gadjah Mada University and one educational advisor at Bogor Agricultural Institute plus home campus administrative and training staff. Approximately 12 short-term consultants in specialized fields of agriculture, animal husbandry, veterinary medicine, forestry and university administrations.

Participants: Advanced degree training in the United States for 23 new participants; continuation of advanced degree training for 42 participants; short-term training for 11 participants in administrative fields.

Commodities: Laboratory and research equipment; books and other library materials, visual aids; reproduction equipment; spare parts and tools to service scientific equipment.

PROJECT TITLE	Family Planning	OBJECTIVE/ACTIVITY	Population Planning and Health	FUNDS	DG
PROJECT NUMBER	497-15-580-188	PRIOR REFERENCE	Page 122, FY 1973 PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1968	FY: Continuing

**Project Target and Course of Action:** This project aims to assist Indonesia by participating in a multilateral assistance framework to reduce the present estimated population growth rate from 2.6% to 2.0%-2.15% per year by 1976. The reduction in growth rate is to be realized by making family planning services available in 4,000 clinics and recruiting 6 million acceptors by 1976. The United States is among more than 20 bilateral, multi-lateral and private donors providing assistance to the Indonesian family planning program. While the U.S. has been the largest single family planning donor to date, the World Bank and the UN Fund for Population Activities will be Indonesia's largest source of external support for family planning in the future. From FY 1968 to FY 1972, U.S. assistance was primarily focused on providing: (a) commodities and supporting services to equip and establish clinics; (b) manpower training; and (c) dollars and rupiah for selected research and evaluation studies. In FY 1972 this focus was broadened to include health education activities and in FY 1973 to provide limited institutional development support in the field of maternal-child health/family planning. However, the vast majority of U.S. assistance continues to be concentrated on providing contraceptives, equipment and supplies for family planning clinics.

**Progress to Date:** The Government of Indonesia is firmly committed to a successful family planning program. In 1971-72 the Government contribution was tripled to about \$3.75 million and increased again to \$5.6 million in

1972-73. Under the direction of the National Family Planning Coordinating Board (NFPCB), now in existence for almost three years, the program to provide family planning services to people on Java and Bali has continued to progress. During CY 1972, family planning clinics increased by 10% to 2,038, and there were 685,000 new acceptors. Approximately 8.5% of all fertile women in the program area are now utilizing family planning services. The World Bank and the UNFPA recently concluded an agreement with the NFPCB for a \$33 million project (50% loan - 50% grant) to rehabilitate clinics, build new training and administration centers, provide transport facilities, and for other program support.

The first group of 15 health education specialists being trained in the Faculty of Public Health (FPH) completed their Basic Orientation Course successfully and began their field work. A condom marketing survey for Jakarta was completed and arrangements made for a pilot marketing project. A medical handbook for clinicians has been translated into Indonesian and distributed to all family planning clinics and training institutes. A participant returned with a PhD from the U.S. and assumed responsibilities as Director of the NFPCB Bureau for Research and Evaluation.

**FY 1974 Program:** U.S. resources will be devoted primarily to procurement of contraceptives, equipment and supplies for the family planning clinics. The level of contraceptive procurement will be roughly triple that

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1973			Proposed FY 74		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/72	6,143	3,837	2,306							
Estimated FY 73	5,417	4,537								
Estimated through 6/30/73	11,560	8,374	3,186							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 74	6,013	Continuing			5,252	165	5,417	5,825	188	6,013
				U.S. Technicians	115	100	215	115	158	273
				Participants ....	192	-	192	260	-	260
				Commodities ....	4,770	26	4,796	5,295	-	5,295
				Other Costs ....	175	39	214	155	30	185

American Public Health Association

Country: INDONESIA

PROJECT SHEET (Continued)

Objective/Activity: Population Planning and Health

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Family Planning	497-15-580-188

of FY 1972 to match the revised new acceptor target noted above.

U.S. Technicians: Two direct-hire population officers and one secretary to provide over-all project management and 10 man months of direct hire short-term consultants, three long-term contract advisors in health education, and three short-term contract consultants in the field of public health, family planning research and health education and evaluation.

Participants: Twenty-five long-term (19 new, 6 continuing), plus 10 short-term in the fields of public health, health education and population research and evaluation.

Commodities: Contraceptives and medical equipment and supplies for the national family planning program.

PROJECT TITLE General Participant Training	OBJECTIVE/ACTIVITY Education and Human Resource Development	FUNDS DG
PROJECT NUMBER 497-11-690-183	PRIOR REFERENCE Page 120, FY 1973 PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: The purpose of this project is to help Indonesia meet its large and critical need for trained personnel who will plan, direct and carry out its economic stabilization, rehabilitation, and development efforts. The scarcity of qualified and experienced Indonesians seriously hampers planning and project implementation and the lack of managerial and technical skills retards development of the economy.

In recognition of these compelling training needs, the United States along with other donors - foundations, international agencies and other countries - is providing training abroad for qualified Indonesians. This project finances two general types of training in the United States and/or appropriate third countries: (1) academic studies in specific fields which will form the basis for the candidates' long term development and contribute to the growth and improvement of the institutions to which they return; (2) specific skill-oriented training which has immediate application to the work in which the participants will be involved upon their return to Indonesia.

Beginning FY 1973, a major effort is being directed toward the development of formal multi-year training programs for cadres of key personnel within Indonesian Departments and Agencies having primary responsibility

for planning, developing and administering the economic and social development programs of Indonesia. These special programs are designed to strengthen the sponsoring agency's role in implementing economic policy decisions and programs by building up cadres of trained personnel who will eventually be capable of filling policy making and high administrative positions and are tailored to suit each agency's needs over a period of several years. Key or operational personnel are selected each year for individual or group training.

Among the Indonesian agencies participating in these special training programs are the Departments of Finance, Trade, Communications and Transportation, Public Works and Power, Higher Education, National Development Planning Agency (BAPPENAS), Cabinet Secretariat, Government of Indonesia's Logistic Agency (BULOG), public and private banking institutions, and the National Investment Board.

Progress to Date: Since this project was resumed in FY 1967, training programs for 1,440 Indonesians have been programmed in the U.S. and/or third countries. Virtually all have returned to Indonesia, and many hold key positions in Indonesia's development institutions. The USAID is conducting continuous follow-up activities to improve the utilization and effectiveness of returned participants by supporting proper job assignments, promoting wider professional contacts and supplying

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1973			Proposed FY 74		
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Through 6/30/72	6,667	5,424	1,243							
Estimated FY 73	945	875								
Estimated through 6/30/73	7,612	6,299	1,313	U.S. Technicians	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Participants ....	940	-	940	805	-	805
				Commodities ....	5	-	5	5	-	5
				Other Costs ....	-	-	-	-	-	-
Proposed FY 74	810	Continuing		Total Obligations	945	-	945	810	-	810

Country: INDONESIA

PROJECT SHEET (Continued)

Objective/Activity: Education and Human Resource Development

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
General Participant Training	497-11-690-183

journals and other resource materials of technological developments.

FY 1974 Program: Training will be financed for 112 participants. Seventy-two new participants, including 62 to study in the United States and 10 in Thailand and the Philippines, in fields such as public administration, development economics, banking accounting, budgeting and auditing, industrial and supply management, education and educational administration. In addition, 40 participants will continue their training in the United States.

Commodities: Technical books, professional journals, language laboratory equipment and supplies, and instructional materials.

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: INDONESIA

Title of Loan: BASIC IMPORT AND PRODUCTION LOAN		
Type	Sector Objective	Amount (\$000)
Program	Selected Countries and Organizations	60,000

To assist in the stabilization of the private sector or the economy, the U.S. and other IGGI members have provided foreign exchange loans to the Government of Indonesia. These funds are made available to the private sector on commercial terms, making it possible for Indonesian businessmen, manufacturers, and farmers to purchase essential imported commodities to rehabilitate productive capacity, expand exports, and increase agricultural production. The most common items imported have been motor vehicles, engines and parts, buses, turbines and parts, newsprint, iron and steel mill products, and fertilizer.

A loan of \$60 million is being proposed for FY 1974. This is somewhat higher than program loans of recent years because substantial portions of the past two loans were required to finance unanticipated imports of critically needed foodgrains which has created a backlog of demand for essential industrial and agricultural raw materials. Due partially to drought and partially to inadequate price incentives for farmers, Indonesia suffered a substantial drop in rice production during 1972, resulting in large shortfalls in rice availabilities and precipitous increases in rice prices. Although stocks are low in many areas of the country, swift action by the Government in procuring and distributing increased quantities of rice has effected a turnaround in the foodgrain situation. \$44 million from previously committed A.I.D. program loans were used by Indonesia for foodgrain imports from the United States.

There has been a recent improvement in Indonesia's foreign exchange holdings; however, much of this increase is due to short-term capital flows and is not a reflection of a fundamental improvement in the economic structure. Balance of payments forecasts indicate an increased requirement for imports of capital and intermediate goods

as well as food to sustain Indonesia's development program and cover the need for increased food imports due to the critical rice shortage this year.

Title of Loan: BANDUNG DISTRIBUTION SYSTEM		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	22,000

The project is part of a concentrated effort on the part of a number of donors to rehabilitate and develop the Indonesian electric power system. This loan, together with three prior AID loans (West Java Transmission and Distribution I and II, and West Java Interim Generation), provide essential generation, transmission and distribution of electric power for West Java, a major population area.

The project provides for engineering, design and construction of 80 mva 150/20 kv distribution substations at Tjigereleng and Dago in the Bandung area. It also includes the rehabilitation of the related distribution system and its expansion into adjacent areas. Provision has been made for training PLN personnel in country and in the U.S. to operate and maintain the electric system efficiently. Upon completion of the project, 127,000 customers in the Bandung area will be receiving reliable electric services.

Title of Loan: WEST JAVA INTERIM GENERATION		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	8,400

The West Java area, and Jakarta in particular, have suffered severe power shortages in recent years. The result of these power shortages has been a substantial loss of production to the economy of the area, and they have posed a potential health and safety hazard within the

Country: INDONESIA

area. Lack of reliable electric service has also contributed to an overall loss of confidence in the electric power authority and has encouraged uneconomical investment in captive power facilities by private entities to ensure against power failure.

In order to meet the projected shortage in 1974, A.I.D. approved financing of two gas turbine generators under Loan 497-H-030. A projected continuing increase in demand in the West Java area will require two supplemental gas turbine units to be installed and available for service in the latter part of 1975. The proposed Phase II Interim Generation Loan will finance the 1975 units.

These projects together with the two other A.I.D. loans (West Java Transmission and Distribution, Phase I and II) and a loan proposed for FY 1974 funding (Bandung Distribution System) provide essential power for West Java, a major population area. These projects represent A.I.D.'s contributions to a concentrated effort on the part of a number of donors to rehabilitate and develop the Indonesian electric power system.

Specifically, this project consists of providing further interim generating facilities in the Jakarta area. The generating plant will consist essentially of two gas turbine generators with an initial installed capacity of between 40 and 54 MW. It includes related technical assistance and a training program for the operation and maintenance of the installation. Tools for servicing and instruments for testing the equipment will also be provided to assure PLN capability for adequate operation and assistance.

OTHER LOANS ELIGIBLE FOR FUNDING:

Title of Loan: PROJECT DEVELOPMENT		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	5,000

This loan will be utilized to finance feasibility and engineering design work for potential capital projects in

both infrastructure and manufacturing. It is a follow-on to AID Loan No. 497-H-027, which provided funds for the same purpose and which is almost fully utilized. Activities under that loan are providing the data needed for development, analysis and implementation of priority projects suitable for financing by Indonesian or foreign sources. Among these is a water supply project for the city of Surakarta (Solo), which AID is proposing for FY 1974 financing. Additional studies for a major water resources development of the Citanduy River Basin, long range electric power studies in Medan and in Java, and a number of specific project studies in electric power, highway, geothermal development and additional studies in water supply are expected to result in additional AID loan in FY 75, 76 and 77.

Title of Loan: SURAKARTA EMERGENCY WATER SUPPLY		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	8,000

This project will double the supply of water from 2500 gallons per minute (g.p.m.) to 5000 g.p.m. for Surakarta (Solo), a city of 420,000 people in Central Java where there is a critical shortage of municipal water. Work involves ground water investigation and/or exploratory drilling; a new 22 kilometer long, 18" or 20" diameter transmission main to the city; renovation of existing distribution system (approximately 20 kilometers); replacement of defective customer service connections; assistance to GOI in procurement, supervision of construction, preparation of operating manuals; and preparation of feasibility study and master plan for the next expansion. The engineering design work for this project is being carried out under AID Loan No. 497-H-027, Project Development Loan.

Country: INDONESIA

Title of Loan: EAST KALIMANTAN POWER GENERATION		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	8,000

This project will provide for rehabilitation and expansion of the electric power distribution systems of the coastal cities of Samarinda and Balikpapan in East Kalimantan province, including the provision of additional generating capacity for both cities. The expansion of electric power in East Kalimantan will facilitate the economic development of this important oil and timber-producing region. It is anticipated that three new 3200 kw dual fuel engines will be installed near the old power station in Samarinda. A ring of 20 kv overhead, three-phase distribution lines will be built at Samarinda. A 6.1-mile line will encircle the northern part of the city. A 1.24-mile second line will serve the sawmill area south of Samarinda. At Balikpapan, it is expected that three new 3200 kw dual fuel engines and approximately 13.7 miles of 20 kv primary distribution lines will be installed. New 50 kva single-phase transformers will be installed in both cities.

Title of Loan: MEDAN POWER DISTRIBUTION		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	4,000

In June 1970, A.I.D. made a loan of \$13.8 million to the Government of Indonesia for rehabilitation of the electric power distribution system of the city of Medan and its environs in North Sumatra and for provision of adequate generating capacity. Since the date of A.I.D.'s original loan, Medan has sustained rapid development due principally to its close proximity to Singapore and the facilities currently being installed and/or rehabilitated by the original loan will no longer meet the projected

requirements of the area. This \$4.0 million will finance additional expansion and rehabilitation of electric power distribution systems in and around Medan and its seaport city, Belawan. The increased availability of electric power will facilitate the present rapid agricultural and industrial development of the North Sumatra area, the most important Indonesian center of development activity outside Java.

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

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST 1966-1972	TOTAL LESS REPAYMENTS AND INTEREST		
	1971	1972	TOTAL 1966-1972				
<b>ECONOMIC PROGRAMS</b>							
<b>A. OFFICIAL DEVELOPMENT ASSISTANCE</b>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)				
<b>FOOD FOR PEACE - TOTAL</b>	97.6	124.9	769.6	37.1	732.5		
<b>Title I - Total</b>	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)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	1.0	-	71.1	52.8	18.3		
PEACE CORPS	-	-	0.7	-	0.7		
OTHER	1.0	-	70.4	52.8	17.6		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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>B. OTHER OFFICIAL ECONOMIC PROGRAMS</b>							
EXPORT-IMPORT BANK LOANS	2.8	5.0	183.2	138.5	44.7		
OTHER LOANS	-	1.0	1.0	-	1.0		
<b>TOTAL OTHER OFFICIAL LOANS</b>	2.8	6.0	184.2	138.5	45.7		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	16.6	18.0	115.3	-	115.3		
Credit Sales (FMS)	-	-	-	-	-		
Grants	16.6	18.0	115.3	-	115.3		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	-	-	-		
TRANSFERS FROM EXCESS STOCKS	0.7	1.3	5.2	-	5.2		
OTHER GRANTS	16.5	3.6	20.1	-	20.1		
<b>TOTAL MILITARY PROGRAMS</b>	33.8	22.9	140.6	-	140.6		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
	FY 1971	FY 1972	FY 1966-72	DONOR	CY 1970	CY 1971	CY 1960-71
<b>TOTAL</b>	138.6	114.9	440.9	<b>TOTAL</b>	322.7	428.8	1,698.3
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	41.7	270.9
Asian Dev. Bank	13.5	34.6	61.5	Germany	41.1	72.4	234.6
INMSP - Special Fund	3.8	6.6	22.4	Italy	19.3	51.0	163.9
INMSP - TA (CY)	0.9	0.8	16.8	Other	47.0	72.1	228.9
Other UN (CY)	2.4	1.4	19.2				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year) .....			
				1972 (Calendar Year) .....			
				Cumulative thru 1972 .....			

\* Less than \$50,000.

# Korea



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	33.1
Annual Growth Rate ( <i>percent</i> ) . . . . .	2.0
Population in Urban Areas . . . . .	39
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	48
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	274*
Life Expectancy ( <i>years</i> ) . . . . .	60
People Per Doctor . . . . .	2,000
Literacy Rate ( <i>percent</i> ) . . . . .	71
Students as % of 5 - 19 Age Group . . . . .	66
( <i>Primary and Secondary</i> )	

\* - 1972, in 1971 prices and year-end exchange rates.

## 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
<b>1972</b>							
Devel. Loans	26,500	22,000	-	2,500	2,000	-	-
Devel. Grants	3,536	768	436	1,077	217	-	1,038
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>30,036</b>	<b>22,768</b>	<b>436</b>	<b>3,577</b>	<b>2,217</b>	<b>-</b>	<b>1,038</b>
<b>1973</b>							
Devel. Loans	25,000	25,000	-	-	-	-	-
Devel. Grants	2,245	165	305	725	305	-	745
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>27,245</b>	<b>25,165</b>	<b>305</b>	<b>725</b>	<b>305</b>	<b>-</b>	<b>745</b>
<b>1974</b>							
Devel. Loans	25,000	20,000	-	-	5,000	-	-
Devel. Grants	2,011	380	361	510	165	-	595
Other	-	-	-	-	-	-	-
<b>Total</b>	<b>27,011</b>	<b>20,380</b>	<b>361</b>	<b>510</b>	<b>5,165</b>	<b>-</b>	<b>595</b>

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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: KOREA

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Re-payment	Amount Authorized	As of 12/31/72		
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation			Amount Disbursed	Principal Repay-ments	Interest Collected
489-H-030	Feasibility Studies	09-08-65	09-09-65	10	40	1	21/2	U.S.\$	1,996	1,497		48
489-H-033	Seoul Thermal Power Plant	12-29-65	02-05-66	10	40	1	21/2	U.S.\$	21,000	20,112		683
489-H-034	Seoul Waterworks	12-29-65	06-02-66	10	40	1	21/2	U.S.\$	2,990	2,812		69
489-H-038	Chong Gye Chun Sewage Treatment	06-09-66	07-13-66	10	40	1	21/2	U.S.\$	3,500	411		11
489-H-039	Air Navigational Development	06-09-66	06-22-66	10	40	1	21/2	U.S.\$	4,200	3,786		115
489-H-046	Yongnam Thermal Power Plant	05-26-67	06-29-67	10	40	1	21/2	U.S.\$	16,500	14,149		317
489-H-047	Transmission/Distribution #2	05-09-67	06-17-67	10	40	1	21/2	U.S.\$	10,401	7,220		99
489-H-048	Inchon City Waterworks	05-23-67	06-30-67	10	40	1	21/2	U.S.\$	1,800	1,717		40
489-H-052	Korean Development Bank	05-17-68	06-26-68	10	40	2	21/2	U.S.\$	11,439	10,799		219
✓489-H-054	KIST	06-26-68	11-07-68	10	40	2	21/2	U.S.\$	1,900	1,861		71
489-H-065	Chungju Ammonia/Urea Plant	06-18-69	09-25-69	10	40	2	3	U.S.\$	5,000	4,202		45
489-H-066	Tong Suh Petrochemical Corp.	06-20-69	10-20-69	10	40	2	3	U.S.\$	5,000	4,978		93
489-H-073	Program	04-15-70	06-03-70	10	40	2	3	U.S.\$	10,000	8,375		114
489-H-080	Agricultural Development	05-28-71	06-24-71	10	40	2	3	U.S.\$	14,000	13,645		119
489-H-081	Korea Adv. Inst. of Science	06-25-71	08-31-71	10	40	2	3	U.S.\$	6,000	141		
489-H-083	Second Feasibility Studies	11-22-71	01-20-72	10	40	2	3	U.S.\$	2,000	-		-
489-H-084	Rice Import	01-27-72	03-16-72	10	40	2	3	U.S.\$	17,000	-		-
489-H-085	Education	04-13-72	09-13-72	10	40	2	3	U.S.\$	2,500	-		-
489-H-086	Tallow Import	06-22-72	06-27-72	10	40	2	3	U.S.\$	5,000	214		-
489-H-087	Rice Loan	2-26-73	2-28-73	10	40	2	3	U.S.\$	25,000	-		-
Total.....		XXXXX	XXXXX	XXX	XXX	XXXX	XXXX	XXXXX	167,226	95,919		2,043

TABLE V

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

COUNTRY: KOREA

Project Title	* Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							165			380		
Rural Policy Planning and Survey	489-11-110-594	1963	1972	6,075	5,548	527	-	427	100	-	-	6,075
Agricultural Planning	* 489-11-110-685	1973	1976	-	-	-	165	91	74	380	907	1,452
<b>POPULATION PLANNING AND HEALTH</b>							305			361		
Family Planning	* 489-11-580-649	1962	Cont.	4,902	3,579	1,323	305	1,111	517	361	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>							725			510		
Youth Rehabilitation and Retraining Center	489-11-690-695	1972	1972	250	-	250	-	250	-	-	-	250
Education Development	489-11-690-684	1972	1976	222	96	126	85	156	55	60	100	467
Korea Development Institute	489-15-755-674	1971	1974	724	191	533	400	637	296	230	-	1,354
General Participant Training	489-15-280-673	1971	Cont.	412	79	333	240	225	348	220	Continuing	
<b>SELECTED DEVELOPMENT PROBLEMS</b>							305			165		
Private Enterprise Development	489-15-930-677	1971	1973	333	222	111	120	231	-	-	-	453
Science and Technology	489-11-230-683	1973	1975	-	-	-	185	44	141	165	65	415
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							745			595		
Technical Support	489-15-999-000	1956	Cont.	30,266	30,224	42	745	750	47	595	Continuing	
<b>Total . . . . .</b>							2,245	3,912	1,578	2,011		

\*Detailed project narrative--See Table VI.

**NUMBER OF U.S. TECHNICIANS (Program Overseas)**

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed . . . . .	36	28	16
Participating agency . . . . .	3	2	2
Contractor technicians . . . . .	16	5	9
<b>Total . . . . .</b>	55	35	27

**NUMBER OF PARTICIPANTS**

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract . . . . .	148	140	160
Contract . . . . .	-	-	-
<b>Total . . . . .</b>	148	140	160

Country: KOREA

## PROJECT SHEET

TABLE VI

PROJECT TITLE Agriculture Planning	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 489-11-110-685	PRIOR REFERENCE p. 131, FY 73 PDB	INITIAL OBLIGATION FY: 1973
		SCHEDULED FINAL OBLIGATION FY: 1976

**Project Target and Course of Action:** The project is designed to strengthen the agricultural planning capabilities of the Korean Government. Specifically the project seeks to upgrade policy formulation and analysis, project analysis and agricultural forecasting in the Ministry of Agriculture and Fisheries and related institutions. Development of the Korean agriculture sector has lagged far behind the growth of the economy as a whole. Korea's Third Five-Year Plan, covering the years 1972-1976, seeks to correct this disparity by sharply increasing agricultural production and investment. The 1971-72 study of Korea's agriculture sector, by a team of Korean and Michigan State University experts, concluded that substantial increases in food production and rural income, which are objectives of the Plan, would require more effective planning and administration of agricultural policies. U.S. advisors will work with Ministry of Agriculture and Fisheries counterparts in these areas and Koreans will be trained in the U.S. in agricultural economics.

**Progress to Date:** The MSU-Korean Agriculture Sector Study and its related study of investment priorities (completed under A.I.D.-financed contract) is now being reviewed by Korean Government policy-makers. Although decisions are pending on some of the study recommendations, the Korean Government has decided A.I.D. assistance is needed in reorganizing and strengthening agriculture sector policy and project analysis and

forecasting. More intensive and better coordinated agricultural research - recommended in the sector study and included in the plans for A.I.D. grant assistance a year ago - is now expected to be a loan request in FY 1974.

**FY 1974 Program:** Three U.S. advisors will be working directly with the Ministry and related agencies to teach the techniques of project feasibility analysis, policy analysis and agricultural outlook forecasting of crops, prices, costs and needed facilities. The advisors will also recommend changes in the system of collecting statistical data. Concurrently, Korean staff will receive in-service training, supplemented by specialized training abroad. Work will continue on the Michigan State-developed economic model of the agriculture sector, emphasizing staff development and broader acceptance of this planning tool by Korean planning agencies.

**U.S. Technician:** One direct hire technician will provide overall supervision.

**Contract:** Three long term and two short term advisors in the fields of policy analysis, project analysis and agricultural outlook.

**Participants:** Six continuing and ten new starts in agricultural economics, systems management and commodity specialities.

**Other Costs:** Korea's share of costs of an A.I.D. centrally funded contract for study of the economic model of Korean agriculture.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/72	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Estimated FY 73	165	91		74	Estimated FY 1973			Proposed FY 74		
						Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/73	165	91	74	U.S. Technicians	110		110	40	190	230	To be selected
				Participants ....	45		45	110		110	
		Future Year Obligations	Estimated Total Cost	Commodities ....							
				Other Costs ....	10		10	40		40	
Proposed FY 74	380	907	1452	Total Obligations	165		165	190	190	380	

Country: KOREA

PROJECT SHEET

TABLE VI

PROJECT TITLE Family Planning	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG	
PROJECT NUMBER 489-11-580-649	PRIOR REFERENCE p. 134 FY 73 PDB	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: Continuing

Project Target and Course of Action: The objective of this project is to support the National Family Planning Program initiated in 1962. This program is aimed at reducing the population growth from the rate of 3% in 1962 to 1.5% in 1976. To achieve this goal a national network of Family Planning-Maternal and Child Health Service centers has been established, public information programs are underway, and a national family planning center has been set up in Seoul. U.S. assistance consists of advisory services (including research), training and limited commodities.

Progress to Date: After widely acclaimed success in reducing population growth in the early 1960s, it appears the growth rate has leveled off at about 2.2%. A major effort - led by the Koreans - is called for if ambitious rate of increase targets are to be met. This will require a substantial expansion in the ROK budget for family planning; improved efficiency, management and coordination on the part of the external donors; research on how to motivate the large segment of the population not now practicing contraception; and an evaluation of the impact and cost effectiveness of family planning programs.

In addition to A.I.D., ten or more other organizations are providing family planning assistance, including the UNFPA, IPPF, Population Council and Swedish International Development Authority. Since A.I.D. is no longer the

dominant donor, our role has shifted from a major contributor of equipment (mobile health units, surgical kits, training aids) and research financing to one of supporting essential incremental activities, e.g., evaluation, selected research, etc.

FY 1974 Program: A.I.D. will support research on (a) methods of increasing the demand for family planning services, (b) techniques for evaluation of program impact and cost effectiveness, and (c) incentives to the private sector for providing contraceptive commodities. In addition, A.I.D. technicians will continue to provide advice to the Government of Korea to support the expansion and improved efficiency of family planning services, particularly in urban areas where the majority of people are concentrated.

U.S. Technicians: Three direct hire population officers (Chief, family planning, public health and urban population advisors).

Contract: Two long term and 12 man months of short term advisory services in information and education, planning and in-service training.

Participants: 52 participants (one long term, 51 short term) in vital statistics and registration management of family planning services network and population studies in the U.S. and other Asian countries.

Other costs: U.S. travel of senior Korean Government officials to observe U.S. family planning activities.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Management Service Health, Inc.
Through 6/30/72	4,902	3,579	1,323								
Estimated FY 73	305	1,111		U.S. Technicians	90	98	188	90	95	185	
Estimated through 6/30/73	5,207	4,690	517	Participants ....	114	-	114	90	-	90	
		Future Year Obligations	Estimated Total Cost	Commodities ....	-	-	-	55	-	55	
Proposed FY 74	361	Continuing		Other Costs ....	3	-	3	31	-	31	
				Total Obligations	207	98	305	266	95	361	

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: KOREA

Title of Loan: AGRICULTURAL RESEARCH		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	3,000

The basic purpose of this activity is to improve crop production through research. Assistance will be provided in the establishment of four programs for rice, wheat/barley, soybeans and forages. Proceeds of the proposed loan will be used to finance advisory services (\$1.8 million), training of Korean research personnel (\$0.5 million), and scientific and support equipment (\$0.7 million). These inputs will be provided over a three-year period, after which the ROKG capability should be developed sufficiently to carry on without further external assistance. ROKG inputs to the program will include local currency (won) support of approximately \$1.0 million equivalent per year to supplement the existing agricultural research budget, and will involve the return of Korean scientists from abroad.

Title of Loan: IRRIGATION FACILITIES		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	7,000

The proposed loan will assist in financing local currency costs of construction of small water control projects, which are part of a high priority ROKG agricultural program. The projects are of a multi purpose nature and include irrigation, drainage and flood control aspects. On the average, each project will serve approximately 400 hectares of land. They will directly benefit small farmers who will pay 30 percent of the construction cost over an extended period. The projects will be supervised by the Agricultural Development Corporation (an entity of the ROKG). They have been the subject of feasibility studies which have given internal rates of return ranging

from 12 to 22 percent. These projects were reviewed and endorsed in a special investment study performed by Michigan State University as part of their agricultural sector survey.

Title of Loan: SECONDARY ROADS IMPROVEMENT		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	10,000

The Korean Government is undertaking a program of secondary road improvement which is expected to upgrade approximately 1400 km of provincial roads. This secondary road program will supplement Korea's nearly completed programs of major arterials and national highways. The roads will thus provide a critical transport linkage at the provincial level and will enhance Korean agricultural productivity by lowering farm to market transport costs.

AID is considering the financing of approximately 140 km of this provincial road program (generally in southern Korea). The loan proceeds will be used to assist the financing of local costs of resurfacing, ardening and improving drainage of the roads. In some instances, the roads will be retreated in conjunction with rice paddy relocation programs. Work will be performed by Korean contractors and engineering and construction supervision will be provided by the Ministry of National construction.

Title of Loan: STANDARDS SYSTEM DEVELOPMENT		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	5,000

This project will assist the ROKG to prepare and promote the general adoption of standards at the national level to improve Korea's industry and agriculture and facilitate its domestic and foreign trade in support of the

Country: KOREA

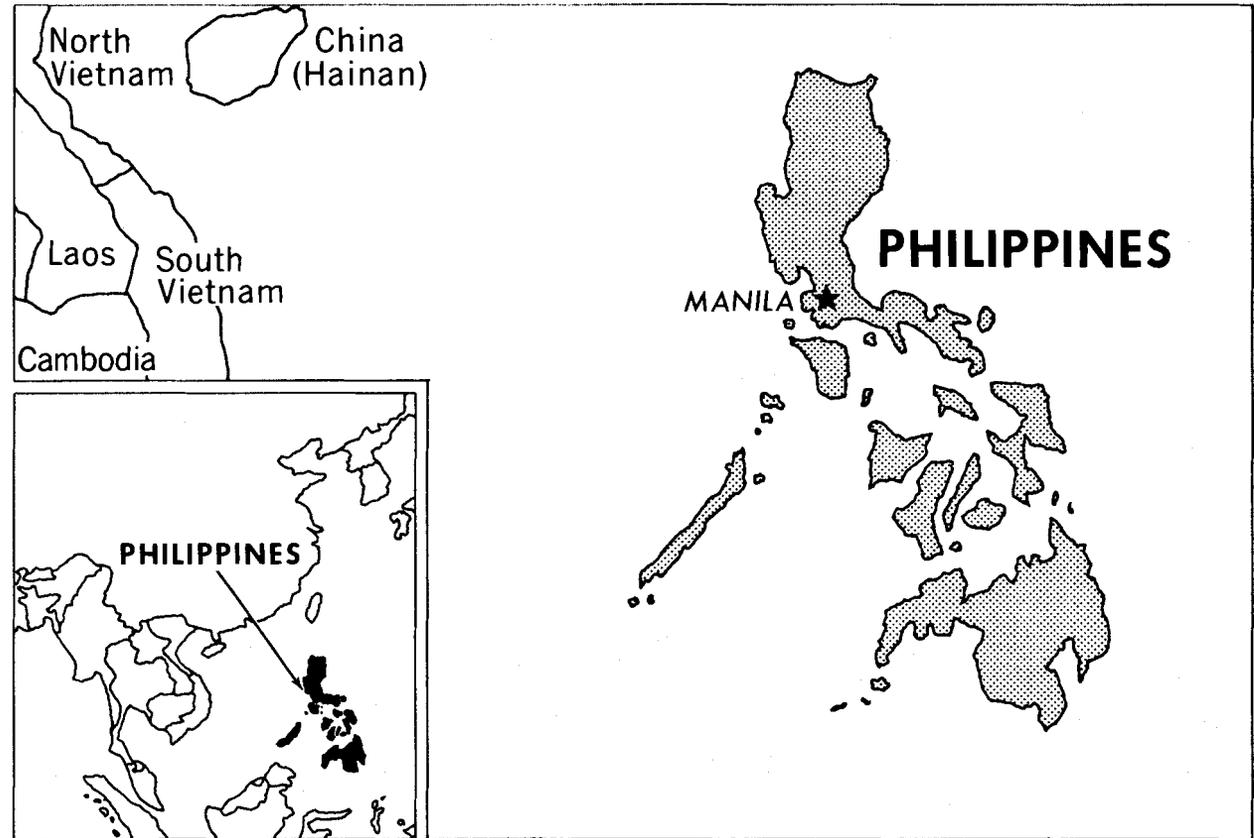
country's growth goals. In recognizing that Korean industrialization and commerce, technology and economic growth are being inhibited by the absence of a central government entity responsible for standards, the ROKG recently established the Industrial Advancement Administration (IAA) within the Ministry of Commerce and Industry as a central focal point responsible for standards system development. The proposed AID loan will assist the IAA by financing scientific equipment and facilities for laboratories, consultant services, and training costs. Operational expenses (local currency costs) are expected to be financed by regular ROKG budget funds.

KOREA  
(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			
<b>ECONOMIC PROGRAMS</b>							
<b>A. OFFICIAL DEVELOPMENT ASSISTANCE</b>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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)				
<b>FOOD FOR PEACE - TOTAL</b>	107.4	211.7	1,517.3	37.6	1,479.7		
<b>Title I - Total</b>	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. Users)	(25.0)	(-)	(783.2)	(-)	(783.2)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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>B. OTHER OFFICIAL ECONOMIC PROGRAMS</b>							
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		
<b>TOTAL OTHER OFFICIAL LOANS</b>	53.2	46.4	266.1	100.2	165.9		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	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		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	187.2	167.9	1,565.8	-	1,565.8		
TRANSFERS FROM EXCESS STOCKS	18.2	14.0	200.8	-	200.8		
OTHER GRANTS	87.1	210.0	459.8	-	459.8		
<b>TOTAL MILITARY PROGRAMS</b>	599.5	561.4	5,743.5	*	5,743.5		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
<b>TOTAL</b>	151.0	106.2	479.8	<b>TOTAL</b>	155.1	207.4	853.4
IBRD - World Bank	84.5	33.0	227.4	Japan	134.4	189.5	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	India	0.7	4.5	19.6
Asian Dev. Bank	53.8	56.5	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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year) ..... -			
				1972 (Calendar Year) ..... -			
				Cumulative thru 1972 ..... -			

\*Less than \$50,000.

# Philippines



## BASIC DATA

Population ( <i>millions - mid-1972</i> ) . . . . .	40.7
Annual Growth Rate ( <i>percent</i> ) . . . . .	3.3
Population in Urban Areas . . . . .	37
( <i>Percent - 1971</i> )	
Labor Force in Agriculture . . . . .	57
( <i>Percent</i> )	

Per Capita GNP ( <i>dollars</i> ) . . . . .	195*
Life Expectancy ( <i>years</i> ) . . . . .	59
People Per Doctor . . . . .	2,900
Literacy Rate ( <i>percent</i> ) . . . . .	72
Students as % of 5 - 19 Age Group . . . . .	64
( <i>Primary and Secondary</i> )	

\* - 1972, in 1971 prices and year-end exchange rates.

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
<b>1972</b>							
Devel. Loans	20,000	20,000	-	-	-	-	-
Devel. Grants	10,290	2,070	6,523	802	-	-	895
Other	230	-	-	-	-	-	230 <sup>a/</sup>
<b>Total</b>	<b>30,520</b>	<b>22,070</b>	<b>6,523</b>	<b>802</b>	<b>-</b>	<b>-</b>	<b>1,125</b>
<b>1973</b>							
Devel. Loans	20,000	-	-	-	-	20,000	-
Devel. Grants	9,496	2,505	5,601	560	-	-	830
Other	50,300	-	-	-	-	-	50,300 <sup>b/</sup>
<b>Total</b>	<b>79,796</b>	<b>2,505</b>	<b>5,601</b>	<b>560</b>	<b>-</b>	<b>20,000</b>	<b>51,130</b>
<b>1974</b>							
Devel. Loans	20,000	20,000	-	-	-	-	-
Devel. Grants	8,716	2,550	5,016	200	-	-	950
Other	265	-	-	-	-	-	265 <sup>a/</sup>
<b>Total</b>	<b>28,981</b>	<b>22,550</b>	<b>5,016</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>1,215</b>

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.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: PHILIPPINES

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/72		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
492-H-023	Feasibility Studies	6-21-67	9-14-67	5	25	3-1/2	3-1/2	U.S.\$	1,730	992		46
492-H-025	Vresco Rural Electrification Project	6-27-68	8-31-68	5	25	3-1/2	3-1/2	U.S.\$	2,130	1,973		110
492-H-026	Moresco Misamis Oriental Rural Elec.	6-27-68	8-31-68	5	25	3-1/2	3-1/2	U.S.\$	1,330	1,253		62
492-H-027	Financing Prof and Eng Service	10-13-71	11-15-71	10	40	2	3	U.S.\$	600	36		-
492-H-028	Assist of Rural Elec System	4-14-72	5-02-72	10	40	2	3	U.S.\$	19,400	-		-
492-H-029	Commodities Import	2-06-73	2-26-73	10	40	2	3	U.S.\$	20,000	-		-
Total.....		XXXXXX	XXXXX	XXX	XXX	XXXX	XXXXX	XXXXX	45,190	4,254		218

TABLE V

**PROJECT FISCAL SUMMARY**  
(Dollar Amounts in Thousands)

COUNTRY: PHILIPPINES

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1972			Estimated FY 1973			Proposed Program FY 1974	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/72	Obligations	Expenditures	Unliquidated Obligations 6/30/73			
<b>FOOD PRODUCTION AND NUTRITION</b>							2,505			2,550		
Equipment Pool Improvement	492-11-995-166	1967	1971	1,047	1,002	45	-	45	-	-	-	1,047
Water Resources Development	492-11-120-233	1968	1973	484	462	22	74	96	-	-	-	558
Inland Fisheries	492-11-180-234	1971	1973	334	135	199	143	235	107	-	-	477
Provincial Development	492-11-995-236	1968	1973	3,333	3,039	294	670	550	414	-	-	4,003
Agricultural Services	* 492-11-190-126	1966	1974	3,831	3,318	513	814	943	384	630	-	5,275
Rural Electrification	492-11-220-248	1972	1976	392	228	164	804	532	436	570	559	2,325
Land Reform	* 492-11-121-257	1974	1977	-	-	-	-	-	-	200	750	950
Local Development	* 492-11-995-256	1974	1978	-	-	-	-	-	-	1,150	2,970	4,110
<b>POPULATION PLANNING AND HEALTH</b>							5,601			5,016		
Malaria Eradication	492-11-511-013	1952	1973	8,815	8,711	104	205	255	54	-	-	9,020
Family Planning	* 492-11-570-220	1967	Cont.	16,978	11,016	5,962	5,396	6,184	5,174	5,016	Continuing	
<b>HUMAN RESOURCE DEVELOPMENT</b>							560			200		
Internal Security	* 492-11-710-231	1968	1974	2,867	2,412	455	480	791	144	100	-	3,447
General Participant Training	492-11-995-237	1968	Cont.	241	217	24	80	64	40	100	Continuing	
<b>OTHER PROGRAMS AND SUPPORT COSTS</b>							830			950		
Technical Support	492-11-999-000	1954	Cont.	9,672	9,601	71	830	800	101	950	Continuing	
<b>Total</b>							<b>9,496</b>	<b>10,495</b>	<b>6,854</b>	<b>8,716</b>		

\*Detailed project narrative--See Table VI.

## NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
A.I.D. employed .....	53	43	42
Participating agency .....	5	2	-
Contractor technicians .....	12	23	27
<b>Total</b> .....	<b>70</b>	<b>68</b>	<b>69</b>

## NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1972	Estimate FY 1973	Proposed FY 1974
Non-contract .....	130	148	78
Contract .....	-	-	-
<b>Total</b> .....	<b>130</b>	<b>148</b>	<b>78</b>

PROJECT TITLE Agricultural Services	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 492-11-190-126	PRIOR REFERENCE p. 141 FY 1973 PDB	INITIAL OBLIGATION FY: 1966
		SCHEDULED FINAL OBLIGATION FY: 1974

**Purpose:** The purpose of this project is to assist the Philippines in improving agricultural productivity and increasing rural incomes. This project is being extended one year to provide an orderly transition to a series of discrete activities which grew out of the present project. The activities to be continued are increased emphasis on agricultural production and rural income, agriculture research, and a pilot river basin development program. The extension will also provide the necessary means to conclude activities which are being phased out.

**Progress to Date:** During the past year small farmer livestock production (including poultry) in a demonstration area of Batangas Province was increased over 100% by utilizing supervised credit coupled with improved feeding, culling and other husbandry practices. In addition, seven rice seed laboratories and one seed processing plant were made operational with the capability of providing quality seed material (basically rice and high protein crops, e.g., sorghum and soybean, and other legumes, and export-oriented, e.g., mango, crops) to a minimum of 250,000 small farmers.

Approximately 85,000 farmers, including some 12,000 in a pilot land reform area in Nueva Ecija Province, were extended production loans to help increase farmer output. A large portion of these loans were channeled through a new rural banking system. Almost 40,000 share-

croppers in this same pilot land reform area (about 87% of the province) were converted into leasees. The knowledge gained concerning the social, economic and administrative implications of land reform is now being utilized in a nationwide land reform program currently envisaged by the Philippine Government. Finally, a comprehensive area development plan for the Bicol River Basin was developed by a multi-disciplined team of academic, central government, provincial government and external donor representatives. This plan involves an intensive development of the Bicol River watershed in an integrated program, including land reform, farm production, credit, extension service, water resources and road development.

**FY 1974 Program:** During FY 1974, A.I.D. proposes to provide technical advice on agricultural research to assist the Government to improve its capability to establish a management information system which collects and analyzes data on farm production, supply and prices. This limited technical assistance will be supplemented by a Development Loan project designed to improve the institutional capability in this area. A.I.D. also proposes to advise further on ways of increasing crop production, primarily rice and corn and secondarily livestock and fish.

Further advice will be provided to complete the Bicol River Basin Plan. Additional assistance for this activity will then be considered for loan or grant funding

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
Through 6/30/72	3,831	3,318	513		Direct AID	Contract/Other Agency		Total	To be determined		
Estimated FY 73	814	943		U.S. Technicians	220	273	493	90		470	560
Estimated through 6/30/73	4,645	4,261	384	Participants ....	115	-	115	40		-	40
		Future Year Obligations	Estimated Total Cost	Commodities ....	206	-	206	30		-	30
				Other Costs ....	-	-	-	-		-	-
Proposed FY 74	630	-	5,275	Total Obligations	541	273	814	160		470	630

Country: PHILIPPINES

PROJECT SHEET (Continued)

Objective/Activity: Food Production and Nutrition

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Agricultural Services	492-11-190-126

in the future.

Finally, after conclusion of an ongoing study in the area of rural industry, we plan to consider possible advisory assistance in FY 1974 to complement the rural electrification program and create more jobs in rural areas.

U.S. Technicians Direct Hire: One agricultural specialist will advise the Philippine Government on the management of the Bicol River Basin project. Another direct-hire technician will function as project manager for the grant and loan funded advisory services in agricultural research. A third specialist will advise the Philippine Government and agricultural institutions in the area of farm production and rural income.

Contract: One agricultural economist (\$40,000) will advise on planning, project evaluation and agribusiness in the Bicol River Basin Project. Another contract technician (\$35,000) will provide advice on ways to improve the quality of agricultural research on foodgrains. Pending the results of a rural industry study now underway, it is planned that A.I.D. will provide an expert in rural industry (\$40,000) to assist the Government in designing a coordinated plan for creating more employment opportunities in the rural sector. Five agricultural specialists (\$290,000) under an institutional contract, in line with the shift from direct hire to contract staff, will advise the Philippine Government on improved means of increasing crop production, involving agricultural credit, cooperatives and extension services. Additional short-term advisory assistance will be required in agribusiness and marketing (\$65,000).

Participants: Ten participants will receive a total of 38 man-months of training in credit administration, rural industry development, and cooperatives.

Commodities: A limited number of vehicles will be supplied to the income and production component of the project.

PROJECT TITLE Land Reform	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG
PROJECT NUMBER 492-11-121-257	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1974
		SCHEDULED FINAL OBLIGATION FY: 1978

**Purpose:** The purpose of this project is to assist the Philippine Government in developing and carrying out its program of land reform aimed at transferring ownership of farmland from landlord to tenant and providing a more equitable distribution of income. A.I.D. support will be directed at specific technical assistance requirements, commodity needs and participant training.

In late 1972, the Philippine Government announced that it plans to expand the land reform program to more farm areas in the country. Initial plans have been drafted by the Government and some field activities have already been started to identify and measure land parcels for redistribution and the issuance of titles. So far, the Government has issued almost 6,300 land titles to farmers. However, further details of the Philippine Government's program are still being worked out, involving many critical decisions which will help determine the scope and effectiveness of the reform. These key policy areas include financial arrangements for transferring the land, the alternative schemes for repaying the landlords and the additional sources of rural credit needed to assist the new owners. A.I.D. has provided limited technical advice for the planned program in specific areas relating to policy as well as procedures, such as photo mapping and land titling, under the Agricultural Services Project.

While major policy decisions remain to be worked out

in the nationwide program, preliminary activities are underway based largely on the experience gained in a pilot project on land reform in Nueva Ecija Province. The objective of this pilot project has been to concentrate land reform efforts in a limited area having a large population of share tenants to determine the best means of converting share tenants to leaseholders. Over a three-year period, 87% of the tenants were converted to leasehold status. A.I.D. has helped this pilot program under the Agricultural Services Project by providing technical advisors and commodities for the support systems which have been necessary to assist the new leaseholders, including improved rural credit, cooperatives, fertilizer and pesticides.

**FY 1974 Program:** The course of action for this new project in FY 1974 will be to provide assistance in key areas in support of a Philippine land reform program. U.S. technical advisors will work with the Philippine Government in improving further the operational efficiency of the pilot project in Nueva Ecija Province, especially in strengthening the rural credit system before considering its application in a nationwide program.

On the national level, U.S. assistance will be attuned to the further development of the Philippine Government's nationwide program which is now being worked out. At present it is planned that U.S. specialists will advise

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
Through 6/30/72	-	-	-		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	U.S. University to be determined
Estimated FY 73	-	-	-	U.S. Technicians				35	110	145	
Estimated through 6/30/73	-	-	-	Participants ....				30	-	30	
		Future Year Obligations	Estimated Total Cost	Commodities ....				25	-	25	
				Other Costs ....				-	-	-	
Proposed FY 74	200	750	950	Total Obligations				90	110	200	

Country: PHILIPPINES

PROJECT SHEET (Continued)

Objective/Activity: Food Production and Nutrition

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Land Reform	492-11-121-257

the Government on improved procedures for the transfer of land holdings to tenants, incorporating knowledge and experience gained from the pilot project. In addition, U.S. assistance will be provided on selected support systems which are necessary for the success of a more extensive land reform program. These include rural credit, cooperatives, extension services, farm roads, marketing, land mapping and titling and research. Any additional assistance will depend on the future course of the Philippine Government's program.

U.S. Technicians Direct Hire: One direct-hire technician will advise on several areas relating to land reform, including general policy guidance, land titling procedures, and program administration.

Contract: Three specialists under an institutional contract will help the Philippine Government in such areas as land reform research to establish necessary baseline data, rural credit, cooperatives and photogrammetry.

Participants: Short-term training for five Philippine participants in the United States and Taiwan will also be provided to help develop Philippine expertise in carrying out an effective land reform program.

Commodities: Specialized equipment for aerial photography evaluation and limited office needs will be supplied.

PROJECT TITLE Local Development	OBJECTIVE/ACTIVITY Food Production and Nutrition	FUNDS DG	
PROJECT NUMBER 492-11-995-256	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1974	SCHEDULED FINAL OBLIGATION FY: 1978

**Purpose:** The purpose of this activity is to assist the Provincial Development Assistance Project (PDAP), a unit of the Central Government of the Philippines, in providing technical assistance to local and provincial areas. This assistance will be provided chiefly in three fields: a) improving development planning and project design for those activities which fall under the purview of the local government; b) developing an equitable and viable taxation system in the provinces which can eventually share the cost of local infrastructure construction and improvement; and c) developing a local infrastructure which can carry on construction and maintenance programs consisting primarily of farm-to-market roads and small-scale irrigation systems.

During the past year an A.I.D. team reviewed the Philippine Government's program which provides assistance to the provincial governments in the three priority areas mentioned above. The review also evaluated previous A.I.D. assistance to the PDAP and local governments and concluded that a concentration of U.S. inputs in these specific areas was necessary and that the Philippine institutional capability to carry on its own development program needs to be strengthened. This project is therefore designed to develop Philippine central government and provincial capabilities to plan and execute development in key fields of activity.

**FY 1974 Program:** The course of action for this project in FY 1974 will be to concentrate on assisting the Philippine Government to expand PDAP activities to eight more provinces throughout the country. In addition, it will focus U.S. inputs entirely on planning, infrastructure development, and tax administration.

This course of action, together with work already accomplished or well advanced under previous or present PDAP activities, will expose a total of 32 provinces with 60% of the country's population to the practical process of local development by the end of this project. It will also establish a substantial reservoir of provinces that have an improved capability to carry out development activities in the three areas of project concentration.

**U.S. Technicians Direct Hire:** The direct-hire positions required include eight area development specialists, two equipment pool advisors, one local government planning advisor, one tax and fiscal management specialist, and two project managers.

**Contract:** Contract requirements for technical assistance (\$80,000) include short-term services in public administration and training; property assessment and tax-mapping; and operations research.

Four specialized studies, involving a total of five

U.S. DOLLAR COST (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES To be determined.
	Obligations	Expenditures	Unliquidated		Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/72	-	-	-								
Estimated FY 73	-	-									
Estimated through 6/30/73	-	-	-	U.S. Technicians Participants ....				490	225	715	
		Future Year Obligations	Estimated Total Cost	Commodities ....				75	-	75	
				Other Costs ....				360	-	360	
Proposed FY 74	1,150	2,970	4,110	Total Obligations				925	225	1,150	

Country: PHILIPPINES

PROJECT SHEET (Continued)

Objective/Activity: Food Production and Nutrition

TABLE VIa

PROJECT TITLE Local Development	PROJECT NUMBER 492-11-995-256
------------------------------------	----------------------------------

contract technicians for periods of six to nine months each, will be required (\$145,000). These studies will be in such areas as rural road networks, budgeting, fiscal management and labor and capital intensive activities.

Participants: Eighteen short-term participants will be trained in the United States, Taiwan and Thailand in such areas as tax administration, fiscal management, development administration and local government planning.

Commodities: The planned commodities include office machinery for the development staffs in the new provinces and construction and shop equipment for their equipment pools. As much as possible, this equipment will be obtained from U.S. excess property stocks in neighboring countries.

PROJECT TITLE Family Planning	OBJECTIVE/ACTIVITY Population Planning and Health	FUNDS DG
PROJECT NUMBER 492-11-570-220	PRIOR REFERENCE p. 145, FY 1973 PDB	INITIAL OBLIGATION FY: 1967
		SCHEDULED FINAL OBLIGATION FY: Continuing

**Purpose:** The purposes of this project are (1) to assist the Philippines in its efforts to reduce population growth as a means of furthering socio-economic development and increasing per capita income, and (2) to assist the individual Filipino family in bringing its fertility to the desired level. These efforts, if successful, will result in a permanent system of delivering family planning services to all those desiring them and on a subsidized basis as necessary with a target of 3,000,000 out of an estimated 5,000,000 eligible couple-acceptors by the end of FY 1976.

**Progress to Date:** In 1967, when U.S. assistance for family planning started, modern contraception was virtually unknown in the Philippines (less than 1% of the population employed modern birth control). Moreover, officially the Government would not consider involvement in a population program, the Church was opposed, importation of contraceptives was illegal, and discussions of birth control were anathema. Just six years later, and in very considerable measure because of a U.S. initiative, the environment for an effective family planning program has been greatly improved. The problem of high population growth has not been solved, but the ground work for solution has been solidly laid.

During 1972, the project reached and then exceeded the target of 50,000 new clinic acceptors per month. Out of

a child bearing population of about 5,000,000 a cumulative total of almost 1,300,000 new acceptors has been recruited and over 650,000 more couples are being added each year. 1,700 fully staffed private and public clinics are now providing family planning services. Family planning motivation has also been integrated into the regular duties of the Philippine Government's social welfare and community development workers. The Population Law enacted in 1971 has recently been revised through a Presidential decree to strengthen government policies and emphasize its commitment to the family planning program. Also, legal restrictions on medically approved methods of contraception, except abortion, were removed, and the use of trained paramedics in delivering contraception services and supplies was authorized. A Population Center Foundation, Inc., came into being and moved toward its operational role with start of construction of a Population Center financed with Philippine Government, A.I.D., and Rockefeller Foundation support. Its developing role in the population program is expected to provide a source of continued financing for the private sector participation in the program, as well as extensive research, reporting and training activities.

**FY 1974 Program:** During FY 1974, it is expected that over 650,000 new acceptors will be recruited into the program. Clinics will be expanded to about 1,850. Increasing emphasis will be placed on acceptance of more effect-

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1973			Proposed FY 74			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/72	16,978	11,016	5,962								University of Chicago University of North Carolina
Estimated FY 73	5,396	6,184			200	50	250	200	100	300	
Estimated through 6/30/73	22,374	17,200	5,174	U.S. Technicians Participants ....	60	-	60	25	-	25	
		Future Year Obligations	Estimated Total Cost	Commodities ....	2,540	-	2,540	2,798	-	2,798	
				Other Costs ....	2,106	440	2,546	1,503	390	1,893	
Proposed FY 74	5,016	Continuing		Total Obligations	4,906	490	5,396	4,526	490	5,016	

Country: PHILIPPINES

PROJECT SHEET (Continued)

Objective/Activity: Population Planning and Health

TABLE VIa

PROJECT TITLE	PROJECT NUMBER
Family Planning	492-11-570-220

ive methods of contraception, especially oral contraceptives and the IUD. New initiatives planned for the year include use of: (1) nurses and midwives to administer and dispense acceptable methods of contraception and (2) pharmacies and other commercial channels of distribution to distribute contraceptives as well as family planning information materials. A regionalized system of program administration of contraceptives is also being planned. This should result in improved project coordination at the regional and provincial levels as well as improved supply systems.

The project will continue to finance contract services for management and fiscal auditing of the various sub-project activities to assure continued effective utilization of project resources.

U.S. Technicians Direct Hire: Six direct-hire technicians, two program management specialists, and four technicians in the areas of research, operations and education/information will be funded under the project.

Contract: Two contract technicians will be provided for demographic research and vital registration studies under continuing university contracts with the University of North Carolina and the University of Chicago.

Participants: Six short-term participants will be trained in the United States and third countries in the areas of program administration and management and program research/evaluation.

Commodities: Major expenditures will be for pills and other contraceptives. Clinic equipment and supplies, audio-visual and printing supplies and vehicles will also be provided.

Other Costs: \$1.5 million will be required to finance A.I.D.'s annually declining share of peso costs of operating clinics and general program support. By the end of FY 1974, the Philippine Government will be financing up to 60% of the local costs of the program. \$390,000 will be used for continuing management and fiscal audits operational evaluation studies and demographic research to be performed by Xavier University and the University of the Philippines.

Country: PHILIPPINES

## PROJECT SHEET

TABLE VI

PROJECT TITLE Internal Security	OBJECTIVE/ACTIVITY Human Resource Development	FUNDS DG
PROJECT NUMBER 492-11-710-231	PRIOR REFERENCE p. 141 FY 1973 FDB	INITIAL OBLIGATION FY: 1968
		SCHEDULED FINAL OBLIGATION FY: 1974

Purpose: The purpose of the Internal Security Project has been to 1) improve the in-country training of the civil police; 2) expand and modernize the police communications network; 3) improve the effectiveness of selected municipal and provincial police forces; and 4) develop within the municipalities effective records systems capable of meeting local and routine needs.

Progress to Date: Over the life of this project, the participating units of the civil police have developed the capability to provide basic training for over 4,000 patrolmen per year plus an additional capability to provide segments of advanced and specialized training. This has been accomplished by the establishment of ten regional training centers. Of the 55 planned police communication networks which were to be installed during the life of this project, 35 are presently completed and working while the remainder are in various stages of development. All are projected to be completed by the end of FY 1974. Eight chartered cities have participated in a police improvement program during the life of the project and successfully completed the program.

Presently, 24 of the 56 civil police returned participants hold key positions in 7 of the 10 regional training academies, and former participants are Chiefs of Police in 12 major cities or municipalities in the country.

FY 1974 Program: The project has been extended one year to allow the remaining communication networks to be established and begin operation. There will also be some limited technical assistance to the newest of the academies in the development of managerial systems to facilitate their operation.

U.S. Technicians Direct Hire: Five direct-hire technicians will be phased out by the end of the Fiscal Year.

U.S. DOLLAR COST (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1973			Proposed FY 74
					Direct AID	Contract/Other Agency		Total
Through 6/30/72	2,867	2,412	455					
Estimated FY 73	480	791						
Estimated through 6/30/73	3,347	3,203	144					
		Future Year Obligations	Estimated Total Cost					
Proposed FY 74	100	-	3,447	Total Obligations	480	-	480	
				U.S. Technicians	100	-	100	
				Participants ....	-	-	-	
				Commodities ....	-	-	-	
				Other Costs ....	-	-	-	

PROPOSED DEVELOPMENT LOANS

TABLE VII

Country: PHILIPPINES

Title of Loan: AGRICULTURE RESEARCH		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	4,000

Title of Loan: NATURAL RESOURCES SURVEY		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	6,000

Major studies conducted within the Philippine Government in recent years, assisted by a number of donors, have all concluded that a better organized and targeted stress upon adaptive agricultural research is one of the essentials to future dynamic agricultural development in that country. As a consequence, the Government of the Philippines has recently reorganized the entire agricultural research establishment. The Government's overall goal is to increase small farmer incomes, develop labor-intensive agricultural and agri-business applications, increase employment opportunities, and improve the agricultural productivity of the Philippines. The contributory research mechanism to attainment of these goals will be the newly created Philippine Council for Agricultural Research (PCAR). This project would assist the Philippine Council for Agricultural Research (PCAR) in conducting a research program for priority food (including fish) and feed commodities and forestry over a three to five year period.

The Principal objectives are to: (1) Reinforce and support an integrated national research program priority emphasis upon specific agricultural, forestry, and fisheries resources; and (2) Develop the necessary research capabilities in terms of manpower, facilities, funding, and efficient implementation mechanisms. This loan would be used to finance a combination of technical services, participant training, and commodity inputs.

The purpose of the program is to build a Philippine capability to apply information obtained from selected remote sensor systems to natural resource surveys. The program is divided into three phases: (1) development of coordinated interagency institutional capability; (2) acquisition and application of operational aircraft sensors and techniques on specific natural resources development projects; (3) application of multi-sensor techniques for surveys of flood damage and plant disease, and geothermal, forestry and fisheries resources. The program may also provide some technical information related to mapping for land reform.

The estimated cost of the program totals \$42.8 million, consisting of \$36.8 million equivalent in local currency (GOP contribution) and \$6.0 million in foreign exchange (the proposed A.I.D. loan). The \$6.0 million A.I.D. loan will finance consulting services, training costs, equipment and materials for the program.

Title of Loan: PROVINCIAL WATER SUPPLY		
Type	Sector Objective	Amount (\$000)
Project	Food Production and Nutrition	10,000

The Project will comprise the establishment and institutional development of a central water authority and, initially, six or more locally-controlled provincial water supply systems. The proposed loan would finance the engineering, technical and training

Country: PHILIPPINES

services, equipment, and materials required for this purpose, as well as technical assistance to assist in the institutional development of the central authority, and feasibility studies for additional water systems. It is estimated that within five years as many as 24 water districts could be established. The central water authority will provide support and assistance for the local water supply systems including (1) technical and administrative assistance for the establishment and operation of the systems, (2) credit for financing improvements and expansion, (3) training program for local system employees, (4) development of standards and rules, and (5) assistance to assure compliance with regulations. Technical and economic feasibility studies are being completed on the first six systems. Given the present inadequacy of water supply systems in most areas outside Manila, present population densities and high projected growth, the return on resources invested in this area is likely to be substantial.

OTHER LOAN ELIGIBLE FOR FUNDING:

Title of Loan: TIWI GEOTHERMAL POWER		
Type	Sector Objective	Amount (\$000)
Project	Selected Development Problems	5,000

The Philippines has no indigenous supply of fossil fuel for thermal generation and has only limited remaining hydroelectric potential on Luzon - the most heavily populated island. Exploratory development drilling to date shows substantial geothermal potential on Luzon and the Philippine Government has requested U.S. assistance with this project as the next step in development of this geothermal potential.

The purpose of this project is two-fold: (1) installation of an additional 10-20 MW of power generating and transmission capacity in an area presently dependent on individual diesel-powered generating units, and (2) introduction of a new type of low-cost power-generating

facility of considerable potential in the Philippines - the use of underground steam as an energy source. The development of the underground steam reservoir has already been undertaken by Union Oil Co. of California under a contract with the GOP's National Power Commission. Initial results are satisfactory and hold promise of a substantial source of low-cost energy in a country where the possibilities of hydroelectric power are limited. The proposed loan would finance the foreign exchange costs of generation and transmission equipment and consulting engineering services as required.

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	AND INTEREST		
<b>ECONOMIC PROGRAMS</b>							
<i>A. OFFICIAL DEVELOPMENT ASSISTANCE</i>							
<b>A.I.D. AND PREDECESSOR AGENCIES - TOTAL</b>	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		
<i>(Supporting Assistance)</i>	(-)	(-)	(145.6)	-	-		
<b>FOOD FOR PEACE - TOTAL</b>	27.4	37.7	228.8	20.4	208.4		
<b>Title I - Total</b>	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		
<i>(Total Sales Agreements, including U.S. Uses)</i>	(-)	(-)	(53.2)	(-)	(53.2)		
<b>Title II - Total</b>	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		
<b>OTHER OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<b>TOTAL OFFICIAL DEVELOPMENT ASSISTANCE</b>	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		
<b>TOTAL OTHER OFFICIAL LOANS</b>	84.2	41.9	348.8	192.1	156.7		
<b>TOTAL ECONOMIC PROGRAMS</b>	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		
<b>MILITARY PROGRAMS</b>							
<b>MILITARY ASSISTANCE - (Charged to FAA Appropriation)</b>	16.5	14.0	462.8	-	462.8		
Credit Sales (FMS)	-	-	-	-	-		
Grants	16.5	14.0	462.8	-	462.8		
<b>MILITARY ASSISTANCE SERVICE-FUNDED GRANTS</b>	-	-	36.0	-	36.0		
TRANSFERS FROM EXCESS STOCKS	0.6	0.7	24.2	-	24.2		
OTHER GRANTS	-	3.7	149.6	-	149.6		
<b>TOTAL MILITARY PROGRAMS</b>	17.1	18.4	672.6	-	672.6		
<b>TOTAL ECONOMIC AND MILITARY PROGRAMS</b>	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		
<b>OTHER ECONOMIC PROGRAMS</b>							
<b>ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS</b>			<b>D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES</b>				
<b>TOTAL</b>	FY 1971	FY 1972	FY 1946-72	DONOR	CY 1970	CY 1971	CY 1960-71
	67.6	70.3	421.2	<b>TOTAL</b>	93.3	87.8	606.7
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				
				<b>ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)</b>			
				1971 (Calendar Year)..... -			
				1972 (Calendar Year)..... -			
				Cumulative thru 1972..... -			

\* Less than \$50,000.



STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 2/28/73

COUNTRY: IRAN

(In Thousands of Dollars)

TABLE IV

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/72		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
265-H-025	Management Assistance for Electric Power	6-10-66	1-16-67	5	25	3½	3½	U.S.\$	6,213	4,945	212	391
	Total.....	XXXXXXXX	XXXXXXXX	XXX	XX	XXX	XXX	XXXX	6,213	4,945	212	391