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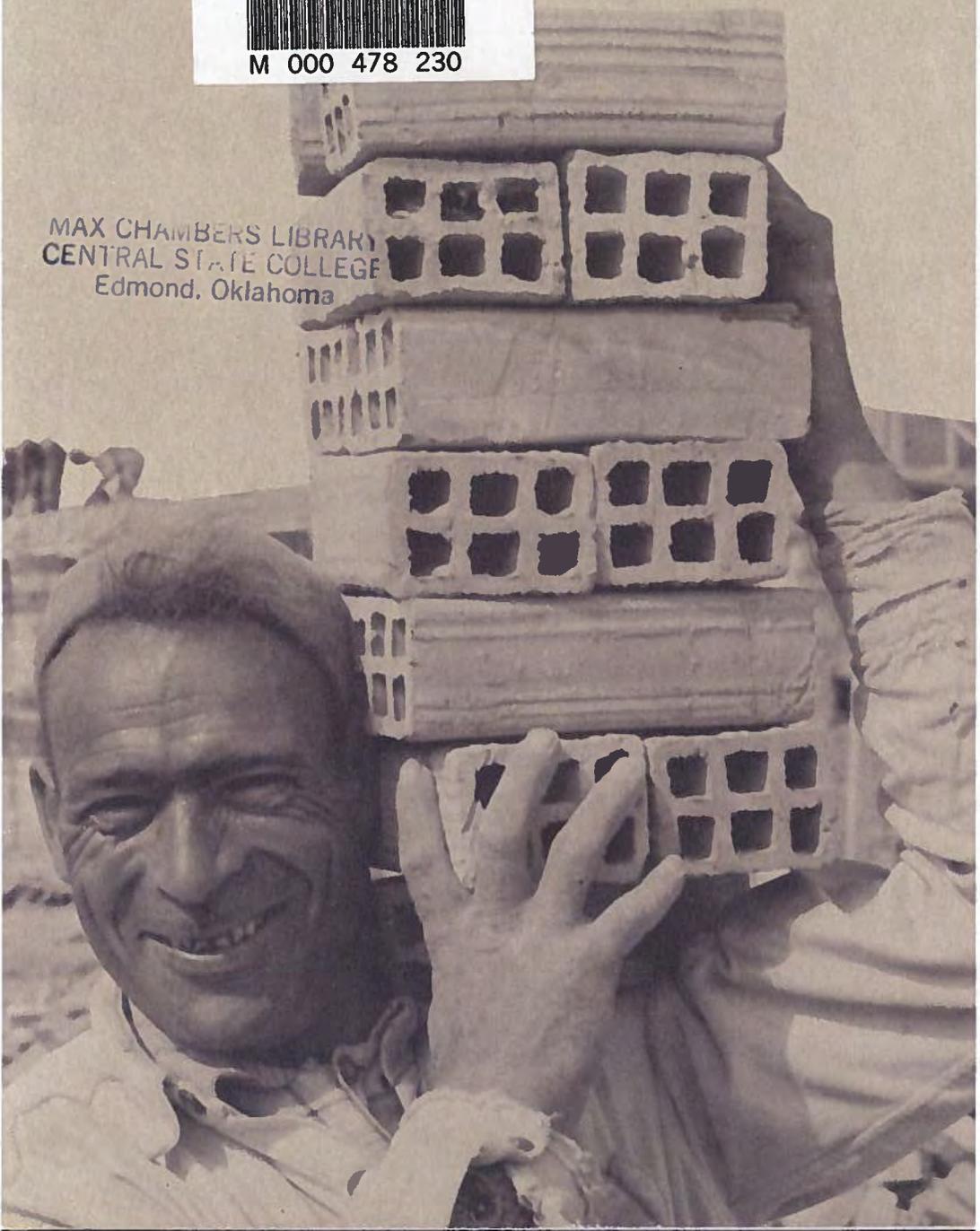
# the *AID* program

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the **AID** program

JUNE 1964

Agency for International Development  
Washington, D. C.

## FOREWORD

Foreign aid has been a fact of international life almost as long as the United States has been in existence. When our forefathers were struggling to create a new, independent nation in the Western Hemisphere, they were dependent in great part upon the resources of the old world for economic and social foundations. Over the next 150 years, the United States was an occasional donor of overseas assistance, usually to provide relief for the victims of natural disasters.

It wasn't until World War II, however, that foreign assistance became a key tool of American foreign policy and a major force in world affairs. Today, the United States and virtually every other developed nation on the globe—including members of the Communist bloc—are providing foreign aid.

Broadly speaking, foreign assistance is any aid—military or economic—which is extended by one country to another as loans or grants. This includes assistance rendered through the various international agencies—such as the United Nations—as well as that which is on a strictly bilateral basis. Used in this context, "foreign aid" includes a number of programs authorized by the Congress other than those carried out by the Agency for International Development.

Some of these non-AID programs are:

*The Peace Corps* "to help the peoples of interested countries and areas in meeting their needs for trained manpower, and to help promote a better understanding of the American people on the part of the peoples served and a better understanding of other peoples on the part of the American people."

*The Export-Import Bank* to promote U.S. sales abroad through loans, guaranties, and risk insurance.

*Contributions to International Organizations* such as the United Nations Technical Assistance and Special Fund for assistance programs of a multilateral character.

*Military Assistance* to strengthen the security of free nations around the world, nations that are prepared to join in defending their own freedom against Communist aggression, whether by open force or internal subversion.

Another "foreign aid" program which makes an important contribution to the economic development of the less developed nations is the Food for Peace Program, carried out under Public Law 480—the Agricultural Trade Development and Assistance Act. AID shares responsibilities for the Food for Peace Program with the Department of Agriculture, other government departments and the Director of Food for Peace—a Special Assistant to the President. AID has a major responsibility for administering the overseas operation of this program, including its integration with other economic assistance extended by the United States. The Agency also supervises use of food for emergency and disaster relief and child feeding programs through foreign governments and voluntary agencies.

This booklet deals *only* with United States programs of economic aid administered by the Agency for International Development or its predecessors. It does not cover the activities of other programs such as those listed above which are coordinated with AID programs but are not the direct responsibility of this Agency. A full description of the Food for Peace program is available in another AID publication, "Food for Peace . . . building a better world," which may be obtained by writing to the AID Information Staff, Washington, D. C. 20523.



# the AID program

A child in Latin America learns to read . . .

A farmer in Africa uses new tools to cultivate his crop . . .

A government official in the Far East conducts a new census . . .

A businessman in South Asia builds a factory . . .

A laborer in the Near East finds a job . . .

These are some of the results of the U.S. economic aid program—accomplishments which are helping to create a world of independent and self-supporting nations which can live in peace.

It is a world in which schools and hospitals are being built where there were none before; where people mired for centuries in ignorance and poverty, are being given an opportunity to achieve a better life; where the benefits of civilization are beginning to flow in remote villages and teeming city slums.

It is a world in which the United States is joining with other free nations to build houses, roads, dams and productive enterprises; in which teachers, scientists, engineers and technicians are devoting their talents to training the less skilled; in which food, raw materials and machines are being mobilized to foster progress, and build self-sustaining economies.

It is, in short, a world of help—for those who will help themselves.



Self-help is vital to success in community development. These Colombian boys are using a crude wooden frame to make adobe bricks for a local building project.

## Because It Is Right

“... To those people in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.”

This was the pledge made by President Kennedy in his inaugural address of January 20, 1961. Two months later, the President asked the Congress to establish a new organization, the Agency for International Development, which would be charged with launching “A Decade of Development, on which will depend, substantially the kind of world in which we and our children shall live.”

President Lyndon Johnson, in his first address to a joint session of the Congress, reaffirmed America’s determination to “carry on the fight against poverty and misery, ignorance and disease—in other lands and in our own.”

U.S. economic aid programs originated on March 11, 1941, when the Congress passed the Lend Lease Act, providing an economic weapon for Great Britain’s war effort. Because Lend Lease aid was part of the war effort, the beginning of today’s U.S. economic aid programs is usually credited to the formal creation (on March 31, 1942) of the Institute of Inter-American Affairs (IIAA), a U.S. Government agency with responsibility for providing technical assistance to the Latin American countries.

## Post War Aid

After World War II, the United States participated in the United Nations Relief and Rehabilitation program (UNRRA) and met Communist aggression in Greece and Turkey with the "Truman Doctrine."

The European Recovery Program, popularly known as the Marshall Plan, was initiated in 1948 to provide American financing of food, raw materials, machine tools and other equipment to revive the war-torn economies of Western Europe and help those countries remain free.

U.S. economic assistance was extended to the Far East in the late 40's and early 50's under special programs authorized by the Congress to meet new challenges to the security of the Free World, created by the intensification of the Cold War.

In his inaugural speech on January 20, 1949, President Truman proposed a bold new approach to U.S. foreign assistance efforts; the "Point IV" program of U.S. technical assistance subsequently was launched with the passage by Congress of the first Act for International Development.

At the request of President Eisenhower, Congress created the Development Loan Fund (DLF) in 1957 to supplement American technical assistance programs by providing the capital needs of long-term development.

Throughout these developments and changes, economic and social development programs were administered successively by the Institute of Inter-American Affairs (IIAA), the Economic Cooperation Administration (ECA), the Mutual Security Agency (MSA), the Technical Cooperation Administration (TCA), the Foreign Operations Administration (FOA), the International Cooperation Administration (ICA), and the Development Loan Fund (DLF).

## **The Beginning of AID**

The Foreign Assistance Act of 1961 created the Agency for International Development on November 1, 1961, combining the economic and technical assistance programs previously carried out by ICA, the loan activities of the DLF, and local-currency lending functions of the Export-Import Bank.

Recognizing the urgency for economic and social development in Latin America, President Kennedy in March, 1961, called on all the people of the Western Hemisphere to unite in a new Alliance for Progress—"a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools." United States participation in the Alliance was assigned to the new Agency and is carried out through AID's Latin American Bureau, under the policy direction of the U.S. Coordinator for the Alliance for Progress.

AID also has responsibility for coordinating economic and military assistance, and for the overseas operations of the Food for Peace program.

## **THE PRINCIPLES OF AID**

The new Agency was established not only to unify assistance efforts, but to provide a fresh focus on the needs of the sixties. All activities are directed toward a single goal: To assist other countries that seek to maintain their independence and become self-supporting.

In working toward this goal, AID follows these general principles:

### **Long Range Planning**

The nation seeking aid should have specific goals as well as priorities on steps necessary to attain those goals.



An American technician teaching by doing as water pipe is laid for an agricultural college in the Philippines where AID is helping to build leadership by developing extension services. By the end of Fiscal Year 1963, more than 3,500 AID technicians were serving overseas on foreign assistance projects, over 1,100 of them in the fields of agriculture and education.

Development plans should take into account all the factors that contribute to growth—capital formation, the development of sound public administration, modern credit and financial institutions, the contributions of private enterprise, skilled labor forces, managerial skills, and the creation of the necessary motivations and incentives.

### **Self Help**

A nation seeking U.S. economic assistance should demonstrate its intention to bear most of the burden of attaining its goals, be willing to mobilize its own resources, and accept sacrifice and discipline in order to achieve social and economic progress.

### **Free World Cooperation**

U.S. foreign assistance programs are a component of Free World aid—not an isolated effort—and must be coordinated with the assistance of other industrialized nations.

### **Transition to Self-Support**

Foreign aid to the less developed countries should not be endless. The goal of U.S. economic assistance is to help countries reach the point at which their own increased human and capital resources, combined with their improved ability to attract foreign investment and credit, are adequate to sustain satisfactory growth.

## **THE AID ORGANIZATION**

More than 150 vocations and specialties are represented by the 7,000 U.S. citizens working for AID in about 80 countries around the world. The Agency is headed by an Administrator who holds the rank of an Under Secretary of State.

## You Should Know . . .

To avoid misconceptions about the AID program, two facts should be kept in mind:

1. American dollars are seldom given directly to foreign countries. Most economic aid involves the financing of U.S. goods and services for specific development activities.

2. Economic aid to the industrialized countries (Western Europe and Japan) was ended years ago. AID programs now are concentrated in the underdeveloped countries of Asia, Africa and Latin America.

In Washington, AID is organized along geographical lines with an Assistant Administrator in charge of each of the four Regional Bureaus—the Near East and South Asia, the Far East, Africa, and Latin America. Reporting to the Regional Administrators are the Directors of the overseas AID Missions.

To support the work of the regional bureaus, AID has five Assistant Administrators in charge of the following activities: Administration, Program Coordination, Development Finance and Private Enterprise, Material Resources, and Technical Cooperation and Research.

Other offices and staffs reporting to the Administrator are: Office of Public Safety, Office of Engineering, Office of the General Counsel, International Development Organizations Staff, Information Staff, Congressional Liaison Staff, and Management Inspection Staff.

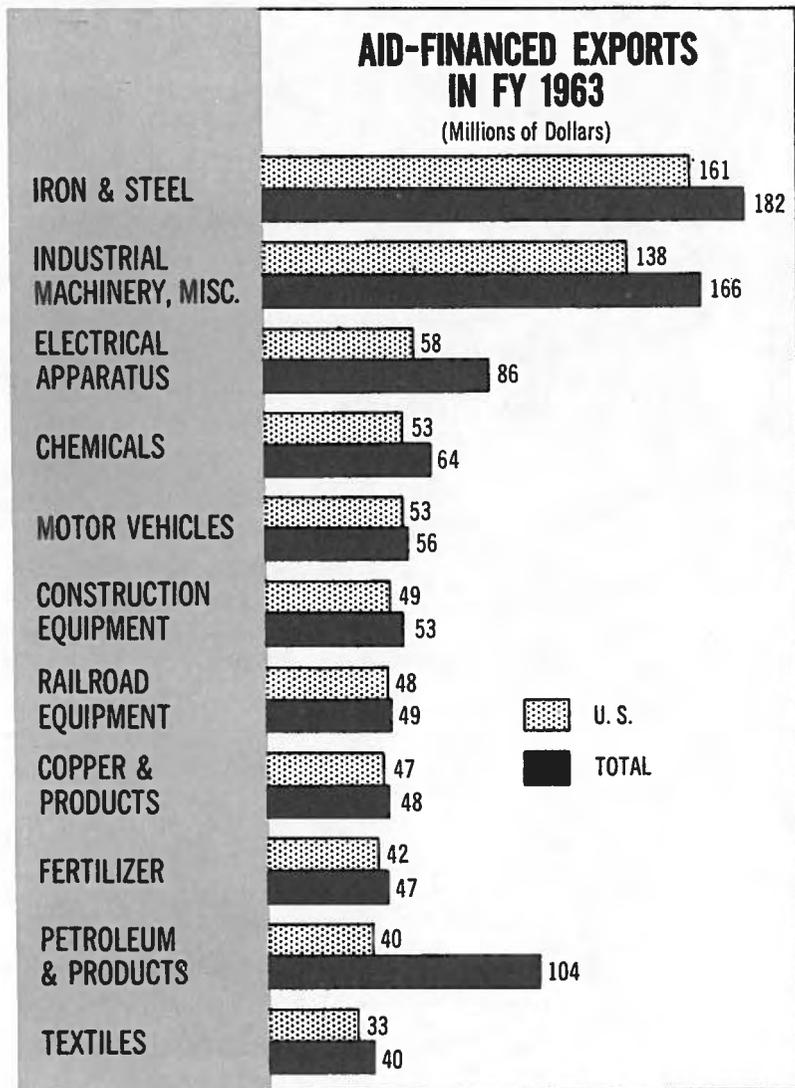
## THE AID PROGRAM

The AID program of the sixties is the result of the evolution of various economic assistance activities over the last 20 years. It is based on two decades of experience. The United States helps to promote economic and social progress in underdeveloped countries by selecting activities designed to meet the specific needs for specific countries.

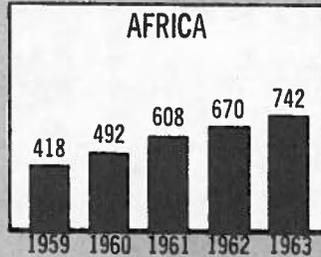
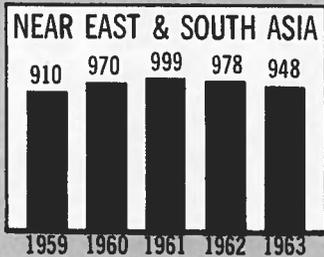
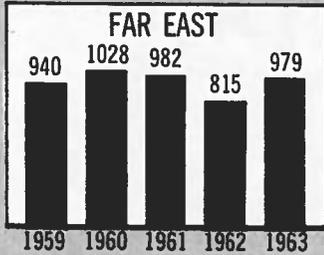
The range of the AID program includes:

**Contracts** with 69 American colleges and universities, engineering and construction companies, cooperatives and savings and loan associations, farm and labor organizations to assist the foreign governments or local institutions. At the end of Fiscal Year 1963, AID had 1,072 contracts in 72 countries, and 1,476 Americans were employed overseas by these contractors.

The shipment of *U. S. commodities* such as iron, steel and steel products, industrial machinery, electrical apparatus, construction equipment, motor vehicles, chemicals and fertilizers. In Fiscal Year 1963, AID financed purchases for commodities totaling about \$1,095 million, of which \$855 million was procured in the United States.



## AMERICAN TECHNICIANS IN DEVELOPING COUNTRIES\*



\*June 30 of each year

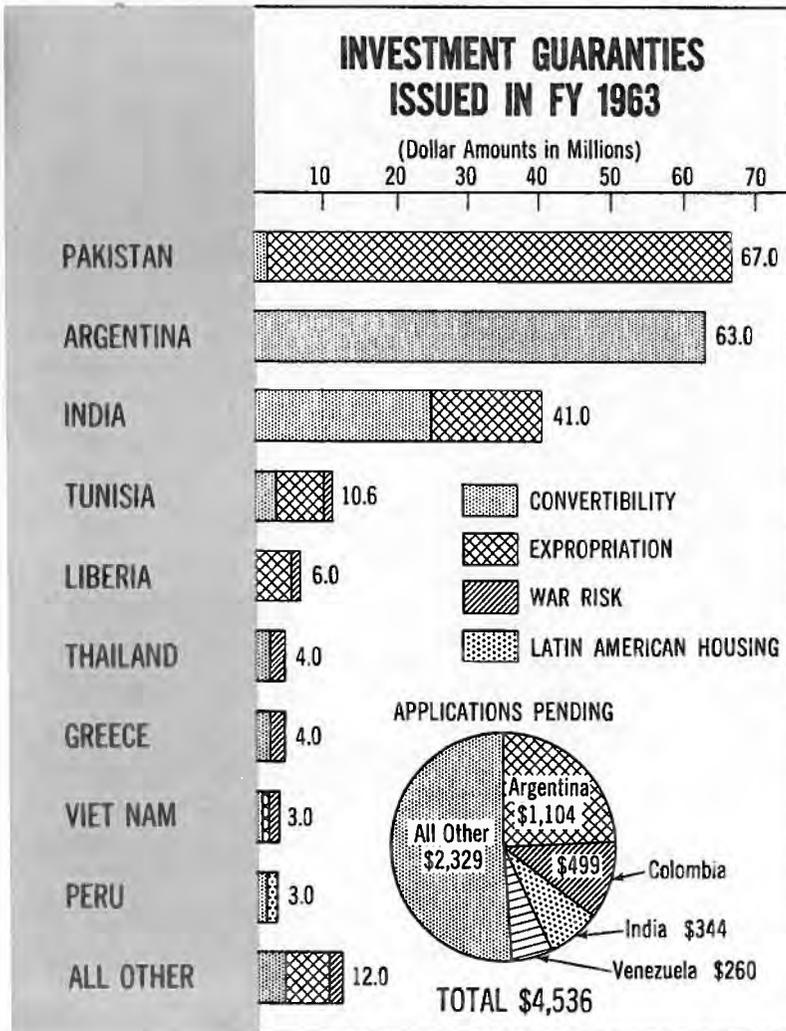
The advice and assistance of *American technicians*—engineers, doctors, nurses, agronomists, public administration specialists, teachers, and other specialists—attached to AID Missions in the developing countries. On June 30, 1963, AID had 3,625 American technicians on its rolls.

Agreements with other U. S. Government agencies to provide *specialists* on a reimbursable basis to assist foreign governments on special projects.

*Training* in the United States or in other selected countries for foreign citizens—technicians, middle level management or government personnel and, in some cases, students or senior government officials. During the 1963 Fiscal Year the “participant trainee” program provided training for more than 7,000 persons, bringing the cumulative total to more than 71,000 over a 10-year period.

The issuance of *investment guaranties* to insure overseas investment by private U. S. investors against losses resulting from risks such as inconvertibility of currency, war, revolution or insurrection. Guaranties totaling \$214 million were issued in Fiscal Year 1963, bringing the total for guaranties in force to \$1.2 billion.

*Investment surveys*—on a cost-sharing basis with U. S. firms—to determine the feasibility of investments abroad. Twenty-nine such surveys were undertaken in Fiscal Year 1963.



Providing *excess property*—equipment and supplies declared excess to United States government requirements—for overseas projects such as vocational training and construction. Goods ranging from school buses to kitchen utensils, with a value of approximately \$47.5 million, were provided in Fiscal Year 1963.

Paying the ocean freight costs of supplies donated to *U. S. voluntary agencies* such as CARE, Catholic Relief, and Church World Services to help the needy overseas. This people-to-people aid—food, clothing, tools, and medicine—was valued at an estimated \$75 million in Fiscal Year 1963, and involved 27 voluntary agencies and the Red Cross.

*Cooley loans* (loans in the currencies of the foreign countries generated under the Food for Peace program) to U. S. business firms or their affiliates to finance or expand overseas business enterprises. In Fiscal Year 1963, 46 loans were approved totaling \$42 million for this purpose.

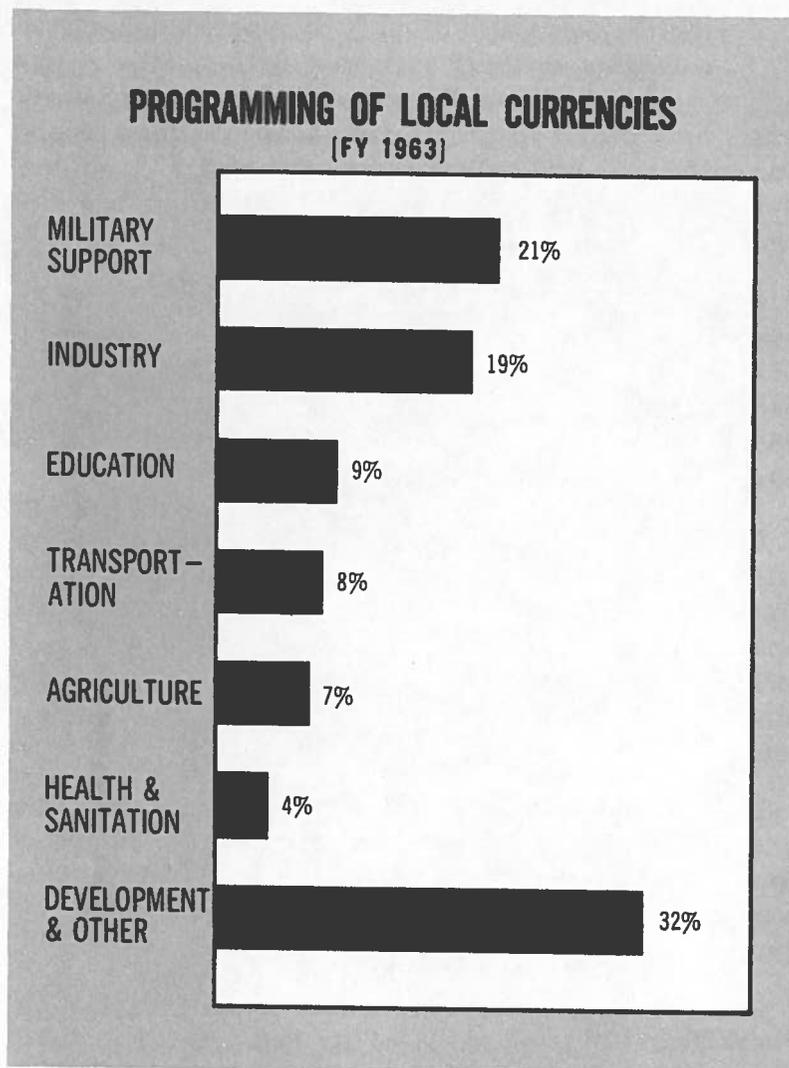
*Loans or grants of local currency* (derived from the sale of surplus American agricultural commodities under the Food for Peace program and other U. S. goods financed by AID) to meet local costs of specific development projects, to provide military support, or to make other contributions to the stability of the foreign country's economy.

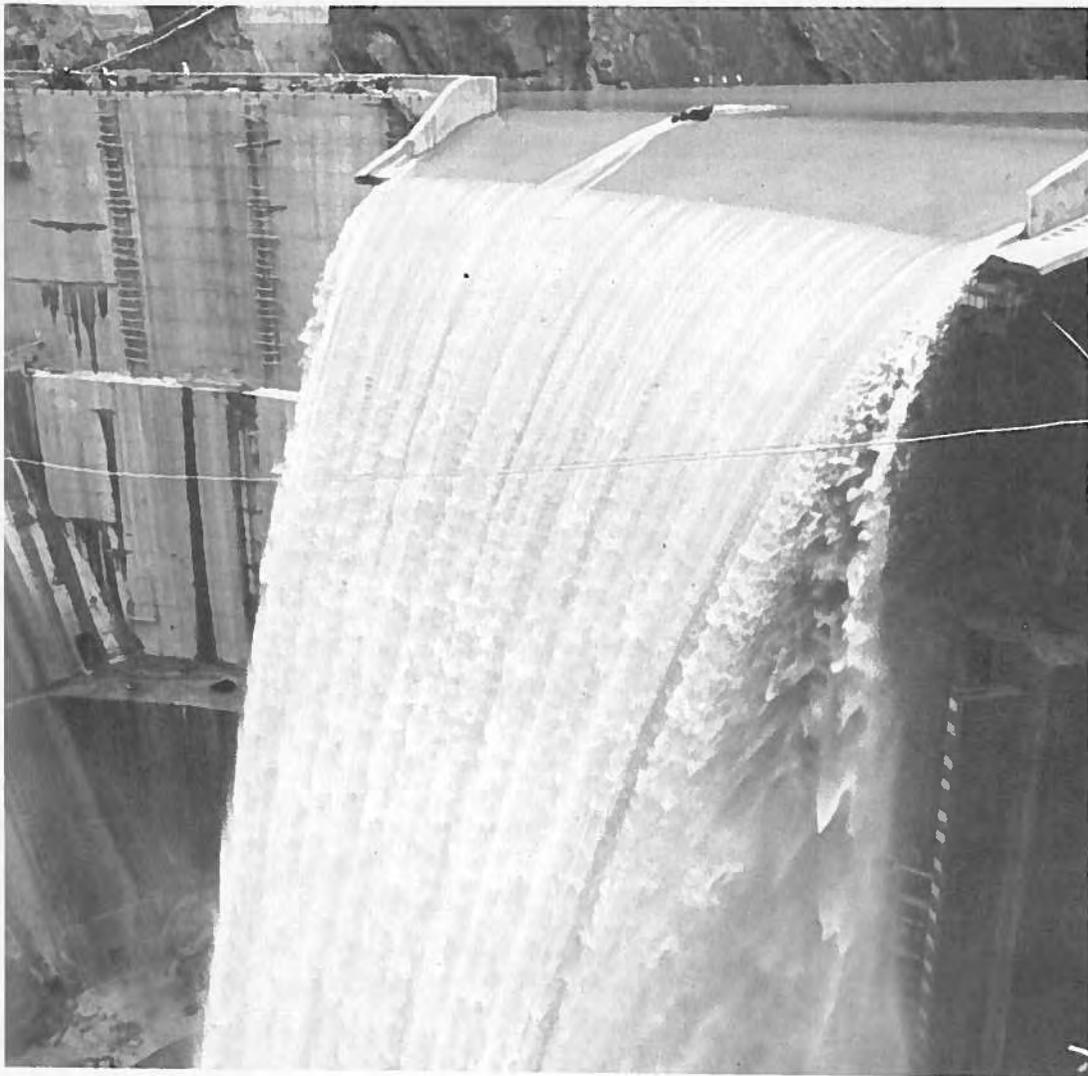
Providing *disaster relief*, usually in the form of medicines, food, blankets, tents or housing, after earthquakes, floods or hurricanes. In Fiscal Year 1963, \$118,000 was authorized to meet emergencies of this type in 19 countries.

In a few cases, *cash transfers* have been authorized. In Fiscal Year 1963, this form of aid was granted to only 10 countries. It totaled \$151.8 million.

**Grants to American-sponsored schools and hospitals** abroad to supplement other sources of income. Eight of these schools were assisted in Fiscal Year 1963.

A **research program** to find new and practical ways of speeding development in the less developed countries.





U. S. assistance in building hydroelectric projects like this one at Kukuan (Taiwan) has helped the Republic of China to build up its industrial capacity to a point where external economic aid will soon be unnecessary. Taiwan's electric power generation has been raised from a postwar low of 33,000 kilowatts to a current level of more than one million kilowatts.

## NEW HOMES THROUGH SELF-HELP

Aided self-help housing was pioneered in Chile in 1954 in an effort to provide decent dwellings in place of the squalor and deprivation of urban slums which afflict almost every major city in Latin America.

The first project—in Santiago—set the pattern for future operations. The United States provided American-made construction equipment (concrete mixers, wheelbarrows, tools) and technical assistance; Chile contributed the land, site development, utilities, building materials, and administrative costs. Families that were to occupy the completed homes provided the labor. New homes were built for 1,000 Chilean families; costs to the United States—about \$100 per house.

In the past, the only way in which millions of Latin Americans might own their own homes was to pay cash or to make short term loans, often at usurious rates of interest. Institutions offering easy credit terms were virtually unheard of. AID assistance in developing credit facilities was first used in Chile. With the assistance of advisors from the U. S. savings and loan industry and consultants from the Federal Government, a savings and mortgage lending system was established which now consists of 30,000 members and 22 separate associations. At last reporting, over 5,000 mortgage loans had been made from the resources of these institutions, and savings were accumulating at the rate of \$1 million a month.

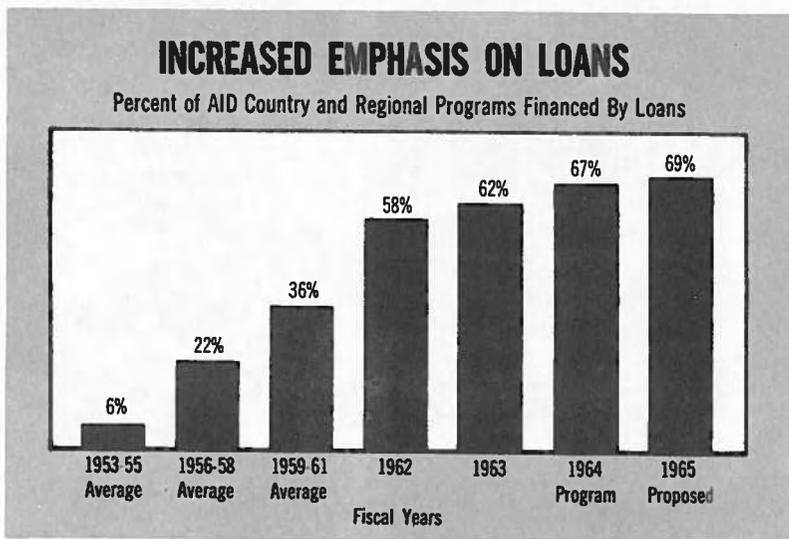


## THE CATEGORIES OF AID

AID programming involves a great deal more than the approval of one or more of the various types of assistance listed above.

The financing of U. S. commodities, the assignment of a specialist, the award of a contract or any of the other elements of the AID program are the end results of a detailed analysis of the development plans and goals of the various countries in relationship to the general principles under which the Agency operates, the Agency's total budget, and U. S. foreign policy considerations.

Except for special activities, the AID program can be divided into three major funding categories under which Congress authorizes and appropriates foreign assistance funds: Development Loans, Technical Assistance/Development Grants, and Supporting Assistance.



### Development Loans

Development loans, now comprising more than 60 percent of AID's total program, are generally used to help finance social and economic development projects

or to finance general import programs in the private sector as a means for helping the development of the economy.

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

The loans may include funds for technical assistance to train key personnel, to pay for engineering and feasibility studies or to cover the cost of purchasing necessary machinery and equipment in the United States.

All AID development loans are repayable in dollars (under DLF such loans were repayable in local currencies) and may be made only where there is a reasonable prospect of repayment. Under legislation enacted by the Congress in 1963, minimum terms are three-fourths of one percent service charge during the initial ten-year grace period when no principle payments are required and two percent thereafter. Some AID loans are made on harder terms.

### **Technical Assistance Development Grants**

AID's Technical Assistance Development Grant program is a continuation of the activities carried out by IIAA in Latin America, starting in 1942, and the TCA in the rest of the world, starting in 1950. It is the "Point IV" program of the 60's, with projects in the fields of health, education, public administration, community development, housing, industry, and agriculture.

This activity emphasizes the development of human resources. It pays the salaries of the technicians serving in the AID overseas missions, finances contracts for technical assistance, and helps to cover the costs of trainees who come to the United States.

It can finance the provision of equipment and material to support the effort of U.S. specialists or underwrite the development of institutions abroad to make the training programs more effective.

### **Supporting Assistance**

Supporting Assistance is a funding category established by the Congress to authorize economic aid directed primarily toward immediate political and security objectives.

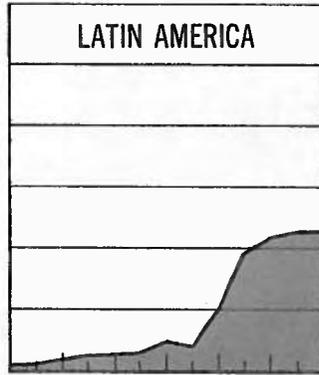
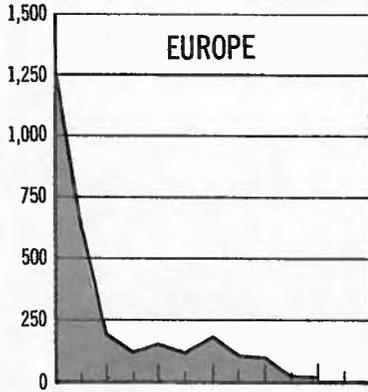
Supporting Assistance is used to help relieve the strain on a nation's economy resulting from large defense expenditures, to maintain access to U.S. bases, to maintain economic stability in countries in which the U.S. has strategic political interests, or to encourage independence from Bloc dominance in sensitive areas.

This kind of assistance can be either loans or grants to finance capital projects, commodity imports, emergency relief projects, and internal security activities. It is the one form of economic aid which may—in exceptional cases—involve direct dollar transfers.

The foreign aid legislation also includes an appropriation for a Contingency Fund to meet urgent and unforeseen requirements of an emergency nature. Such funds, when used, are usually programmed for Supporting Assistance purposes.

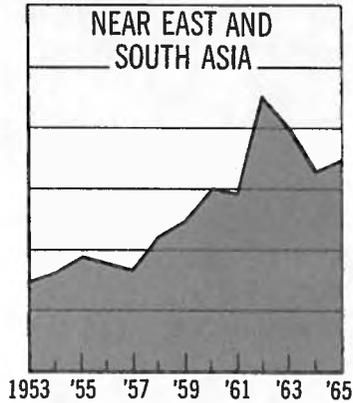
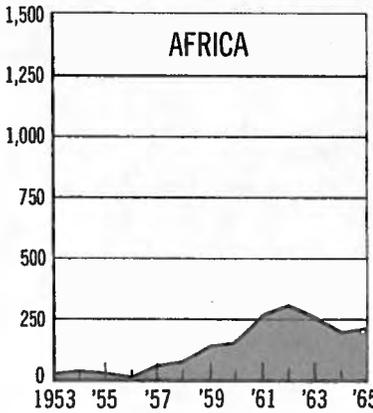
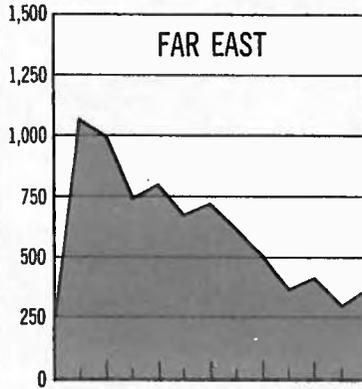


This was all that remained of a schoolhouse in northern Taiwan after typhoon Winnie had passed in 1958. Besides providing emergency relief for the disaster victims, American technicians designed typhoon-resistant plans and U. S. assistance rebuilt 22 schools and more than 600 homes. When typhoon Opal lashed the area with 150-mile winds in 1962, damaging or leveling more than 5,000 homes and public buildings, the U.S.-built structures came through undamaged.



## TREND OF ECONOMIC ASSISTANCE

AID and Predecessor Agencies  
(Millions of Dollars)



## COUNTRIES RECEIVING ECONOMIC AID

Economic aid today goes to the underdeveloped countries of Asia, Africa and Latin America.

In Fiscal Year 1963, 83 countries or territories received assistance from AID; 80 percent of the \$2.4 billion obligated or authorized in the 12-month period was concentrated in 20 countries. Twenty other countries each received between \$1 and \$5 million during the Fiscal Year, and an additional 18 countries received less than \$1 million in assistance.

AID country programs are of three kinds:

***Transitional countries*** — about 14 nations are approaching the time when they will not need soft loan or grant assistance from the United States. About two percent of the proposed AID program for Fiscal Year 1965 is planned for these nations.

***Major programs*** — In 25 countries, AID conducts major programs which are designed to bring about substantial progress toward security and development. This includes countries which have adopted satisfactory development policies and are making progress toward self-sustaining growth; countries with development potential where aid is contingent upon the adoption of more vigorous self-help measures, and countries needing economic aid to help establish external and internal security in order to set the stage for economic and social progress.

***Limited programs*** — This kind of assistance is provided in about half of the underdeveloped nations. In these countries, the AID program is minor, any major assistance being provided by the Western European nations or through international organizations.

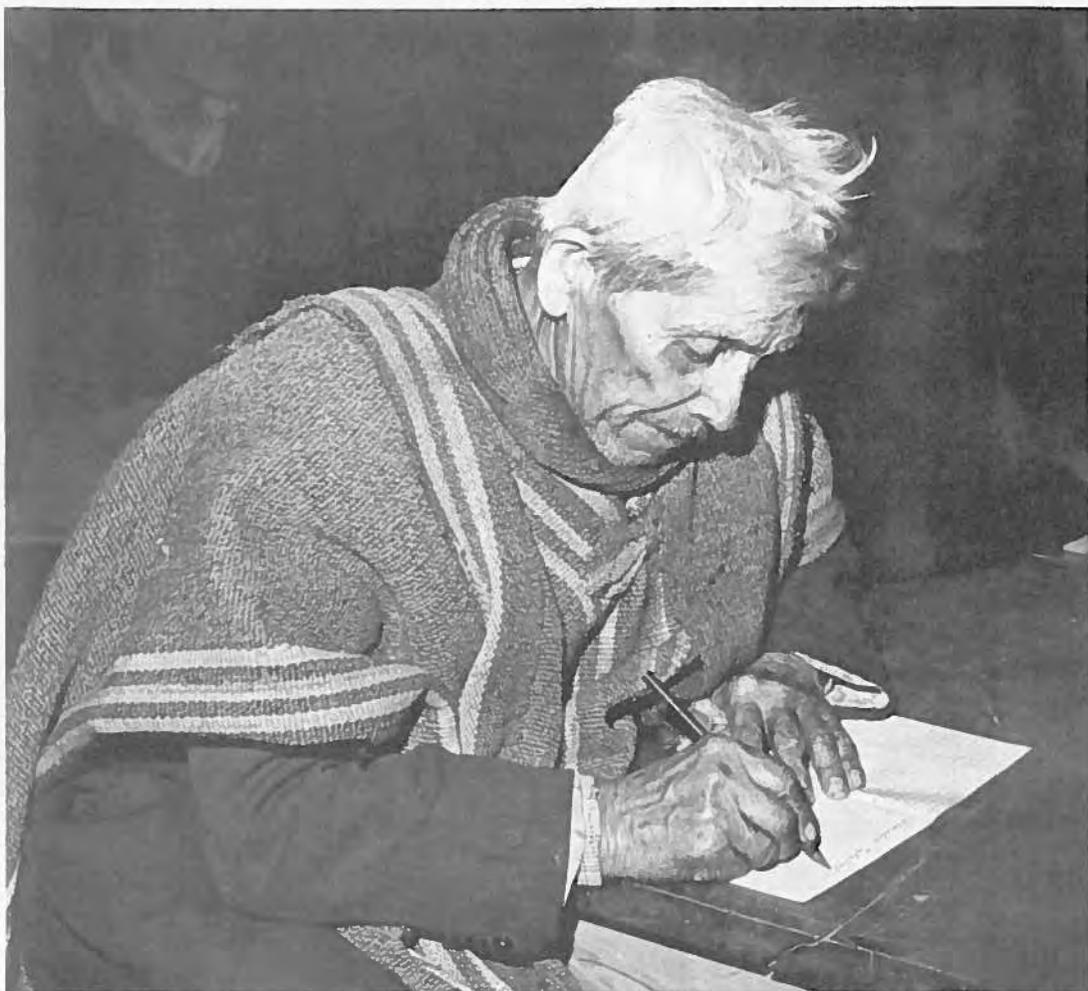
## LATIN AMERICA

AID's Latin American programs consist primarily of the United States participation in the Alliance for Progress, a 10-year, multi-nation effort to improve social and economic conditions in the Western Hemisphere.

The charter of the Alliance, signed at Punta del Este, Uruguay, on August 17, 1961, links the United States with 19 Latin American countries. The charter assigns the major responsibility to the Latin American countries which are expected to provide 80 percent of the estimated \$100 billion in investment funds which will be expended over the 10-year period.

The United States has pledged to provide—from private and government resources—the critical margin of external assistance amounting to about 20 percent of total Alliance funds.

In Fiscal Year 1963, AID committed \$558 million in assistance to the Alliance countries and five other nations in the Latin American region. More than 60 percent of the funds were in the form of loans to support development projects.



This man is one of 80,000 Chilean adults who are realizing their dreams of learning to read and write through an AID-supported campaign to reduce illiteracy. The United States is contributing basic texts which will be used nationwide by 10,000 volunteer instructors operating out of 1,000 newly established literacy centers.

**AID OBLIGATIONS AND LOAN AUTHORIZATIONS**  
**LATIN AMERICA**  
 FY 1963 (In Millions)

Country	Technical Assistance	Development Loans	Supporting Assistance	TOTAL	Cumulative FY 1948-63
Argentina	\$ 3.3	\$76.4	\$20.0	\$99.7	\$154.5
Bolivia	7.5	18.3	9.9	35.7	224.6
Brazil	23.8	37.4	25.5	86.7	224.5
British Guiana (a)	1.3	.....	.	1.3	4.0
British Honduras (a)	0.1	.....	.....	0.1	1.1
Chile	6.3	35.0	.....	41.3	259.1
Colombia	6.2	87.2	0.2	93.5	171.8
Costa Rica	2.4	10.6	.. .	13.0	35.5
Cuba (a)	No aid since FY 1961				2.8
Dominican Republic	3.6	2.1	23.9	29.7	57.8
Ecuador	4.9	6.3	7.0	18.2	77.0
El Salvador	3.0	16.6	.....	19.6	32.4
Guatemala	2.6	0.7	.. .	3.3	98.3
Haiti (b)	.....	.....	4.9	4.9	57.0
Honduras	3.2	1.6	2.4	7.3	36.9
Jamaica (a)	0.8	5.0	.. .	5.8	8.9
Mexico	0.3	.. .	.....	0.3	28.8
Nicaragua	2.5	1.0	.. .	3.5	25.2
Panama	2.3	6.0	0.4	8.8	49.2
Paraguay	3.0	.. .	.. .	3.0	35.9
Peru	3.0	.	... ..	3.0	80.9
Regional Organization for Central America and Panama	5.7	2.5	.. .	8.2	8.2
Surinam (a)	0.3	.	.....	0.3	3.1
Trinidad and Tobago (a)	0.8	...	10.1	10.9	21.4
Uruguay	1.9	6.0	.....	7.9	18.8
Venezuela	3.0	30.0	0.1	33.1	60.5
Regional	18.4	.....	.....	18.5(c)	77.7
<b>TOTAL Latin America</b>	<b>\$110.5</b>	<b>\$342.8</b>	<b>\$104.5</b>	<b>\$557.8</b>	<b>\$1,855.8</b>
<b>Total for Alliance for Progress</b>	<b>\$107.2</b>	<b>\$337.8</b>	<b>\$ 94.4</b>	<b>\$539.4</b>	<b>\$1,814.5</b>

(a) Not members of Alliance for Progress  
 (b) Aid suspended August 1963

(c) Includes \$.1 million funded from Contributions to International Organizations.



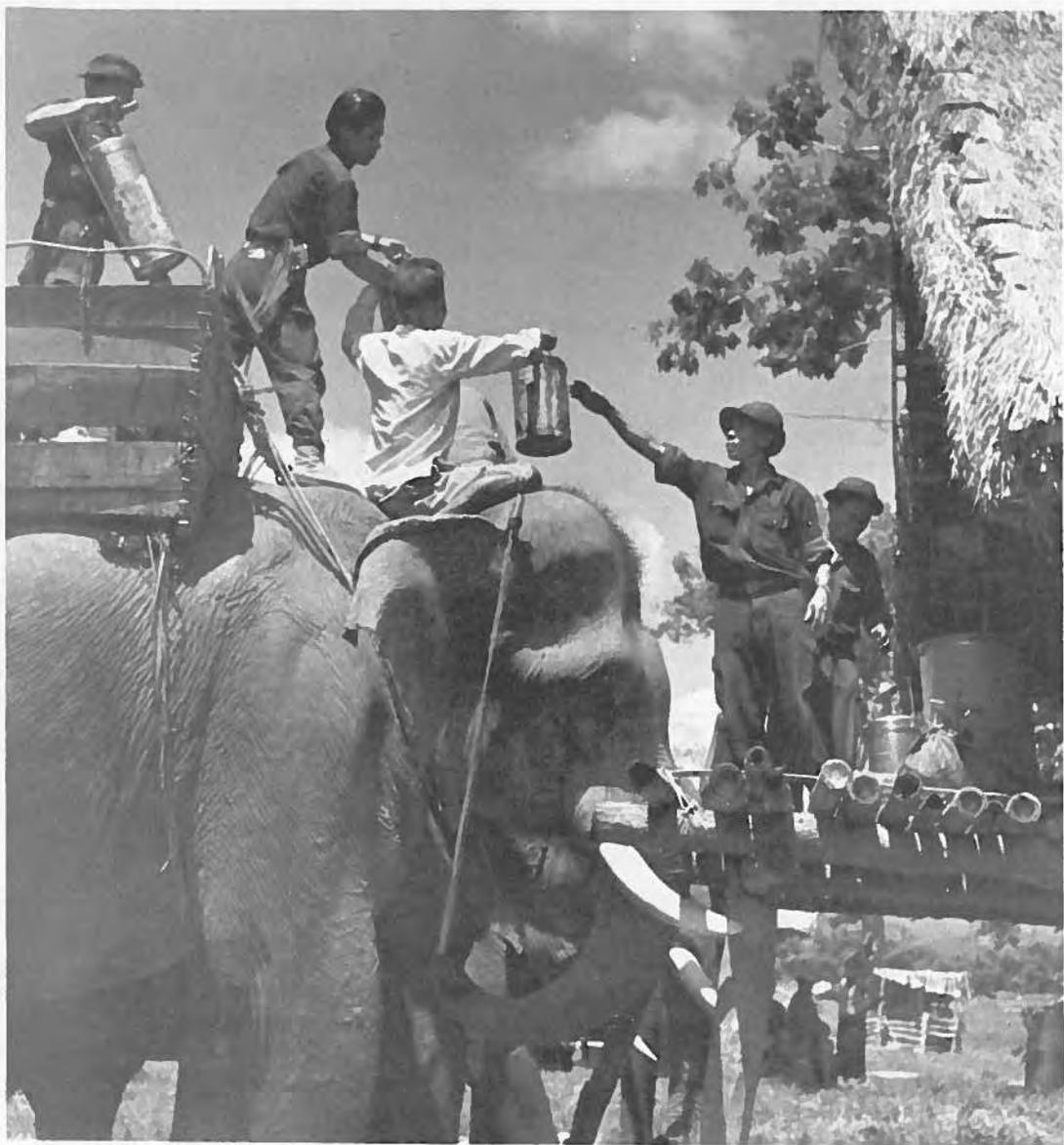
Fifty-acre farms being carved out of the Guatemalan jungles to provide homes and livelihoods for 5,000 underprivileged families. U. S. aid helped to establish supervised agricultural credit, extension services, and satellite centers containing schools and hospitals as part of the answer to the massive need for land reform and the better use of land.

## THE FAR EAST

The changes which have reshaped East Asia since World War II heightened the need for U.S. help in developing independent nations in that area.

The war served to reduce the control of all the major powers over their colonial empires in the Far East and gave new impetus to the widespread independence movements. New nations came into existence in rapid succession—the Philippines, Burma, the Republic of Korea, Indonesia, Malaya, Vietnam, Cambodia and Laos. During this period of world change, the Communists on the Chinese mainland were growing stronger; Peking's influence was extended into North Korea and North Vietnam, and gained a foothold in Northern Laos. The new nations are tempting targets for Communist imperialism, and attacks or subversion attempts have been made in nearly every one of them.

In Fiscal Year 1963, AID programs were under way in nine Far East countries. The major effort was to help stabilize national economies and to contribute to the security of nations such as Vietnam, Korea, and Laos. Programs in the Philippines, Thailand, and the Republic of China have been decreasing as these countries approach self sufficiency.



DDT and spray equipment being unloaded at a remote village in the campaign to eliminate malaria from Vietnam by 1967. Since 1955, U. S. support in the form of insecticides, equipment, technicians, and training has helped reduce the national malaria rate from over seven percent to less than one percent.

**AID OBLIGATIONS AND LOAN AUTHORIZATIONS**  
**FAR EAST**  
 FY 1963 (In Millions)

Country	Development Grants	Development Loans	Supporting Assistance	TOTAL	Cumulative FY 1948-63
Burma	\$ 1.0	\$ .....	\$ 14.3	\$ 15.3	\$ 63.6
Cambodia (a)	8.6	.....	11.4	20.0	267.0
China, Rep. of	2.1	36.5	.....	38.6	1,383.3
Indochina, Undistributed (b)	.....	.....	.....	.....	825.6
Indonesia	14.8	.....	21.9	36.7	278.6
Japan	.....	.....	.....	.....	21.8
Korea	7.3	30.6	90.0	127.9	2,279.7
Laos	.....	.....	38.4	38.4	327.0
Malaya	.....	.....	.....	.....	20.0
Philippines	3.3	.....	.....	3.3	275.6
Thailand	7.5	.....	10.1	17.6	315.3
Viet Nam	10.5	.....	133.0	143.5	1,709.3
Asian Economic Development Fund	.....	.....	.....	.....	29.8
Regional	2.2	.....	.....	2.5(c)	15.1
<b>TOTAL Far East</b>	<b>\$57.3</b>	<b>\$67.1</b>	<b>\$319.1</b>	<b>\$443.7</b>	<b>\$7,811.8</b>

(a) AID discontinued Nov. 20, 1963

(b) Prior to partition

(c) Includes \$0.2 million for Asian Productivity Program funded from contributions to International Organizations.



Filipino clerks tabulate the results of an economic and demographic census conducted to amass reliable data upon which to base development plans. In addition to providing electronic computers and other equipment, AID supplied technical advisors on the scene and brought 16 Filipinos to the United States for special training.

## NEAR EAST AND SOUTH ASIA

AID's major programs in the Near East and South Asia are directed primarily at six countries which lie along the Sino-Soviet borders: Afghanistan, Greece, India, Iran, Pakistan, and Turkey.

Most of these countries have devised their own development programs, providing a practical basis for U.S. economic aid. Greece, for instance, has made substantial economic progress in the last ten years and is approaching the point where AID programs can be terminated. Turkey is committed to its first Five-Year-Plan, India has completed two Five-Year Plans and is now in the third year of its new Plan, Pakistan is in the fourth year of its Second Plan.

In Fiscal Year 1963, AID programs totaled \$992 million for 16 countries in the region. Most of the funds were committed for development loans, principally for projects in India and Pakistan. European countries, Canada, and Japan are also making substantial contributions to economic development in this region, particularly in India and Pakistan.



An AID technician and his Iranian counterpart examine the yield from an improved strain of wheat introduced under the U. S. agricultural assistance program and now used by a majority of the farmers. Other results: Iran's agriculture extension staff has grown from a few untrained workers to more than 800 specialists working nationwide; the use of fertilizers has increased more than 16 times over; the use of pesticides has quadrupled; and some plant diseases—such as wheat smut—have been eradicated.

**AID OBLIGATIONS AND LOAN AUTHORIZATIONS**  
**NEAR EAST AND SOUTH ASIA**  
 FY 1963 (In Millions)

Country	Technical Assistance	Development Loans	Supporting Assistance	TOTAL	Cumulative FY 1948-63
Afghanistan	\$15.1	\$ 2.6	\$ .....	\$ 17.7	\$ 150.7
Ceylon (a)	0.4	.....	.....	0.4	22.3
Cyprus	0.7	2.3	.....	3.0	3.7
Greece	.....	31.6	.....	31.6	1,081.9
India	6.3	396.0	.....	402.3	1,884.7
Iran	3.8	17.4	2.2	23.4	590.1
Iraq	0.8	.....	.....	0.8	18.7
Israel	.....	45.0	.....	45.0	464.0
Jordan	7.0	.....	36.0	43.0	315.7
Lebanon (b)	0.1	.....	.....	0.1	58.1
Nepal	3.9	.....	.....	3.9	30.9
Pakistan	9.0	176.8	0.3	186.1	1,333.7
Saudi Arabia	No aid since FY 1958				27.3
Syrian Arab Rep.	.23	.....	0.1	.24	19.6
Turkey	5.3	71.4	55.0	131.7	1,333.5
United Arab Rep. (Egypt)	2.3	36.3	10.0	48.6	171.8
Yemen	.....	.....	5.7	5.7	19.5
Regional	3.3	.....	1.7	48.1(c)	457.1
<b>TOTAL</b>	<b>\$58.2</b>	<b>\$779.6</b>	<b>\$110.8</b>	<b>\$991.6</b>	<b>\$7,983.3</b>

(a) Aid suspended Feb. 1963

(b) Program terminated in FY 1963.

(c) UN and Indus Basin aid, totaling \$43.1 million, funded from Contributions to International Organizations.



**An American professor demonstrates teaching techniques as an Indian professor looks on in one of three Indian medical colleges receiving AID assistance. AID's program seeks to upgrade the quality of instruction in the medical institutions of the underdeveloped countries by sending American medical teams overseas and by bringing foreign nationals to the United States for advanced training. For example, in one four-year period recently, faculty members from 40 Indian colleges received 147 man-years of graduate training in this country.**

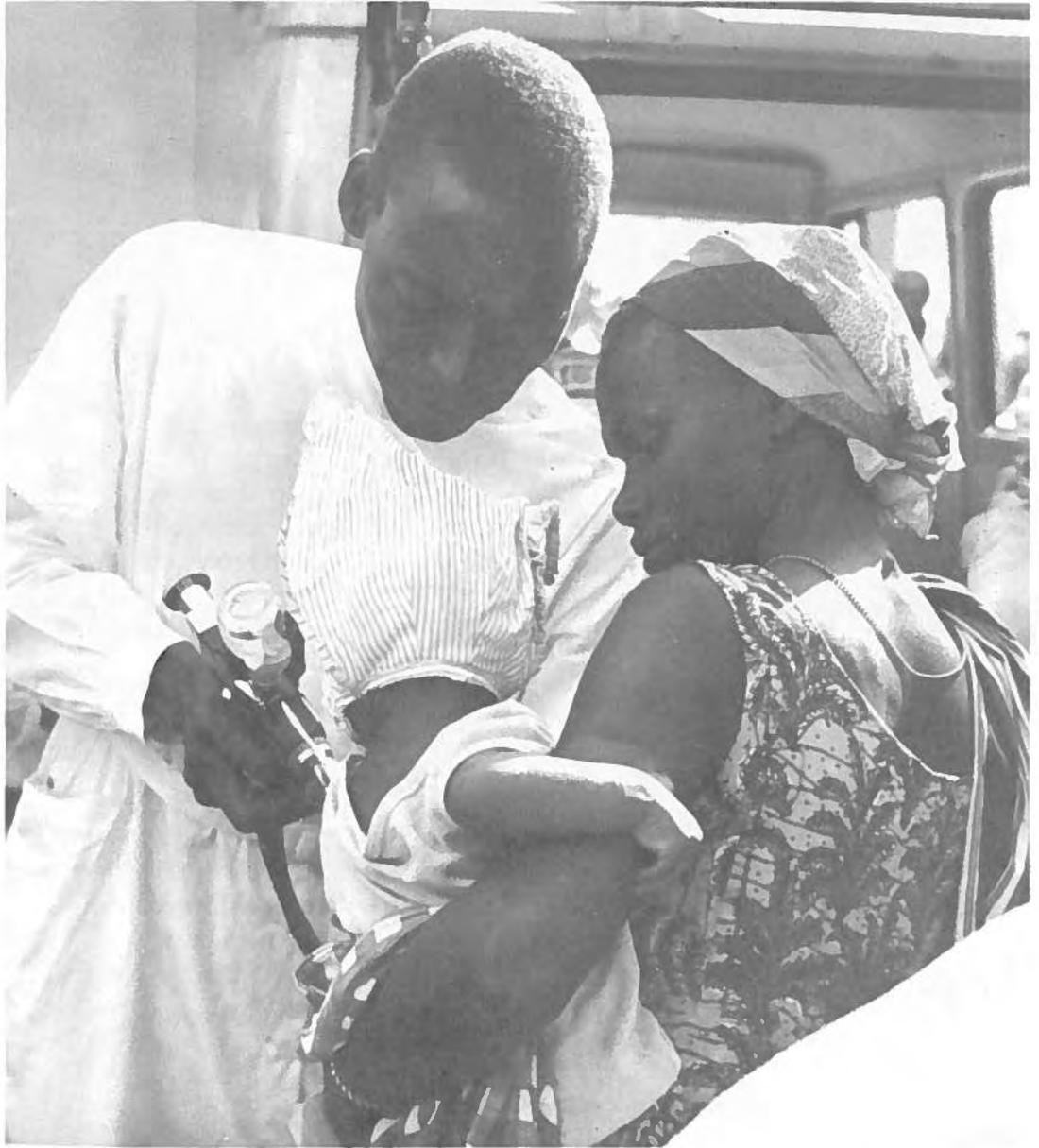
## ONE BATTLE IN THE WAR AGAINST DISEASE

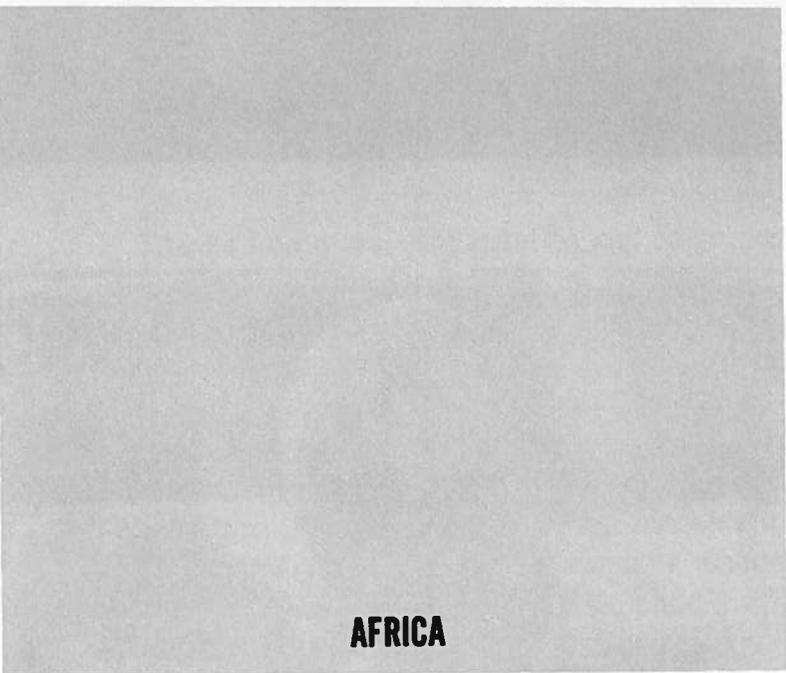
Thanks to a mass immunization campaign conducted through the cooperation of AID, the U. S. National Institutes of Health, and the Government of Upper Volta, from 100,000 to 200,000 children will be alive this year that might otherwise be dead.

Measles has long been a dread child killer in West Africa. Prior to the U. S.-aided inoculation program last year, this disease annually claimed the lives of one in every four Voltaic children between seven months and four years of age. Using vaccine donated by an American drug firm, three NIH scientists trained and supervised teams of local technicians in jet injection vaccination procedure. Government officials from Volta's President down to village chieftains donated their time and energy to insure an orderly and effective campaign, urging people to have their children immunized.

The response was enthusiastic. Mothers and fathers from the outlying areas trekked miles across the countryside to participate, carrying the younger children, and sometimes bearing gifts of appreciation for the health teams. Good organization, excellent cooperation, and modern techniques made it possible to inoculate about 730,000 children in the critical age group before the epidemic season began.

Cost to AID: about \$45,000—less than 50 cents for each life saved.



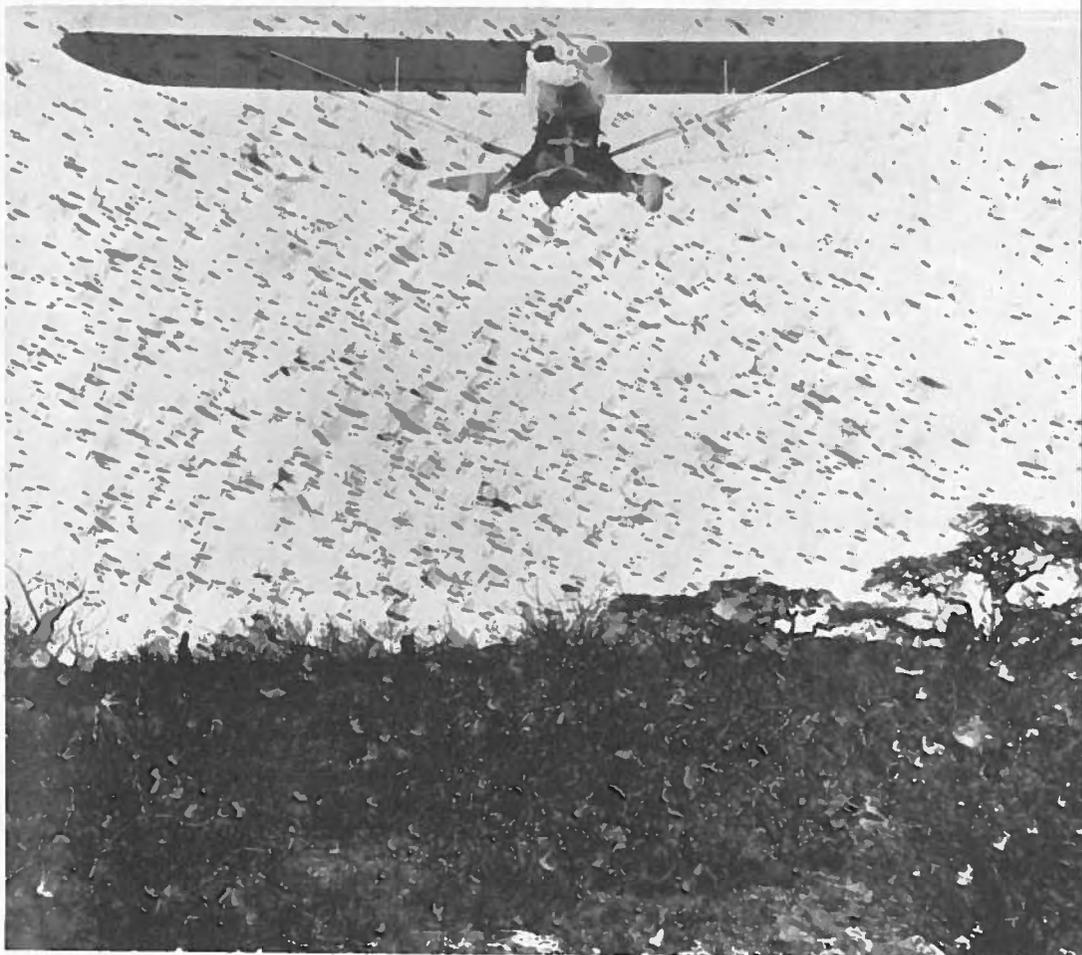


## AFRICA

Thirty African countries, with a combined population exceeding 170 million, have become independent in recent years. The fundamental U.S. interest is to help these new nations achieve effective self-government, economic and social growth, and the ability to respond to the needs and aspirations of their people.

Western European countries have been providing the major portion of external economic assistance to the nations of Africa for a number of years. In most countries, U.S. economic assistance is subsidiary and supplementary to that of European donors. Our aid has made it easier for these African states to accept from former colonial powers the large amounts of assistance needed. In three countries—Liberia, Nigeria, and Tunisia—the United States plays a major development role. In two countries—Morocco and Libya—our assistance is tied to vital U.S. security interests.

During Fiscal Year 1963, two-thirds of the Development Loans authorized in the region went to three countries—Liberia, Nigeria, and Tunisia. The total for the region in FY 1963 was \$266 million.



A low-flying airplane sprays insecticides on a swarm of desert locusts in their breeding grounds in Ethiopia as part of the AID-supported insect control program in East Africa. Hundreds of square miles of cropland and even greater areas of grassland have been saved from devastation by these modern techniques.

# AID OBLIGATIONS AND LOAN AUTHORIZATIONS

## AFRICA

FY 1963 (In Millions)

Country	Technical Assistance	Development Loans	Supporting Assistance	TOTAL	Cumulative FY 1948-63
Algeria	\$ 1.0	\$ .....	\$ 0.7	\$ 1.8	\$ 2.1
Burundi	.....	.....	.....	.....	.....
Cameroon	1.0	.....	.....	1.0	15.3
Central African Rep.	0.7	.....	.....	0.7	1.0
Chad	1.0	.....	.....	1.0	1.3
Congo (Brazzaville)	0.5	.....	.....	0.5	1.7
Congo (Leopoldville)(a)	3.0	.....	.....	42.4	176.7
Dahomey	0.7	.....	.....	0.7	3.2
Ethiopia	6.0	4.0	.....	10.0	92.3
Gabon	0.7	.....	.....	0.7	1.0
Ghana	1.7	.....	.....	1.7	89.5
Guinea	3.7	2.4	6.2	12.3	20.7
Ivory Coast	0.8	1.7	.....	2.5	6.0
Kenya	2.7	2.2	.....	4.9	13.0
Liberia	8.6	31.3	.....	39.9	76.3
Libya	2.3	.....	9.0	11.3	132.7
Malagasy Rep.	0.5	.....	.....	0.5	1.5
Mali, Rep. of	1.2	2.1	0.7	4.0	8.9
Mauritania	0.1	.....	.....	0.1	1.6
Morocco	1.1	.....	20.5	21.6	259.9
Niger	0.7	0.5	.....	1.2	4.2
Nigeria	15.3	12.1	.....	27.4	66.3
Rhodesia & Nyasaland	1.8	.....	.....	1.8	15.4
Senegal	2.2	.....	.....	2.2	6.7
Sierra Leone	2.5	.....	.....	2.5	4.6
Somali Republic	4.2	3.6	.....	7.8	31.4
Sudan	2.7	3.8	.....	6.5	66.4
Tanganyika	2.0	6.9	.....	8.9	1.8
Togo	0.8	.....	.....	0.8	2.7
Tunisia	2.2	23.3	6.8	32.3	190.1
Uganda	2.5	4.4	.....	6.9	11.2
Upper Volta	0.5	.....	.....	0.5	3.3
Zanzibar	.....	.....	.....	.....	0.1
Other and Regional	9.4	.....	.....	9.8	28.6
<b>TOTAL Africa</b>	<b>\$84.1</b>	<b>\$98.3</b>	<b>\$43.9</b>	<b>\$266.1</b>	<b>\$1,496.6</b>

(a) Includes \$39.8 million funded from contributions to International Organizations



Top quality tomatoes like these were virtually unknown in Tunisia as late as 1958 when it was necessary to import 3,000 tons of tomato paste to meet domestic needs. An AID crop improvement program began in 1959 to provide American seed, essential commodities, and technical assistance. By 1963, Tunisian farmers were exporting 3,000 tons of tomato paste after supplying all domestic demands, and had nearly doubled their output of oranges and olives from the 1958 level.

## **WESTERN EUROPE**

To assist Western European countries to recover from World War II and rebuild their economies, predecessor agencies to AID provided nearly \$13 billion in economic aid between 1949 and 1952 as part of the Marshall Plan.

Economic aid to those countries started to decline in Fiscal Year 1953 and was terminated for most of the nations by 1960.

In Fiscal Year 1963, AID economic assistance went to only two European countries: Yugoslavia received \$100,000 to conclude previous economic aid programs, and Poland received \$2.8 million for the Children's Hospital in Krakow, Poland.

# AID OBLIGATIONS AND LOAN AUTHORIZATIONS

## EUROPE

FY 1963 (In Millions)

Country	Technical Assistance	Development Loans	Supporting Assistance	TOTAL	Cumulative FY 1948-63
Austria	No aid since FY 1959			.....	\$ 726.0
Belgium/Luxemburg	No aid since FY 1954			.....	560.0
Berlin	No aid since FY 1962			.....	119.0
Germany, Fed. Rep.	No aid since FY 1954			.....	1,472.4
Denmark	No aid since FY 1954			.....	280.8
France	No aid since FY 1959			.....	3,190.3
Iceland	No aid since FY 1961			.....	60.2
Ireland	No aid since FY 1952			.....	146.5
Italy	No aid since FY 1959			.....	1,650.3
Norway	No aid since FY 1958			.....	991.6
Netherlands	No aid since FY 1955			.....	276.8
Portugal	No aid since FY 1957			.....	51.1
Spain	No aid since FY 1962			.....	578.5
Sweden	No aid since FY 1952			.....	106.9
United Kingdom	No aid since FY 1959			.....	3,834.9
Yugoslavia (a)	\$ 0.1	.....	.....	\$ 0.1	575.3
Poland (b)	2.8	.....	.....	2.8	65.3
Regional	.....	.....	.....	.....	550.6
<b>TOTAL Europe</b>	<b>\$ 2.9</b>	.....	.....	<b>\$ 2.9</b>	<b>\$15,236.3</b>

(a) Program terminated in FY 1963

(b) Special Congressional authorization for Childrens Hospital in Krakow

## WORLD-WIDE

AID's economic assistance programs totaled \$2.4 billion in Fiscal Year 1963. Since 1948, these programs have cost \$36 billion.

The regional breakdown of AID obligations and loan authorizations follows:

<b>AID OBLIGATIONS AND LOAN AUTHORIZATIONS</b> <b>WORLD-WIDE</b> <b>(IN MILLIONS)</b>		
<b>Region</b>	<b>Fiscal Year 1963</b>	<b>Cumulative FY 1948 through FY 1963</b>
Far East	\$ 443.7	\$ 7,811.8
Latin America	557.8	1,855.8
Near East-South Asia	991.6	7,983.3
Africa	266.1	1,349.6
Europe	2.9	15,236.3
Non-Regional	169.9	1,631.2
<b>WORLD WIDE</b>	<b>\$2,432.1</b>	<b>\$35,868.0</b>

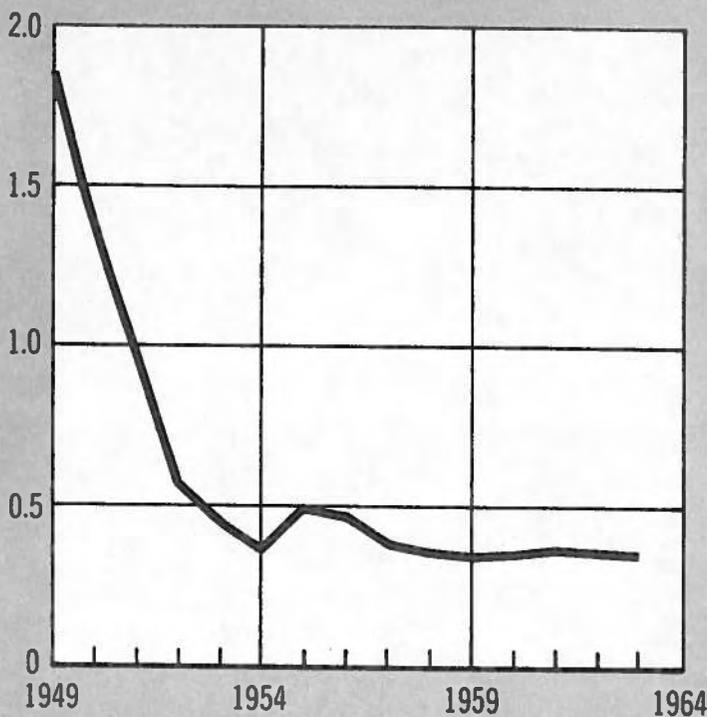
## THE COST OF ECONOMIC AID

In the peak year for U.S. foreign assistance (Fiscal Year 1949\*), \$6.3 billion in economic aid was extended by AID's predecessor agency. In Fiscal Year 1963, the figure was \$2.4 billion.

\* The Fiscal Year total for economic aid was for a 15-month period, including the last three months of FY 1948.

In the past 15 years the burden of foreign assistance to the U.S. taxpayer has declined sharply. As a share of the gross national product, economic aid has declined from two percent at the start of the Marshall Plan—to less than four-tenths of one percent in Fiscal Year 1963. As a share of the Federal budget, economic aid declined from 11.5 percent in FY 1949 to 2.2 percent in FY 1963.

### ECONOMIC AID EXPENDITURES AS A PERCENT OF U.S. GROSS NATIONAL PRODUCT



## EDUCATION IN NIGERIA

Virtually every underdeveloped nation is plagued by an underdeveloped educational system. Permanent social and economic progress cannot be built on an inadequate educational foundation. Enduring progress requires a ready supply of skilled manpower to sustain the momentum of development.

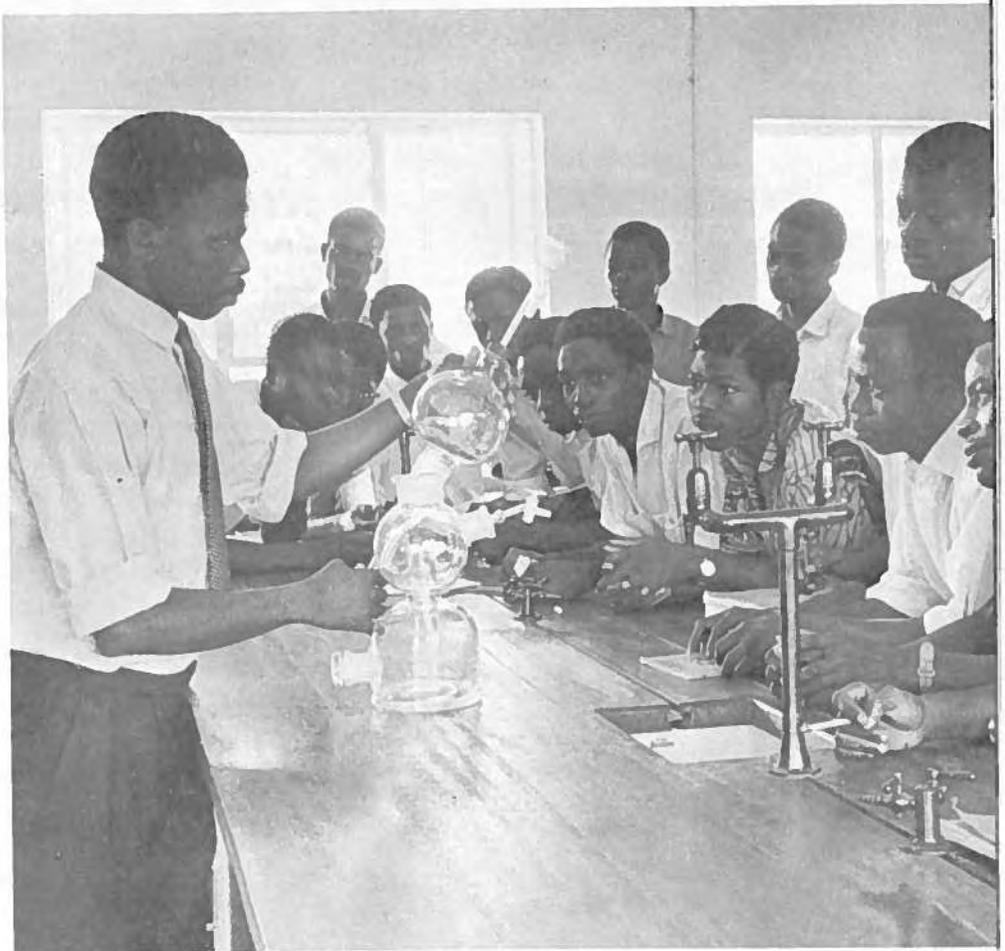
Nigeria is a good case in point.

More than 40 percent of all U.S. assistance to Nigeria has gone into educational enterprises. The objective is to create a school system which will go beyond mere academic orientation by offering a full range of technical, trade, and professional skills on all levels. With the cooperation of four teams of educators from American universities under AID contracts (University of California in Los Angeles, Michigan State, Indiana University, and Ohio University), significant progress has been made since 1960.

- The University of Nigeria has been organized as a "land grant" institution to act as a practical training and research center and supply skilled workers for agriculture, education, public administration, business and industry. Enrollment at the University increased from 220 in 1960 to 1,200 in 1962.

- Secondary schools are being converted into multi-purpose units offering not only academic education but vocational, trade, and technical instruction as well. In 28 of these schools, instructors who have completed a two-year teachers' commercial course are now training students for business and office work.

● U. S. university teams have provided advanced training for 150 primary education teachers who in turn are passing on their knowledge to 5,000 prospective teachers in 35 colleges. The American teams are now working out of 20 field centers to give inservice training to experienced primary school teachers in the Nigerian school system.



In part, the decline of the burden of foreign aid can be attributed to increased assistance by other Free World nations. In recent years, Western Europe, Canada, and Japan have doubled the amount of their economic aid (including long-term export credits similar to those granted by the Export-Import Bank)—from \$1.2 billion in 1956 to \$2.4 billion in 1962. Most developed countries are contributing approximately the same percentage of their gross national product to foreign economic aid as the United States; some are contributing an even higher percentage.

## **AID AND THE BALANCE OF PAYMENTS**

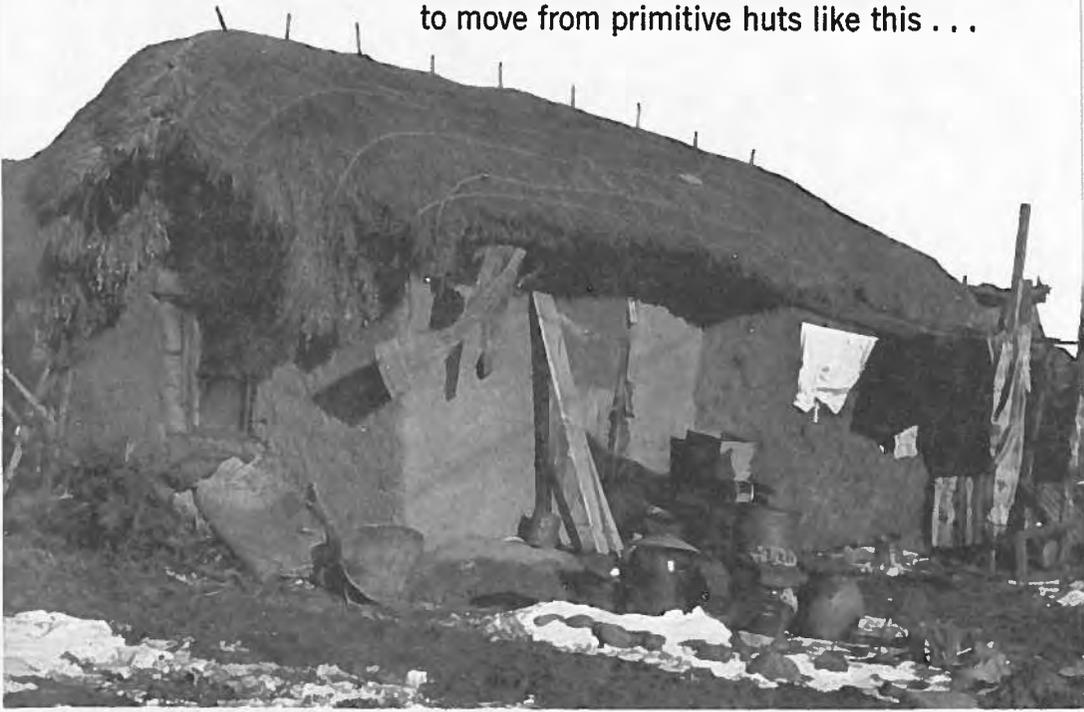
In the fifties, foreign aid dollars were spent abroad in large part and the direct effect of such expenditures on the U.S. economy was difficult to measure.

Today, however, most U.S. economic aid is "tied" to procurement in this country and approximately 80 percent of the funds currently being obligated by AID will be used to purchase goods and services in the United States. Under current policies, AID will not permit its funds to be spent in the 19 developed nations, except on an extraordinary waiver basis.

In Fiscal Year 1963, an estimated 78 percent of total commodity expenditures under the AID program were made in the United States, 15 percent in developing countries, and only 7 percent in developed countries.

Under present practices, therefore, economic aid has a relatively small effect on the U.S. balance of payments.

U. S. aid has enabled some 200,000 Koreans to move from primitive huts like this . . .



. . . to decent homes like these, a few of the more than 36,000 units built over a five-year period. The Korean Government assumed responsibility for continuing the work so that American support could be terminated.



## AID AND THE U. S. ECONOMY

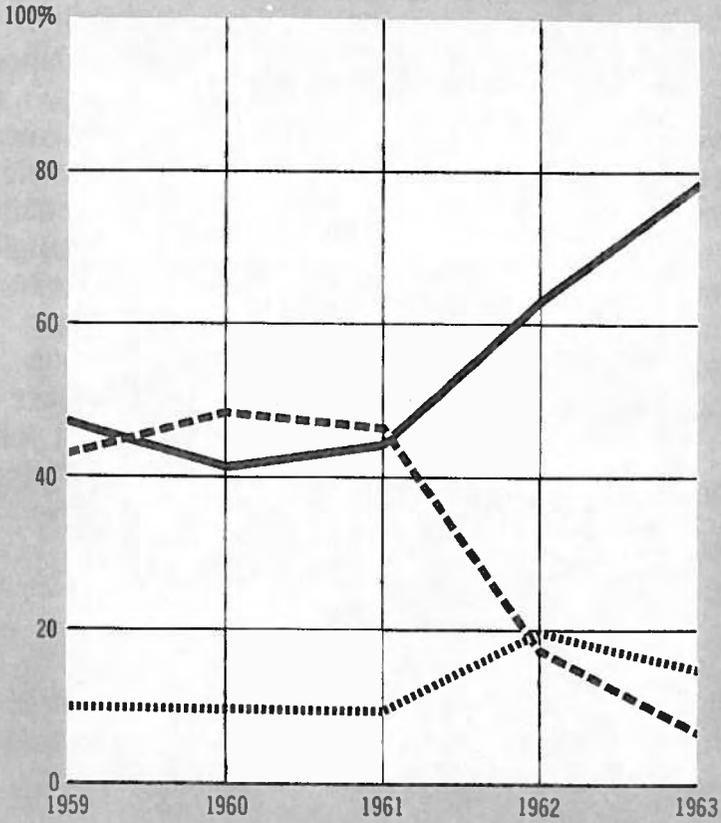
U.S. foreign aid programs play an important role in the U.S. economy.

Due to the restrictions which limit foreign aid spending to U.S. goods and services, a sizable share of some U.S. export items is now financed by AID programs. For example, in calendar year 1962, one-third of U.S. exports of locomotives, one-third of U.S. exports of fertilizer, and 25 percent of U.S. exports of iron and steel products were purchased under the foreign aid program.

In addition to financing U.S. exports directly, AID also helps to boost foreign trade indirectly. AID engineers and technicians abroad introduce American equipment and goods that may have been unfamiliar; U.S. products and techniques become known in places where they may never have been seen or used. Trade connections are established and a market for reorders is created.

The long-range benefits to the U.S. economy can be great because history indicates that trade follows aid. U.S. exports to Europe, for instance, doubled between 1950 and 1962; U.S. exports to Japan tripled between 1953 and 1962. In the developing countries, the same trend is already evident. Over the past five years, there were increases in U.S. exports (not aid-financed) of 14 percent to Taiwan, 28 percent to Colombia, and 76 percent to Israel.

**A.I.D.**  
**COMMODITY EXPENDITURES BY SOURCE**  
AS A PERCENTAGE



- Purchased in United States
- - - Purchased in 19 Developed Countries
- ..... Purchased in Developing Countries

## RIHAND HYDROELECTRIC PROJECT

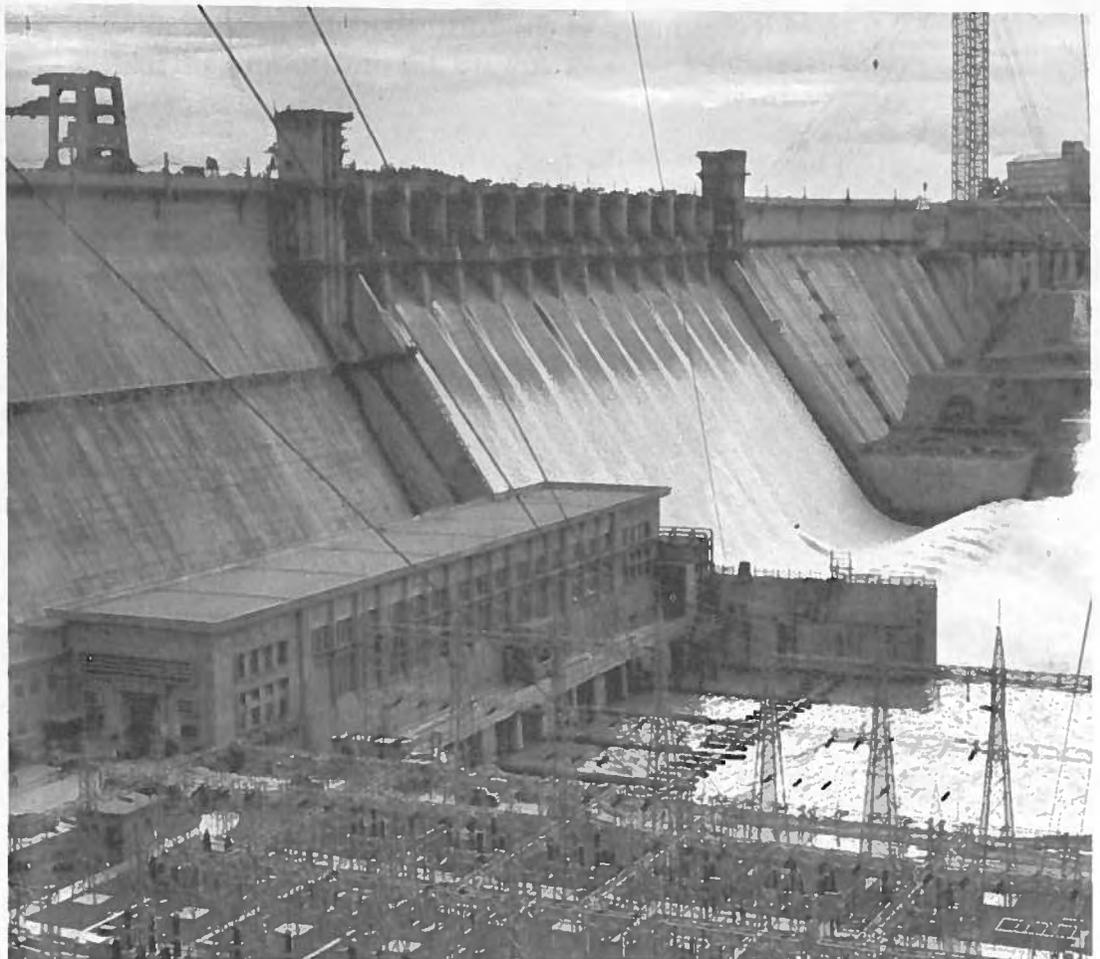
Rihand Dam in the state of Uttar Pradesh is part of the answer to India's critical need to develop greater water and power resources. The U. S. contribution consisted of an obligation of approximately \$6 million for the purchase of modern construction equipment and to pay the salaries of American technicians, and about \$53.2 million in local currency loans to help defray on-site building costs. The construction of the dam was completed in 1961, although the installation of power transmission lines has lagged behind schedule.

The most immediate benefit was to India's supply of electric power. It is estimated that Rihand will increase the available electric power in India's most heavily populated state by 150 percent over the 1951 amount. A local coal field with vast reserves is assured of an adequate water supply for its power plant; downstream power projects which had heretofore been restricted in their output by lack of a year-round water supply, can now plan for full-time operations. The 7.2 million acre feet of water in the Rihand Reservoir are helping to irrigate some 500,000 acres of land while the dam's generators provide power for tubewell and lift canal pumps which can irrigate another 1.4 million acres.

The dam is making a major contribution to industrial development. A local Kaiser aluminum plant uses Rihand electricity to manufacture an estimated 20,000 tons annually. Other industries which stand to benefit are a new chemical plant, a cement manufacturing firm, a soda ash and ammonium chloride factory, and additional manufacturing

enterprises which are expected to develop. A new 101-mile rail line is helping to open up the region, and railroad electrification plans have been moved forward.

Some benefits are less immediate and less easily measured. For example, flood control features of the Rihand complex will help to avert heavy crop losses by farmers during the monsoon season. Equipment purchased for the Rihand construction should see useful service on other jobs. Indian engineers will be able to apply the experience gained at Rihand to future hydroelectric projects.



## **BUILDING INSTITUTIONS OF FREEDOM**

The primary object of AID's program is to help create a community of free and independent nations.

In the words of President Johnson, ". . . the people of the world are no longer content to live in poverty, ignorance, and disease. They believe—quite rightly—that in the light of modern knowledge these ancient enemies no longer need be tolerated.

"They are looking to our system to show them the way into the 20th century. And we must not fail because the alternative is anarchy and through anarchy the enemies of freedom will triumph.

"We live in a world which is divided roughly into three parts. One third is under Communist domination; one third is committed to the institutions of freedom; one third is groping its way toward the institutions of the 20th century.

"These people of the latter third are hoping that they can achieve what we already have. We cannot afford to let them down. Our nation, in its prime, must not falter or fail."

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