

UNITED STATES AND TURKEY

ECONOMIC AND TECHNICAL COOPERATION

June 30, 1967

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INTRODUCTION

The Turkish nation has embarked upon a major development program designed to achieve a number of policy objectives -- a seven percent growth rate, a decrease in unemployment, independence from foreign assistance, a greater degree of social justice, and a much higher level of education for the nation. U.S. assistance, together with that of other nations, supports directly this development effort through providing additional resources to help cover both the balance of payments deficit and the investment-savings gap and to help meet part of the training problem which confronts Turkey. The following is a brief resume of the principal forms of our aid:

A. Program Loans. Program loans finance a part of Turkey's general imports -- raw materials, investment goods, and spare parts -- which are necessary for the continuing growth of the economy. Program loans have been one of the principal techniques of the U.S. aid program since 1963 when we shifted this aid from a grant to a loan basis. The trend of program assistance since 1965 has been downward -- in 1965, the program loan came to \$80 million; in 1966, \$70 million; and in 1967, \$65 million. The terms of this assistance are standard AID terms, primarily because of Turkey's continuing balance of payments problems and substantial external debt.

B. Project Loans. The principal characteristic of our project loans is that they are designed to provide investment financing for specific undertakings. Normally, the individual enterprise receives the assistance as a loan in contrast to the assistance that comes through the program loans under which the enterprise simply buys foreign exchange as it would normally from the Central Bank. In the latter instance, the lira proceeds flow to the Government. The succeeding section gives the breakdown of project lending by the U.S. Government.

C. PL-480. Over the past thirteen years, the U.S. provided almost 25% of its economic assistance to Turkey through sales of agricultural commodities under Title I, PL-480. Of these sales wheat accounted for almost 70% of the total and fats, oil, and tallow for another 25%. The last sales agreement, for an amount of \$12 million, took place in 1966 and financed wheat and a very small amount of corn. It seems unlikely at this point that there will be any need for cereal imports from the U.S. for this year. In fact, it is possible that Turkey will be an exporter of wheat in 1967.

D. Debt Relief. The U.S. has provided small amounts of debt relief to the Government of Turkey as part of the international agreement in 1965 to roll over Turkish external debts. We undertook to extend repayments due on both Marshall Plan and ExIm credits for ten years, but the Ministry of Finance has never been willing to accept the terms on which the ExIm credits would have been extended and, consequently, they have

paid off these debts. Payments due against the Marshall Plan credits amounted to \$5.6 million and were extended for ten years, with five years grace. In addition, part of the program assistance, \$4.2 million, given in 1954 was designed to finance 30% of the commercial debts coming due in the U.S. from Turkey over the period 1955-57.

E. Technical Assistance. The technical cooperation program, emphasizing skilled manpower and technical training, assists in establishing or strengthening Turkish agencies and institutions essential to economic development. A total of 350 projects have been completed, and grants in excess of \$50 million have supported the wide range of technical assistance activities which have been programmed to date.

ECONOMIC ASSISTANCE TO TURKEY

A. CAPITAL ASSISTANCE

With the loans that are authorized in fiscal year 67, AID will have a portfolio of half a billion dollars of active project loans to Turkey. Of about 35 loans, all but two are loans to the GOT, or all but three if we consider the Eregli Steel Company in the private sector column.

AID has made substantial dollar loans for steel production (\$130 million), electric power generation and distribution (\$120 million), coal production (\$44 million), highway equipment (\$33 million) and railroads (\$29 million).

In assisting the State Economic Enterprises we prefer to make loans for specific projects which include some Turkish private sector investment, like the Black Sea Copper Project, and the proposed loan for a fertilizer plant. This year the GOT has requested three loans to assist universities (Ataturk, METU and Hacettepe). This is a new departure and one which has taken considerable pressure from the Universities, because the Ministry of Finance has a number of outstanding industrial projects for which they have not found foreign loans. Two of these loans are novel in including dollars for visiting professors and fellowships in the U.S., which the Ministry has previously considered as technical assistance that should be financed only from grant funds.

In analyzing future loans we are particularly concerned with foreign exchange earnings or substitutions, assistance to agriculture, and stimulation of investment of Turkish private savings.

B. CONSORTIUM FINANCING

The U.S. does not stand alone in giving aid to Turkey, although in the late 1940's and the 1950's, the United States was almost the sole provider. In 1962, Turkey's planners completed the first long-term plan, which called for the nation by 1972-73 to double its gross national product and reach a stage when it would no longer require concessionary aid to sustain a growth rate of 7%.

To achieve this goal, the Plan not only called for greatly increased Turkish self-help but also called for nearly doubling the foreign aid in the first five years compared with the preceding five years.

The Plan was presented to a group of friendly nations, NATO allies and other European nations prepared to take an active role. The result was the establishment of the Consortium under the auspices of the OECD (Organization for Economic Cooperation and Development) with headquarters in Paris. The concept of the Consortium was that the United States would continue to play a major role, and the large increase in foreign aid envisaged by Turkey's planners would be provided by the European nations which had

recovered economic stability in the 1950's.

The Consortium comprises 14 nations and a number of international organizations. Members are Austria, Belgium, Canada, Denmark, France, Germany, Italy, Luxembourg, Netherlands, Norway, Sweden, Switzerland, United Kingdom and the United States in addition to the World Bank and the European Investment Bank. The International Monetary Fund actively participates in the work of the Consortium.

The Consortium's goal is to help Turkey achieve this pattern of self-sustaining economic growth at a rate of about 7% per year without requiring further foreign aid by 1972-73.

A major goal of Turkey's Five-Year Plan and 15-year Perspective is the attainment of self-sustaining economic growth by 1972-73, thus permitting the phaseout of large-scale external economic assistance. The goal includes the development of a strong competitive economy, both internally and externally, so that Turkey will be able to fulfill its commitments to the European Economic Community.

The Consortium itself has done a series of calculations of the aid channelled through it. These appear in the attached table.

SUMMARY OF ASSISTANCE PROVIDED IN THE FRAMEWORK OF THE CONSORTIUM 1/
FROM 1963 TO 1966

Agreements Signed, Disbursements and Pipeline

	Pipe- line as of end- 1962	US \$ Millions										Pipe- line as of end 1966
		1 9 6 3		1 9 6 4		1 9 6 5		1 9 6 6 (estimates)		4-year totals 1963-1966		
		Agree- ments signed	Dis- burse- ments	Agree- ments signed	Dis- burse- ments	Agree- ments signed	Dis- burse- ments	Agree- ments signed	Dis- burse- ments	Agree- ments signed	Dis- burse- ments	
Total financial assistance	221	207	245	298	200	351	268	<u>[350]</u>	<u>[246]</u>	1,206	959 <u>2/</u>	468
Program assistance	38	151	138	158	134	116	125	<u>[113]</u>	<u>[97]</u>	538	494	82
Project assistance	183	30	81	104	41	50	56	<u>[216]</u>	<u>[76]</u>	400	254	329
Debt relief	-	26	26	36	25	185	87	<u>[21]</u>	<u>[73]</u>	268	211	57

1/ Includes assistance provided through the European Fund (EMA) in the form of program assistance (\$35 million in 1963 and \$20 million in 1964) and debt relief (\$15 million in 1963, \$10 million in 1964, \$50 million in 1965, and \$20 million in 1966) but excludes technical assistance and PL-480 deliveries.

2/ Made up of \$204 million from agreements signed prior to 1963 and \$755 million from agreements signed in 1963, 1964, 1965, and 1966.

C. SECOND FIVE-YEAR PLAN

The Turkish Government has just completed two years of preparatory work on the Second Five-Year Plan which is to go into effect on January 1, 1968. In general terms, this Plan is a continuation of the First Five-Year Plan adopted in 1962 and will unfold as part of the 15-year effort on the Government's part to accelerate the economic and social growth of the country. The keystone of the Plan is the Government decision to achieve a 7% growth rate. During the First Five-Year Plan, the growth rate will probably have come to 6.7 - 6.8%.

One of the most significant aspects of the new Plan is that of the continuing major shift in the sources of national income. During the next five years, the presumption of the Plan is that agriculture will continue to diminish in relative terms from about 30% of total value added to about 26%. At the same time, industry's share in total value added would jump from 16% to 20%. In other words, the Plan, in its essence, is a plan for industrialization. The Plan suggests that the rate of investment will continue to increase and by 1972 will reach 22% of GNP. At the same time, domestic savings will increase even more rapidly so that in relative terms the need for foreign assistance will be declining. Foreign assistance will continue to be necessary, however, and the Government suggests that about \$1.25 billion will be required from external sources in disbursements during this period.

We would note also that in the Plan the Government has been far more optimistic about the potential for expanding the nation's foreign exchange earnings than it has been in previous documentation. They expect an annual increase in exports of about 7.2%, which would bring exports in 1972 to about \$720 million. Tourism earnings are expected to jump very substantially and reach, in gross terms about \$135 million. Workers' remittances would continue to grow but at a much slower rate than in the recent past. Based on our discussions, and fragmented studies it is fairly evident that there are still considerable problems in terms of the means by which the Government will achieve these targets.

At the time of writing, Parliament has the Second Five-Year Plan under review and, under normal circumstances, should approve this by the end of June. The Mission has not yet had the opportunity to review the Plan in any detail. There was a colloquium on planning methodology held last November at which there was considerable discussion of some of the problems of planning. The techniques of the planning exercise are discussed in two papers -- one prepared by Hollis Chenery, and one prepared by the Economic Planning Office.

Imminent Problems

The Mission will conduct a thorough analysis of the Second Five-Year Plan. The State Planning Organization is preparing a translation which they have asked us to edit for them. This work should be underway in July. From this summary, we would then proceed to a detailed analysis. It is also essential, however, that the Consortium begin to learn of the Second Five-Year Plan. It has been proposed that there be an international group of experts familiar with Turkey to do a quick job of reviewing the Plan and reporting thereon to the Consortium. We would hope that the work of the group would begin toward the end of August.

D. TECHNICAL ASSISTANCE

The Technical assistance program was launched in 1949 within the framework of President Truman's Point IV program. Its purpose today is essentially the same as it was 18 years ago, that is, to make the benefits of U.S. scientific advances and industrial progress available for the industrial growth of Turkey. This objective is pursued today by training Turks in U.S. institutions, and by bringing experts to work directly with Turks.

The program today reflects changes in the administrative philosophy of AID, and the numbers of technical assistance projects have been sharply reduced. For example, there were more than a hundred active projects in 1960, and today there are 16 projects operating in all major fields of activity excluding Health. Similarly, the number of U.S. experts has been reduced with large numbers of AID career employees replaced by employees from other U.S. Government agencies and other personnel serving under a variety of contractual arrangements.

During the last few years the technical assistance program has been brought into sharper focus in terms of the new framework for development as embodied in the Assistance Completion Plan which calls for a termination of all grant assistance by 1973. All 16 projects presently proposed in the FY 68 program are scheduled for termination in FY 72 or FY 73. Most of these activities were started within the last two years. Each of them defines a clear area of concentration in its appropriate functional field.

The participant training element of the technical assistance program continues to be of major importance. By the end of 1966 more than 4,200 Turks had been awarded grants for study and observation in the United States. These include 1,679 in Agriculture, 710 in Public Administration, 556 in Education, 501 in Labor, 477 in Industry, and 323 in Transportation.

The program has averaged about \$4,400,000 during the last several years:

Fiscal Years in Thousands of Dollars

	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Agriculture and					
Natural Resources	1,191	1,150	1,291	960	529
Industry & Mining	513	448	412	487	317
Labor	314	326	226	352	296
Education	855	670	354	739	712
Public Administration	638	550	886	517	1,117
Tech Support/Other	869	1,026	1,200	1,440	1,579
	<u>4,380</u>	<u>4,170</u>	<u>4,369</u>	<u>4,495</u>	<u>4,550</u>

III. Elements of USAID Program

A. AGRICULTURE - Introduction

In considering future technical assistance programming in the field of agriculture, it is recognized that for at least the next decade agriculture will continue to be the largest single economic sector of the economy, accounting for approximately one-third of Turkey's total output. At least two-thirds of the total labor force is in agriculture, and more than 90 percent of exports come from this sector. AID's technical assistance support will be limited to a few key projects which are devoted to the physical problems of increasing output. These projects are targeted toward achievement of the following program goals:

1. Maximize effective use of irrigation water;
2. Increase fertilizer use by an average of 20 percent per year for at least ten years;
3. Establish a pilot system of integrated agricultural services as a model of government organization to make possible long-term, continued increases in yield; and
4. Accelerate cereal and forage crops production to meet increasing requirements for food and feed.

1. Technical Assistance Projects

Forest Products Utilization

The objective of this project is to assist Turkey's forest industries, both public and private, in harvesting, processing and marketing Turkey's forest resources so that the industry will be on a self-perpetuating, sustained yield basis by 1972, not only to satisfy domestic requirements but for export. (Estimated 25 million dollars in foreign exchange by 1972). The Turkish Forest Service has requested this project by letter to the Ministry of Agriculture, study and advisory group.

Implementation of this project has been deferred pending a review of our approach to the problem of increasing timber harvesting and exports, which involves GOT policy and a possible use of large joint ventures including foreign capital.

Cereal Improvement and Forage Production (Proposed)

This is a new project proposed for implementation in FY 69. It will assist GOT in accelerating its cereal and forage crop production to meet the increasing demands for food and feed. Primary emphasis of the project will be to develop a wheat program on the Anatolian plains of Turkey where 75 percent of the wheat is now grown. The 400 tons included in the 20,000 ton wheat import for fall season, 1967 will mark the beginning of this program. Turkey is importing 16 farrow-farming drills on their own, which demonstrates their desire to move forward.

Four main objectives of the activity are as follows:

1. Variety introduction and adaptation testing.
2. Implementation of longer range variety improvement and development through supervision in breeding techniques and the guidance of an effective research organization.
3. Development of optimum cultural practices including fertilizer use to fit new genetic strains.
4. Equipment evaluation for optimum yields with emphasis on use of Turkish manufactured machinery.

Integrated Agricultural Services: Project 425

This project assists the GOT in developing a system of integrated services and farmer involvement at the local level that will provide effective methods of increasing and balancing agricultural productivity and generally raising the income per farm family. Effective planning, coordinating and evaluating mechanisms will be established at the national and provincial levels. This is an important part of the effort to help Turkey meet the economic demands being made upon its agricultural sector to

support a viable economy by 1972-73. Three specific project targets have been defined: (1) Institutional development, including coordinating committees, information service, farmer organizations, and various processing and marketing entities; (2) increased inputs, including fertilizers, credit, irrigation, seeds, and improved breeding stock; and (3) evaluation and expansion, involving analysis of experience with regard to the first two targets and reporting results thereof for use elsewhere in Turkey.

This project is limited to Denizli Province as a pilot area. Two project technicians are currently based in Ankara and four in Denizli.

The major problem of the project is imperfect coordination among interested Turkish agencies. Institutional relationships within the project are currently under review by the ministries concerned and an improved system is anticipated.

On-Farm Water Development: Project 425

This project is designed to strengthen the General Directorate of Farm Irrigation and Conservation (TOPRAKSU) of the Ministry of Rural Affairs, to make it a technically competent, administratively effective service organization.

Turkish and U.S. authorities recognized early in 1965 that availability of irrigation water from DSI sources far exceeded the capability of TOPRAKSU in assisting farmers to utilize such water for actual on-farm irrigation. This project is primarily devoted to training TOPRAKSU personnel so that this gap can be closed. By 1972, TOPRAKSU should thus be capable of effectively assisting water users in (1) preparing land for maximum production under irrigation and (2) efficiently applying needed irrigation and drainage practices.

Depending on the progress of this training program, and the demand for equipment and Turkish industrial capabilities for equipment production, a capital loan for land preparation equipment may be considered.

2. Capital Assistance

Wheat Seed Loan

A loan of \$3.45 million is expected to be authorized before June 30, 1967 to reimburse the GOT for its foreign exchange cost of importing 20,000 tons of high yield wheat seed. 19,600 tons will come from Mexico, 400 tons from California. The wheat seed project grew from experiments by farmers in the Adana region, assisted by USAID technicians. The Minister of Agriculture became very enthusiastic about the program and requested 50,000 tons of seed. After approval from AID/W, USAID offered the GOT a loan based upon a barter arrangement that would have reimbursed the GOT in cash for their purchases from Mexico. Two or three weeks later AID/W advised us that barter was impossible, and we therefore changed our proposal to the GOT by offering a program loan for agricultural commodities in an amount equal to the GOT's expenditures of foreign exchange for seed.

The project has two parts. 5,000 tons of seed must be sown, fertilized and harvested under a controlled program supervised by the Directorate of State Farms. The remaining tonnage may be distributed without special controls, but with instructions given to purchasers of the new seed.

The experiment with new seed in Adana has been a great success. Farmers' fields have produced two to three times as much wheat as native Turkish varieties. There is tremendous enthusiasm among Turkish farmers and the GOT for the wheat seed program.

Turkey's Fertilizer Problem

Turkey imported \$7 million worth of fertilizer in 1964, \$17 million in 1965, \$32 million in 1966 and has budgeted \$54 million for 1967. Requirements from imports are projected for 1968 at \$60 to \$70 million.

Turkey's current hard currency expenditures for fertilizer are larger than any other item, larger than petroleum, automotive parts, farm machinery, etc.

The T.V.A. Fertilizer Study Team's Report and the Elkinton Report both point up Turkey's acute fertilizer need in order for Turkey to feed itself from within.

Added to this is the new impact brought about by the Semi-Dwarf Mexican Wheat Program which demands high rates of fertilizer. The demand from this program alone by 1970 will take as much fertilizer as consumed in all of Turkey in 1966.

Two plans are under discussion to use A.I.D. funds to procure U.S. fertilizer for Turkey.

(a) Export Additionality - up to \$20 million

It has been proposed to the GOT that they could assist in the U.S. balance of payments problem by removing certain items that are likely to be purchased from the U.S. in any event (hides, spare auto parts, grease, etc.) from the list of material using AID financing. New items were suggested to be added which are not now being purchased, such as fertilizers. If fertilizers were added to the list, it is hoped that up to \$20 million worth of fertilizer could be purchased from the U.S. The cost to the GOT would amount to 2% per year over current cash purchases. This 2% per year cost takes into account the low interest level of a 40-year AID loan and freight differential from the U.S. of \$6 to \$7 per ton with foreign flag bottoms. This U.S. procurement would still allow Turkey to purchase \$34 million (equal to its 1966 purchases) worth of fertilizer from its normal suppliers in North Africa and Europe.

Fertilizer imports will not be needed except for raw materials and potash when the proposed plant at Mersin comes into operation in 1970-1971.

It has been suggested in order to make U.S. fertilizers attractive from a competitive price standpoint, that they be imported in bulk and bagged in Turkey. This will allow more dollars to be spent for produce with bagging and local coastal with domestic transportation expenses being paid for with Turkish Lira.

This program will serve 4 functions:

1. Assist in our balance of payments by directing new purchases to the U.S.A. (even though financed at first by the U.S.).
2. Determine distribution problems, assist in finding solutions to transportation, warehousing and product handling problems prior to the new Mersin plant's operation.
3. Introduce to Turkey the items to be manufactured at Mersin and initiate education, training and product use under actual farm conditions.
4. The bulk handling and bagging facilities at Mersin can be turned over to the new plant as an integral part of its facility.

Estimated Disbursements of Dollars

1. High analysis fertilizer in bulk (270,000 tons))	
2. 5-ply paper bags)	\$19,780,000
)	
3. High speed bagging and weighing equipment)	
)	
4. Metal prefabricated building to warehouse equipment, bulk fertilizer, and bagged product)	200,000
)	
5. Unloading and fertilizer handling equipment)	

Technical Assistance

1. One fertilizer packaging and product handling engineer for three one-month periods		12,000
2. Training - 2 participants in U.S. for 2 months, in India and Pakistan for 1 month each		8,000

\$20,000,000

(b) Fertilizer Loan - \$15 million

It has been proposed to loan Turkey \$15 million for procurement of fertilizer for the year 1968. This program would serve two announced purposes.

1. "War on Hunger" - To assist Turkey's hard currency problems by financing needed fertilizer for food production. One ton of fertilizer will produce nine tons of wheat.
2. "Seeding Program" - To introduce high analysis fertilizers similar to products to be produced in the new plant at Mersin.

<u>Suggested Products to be Imported in 1968</u>		<u>Metric Tons</u>
1. Urea 45% N coated	@ \$76	30,000
2. Diammonium Phosphate, such as, 11-48-0, 16-48-0	@ \$80	60,000
3. Triple Superphosphate 46% P ₂ O ₅	@ \$66	<u>100,000</u>
		190,000

It is estimated that three-quarters of the tonnage would be imported in bulk and bagged in Turkey at the new plant site. All urea would be imported in bags. The requirement for bagging, warehouse handling and technical assistance would be the same as outlined above.

(c) Proposed Mersin Fertilizer Plant - \$25 million loan from AID

Hard currency cost for fertilizer and rapid increase in demand are principal reasons behind Turkey's need for a fertilizer plant.

A plant to meet 1970-71 requirements is estimated to cost \$70 million. Foreign exchange savings after allowances for raw materials, dividend repatriation, interest and principal payments are estimated at \$22 million per year.

The Mission has assisted GOT in obtaining proposals from U.S. companies to build plants in Turkey as outlined in the State Planning Organization and T.V.A. reports.

Currently four proposals for a plant at Mersin are under study by the GOT with assistance from T.V.A.

Two configurations are being analyzed, one based on imported ammonia and phosphoric acid and the other on imported naphtha and phosphate rock. The latter requires the \$70 million plant investment, about 50% more than the first configuration, but it would produce the greatest foreign exchange savings.

It is estimated that a decision will be made by the GOT by the end of July as to plant raw material route and foreign partner.

Depending on structuring of the project we anticipate a loan request from the new fertilizer company for \$25 million.

The GOT is planning to build a phosphate plant at Samsun to be owned and run by AZOT Sanayii. This plant will use by-product sulfuric acid from the proposed copper smelter at Samsun.

3. Local Currency Activities

A. Responsible Turkish
Official

<u>Number/Title/Agency</u>	<u>B. AID Coordinator</u>	<u>Purpose</u>
(a) 277-45-140-060 Loan Fund for Purchase of Land Preparation Equip- ment - Agricultural Bank for Director- ate General and Soil Conservation and Farm Irrigation (TOPRAKSU)	A. Naki Uner, General Director, TOPRAKSU B. B.R.O. Lewis	To provide long-term loans to farmers to install land prepara- tion practices recommended and de- signed by TOPRAKSU.

Amount and date of obligation: TL. 19,000,000 - 9/63

Terms and Remarks: Funds from PL 480 104 (g), repayment made to a revolving fund. Project scheduled for five years operation through 1968.

(b) 277-45-190-061 Loan Fund for Supervised Agri- cultural Credit for the Agricul- ture Bank.	A. Sabahattin Serifoglu, General Manager, Agricultural Bank B. G. W. Studarus	To supplement loan funds of the Agricul- ture Bank to under- take a supervised credit program.
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Amount and date of obligation: TL 25,000,000 - 5/63

Terms and Remarks: Funded from PL 480 104 (g), repayable in 28 years. As a demonstration project considered very successful, large Turkish input now far exceeds amount of this project.

(c) CR 44-13-2 Loan Fund for Promotion of Sound Livestock Feeding and Mar- keting Practices" Agriculture Bank, for Veterinary Directorate.	A. Orhan Ozdural, Dir- ector General, Directorate of Veterinary. B. G. W. Studarus	To provide credit to private livestock feeders for the feed- ing of cattle and sheep under technical super- vision.
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Amount and dates of obligation: TL 15,000,000 - 9/60, TL 10,000,000 - 4/67.

Terms and Remarks: Funded from PL 480 104 (g), loans will be repaid to a revolving fund which will continue in use until April 1, 1968.

(d) Direct grant to
the Ministry of
Agriculture for
Cereal Seed
Improvement

A. Ekrem Gunay, Assist-
ant Dr. Gen. of Agri-
culture.
B. Harvey P.H. Johnson

To provide for travel
and per diem for
Turkish technicians
and operating costs
of vehicles. Also,
to provide for train-
ing and various infor-
mation media such as
slides, films, etc.

Amount Proposed: TL 10,000,000.

Remarks: This is to supplement the regular GOT budget resources which
are in short supply because the seed program has been developed
since the preparation of the current year budget.

B. INDUSTRY AND MINING - Introduction

AID has made important contributions to basic industry and mining with loans for steel and coal production, electrical generation, saw-mills, and recently, copper production.

We have made loans of more than \$8 million for feasibility, economic and mineral studies, and the GOT has requested \$2 million more for economic and engineering studies.

Our technical assistance to industry has included studies of the organization of the Union of Chambers of Commerce, an in-plant training program, a management training program, and organization of the Bursa Industrial District.

AID has given lira support by grants and loans to the Mining Assistance Commission, the Tourism Loan Fund, a Capital Participation Fund with the Industrial Development Bank and the Industrial Investment and Credit Bank. We are now negotiating loan agreements for the Industrial Development Bank, the IICB, and a tourism bank. We have offered a lira grant for a Mining Bank which is being formed.

1. Technical Assistance Projects

Investment Encouragement for Private Industry: Project 372

The Union of Chambers of Commerce, Industry and Commodity Exchange represents the interests of the business community in Turkey. It is the spokesman of that community in all questions affecting business, and the GOT looks to it for advice on the impact of government activity on the private sector.

Since 1964 AID has assisted the Union of Chambers in three main areas, as follows:

1. To help reorganize the Union and to assist in establishing an economic research department capable of analyzing business problems.
2. To study the feasibility and merits of establishing a Free Zone which would suit Turkey's economic goals (duty free warehousing, industrial estate, etc.)
3. To assist the Union's Department of Industry by (a) providing consultant services to the Department's Investment Promotion and Information Center (TIPIC), and (b) by contributing counterpart funds for support of the Department's budget.

Under an AID contract, Checchi and Co. has completed the study of the reorganization and submitted recommendations which the Union has agreed to implement. Checchi services in implementing the reorganization will continue through December 1968.

TIPIC is the Union's clearing house for information needed by investors, both domestic and foreign, to guide them in making investment decisions. In June, 1967, USAID asked AID/W to recruit an Investment Promotion Specialist to help TIPIC inaugurate a series of regional investment opportunity surveys, a task that Checchi urged TIPIC to undertake. USAID asked AID/W to recruit the specialist under the Checchi Contract, in order to bring as many elements of the project as possible under central coordination.

For the past six years USAID has contributed counterpart funds to support the budget of the Department of Industry. Each year the US contribution has decreased and the Turkish contribution increased proportionally. USAID has agreed in principle to continuing budgetary support, with the provision that the Department of Industry assumes the organization and role recommended by Checchi. This should be effected by September 1, 1967. Then the new financial requirements of the Department can be clarified.

Issues and Problems

1. Recruitment of Free Zone adviser
2. Recruitment of Investment Promotion Specialist
3. Further budget support for Department of Industry

Management and Technical Training: Project 399

Narrative Description

The Turkish Management Association (TMA) was organized in 1960 but due to the military coup at that time, it did not obtain its national identity until 1962 when it was granted a charter. It is a non-political, non-profit management and technical training organization serving both the private and public sectors - the only one of its kind in Turkey.

The objectives of TMA are as follows:

- 1) Assist officers and officials and the staff of TMA to expand and strengthen TMA as an institution for management development, making it national in scope and fostering policies and programs which will contribute substantially to the expansion of business and industry in Turkey.
- 2) Develop and provide training facilities and services for top and middle management in the principal cities in Turkey in personnel, management, industrial relations, accounting, financial management, marketing and other areas as required.
- 3) Publish a management and technical magazine and other material.
- 4) Provide a consulting service for medium and small sized industry by the establishment of a Management Development Center (MDC).

Progress to Date

During 1963-64 A.I.D. was a substantial contributor to TMA. The Chambers of Commerce and of Industry in Istanbul also contributed. Planning and training programs through seminars were conducted and 750-900 participants attended each year during this time.

In 1965 the Ford Foundation (FF) made available \$20,000 for an executive committee to visit productivity centers in Germany, England, Finland and International Labor Organization (ILO) in Geneva. As a result of this, AID, FF, ILO and others joined in a 5 year plan of growth and assistance for TMA. The donor assistance given is as follows:

AID	TL 9,000,000*	
FF	TL 2,500,000	\$501,000
UN (ILO)		\$1,137,000

*Includes a proposed TL 3,000,000 loan for construction or purchase of a building to house this operation.

AID began its yearly contribution in TFY 1965 and completes its obligation in TFY 1969. FF began its contribution in TFY 63 and ends in TFY 70. The ILO program is awaiting GOT signature.

Problems to be Resolved

1. Signing by GOT of the ILO program.
2. Decision on the proposed loan to TMA for the construction of a building to house the TMA.
3. Resolution of the present difference of opinion between the GOT and TMA on limiting salaries for TMA technical and professional staff to GOT salary scales.

2. Capital Assistance

Industrial Development Bank - \$9,659,326 - 277-A-007
(DLF-11) - Signed September 1958

The purpose of this loan was to provide funds for long-term credits to private enterprise for specific development projects through sub-loans from the Industrial Development Bank in Istanbul.

The project was completed, the loan fully disbursed and the unused balance deobligated. (See also # 049).

MTA Aerial Mineral Survey # 1 - \$543,974 - 277-A-008
(DLF-53) - Signed April 1959

The purpose of this loan was to conduct an aerial survey and mineral resources evaluation of selected areas in Turkey for Maden Tetkik ve Arama Enstitüsü (MTA), the GOT minerals research and exploration institute.

The survey was performed by Canadian Aero Service, Ltd. under contract with MTA. Work was completed as contemplated in the agreement. All funds were disbursed and the unused balance deobligated. The loan has been repaid. (See also #052).

Zonguldak Coal Development - \$14,500,000 - 277-A-009
(DLF-70) - Signed July 1961

The purpose of this loan is to assist the government owned Turkish Coal Industry (TKI) in improving its facilities for producing and handling bituminous coal in the Zonguldak Basin in order to sustain a gross production of seven million tons a year.

All elements of the project have been completed except the final stages of hoist machinery installation at the Catalagzi shaft. This work, now 90 per cent completed, is briefly delayed pending completion of a drift connection on one of the lower levels.

Etibank - Electric Power Distribution - \$6,046,533 -
277-A-015 (DLF-98) Signed January 1960

The purpose of this loan was to assist in extension and improvement in power distribution networks in fifteen cities utilizing consulting services of Ebasco Services, Inc.

The project is completed, the loan completely disbursed,

and the unused balance deobligated.

Eregli Steel Mill - \$129,600,000 - 277-A-020 - Signed
January 1961

This loan was for construction and operation of an integrated steel mill to produce a variety of flat products at Eregli on the Black Sea. The mill is operated by Eregli Iron and Steel Works (Erdemir), a corporation organized under special legislation passed in 1960. Erdemir is owned 21.2% by U.S. companies, 20.1% by the Turkish private sector and 58.7% by the GOT.

The project has been completed and production of all elements is reaching design capacity. An imbalance currently exists in productive capacity of the various departments but this is to be corrected through improvements and new construction to be financed under the new loan now undergoing clearances in Washington.

Erdemir has had serious financial difficulties, but if production from the new facilities meets expectations, the company should be profitable in the 1970's. (See also proposed expansion project for Eregli).

Koruma Tarim Ilaclari - \$2,800,000 - 277-A-021 - Signed
January 1961

The purpose of this loan was to assist in construction of a plant to produce caustic soda, chlorine, insecticides and related chemicals. This is one of the two dollar loans to a completely privately owned company.

The project has been completed and loan completely disbursed. At the request of the borrower, the repayment has been deferred and rescheduled, due to the effects of a serious fire at the plant.

Northwest Anatolia Power Generation Project - \$31,300,000
277-H-035 - Signed December 1962

The purpose of this loan is to provide for design, procurement and erection of fuel-oil burning thermal power plant at Ambarli, near Istanbul, with two 110 megawatt generating units and an addition of two 40 megawatt units to the existing hydro-electric power plant at Sariyar, 170 km west of Ankara. The 300 MW generating capability helps meet the power demands of the Northwest and West Anatolia interconnected power systems.

The 80 megawatt addition to Sariyar is completed and operating and acceptance tests have been made. The 220 MW thermal plant at Ambarli has been completed and operating for several months, but is still undergoing acceptance tests because of questionable results on the heat rate which could result in penalty payments by Westinghouse.

Burns and Roe Inc. are engineers for the Sariyar project and Stearns-Roger Corp. are engineers for Ambarli.

All final payments are expected this calendar year. The project will cost less than the estimate and \$4 million has been deobligated.

Keban - Gökcekaya Survey - \$313,981 - 277-H-036 -
Signed July 1963

The purpose of this loan was to finance feasibility studies of Keban and Gokcekaya proposed hydro-electric projects.

Contract was signed with Ebasco Services in December 1962. Studies were completed, all disbursements were made and unused balance was deobligated. Hydro projects are going ahead under Loans 053 and 060 for Gokcekaya and 063 for Keban. (See also # 53, 060, 063).

Feasibility Studies and Consultants - \$4,000,000 -
277-H-042 - Signed October 1963

The purpose of this loan was to finance economic and engineering studies to assist the GOT in preparation of development projects and to provide economic and engineering consultants.

(a) Ceyhan, Burdan, Amik, Devili, and Seyhan projects

Master plans and feasibility studies of the Water Resources Development potentials of five projects in the Cukurova region (Adana-South Central Turkey).

The studies are completed, except printing of final reports and submission of a supplemental report to reflect updated cost estimates.

(b) Lower Yesilirmak and Bafra Plains Projects

Feasibility studies of the water resources development potentials of lower Yesilirmak and Bafra River Basins. (Black Sea Coast near Samsun). The studies are completed, and copies of the final reports are expected in the near future.

(c) Lower Sakarya, Lower Susurluk and Izmir-Istanbul Water Supply Projects

Feasibility studies of the water resources development potentials of the lower Sakarya, and lower Susurluk River Basins and master plans of water supply sources for the Izmit-Istanbul industrial region (western Turkey).

The studies are completed, and printing of final reports are expected soon.

(d) Southwest Highways

A study to determine which highways or improvements to existing highways in Southwestern Turkey would benefit the economy of Turkey and the region sufficient to justify the capital expenditures required for development or improvement. The study is completed.

(e) Turkish Power Sector

A study to determine the manpower needs of the Turkish Electric Power Sector. The study is completed.

(f) Copper Smelter (Black Sea)

A study to determine the technical and economic feasibility of expanding copper ore mining and ore concentrating facilities in the Murgul and Kure areas and increasing the output of smelted copper for export.

On the basis of the completed feasibility report an AID Loan, 277-H-076, has been authorized to expand the facilities and provide a smelter.

Industrial Development Bank (TSKB) - \$5,000,000 -
277-H-049 - Signed November 1964

The purpose of this loan is to provide financing for medium and long-term U.S. dollar loans to private industrial enterprises and to finance consulting services related to borrowers' operations, through sub-loans from the Industrial Development Bank.

All of the loan has been disbursed to the IDB.

Goodyear Lastikleri - \$2,500,000 - 277-H-050 -
Signed October 1964

The purpose of this loan is to finance imported machinery

to expand the tire manufacturing capacity of the plant at Izmit to 833 units per day. This is one of the two dollar loans to completely private companies.

Practically all equipment was on site by December, 1965, and a \$200,000 savings had been achieved. An engineering study showed that machinery and equipment which could be financed out of the savings would further increase daily capacity by 200 tires. Upon USAID agreement the additional equipment was purchased and installed by December 1966. Production is now approximately 1,080 tires per day. Further expansion is being planned.

Tuncbilek Coal Washery - \$1,100,000 - 277-H-051 -
Signed December 1964

The purpose of this loan is to assist Western Lignite Mines, a subsidiary of TKI, in procuring for the Tuncbilek Mines a modern coarse coal washing plant of two units with a combined capacity of 360 tons per hour to replace a worn and obsolete plant which had a capacity of 170 tons per hour.

All items of equipment have been received, installation of one unit was completed in April 1967, and subsequent operations have been fully satisfactory. The second unit installation, now in progress, is expected to reach completion about August 1, 1967. (See also # 070).

Aerial Mineral Survey # 2 - \$320,000 - 277-H-052 -
Signed November 1964

The purpose of this loan is to assist Turkey's Mineral Research and Exploration Institute (MTA) in the acquisition and importation of aerial mineral surveying equipment, together with ground follow-up geophysical exploration equipment, and for the services of a geophysicist interpreter for a period of one year.

All listed equipment has been received and the aerial survey equipment has been installed in an MTA aircraft. Subject to approval by Turkish aeronautical authorities the plane and equipment are ready for aerial survey utilization. (See also # 052).

Gokcekaya Hydro-electric Project - \$20,400,000 -
277-H-053 - Signed December 1964

This loan is for engineering services, procurement of equipment and construction of a dam and hydro-electric power plant on the Sakarya River in Anatolia with a capacity of

300 megawatts.

The \$20,400,000 is the U.S. pledge against the total foreign exchange costs. The European Investment Bank is also supporting this project and the GOT is committed to make up any balance required.

Consulting services have been provided by Ebasco Services and notice to proceed was given the civil works contractor in March 1967. Turbines bids are in and generator, and gantry crane bidding documents have been approved.

DSI Operations and Maintenance Equipment - \$5,900,000 -
277-H-056 - Signed March 1965

This loan is for the acquisition, importation and utilization of equipment for operation and maintenance of irrigation and drainage systems under the supervision of DSI.

All equipment has been received except some 1 1/2 cy. draglines and 6 ton cranes. About half of the spare parts have been ordered. Remaining spare parts orders will be placed soon.

Some delay has been experienced in delivery of 1 1/2 cy. cranes due to priorities of Defense Department orders in the U.S., and we are still awaiting issuance of L/COMM for shipping contract.

Thirty-two Load Centers - \$6,400,000 - 277-H-059 -
Signed August 1965

This loan is for the extension of electrical power transmission lines to thirty-two municipal load areas not now receiving electrical service or served by small high-cost Diesel plants, the construction of related substations and facilities, and the acquisition and importation of necessary equipment, materials and services in connection therewith.

Progress to date has been satisfactory. Engineering work is estimated to be 75% complete and the construction phase about 25% complete. While this project has encountered no major problems it has been plagued with numerous short delays resulting from administrative requirements of Etibank and AID and also U.S. suppliers' failure to quote in accordance with requirements of the Invitation to Bid.

Gokcekaya Transmission Lines - \$7,690,000 - 277-H-060 -
Signed August 1965

This loan is for the design and construction of 380 KV electrical power transmission lines from Gokcekaya Hydro-electric Power Plant (now under construction) to the Northwest Anatolia Grid System in Turkey, the construction of related substations and facilities including substations at Ankara and Istanbul, and the acquisition and importation of necessary equipment, materials and services in connection therewith.

Commonwealth Associates, the consulting engineers, continue work on the preparation of equipment specifications and bid documents. To date, nothing has been submitted for AID approval.

This project is just getting under way, and as yet no serious problem areas have become evident.

Forestry Service - Sawmills - \$2,750,000 - 277-H-061 -
Signed August 1965

This loan is for the purpose of providing a new hardwood sawmill, drying and re-manufacturing facilities at Demirkoy, a replacement hardwood sawmill at Ayancik, and a new particle-board plant at Ayancik. These are to serve as demonstration plants for planned modernization of Turkey's forest products industry.

A contract was concluded on March 31, 1966 with MacDonald Associates to review the project, make basic determinations as to size and capacity of plants, particleboard process and machinery and equipment requirements. The engineer also made preliminary ground plan layouts, cost estimates based on virtually 100 per cent import of U.S. equipment and other related studies and projections. Delays were encountered, but by the end of 1966 the consultant's reports were on hand. Cost estimates far exceeded available dollar financing. Site preparation work at Demirkoy has proceeded and is approximately 50% complete.

The project has been reviewed in depth and determinations have been made of all units and elements which can be made in Turkey and the requirements for consulting engineering services through startup of the plants. The Forestry Service will negotiate a consultant contract shortly and as soon as consultants are on board the project is expected to go forward rapidly.

Engineering and Economic Studies - \$4,000,000 - 277-H-062
Signed September 1965

The purpose of this loan is to finance sectorial and feasibility studies of sectors of the Turkish economy and of specific development projects.

(a) Konya-Cumra Basin (Central Anatolian Plain)

Preparation of a comprehensive water resources master plan of the Konya-Cumra drainage basin. The study is nearing completion and one copy of the draft plan has been received.

(b) Buyuk Menderes River Basin (Southwest Turkey)

Preparation of a comprehensive water resources master plan of the Buyuk Menderes River Basin.

The draft of final report has been reviewed by DSI and consultants are to submit final report in the near future.

On the basis of the master plan report DSI intends to request AID approval to proceed with feasibility studies of priority projects recommended by the consultants. This request is expected within the next week or two.

(c) Fertilizer Industry

A comprehensive study of some of the development prospects of the Turkish fertilizer industry and assessing the possibilities of and the requirements for increased fertilizer production.

The study, by TVA, is completed.

(d) Power Resources Study

\$432,000 is being used for a study of Turkey's power resources to help Turkey develop an adequate power program with hydro-power and thermal-power taking their appropriate places in a countrywide power development program. Stone and Webster Overseas Consultants Inc. are conducting the study. They have submitted an interim report covering the immediate thermal requirements; a draft project report is due the end of July and a final report is due in November.

(e) Ankara Water Supply and Sewerage

The preparation of the long range development plans of the water resources development potentials for the Ankara drainage basin and feasibility studies required to fulfill the

short term needs of the domestic and industrial water supply and associated storm water, sanitary and industrial waste disposals systems for the City of Ankara and adjacent communities.

AID has issued conditional approval of the contract between DSI and Camp-Harris-Mesara for the work.

(f) Izmir Water Supply and Sewerage

A study similar to the Ankara Water Supply Study described above. AID/W has been requested to publish pre-selection questionnaire for interested U.S. engineering firms in Commerce Business Daily Journal.

(g) The GOT has expressed interest in eight other projects which are in general oriented toward specialized technical assistance and economic and engineering studies in sectors other than water resources development. A loan paper requesting an additional \$2,000,000 to continue with technical assistance, engineering and economic studies similar to 277-H-042 and 062 has been forwarded to AID/W.

Keban Hydro-electric and Transmission Lines Project - \$40,000,000 - 277-H-063 - Signed August 1966

This loan is for design, procurement and construction of a dam and hydro-electric power plant on the Euphrates (Firat) River in East Turkey with an initial capacity of 620 megawatts (4 x 155 MW), a dual 380 KV transmission line tie from Keban to Istanbul and a 154 KV power network south of Keban. Total cost of project is \$350,000,000. Scheduled completion date is 1971.

The \$40,000,000 is the U.S. pledge of a total foreign exchange estimated cost of \$135,000,000. The balance will be provided by Germany, France, Italy, EIB and IDA, members of the Keban financing syndicate.

Letters of Commitment against the AID loan have been issued for \$20,384,000. Engineering services are being provided by EBASCO Services (dam and power plant) and Commonwealth Associates (transmission). The main construction contract, turbine contract and gantry crane contract have been let to European firms. Bid call date on generators is July 7, 1966.

Ambarli Third Unit - \$12,300,000 - 277-H-069 - Signed September 1966

The purpose of this loan is to provide an additional 110

megawatt unit at the Ambarli power station near Istanbul to help meet the power shortage expected before completion of Keban and to firm up existing hydro power.

Bids have been received for the major equipment items (boiler, turbine-generator), but contracts have not yet been let. Stearns-Roger Corp. are project engineers.

TKI Coal Expansions - \$28,100,000 - 277-H-070 - Signed April 1967

The purpose of this loan is to assist the Turkish Coal Industry (TKI) in the procurement, installation and operation of necessary equipment and materials to, (1) increase the production of open-pit and underground lignite mines at Tuncbilek to 3.2 million tons run-of-mine per annum; (2) increase the capacity of the fine coal washing plant to handle the increased mine production; (3) increase production of lignite from the Seyitomer open-pit mine to 2 million tons run-of-mine per annum and, (4) increase coal production from Zonguldak Basin to approximately 9.43 million tons run-of-mine per annum.

TKI has issued invitations for bids for the Tuncbilek fine coal washery and for motor graders for both of the lignite mines. Closing dates for bid submission are June 30, 1967, and June 26, 1967, respectively. TKI has signed a contract with the Paul Weir Company of Chicago for a six year continuation of that company's engineering service for this project.

Black Sea Copper Works - \$30,500,000 - 277-H-076 - Not signed

The purpose of this loan is to finance foreign exchange costs of the Murgul-Samsun Copper Smelter. Etibank is the State Economic Enterprise responsible for certain mining and electrical distribution. Etibank's request for financial assistance in the development of copper ore reserves at Murgul resulted in an AID loan-financed contract with the Ralph M. Parsons Company for a feasibility study. The study, initiated in 1965 and completed in June 1966, indicated a total reserve of 32 million tons of ore containing 1.25 percent copper. Cost estimates by Parsons Company and USAID indicated the justification for the development of the ore bodies, the construction of a 9,000-tpd concentrator, the erection of a 40,000-tpa copper smelter, and a sulfuric acid plant. On the basis of a brief investigation by Parsons Company it was decided by AID/W that by supplementing Murgul concentrators with those from Kure, the proposed smelter could operate

at full capacity. A loan to finance the dollar cost of this project has been approved by AID/W. A provision contained in the loan agreement requires a participation in the Black Sea Copper Enterprise by private Turkish investors to the extent of not less than 51 percent ownership. USAID is now reviewing the financial projections with Etibank and private banks before commencing negotiation of the loan agreement with the GOT.

Eregli Steel Mill Expansion and Management - \$22,350,000
(Proposal)

The purpose of this proposal loan is to effect changes and additions to the plant to bring the blast furnace, basic oxygen furnace and hot rolling mills up to annual capacities, stated in ingot equivalents, of 960,000, 900,000 and 650,000 tons, respectively, and to install a continuous billet casting machine to produce billets from molten steel excess to the need for flat products. This program will effectively double steel making capacity and will eliminate certain bottlenecks in present facilities and operations. Koppers Associates and Erdemir have signed a contract for Koppers' engineering and management services.

Financial projections show that with the new capacity, Erdemir should show a profit in the 1970's. Final authorization of this loan is expected before June 30, 1967.

Negotiation of the loan agreement presents two important issues; foreign exchange allocations by the GOT for importation of high grade iron ore, and the provision of lira financing by the GOT.

MTA - Mineral Exploration - Training Project - \$2,600,000
(Proposal)

A loan for a two-year Mineral Exploration-Training Project in which a U.S.G.S. team of seven or more specialists will train MTA geologists through actual field exploration in areas potentially productive of iron ore and other minerals. A loan proposal for \$2.6 million to finance equipment procurement and training services has been documented and submitted to AID/W for review. USAID expects that this loan will be authorized in FY 67.

3. Local Currency Activities

<u>Number, Title & Borrower</u>	<u>A. Responsible Turkish Official</u> <u>B. A.I.D. Coordinator</u>	<u>Purpose</u>
(a) CR-44-21-13 & 15 "Private Mining Risk Capital Fund" and "Loan Fund for Private Mine Development" - Mining Assistance Commission (MAC).	A. Mining Assistance Commission Gen.Dir. Ferid Kromer B. C. R. Mahder	To assist in developing private mining industry, to help meet the mineral needs of the country, and to earn greater amounts of foreign exchange -not only by increasing exports but also by producing minerals that are now imported.

Amounts and dates obligated: TL 3,000,000, 5/61; TL 5,000,000, 5/61.

Terms, Remarks and Problems

Both amounts are grants from counterpart funds. When the MAC was first created it was with the expectation that eventually its staff and technical operations would be absorbed by some large financing institution with specialized capability to support the development and growth of the minerals industry (extraction and processing) of Turkey. During the spring of 1966 the MAC and the officials of its parent organization, the Union of Chambers were informed that USAID would not continue to provide budgetary financial assistance to supplement the MAC budget after March 1, 1967. It was hoped thereby to develop the pressure which would lead to the organization of Mining Development Bank of which the MAC would become the technical arm. A disagreement as to who should have the equity appears to be the major problem in the way of the organization of the Mining Development Bank. Negotiations continue, so that if all arrangements work out satisfactorily, an AID grant of TL 4 million would be required sometime during the summer of 1967. In addition to the efforts to establish institutional strength for the banking requirements of private sector Miners, a TL 25,000,000 loan fund was established in June 1963 (277-45-290-065) to permit certain private iron ore miners supplying Ereğli to buy equipment and increase production.

(b) <u>277-45-790-063</u> "Tourism Development Loan Fund" Ministry of Finance for re- loan to VAKIFLAR BANKASI	A. Sabahattin Tulga General Director VAKIFLAR BANKASI B. C. R. Mahder	To relend to borrowers to supplement their own matching funds for the payment of architectural and engineering work and construction, and for purchase of equipment and furnishings -- for hotels, motels, restaurants and similar touristic instal- lations principally in Western Turkey. To facili- tate access to touristic centers
<u>68-34-240-1</u> "Tourism Development Fund"	Same as above	
<u>277-45-790-071</u> "Loan for Touristic High- ways - Highway Depart- ment in MOPW	A. Servet Bayramoglu B. J. Thomas	

Amounts and dates obligated: TL 80,000,000 - 5/63;
TL 5,675,000 - 6/65;
TL 40,000,000 - 6/8/67

Terms, Remarks and Problems:

All three loans are from PL 480, 104 (g) funds. They continue support of a pilot demonstration for tourism development under CR-44-99-35, a Counterpart Loan Fund of TL 15,901,000 established in January 1961 to assist the private sector. Also in 1961 AID provided a TL 2,216,000 grant to the Turkish Ministry of Education to establish a hotel school in Ankara to meet the requirements of an expanding hotel industry. The school opened in 1962 and today has 150 graduates each year. To date a total of 111 borrowers have been approved for 148 loans totalling TL 77,003,800. They will add to the Turkish tourist industry 2,383 rooms in 55 hotels, containing 4,165 beds for tourists; 44 motels providing 3,518 beds; 6 pensions providing 181 beds; and 2 camps with 302 beds. Turkey's potential for tourism is very much underdeveloped. In 1965 Turkey's annual foreign exchange earnings from tourism was \$13,758,000. It is estimated that within 6 years, Turkey could be earning as much as 100,000,000.- annually in foreign exchange from this source if facilities are properly developed.

Currently, plans are under discussion for establishment of a new Tourism Bank. With the new bank the Ministry of Tourism will no longer engage in loan operations and complete responsibility for loans will be in a private bank.

(c) 277-43-920-059

"Loan Fund for Bursa
Industrial District
Development" -Ministry
of Industry

A. Kazim Tulon, President
Bursa Chamber of Com-
merce & Industry

B. C. R. Mahder

To assist in financing the
development of the Bursa
Industrial District -- based
on the Checchi report.

Amount and date obligated: TL 26,200,000 - 6/62.

Terms, Remarks and Problems

This loan comes from PL 480, 104 (g) funds, is repayable semi-annually by the Bursa Chamber of Commerce and Industry to the Ministry of Industry over 20 years, beginning no later than June 30, 1965. There have been no repayments reported to the USAID.

(d) 277-45-920-067

"Small Industry Develop-
ment Loan Fund" - Halk
(The Peoples) Bank.

A. Rahmi Onen

B. C. R. Mahder

To make loan funds available
for small scale industrial
enterprises to purchase tools,
machines and other production
equipment.

Amount and date obligated: TL 18,000,000 - 2/64

Terms, Remarks & Problems

These funds come from PL 480, 104 (g), supplementing an earlier amount in March 1961 of TL 12,000,000 from counterpart sources (CR 44-24-20) for the same purpose. Loans cannot exceed TL 100,000 and are for five years maximum, at 7% interest. There are now 1362 borrowers from this fund. This loan program provides the only long-term money available to small industrialists from any source in Turkey.

The Ministries of Industry and Education are aiding small scale entrepreneurs to up-grade their managerial capabilities and productivity, with the costs of such training financed from a Special Loan Fund.

(e) (1) CP-50 "Capital Participation Fund" (2) CP-51, "Ind.Export Working Capital Fund), (3) CP-18, "Private Enterprise Fund," (4) 277-46-920-018, "Marshall Plan Private Enterprise Fund" - Industrial Development Bank (IDB), also known as Turkiye Sinai Kalkinma Bankasi (TSKB)

A. Resid Egeli, IDB
General Manager

B. R. E. Walker
Istanbul

To provide medium and long-term, low interest credits and equity financing to private Turkish industrial enterprises, to stimulate a capital market by purchasing shares of borrower companies for later distribution to the Turkish public, and to finance specific export shipments.

Amounts and dates obligated: (1) 65,000,000 - 3/61; (2) TL 22,000,000 - 4/61; (3) TL 99,500,000 - 8/51; (4) TL 150,000,000 - 5/63 and 12/64

Terms, Remarks and Problems

Founded in 1950 with the assistance of the World Bank, the IDB has grown into a strong and capable banking institution, the only local source of long-term loans for the private industrial sector. There are a variety of funding sources for this bank, representing long-range (up to 35 years) obligations. Since its founding, local private capital financing, supplemented by extensive World Bank and AID dollar loans have augmented the TL and dollar loan funds available for this bank. The main problem is to obtain more foreign exchange lending capital, and there is a loan request for \$10 million currently being considered in AID/W.

f) 277-TF-42-240-1023 A. Emin Hekingil To stimulate the Turkish
Deputy Undersecretary tourism industry and to
"Marmara Hotel" Ministry of Tourism of Tourism provide a training program for students of the
Ankara Hotel School.

B. Paul Micou

Amounts and dates obligated: TL 8,000,000 - 4/66

Terms, Remarks and Problems

This is a loan from Trust Funds. The Hotel is scheduled for completion by April 1968, when it will be leased to a Swiss firm for a 10 year management contract. It will be operated as a first-class hotel, open to the public but available for official visitors.

(g) 277-45-920-068 A. Vecdi Unay To promote the development of the privately owned industrial production capacity of Turkish Industry with mid-term (1-5 years) working capital loans.

"Loan for the Industrial Investment & Credit Bank" B. R. Walker

Amounts and dates obligated: TL 60,000,000 - 2/64

Terms and Remarks

This is a loan fund from PL 480-104 (g) resources to be repaid in 20 years beginning June 30, 1968. 4% interest occurs from the date of the loan on the outstanding balance. The fund is being well administered and by 6/30/66 it had been possible to reloan 2/3ds of the principal repayments (about TL 27,500,000).

(h) 277-46-230-077 A. Danis Koper To supplement working capital

"Eregli Steel Mill" B. J. Thompson

Amounts and dates obligated: TL 50,000,000 - 8/66.

Terms

This is a loan from PL 480-104 (g) sources, repayable in 15 years, with interest at 8%.

(i) Cooley Loans:

A total of TL 471,189,000 has been obligated for Cooley loans since inception of this program in 1955. As of June 20, 1967 there was still TL 40,828,924 (\$4,536,547) available for additional Cooley loans. A list of existing loans and loans expected to be concluded shortly, is presented in the following tables.

<u>Loan Number</u>	<u>Borrower</u>	<u>US Parent</u>	<u>Amount (TL millions)</u>	<u>Purpose</u>
*277-E-011	Pfizer Ilaclari A. S.	Chas. Pfizer & Co., Inc.	7.0	Pharmaceutical Plant & Molasses Storage Plant
*277-E-022	Singer Sanayi A. S.	Singer Mfg. Co.	7.5	Expansion sewing machine assem- bly plant
*277-E-025	Turk Maadin Sirketi A. S.	Metallurg, Inc.	3.0	Expansion of facilities for mining chrome ore
*277-E-026	Turk Willys-Over- land Fab. A. S.	Willys Motors Inc.	15.0	Expansion of facilities for the fabrication and assembly of "Jeep" type automotive vehicles
*277-E-027	Goodyear Lastikleri T. A. S.	Goodyear Tire & Rubber	50.0	Production of rubber tires, tubes, and camelback
*277-E-030	U. S. Royal Lastik A. S.	U. S. Rubber	48.0	Manufacture of tires & tubes
*277-E-032	U. S. Royal Lastik A. S.	U. S. Rubber	11.250	Manufacture of tires & tubes
*277-E-034	Wyeth Laboratuvarlari A. S.	American Home Products Corp.	10.6	Manufacture of drugs, infant nutritionals, and fine chemi- cals.
*277-E-038	Turk Maadin Sirketi A. S.	Metallurg, Inc.	7.0	Expansion of facilities for mining chrome ore
*277-E-039	Chrysler Sanayii A. S.	Chrysler Inter- national S. A.	35.0	Manufacture of trucks and passenger cars
*277-E-040	Yarimca Nisasta ve Glikoz Fab. T. A. S.	(None)	3.0	Production of corn products

*fully dispersed

<u>Loan Number</u>	<u>Borrower</u>	<u>U. S. Parent</u>	<u>Amount</u> <u>(TL Millions)</u>	<u>Purpose</u>
*277-E-045	American Turk-Is Foreign Trade Bank	Bank of America	20.0	Establishment of a commercial bank to make term loans of from 3 to 7 years and to finance foreign trade. (This is the first U. S. participation in a Turkish Bank).
*277-E-046	Alkali Kimya, A. S.	Exxex-Interore, Inc.	3.519	Expansion of facilities for the production of sodium sulfate
*277-E-047	Eregli Demir ve Celik Fabrikalari T. A. S.	Koppers Assoc.	150.0	Construction costs of steel mill at Eregli
*277-E-055	Goodyear Lastikleri T. A. S.	Goodyear Tire & Rubber Co.	19.8	Production of tires and tubes
*277-E-057	Turkkablo Anonim Ortakligi	Kaiser Aluminum & Chemical Corp.	7.2	Production of aluminum cable, steel reinforced (ASCR) and aluminum extruded shapes
.277-E-064	Turk General Elec- tric	International General Elec- tric	15.0	Production of refrigeration systems for refrigerators and fractional horsepower motors for washing machines
277-E-067	Ideal-Standard Sanayi A. S.	American Radiator and Sanitary Corp.	32.0	Manufacture of boilers, radiators and vitreous china sanitary ware
277-E-073	Continental Magnesit Ltd. Sirketi	Continental Ore Co.	17.0	Mining of magnesite

*fully disbursed

<u>Loan Number</u>	<u>Borrower</u>	<u>U.S. Parent</u>	<u>Amount (TL Millions)</u>	<u>Purpose</u>
277-E-075	Maden ve Kimya Sanayi A. S.	American Potash & Chemical Corp.	5.4	Production of colemanite and ulexite (AID/W negotiating loan agreement; awaiting GOT approval)
	Marshall Boya ve Vernik Sanayii A. S.	Marshall Oil and Chemicals Co., Inc.	3.570	Manufacture of paint and var- nish (USAID has requested AID/W to authorize loan sub- ject to GOT approval).
TOTAL			TL 471.189	

Cooley Applications

Layne-Bowler Co. Manufacture of pumps	TL 2,000,000	
Yarimca (Corn Products Co.)	TL 6,700,000	- expansion of plant equipment to produce corn products

INVESTMENT GUARANTIES

AID/W has processed a total of \$175,644,236 in investment guaranties in Turkey since the inception of the investment guaranty program in 1948 through December 31, 1966. USAID is asked to comment on the applications and sometimes to assist borrowers in obtaining GOT approvals. A breakdown of the guaranties is as follows:

Convertibility	Expropriation	War Risk	Combination (Expropriation & War Risk)
\$115,977,023	\$57,138,106	\$862,440	\$1,666,667

C. TRANSPORTATION - Introduction

The Turkish Government has developed a generally good transportation system. The coverage of the railroad system is adequate although freight costs are very high. The Turkish Highway Department is as good as an above-average State Highway Department in the United States. It has benefitted from many years of advice from the U.S. Bureau of Public Roads. It uses a computer system to account for its equipment and its staff is well trained. AID has assisted transportation by loans to the railways for locomotives and railroad construction and by loans to the Highway Department for replacement of equipment.

1. Capital Assistance

A. Railroads

DIESEL LOCOMOTIVES - \$10,000,000-Loan No 277-H-033, signed November 1962

The purpose of this loan is to purchase 33 Diesel locomotives, spare parts, and shop equipment required to service the locomotives to improve the effectiveness of the state railway system.

All the locomotives have been purchased and are being used. The spare parts are here, and all but four items of the shop equipment have been ordered. A new building has been erected in Ankara to house some of the equipment, and a few items will be set up in the Eskisehir shop.

In order to utilize the locomotives effectively approximately 290 km. of light weight rail had to be replaced as of June 1st. 232 km or 80% had been replaced.

There has been much delay in constructing a building to house the shop equipment, and USAID would not release the money to purchase the equipment until the building was started and assurances were given of its completion. Present maintenance of the locomotives has been handicapped due to lack of equipment and space. This will be corrected in the near future.

Of \$500,000 set aside for purchase of equipment there is approximately \$247,000 remaining. Consideration is being given to the purchase of additional spare parts for the locomotives with this money.

MUS-TATVAN RAILWAY - \$3,983,389 - Loan No: 277-A-019 (DLF-139 signed Dec. 1960)

The purpose of this loan is to provide equipment, materials and services to extend the rail line from Mus to Tatvan.

The project is completed, the loan completely disbursed, and the unused balance deobligated.

CENTO RAIL LINK - TATVAN KOTUR - \$10,000,000 - Loan No: 290-K-002 Signed June 1964

The purpose of this loan is to construct a rail and ferry link of the CENTO Railroad Project from Tatvan (the terminus of the rail link from Mus) to the Turkish-Iranian border. The link will include marine facilities at Tatvan and Van-Iskele, railroad ferries to cross some 90 kilometers of Lake Van, and 118 kilometers of railroad from Van to the Turkish-Iranian border. The loan is for foreign exchange costs for railroad construction, including stations, marine facilities including ferries, maintenance equipment, including snow plows, consulting engineering services and modernization of TCDD accounting system.

The overall project as of June, 1967 is slightly ahead of schedule and is nearly 50 per cent complete. The Turkish Government has requested that the consulting engineers' contract be extended through the end of the project, and as construction draws to a close, that TAMS substitute a machine shop specialist for one equipment use specialist to help start rebuilding the construction equipment. USAID concurs in this.

Although rails for the line were to be produced in Turkey at the Karabuk Steel Mill, the GOT has asked that savings in the loan of about \$3.5 million be used for import of rails. USAID is studying this request.

CENTRAL TRAFFIC CONTROL FOR RAILROADS - \$4,400,000 Loan No: 277-H-054-Nov.1964

The purpose of this loan is the procurement and installation of a central traffic control system and communications system on the railroad line between Istanbul and Ankara and a communications system on the line between Ankara and Zonguldak.

1. Eskisehir - Polatli section will be placed in service beginning the third week of July.
2. Bilecik-Arifiye construction is completed except switch mechanisms and some cable.
3. Polatli-Ankara section is 60 per cent completed.
4. Work is progressing on the Haydarpasa-Gebze territory.
5. Arifiye-Bilecik-Bozuyuk and Polatli-Ankara (excluding Ankara) is expected to be put into service end of year.
6. Bozuyuk-Eskisehir and Ankara interlocking is expected to be put in service in June 1968.

Clearing equipment from customs and housing and transportation of construction and maintenance crews continue to delay the project, which is now approximately one and a half years behind schedule.

B. HIGHWAYS

FIRST HIGHWAY EQUIPMENT - \$18,100,000 Loan No: 277-H-044 - Signed Jan.13,1964

The purpose of the loan is to replenish the Highway Department's heavy equipment pool, which had deteriorated badly between 1958 and 1965 because of the shortage of foreign exchange needed to buy new equipment. This loan

was provided as the first increment in response to a request which indicated a need for \$44,000,000 in new equipment.

The equipment, with the exception of crushers and spare parts delayed by force majeure, is all delivered. The last day for disbursements is 6/30/67.

SECOND HIGHWAY EQUIPMENT - \$15,000,000-Loan No: 277-H-071-Signed Oct. 1966

The purpose of this loan is to continue replenishment of the Highway Department's heavy equipment pool undertaken with Loan 044. The loan provides for purchase of heavy equipment units and consulting engineering services. Any savings are to be used for additional units and/or shop tools.

The contract has been signed with Frederic R. Hamms Co. for consulting services and bidding documents are being prepared. It is expected that first requests for bids can be out by September or October.

HIGHWAY EQUIPMENT FOR SOUTHWEST TURKEY - \$14,200,000 (Proposed)

The purpose of the proposed loan is to provide equipment to build roads in Southwest Turkey to open this vital area for agriculture, industry and tourism.

The firm of Amman & Whitney, consulting engineers, prepared an economic feasibility study in November 1965 which concluded that an intensive program of highway development was needed in Southwest Turkey and provided the recommended program of construction. The GOT has included this in its program submitted for the Second Five Year Plan, and a loan application will probably be submitted shortly.

D. LABOR - Introduction

Background

Since the 1963 legislation permitting the right to strike and to bargain collectively, the Turkish labor movement has experienced vital, democratic growth. The dominant labor confederation, Türk-İş, has more than 600,000 members out of an overall trade union strength of perhaps 700,000.

USAID Assistance

There are three main objectives in the labor field, as follows:

1. To help Turkish labor, organized in free trade unions, to protect effectively its economic and social interests.
2. To help establish government and non-governmental mediation and arbitration services.
3. To assist the Ministry of Labor to upgrade its technical skills and management.

1. Technical Assistance Projects

Industrial Relations Training - Project 356

This project consists of two parts:

1. Development of effective trade unionism and constructive labor relations. American technical advisors lecture at national, regional and local trade union seminars and at the resident Türk-İş Trade Union Training College on pertinent trade union, labor education and labor economics subjects. Stress is placed on the structure and objectives of democratic unionism with emphasis on collective bargaining, contract negotiations, labor legislation and administration, grievance procedures, labor productivity, social and economic policies and the place of a free trade union movement in an economically developing society.

The project provides grants annually to a large number of trade unionists to study labor, industrial relations and related matters and to observe American trade union operations and practices in the United States. The project also has provided significant local currency budget support through Trust Funds to the rapidly expanding Türk-İş Confederation since 1962. The amount of this support is beginning to taper off as Türk-İş becomes more capable of supporting its increased scale of activities.

The USAID technical advisors also assist in improving educational research and related program development within the national confederation (Türk-İş) and between it and its affiliated member unions and federations. Emphasis is placed on developing an understanding of the relationships at various policy and operating levels, methods of effective communication and increasing participation in trade union policy and activities by the locals and the rank and file membership.

2. Technical assistance to the Ministry of Labor and other agencies concerned with labor and manpower programs (governmental and non-governmental), as well as related labor and manpower statistics coordination and development. This phase of the project includes the services of a continuing labor economics and statistics advisor, supplemented as needed by a limited number of short-term specialists on PASA or contract. In addition, a limited number of participantships is provided annually for specialized study or observation in the United States. The objective is to improve organizational structures and administration methods, in-service-training, legislative, research, and program development at the Ministry of Labor level and at the Directorates responsible for the administration of labor standards, industrial health and safety, employment service and social insurance programs. Considerable emphasis is also given to the broader GOT interests in manpower planning, skill enhancement and utilization. The project is scheduled to phase out by FY 1972.

Issues and Problems

The trade union participant teams present some problems in implementation. In FY 67 some \$129,000 was obligated for 13 interpreter - serviced teams involving 106 trade unionists. The training they were scheduled to receive was primarily short-term observation and study. The size of this training effort and the fact that these persons are selected from all over Turkey makes for a number of substitutions of participants before the teams depart for the United States.

The training of these teams has been well with the implementation effort in terms of broadening the base of trade unionism, particularly at the local level.

There is some indication that the State Planning Organization and the OIEC would favor a cut back of about 20% in the annual number of trade union participants, but this issue has not yet been resolved among the interested parties.

Labor Relations Services - Project 397

This project which began in FY 66 is scheduled to terminate in FY 72. It provides for the services of a mediation and conciliation advisor who is attempting to develop an effective governmental mediation and conciliation service of the type associated with the practice of labor-management relations in countries with free trade union movements. It also involves the creation of a voluntary arbitration system free from governmental interference, based on the joint efforts of management and labor, with possible third party participation from universities and other disinterested groups. Local seminars, lectures and training sessions plus participant training in the United States are the main project approaches.

As originally planned, the project provided for 20 Ministry of Labor participants per year to study mediation and conciliation in the United States. Except for the first year's project operation, GOT restrictions have limited the proposed number to 6 in the second year and only 3 in the third. Limited numbers of carefully selected participants from management and labor and the universities to study voluntary arbitration procedures are also part of the program.

Recruitment is being pressed for a successor to the current mediation and conciliation advisor whose contract expires in a few months. A very limited number of short term consultants in specialized areas of labor relations services are also provided for.

Issues and Problems

The project has been somewhat handicapped by the legislative and financial limitations applicable to the Ministry of Labor and the lack of sufficient governmental appreciation of mediation and arbitration concepts. The voluntary arbitration concept has been more effectively accepted by organized labor, management and university circles.

3. Local Currency Activities

<u>Project Number/Title/Borrower</u>	A. Responsible Turkish Official B. <u>AID Coordinator</u>	<u>Purpose of Loan</u>
<u>277-24-410-70 and CR 67-41-2 Loan and Grant for the Turkish Confederation of Labor (Türk-İş)</u>	A. Seyfi Demirsoy, President of Turkish Confederation of Labor B. Theodore M. Covey	To enable the Turkish Confederation of Labor to construct a new Headquarters building.
<u>Amounts and dates obligated:</u>	TL. 2,000,000 - 9/6/64 TL. 2,000,000 - 9/8/64	

Terms

The loan is from PL 480-104(g) sources, repayable in 20 years. The grant is from counterpart. Both the loan and grant are to be released in increments of TL.1 million for each release of 500,000 TL from its resources that the Turkish Confederation of Labor shall expend for construction of the building. The Headquarters building is now nearly completed. The first two floors are occupied by rent-paying tenants. Dedication is expected in August.

E. Health - Introduction

USAID/Turkey focuses its attention only on a limited number of high-impact health and health-related projects. Materials prepared for the AID Advisory Committee on International Education of Health Manpower describe fourteen current and terminated projects (TOAID A-834; AIDTO A-907). Development loans, local currency, technical assistance, and excess U.S. Government property have been coordinated on various health activities. A close cooperative relationship among relevant AID offices and among other donors leads to an economy of resources.

1. Family Planning

USAID assistance to the Ministry of Health in its family planning program is provided through the following:

- a) a loan to purchase 1400 vehicles to transport medical personnel in the rural health clinics throughout Turkey, equipment and supplies for an educational program, and technical assistance in both the clinical and educational fields.
- b) a Trust Fund lira grant to supplement the budgetary funds made available by the Ministry of Health for the family planning program,
- c) technical assistance for a demographic survey being conducted under our Development Statistics Project,
- d) participant grants for study in the U.S. (five in FY 66 and two in FY 67).

The USAID does not have a technical division working on family planning. The Population Council provides technical advice, and the program implementation is mainly followed by the Special Assistant for Human Resources in cooperation with the Office of Capital Projects.

Family Planning Assistance - Loan No. 277-H-068 - Signed October 1966

To assist the Ministry of Health in its family planning program by providing up to 1400 quarter-ton vehicles, technical consulting services for transport operations, equipment and supplies for the educational program and technical assistance in the communications media field.

Conditions precedent have not been met entirely and the Ministry is experiencing difficulty in obtaining the proper staff for its new Transport Directorate. The current vehicle fleet of the Ministry has some 40-50% of all vehicles deadlined for parts and/or major maintenance. Proposals requested for transport consulting services were opened on June 67 and selection will be made this month.

The consultants will be expected to assist in improving vehicle operations and maintenance and in preparing bidding documents and technical specifications for vehicles, including audio-visual vehicles, to be purchased.

Equipment lists have been drawn up for the educational program and a consultant has been tentatively selected. Educational equipment estimated costs exceed the estimates which formed the basis for the loan. Upon completion of present steps to resolve the cost problem and to assure availability of adequate, suitable space for the production facility, procurement of equipment will be undertaken.

Operational Assistance for Family Planning Program - TL.4,518,200 -
Trust Fund Project Agreement No. 277-TF-23-540-1013 - Signed April 1967

The main objective of this grant is to finance a program of incentive payments to Turkish doctors, nurses, and family planning field workers in order to introduce family planning methods to new acceptors. The grant also provides funds for public information, training courses for doctors and para-medical personnel, and statistical program evaluation. This program, which encountered many difficulties in its negotiation phase in the Ministry of Finance, now has been completely approved. Implementation procedures are to be forwarded shortly to Ministry of Health field offices. The program is ready to go. We expect it to have a significant influence on the progress of the family planning in Turkey.

2. Capital Assistance

Loan to Ataturk Medical School

Hacettepe Science Center in Ankara has established a medical school at Ataturk University in Erzurum and has assigned more than 60 doctors from the Hacettepe staff to work there. At present instruction is carried on in the Erzurum Municipal Hospital. This hospital is being expanded and new buildings for the medical school are under construction on the Ataturk University campus just outside of Erzurum. Medical equipment is urgently needed for the expanded hospital and for the classrooms and laboratories of the medical school. In June, 1966, a grant of \$20,000 was made from the Director's Emergency Fund to purchase some of the most desperately needed equipment while the Mission was processing a loan application. In August, 1966, TL 180,000 was released from our Trust Fund for similar purposes. The medical school has also received excess property of an acquisition value of \$165,000 in 1966.

A loan for medical equipment in an amount of \$2 million, including about \$100,000 for fellowships was authorized in June 1967.

Cholera Program

In view of the continuing threat of a major outbreak of cholera in the Near East, AID has made preparations to provide preventive and emergency assistance to countries to combat the disease. Included under this activity are the following:

(a) A Regional Public Health Advisor financed by AID/W and stationed in Ankara spends a good percentage of his time working directly with Turkish Ministry of Health officials on cholera prevention and on early bacteriological diagnosis and treatment to prevent on epidemic.

(b) One short-term American consultant arrived Ankara on June 13, 1967, to assist in training Ministry of Health personnel to use and to maintain ten "pedo-jet" inoculation guns that AID/W has loaned to the Ministry of Health for sixty to ninety days. Two additional short-term American consultants are expected to arrive in July - One to assist the production of cholera vaccine and diagnostic sera; the other, for general epidemiological approaches to cholera prevention and control.

(c) Equipment and supplies totalling \$112,470.55 have been purchased by AID/W as its contribution to the CENTO Regional Cholera Program in Turkey. Most of these commodities have been in Turkey for two months. Some have arrived at the Refik Saydam Institute; the rest are expected momentarily. Of these commodities, \$72,535.20 was committed for cholera vaccine production, \$22,380.55, for bacteriological diagnosis and \$17,554.80, for water testing.

(d) The NIH has agreed to test the efficacy of diagnostic sera produced at Refik Saydam.

(e) A stockpile composed of 40,000 liters of parenteral fluid, 40,800 intravenous sets, 1,000,000 disposable needles, and 1,500,000 disposable syringe and needle sets is expected to leave New York on June 9 for Cigli USAF Base, Izmir, for use in the initial phases of an outbreak of cholera in the Near East, including Turkey.

(f) USAID has indicated that AID/W will provide an additional 7,000,000 to 10,000,000 doses of cholera vaccine in case of emergency, dependent upon higher priority needs in other countries.

(g) CENTO is providing fifteen copies of a new cholera film concerned with diagnosis and treatment.

3. Local Currency Activities

<u>Project Number/Title/Borrower</u>	<u>A. Responsible Turkish Official</u> <u>B. AID Coordinator</u>	<u>Purpose</u>
(*) Counterpart (a) Hacettepe Medical Center (1) CR 40-53-23-34 (*) (2) CR 44-61-48 (*) (3) 277-42-550-062 (PL 480, 104 (g)) (4) 277-TF-46-540-1015 (Trust Fund)	A. Ihsan Dogramaci, M.D., President, Hacettepe Science Center B. Morrie Blumberg, Special Assistant (Human Resources)	To assist in construction, mostly at private, non-profit 1,250-bed teaching hospital. To serve students and researchers at public sector Hacettepe Science Center.

Amounts and dates obligated: (1) TL 4,300,000 - 12/60, (2) TL 4,000,000 - 10/66
(3) TL 25,500,000 - 4/64, (4) TL 1,800,000.

Terms - All but (3) from Counterpart or Trust Funds. No. (3) is from PL 480,104(g). TL 8,300,000 of Counterpart is on a Grant basis.

(b) Radiobiological Institute (1) CR 44-53-40, and (2) 277-TF-23-540-1004	A. Fevzi Renda, M.D., Director, Radio- biological Institute, Ankara University Medical Faculty B. Morrie Blumberg, Special Assistant (Human Resources)	To obtain a new Cobalt 60 source, three new nuclear measurement systems, and essential spare parts, in order to assist in establishing the first institution in Turkey to develop research, training, diagnosis, and treatment programs with radiotherapy and radioisotopes.
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Amounts and dates obligated: (1) TL 1,097,962 - 6/61, (2) TL 715,395 - 12/65.

Terms and Remarks: Both inputs are grants from Counterpart or Trust Funds. In addition, Trust Funds were used to finance four short-term American consultants to (1) develop a special seminar in conjunction with a recent Atoms in Action Exhibit and (2) to establish short-life isotope facilities.

(c) 277-TF-23-540-1002 "Istanbul Private School of Dentistry and Pharmacy"	A. Murat Baristiran B. Paul Micou	For construction of buildings to house this school.
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Amounts and dates obligated: TL 2,000,000 - 11/65

Terms, Remarks and Problems: The owner of the school had invested about TL 3 million of his own funds in the school and, after USAID/T was convinced that it was a going operation which could make good use of the lira loan, the request which was originally for TL 4 million, was finally approved for TL 2 million. All of the funds have been disbursed and the school is in operation.

F. EDUCATION - Introduction

USAID has selected a few limited areas in which to concentrate its support in the field of education. These are the development of educational planning in the Ministry of Education, improvement of technical and vocational education at the secondary level, support of a program in business management education, and higher education in selected universities which are committed to a modern approach to training high-level manpower. Two new projects, in English language training and agricultural vocational education, may be considered for inclusion in the FY 68 program.

In the Five-Year Plan, a systematic effort was made to project the demand for skilled manpower of various types which the expanding and increasingly complex Turkish economy would require over the coming 15 years. The output of the educational system was thus explicitly linked for the first time, both quantitatively and qualitatively, to the anticipated needs of the nation. Unfortunately, this imaginative effort, subsequently supplemented and refined by the OECD-sponsored Mediterranean Regional Manpower Project, has borne relatively little fruit because the Ministry of Education has hitherto lacked the capacity to reshape the school system and enable it to meet these needs. The Educational Planning Project worked out between the Ministry of Education and USAID is designed to develop the planning capacity of the Ministry of Education so that it can program the output of the school system in relation to national manpower needs. The second element in the field of education is improving the technical and vocational education at the secondary level. Turkey is critically short of technically-trained people at the sub-professional level and the present program places major emphasis on expanding technical and vocational education by producing an expanded flow of trained teachers to staff the technical teacher training institutions. A third element of the program is to provide continuing support for Turkey's institutional development in the field of business management education at the university level. The need for business education in Turkey justifies a continuation of assistance to the four Academies of Economics and Commerce. Still another important element of the program is to assist Turkey to produce the high-level manpower which economic development requires. The older Turkish universities, notably Ankara and Istanbul Universities are committed to a traditional approach to education which stresses memorization of a specific body of knowledge but gives little attention to developing the abilities of the students to think for themselves. There are, however, some newer universities such as Middle East Technical University and Hacettepe with a more modern outlook which emphasize a problem-solving approach as well as an orientation toward the problems of the community. Moreover, these newer institutions are predominantly technical in character. Their graduates should in the future be in a position to play leading roles in Turkish life, especially if the quality of education can be kept at a high level. The effort in higher education will therefore be to assist selected institutions which promise to produce a new type of university graduate.

USAID has forwarded for AID/W consideration a combined technical assistance grant and loan proposal to support the Development of Middle East Technical University. Also pending in higher education is a loan proposal to the Hacettepe Medical Faculty and Science Center.

1. Technical Assistance Projects

Technical and Vocational Education: Project 346

This project is designed to assist the Ministry of Education in improvement and expansion of training in Turkish technical and vocational education. The program will involve the development and introduction of changes in curricula responsive to manpower requirements of Turkey's economic development, work experience programs for teacher, in-plant and on-the-job training for workers and a variety of other activities.

To accomplish the above a contract team of five technicians, recruited by the American Vocational Association, and working with the MOE, have developed a work plan with the following goals:

(1) Development of a modern and practical system of technical and vocational teacher education; this activity is the core of the entire project. The present MTTTC is basically a junior college institute of technology offering only two courses in the area of teacher education. A new curriculum is being developed which provides for eight courses in the pedagogical area. Administrative changes in the institute are likewise being developed.

(2) Curricular improvements are being developed for use at the trade high school level. There are 114 schools of this nature in Turkey. The revised curriculum will be tried on an experimental basis in two new trade high schools to be known as pilot schools.

(3) Textbooks and reference books in two fields, teacher education and skills training, are being developed under a supporting project.

(4) Seminars for in-service training are being offered during the month of July 1967. Participants in these seminars are primarily instructors from the MTTTC and supervisory personnel in the MOE.

(5) The concept of using trade and industrial advisory committees is being introduced. A national committee has been selected. A local committee for each of the two pilot schools will be selected in the near future.

(6) Production-type concepts are being developed for school-shop programs and will be introduced in the pilot schools.

(7) Trade and technical libraries and improved concepts of library use and maintenance are to be instituted as a corollary of the book project.

(8) Adult programs are scheduled for development in trade preparatory training, trade extension training, and supervisory training.

Problems

There are no specific problems other than a certain amount of anticipated opposition from some of the older members of the MTTTC staff with regard to curriculum changes in that school.

National Education Research and Planning: Project 398

This project is designed to help Turkish officials develop the capabilities of the MOE's Budget and Planning Department which will ascertain the country's education requirements, develop basic data leading to formulation of policies in education programs and prepare budgets necessary for their support. Special emphasis will be given to relating the educational system to the manpower requirements of the developing economy.

Technical assistance is to be provided through a contract with a US university (MSU) over a five year period (1967-72). Two American advisors will arrive shortly after the contract is signed. Three others are expected during the first year of the contract. Twelve long-term participants will study in the US. Expenditures under the contract for the first 18 months are estimated to be \$330,000. Lira Trust Fund support is expected to total \$114,000.

Current Status and Problems:

The contract is being finalized by MSU and AID/W. We expect as Chief of Party, an MSU professor who has been working on a similar project with the Thai Ministry of Education. Mr. Nusret Karciloglu, Head of the Budget and Planning Department left Ankara June 24 to attend a four-day planning seminar at MSU which was held for a group of high-level Thais working on their country's educational planning.

Academies of Economics and Commerce: Project 357

The four Academies of Economic and Commercial Sciences in Ankara, Istanbul, Eskişehir and Izmir graduate most of Turkey's trained accountants, business executives and government administrators. A Michigan State University team of five educators is working under an AID contract to assist the Ministry of Education increase the number of qualified teachers and introduce new fields of study such as marketing, business organization, and finance and management to provide better qualified graduates. Operations under the present contract are being carried through to June 30, 1968, completing three full years of project operations at that time. The project was reviewed recently by a team of business education experts from AID/Washington to decide whether or not there is a continuing need for technical assistance in Turkey in the field of business management education. Both AID/W and USAID/T now have endorsed an extension of the contract for four more years.

Current Status and Problems

With the four Academies progress continues toward all project goals. Two recent, significant events are: the decision at Eskişehir to revamp its entire curriculum and go on an American semester basis this fall, and the decision to reinstate a regulation which permits the American Master's Degree to qualify a candidate for a Turkish Doctoral degree with a minimum of further class work.

AID/W presently is working out details for continuation of this project. Three of the team members will complete tours with the next six weeks; replacements have been nominated and a new Chief of Party is expected momentarily.

Advanced Agricultural Training: Project 211

Project Objective:

The purpose of this project is to assist the Government of Turkey in the establishment at Atatürk University at Erzurum as a modern university contributing effectively to the economic, social, and cultural development of eastern Turkey. This project commenced in 1955 and is scheduled to terminate on June 30, 1968.

Current Status and Problems:

At the close of the 1966-67 school year, Atatürk University had approximately 1700 students and 222 staff members. Only 25 of the latter possessed academic rank of Docent Doctor or Professor Doctor. It has three Faculties: Agriculture, Science and Letters, and Medicine. Except for housing for faculty and students, the physical plant of the University is in general more than adequate at this time. However, essential equipment is insufficient for teaching and research.

The biggest problems are staff development and the development of an effective administrative organization. The GOT has not provided the framework essential for the development of the community oriented university originally envisaged. If the present trend continues, Atatürk University may well revert to the status of a traditional university.

Middle East Technical University (METU) (Proposed)

Project Objective:

To support the Middle East Technical University (METU) expansion program which will double its present student enrollment and teaching staff by academic year 1971-1972 to better enable the University to support the Turkish development effort. METU staff personnel will

receive advanced academic training in the U.S., supplementary academic staff from the U.S. will be furnished to METU, and a U.S. organization will be designated to administer this program. This TC project supplements the loan project and is closely tied in with it.

Current Status

The preliminary E-1 has been submitted to AID/W proposing an initial grant of \$700,000 for FY 1968. This would be allocated in the following way:

Participant Training	\$250,000
Supplementary Personnel	\$300,000
Overseas Educational Service	\$150,000
	<u>\$700,000</u>

A preliminary study of METU's needs over the next ten years was made by Dr. Carroll V. Newsom, former President of New York University. This was followed by discussions between METU and the Mission, leading to a survey by the Overseas Education Services (OES) on the way in which the proposed assistance could best be implemented. Initial cost estimates are being reviewed by AID/W and the Mission.

Problem

The relationship between AID/OES/METU should be carefully delineated to permit maximum flexibility within the intent of the proposed program.

2. Capital Assistance

Middle East Technical University (METU)

METU has received assistance from the Ford Foundation, Rockefeller Institute, United Nations agencies, Britain, Germany, and other donors. The University needs foreign exchange for its five-year expansion program and has applied to AID for a loan for both equipment and books and visiting professors and fellowships. Due to the reluctance of the Ministry of Finance to approve borrowing funds for purposes which traditionally had been technical assistance grants, visiting professors and fellowships were eliminated from the loan request. The project which is now awaiting authorization from AID/W calls for a loan of \$4.5 million for equipment and books only. METU will enter into a contract with Overseas Educational Services (OES), a non-profit organization, which will assist METU in analyzing its equipment needs and making purchases from the United States. The Mission expects to include grants for professors and fellowships in its yearly technical assistance program. OES will help in obtaining the personnel.

Hacettepe Science Center

The Hacettepe Science Center is located in downtown Ankara. It now consists of a School of Arts & Sciences, a Medical School, Teaching Hospital, and School of Nursing. It has grown extraordinarily quickly under the direction of Dr. Ihsan Dogramaci, from a single Children's Hospital in 1958 to a full-fledged university. The Assembly is now debating a bill which will establish Hacettepe as another Turkish university. Like METU, Hacettepe needs foreign exchange for equipment and visiting professors and fellowships. Hacettepe is in a stronger political position than METU because it teaches in Turkish and has not been subject to the criticism that has occasionally been leveled at METU for its orientation toward the United States. Hacettepe was able to convince the Ministry of Finance that it should be permitted to borrow funds for professors and fellowships. The Ministry of Finance has applied for a loan of \$4.5 million for Hacettepe's three-year program. The five-year program would require \$7.1 million and AID and Hacettepe agree that it would be better to finance the full five-year program. USAID hopes that the \$7.1 million loan will be authorized in FY 67. The funds will be used for equipment, books, professors, fellowships and experts. The OES will assist Hacettepe in the same manner that it will work with METU.

3. Local Currency Activities

<u>Number/Title/Borrower</u>	A. Responsible Turkish Official	<u>Purpose</u>
	<u>B. AID coordinator</u>	
(a) 277-TF-11-610-1021 Printing & Distribution of Technical & Vocational Books - Dept. of Technical and Vocational Education in the MOE.	A. Mehmet Irmak, Dir. Gen. of Tech. B. Dr. Kenneth E. Harris	To provide Turkish Technical & Vocational personnel with high quality teaching and on-the-job instructional materials. This project will develop and introduce new curricula, textbooks & upgraded libraries in Turkish technical and vocational schools.

Amounts and dates obligated: TL. 1,000,000, May 1967.

Terms, Remarks and Problems: MOE has established a book selection committee, which recently has developed a list of 68 titles to be translated and published. All are in technical and vocational fields. Fifteen of these titles presently are in various stages of processing. Funds in the project cover costs for authorship, translations, editing, illustrating and copyrights. Transportation and technical editing are slow processes if good results are to be achieved. Fifteen books are expected to be published during the first year of the project with an additional 15 titles underway by mid-1968. This activity supports, and is a part of the Technical and Vocational Education Project 277-11-610-346.

(b) <u>CR-44-61-52</u> Four year training program for Science teachers to staff English Language Lyc ees - METU	A. Prof. İnönü, Vice President, METU B. Dr. Harry W. Kerwin	To provide training for 14 students, to complete a 4 year science course to qualify them for teaching in the 6 Turkish lycees (high schools) where teaching is done in English. In the past, the MOE has relied on foreign teachers,
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Amounts and dates obligated: TL. 510,000 - 10/62

Terms, Remarks and Problems: It was planned originally that 22 scholarships would be given under this program, which actually began in FY 1964. Due to academic failure, only 14 students presently are enrolled and only TL 299,000 has been disbursed. USAID/T's participation in this project ends June 30, 1968.

<u>Number/Title/Borrower</u>	A. Responsible Turkish Official	<u>Purpose</u>
	B. AID Coordinator	
(c) CR-66-70-8 and 277-TF-31-660-1009 John F. Kennedy Memorial Scholar- ship Fund (METU)	A. Pres. Kurdas, METU B. John Welty, PAD	To assist Middle East Technical University by con- tributing TL for the establishment and maintenance of the John F. Kennedy Memorial Scholar- ship Fund - a long term scholarship fund for Middle East and Turkish students.

Amounts and dates obligated: TL 3,000,000 - 1/64; TL 1,750,000 - 4/66.

Terms, Remarks and Problems: Both inputs are grants. They have been fully utilized since inception.

G. PUBLIC ADMINISTRATION - Introduction

The overall objective of the various activities of the Public Administration is to develop within the Government of Turkey a commitment to and a capacity for continual administrative improvement.

This project has the following targets:

- 1) Creation of a government-wide staff organization to provide **necessary** continuing leadership within the Government of Turkey for administrative reform.
- 2) Development of effective Turkish institutions to provide training for government administrators.
- 3) Improvement in effectiveness of two key government agencies, namely the tax administration service within the Ministry of Finance and local government administration within the Ministry of Interior (especially municipal government).

1. Technical Assistance Projects

Public Management Services: Project 298)

Project Objectives:

1. Improve administrative procedures and organization in Turkish Government agencies.
2. Provide assistance in training.
3. Improve GOT budgetary system.
4. Strengthen local government.
5. Upgrade quality of personnel administration.

Current Status and Problems:

1. Six Technicians in Turkey: Direct Hire
 - a) Personnel Advisor
 - b) Training Advisor
 - c) O&M Advisor (Records Management--on loan to Tax Administration Team).
 - d) O&M Advisor (assigned Nebraska Team Coordinator)
 - e) Budget Advisor
 - f) Municipal Advisor

2. The activities of the above advisors are as follows:

(A) Personnel Administration (State Personnel Department)

This activity is an outgrowth of advisory service to the State Personnel Department (the first GOT civil service agency, set up by law in 1960) for a census of civil servants. The census, covering all branches of the civil service ministries, provincial and municipal governments, and public enterprises, was jointly conducted in three stages in 1963-65 by the State Institute of Statistics and the State Personnel Department. A total of nearly 500,000 civil servants was involved. This was the first time comprehensive information on the entire civil service had been collected in modern times. Following the census project, services were expanded to include the new civil service law, classification and pay, job descriptions, recruitment and examinations, training materials for personnel specialists, development of a library of personnel literature, and organization of the State Personnel Department.

The State Personnel Department was a poorly organized and administered agency during the first years to 1966. Under the present government and Department President, organization and programs are gradually becoming more dynamic. Plans for an expanded Department for the years immediately ahead are taking shape. The Department has still to settle some internal disagreements about what the Turkish personnel programs should be. Certain board and staff members, carry-overs from the previous governments, have not been helpful.

(B) Training Advisor (State Personnel Department)

The objective of the in-service training activity is to give assistance to the State Personnel Department and other government agencies and institutions in developing the human and material resources capable of planning and implementing a sustained, effective program of in-service training for the civil servant. The organizations primarily charged with this responsibility are the State Personnel Department and GOT agency training units. . . The most critical problem faced in this program is the lack of qualified staff at the State Personnel Department. The Training Director, though expert in the field of training, has been designated Acting General Secretary. Therefore, direct counterpart working relationships are limited. Several training units in the central government are beginning to implement extensive training programs but are being thwarted by the lack of adequate legislation due to the status of the Personnel Law No. 657. (Parliament never officially implemented the Law).

(C) O&M Advisor (Ministry of Finance)

This advisor is on loan to the Ministry of Finance to advise on and carry out a program of the records management in the tax administration area.

(D) O&M Advisor (Nebraska Coordinator)

The advisor working in this area has been designated coordinator of the Nebraska Contract. It is expected that he will be reassigned to Washington in the near future.

(E) Budget Advisor (Ministry of Finance)

The advisor in this area has been working with the General Directorate of the Budget for the past year and a half. It is expected that a new project will be written to cover program budgeting and research in the Ministry of Finance upon the return of the incumbent from home leave. Initiation of this new project is dependent upon the Ministry of Finance appointing a Budget Director who will carry out a vigorous program of budget reform. A great deal of preparatory translation and publication effort has been made within this project.

(F) Municipal Advisor - Local Government (Ministry of Interior)

The project objective is to develop a strong viable municipal government so that the municipalities will play their proper role in the development of the country.

The current status is as follows:

Ministry of Interior: Several important municipal revenue laws which were reviewed and commented on are now before the Parliament for consideration. The very important Municipal Law, on which a number of recommendations were made, is now being considered by the various ministries. We are translating the proposed Provincial Local Government law. The local government section of the Ministry is undergoing drastic revision and strengthening.

Turkish Municipal Association: The program agreement received final signature on June 20th. Association officials are not preparing detailed programs. They expect the program to be implemented by early fall.

Problems:

1. If the municipal laws are not passed during this session of Parliament, municipalities will be restricted in their development for another year.
2. To date, the project progress in the Ministry of Interior has been wholly unsatisfactory. It is believed the current changes in personnel will do much to correct this.
3. Municipal Association activities will be greatly expanded under an A.I.D. financed project. It may take some time for them to become fully staffed to meet their new program responsibilities.

Administrative Training Institutions (Cornell Contract): Project 331

Project Objectives:

To accelerate the rate of development of the Department of Management, Middle East Technical University through the following means:

- (a) Participant training at the graduate level (in the U.S.) of present and future METU Department of Management staff members.
- (b) A library acquisition program to strengthen the collection of literature in Economics and Business Administration.
- (c) Provision for one or two full-time visiting U.S. professors in various fields of Management and Administration each year during the contract period.

Current Status and Problems:

- (a) Participant training: through the end of the Spring academic semester, 1967, 15 AID sponsored participants have received the Master of Business Administration Degree at U.S. universities. Of these, 7 are currently on the staff of the Department of Management, METU, 1 has resigned from METU, and 4 are pursuing doctoral studies, 2 are serving their military obligation, and 1 is teaching in the Department of Industrial Engineering at METU. To date, 2 AID sponsored participants have received the degree Ph.D. in Business Administration. These are either on the staff or serving their military obligation.

There are 2 AID sponsored participants currently in the U.S. working towards their MBA degree, and 3 AID participants in the U.S. studying for their doctorate.

Plans now call for sending 4 participants to the U.S. this fall, 2 to begin their Ph. D. work and 2 for their MBA degree.

- (b) Library Program: To date under the contract approximately 6,000 volumes have been purchased for the METU library in the areas of Economics and Business Administration. The current library collection in these areas is adequate to support the existing degree programs in these areas. At the present time the library facilities would not be adequate for graduate programs, were these anticipated.
- (c) Visiting Professors: To date there have been nine visiting staff members sponsored by the contract. Their tours of duty have ranged from 12 months to two years. Fields of specialization have included: Personnel Administration, Production Management, Management Economics, Management, Accounting, and Industrial Management.

The final two visiting professors under the contract arrive July and August 1967. One of these will remain at METU 12 months, the other 24 months. Their fields are Managerial Accounting and Production-Operation Research.

During the academic year 1967-68, there will be three AID sponsored visiting staff members at METU; Mr. Peter Lauter (Instructor in Managerial Economics), Mr. David Greene (Professor of Accounting), and Mr. Robert Llewellyn (Professor of Production-Operations Research). Mr. Greene will be Chief of Party.

Development Statistics: Project 364

Project Objectives:

1. Strengthening organization of the State Institute of Statistics for more effective functional performance in the Turkish national statistical system.
2. Strengthening the academic and in-service training capability of the State Institute of Statistics.
3. Improving timeliness of compilation and quality of publication of Turkish statistics.
4. Establishment or improvement of basic economic measurements required to support a structure of comprehensive national accounts, this through benchmark censuses and current sample surveys.

Current Status and Problems

1. Thirty-one Turks have received training in U.S. under A.I.D. or predecessor agencies. At least 12 more under OECD, Population Council or direct university scholarships. Most of these returned participants are working effectively in statistical agencies.
2. The State Institute of Statistics occupies first class accommodations (probably best of any statistical agency in Asia), has its own printing and reproduction facility, but operates with obsolete and inefficient tabulating equipment. It desperately needs to move into the computer age before next major census rounds (1969-71).
3. The GOT has shown faith in modern statistical methods by investing in sampling surveys for key economic series, e.g. population growth, agricultural production, labor force, consumer expenditure. It needs to exercise closer supervision, better control, however, to secure valid results.
4. The management of the State Institute of Statistics needs to develop much more "authority of ideas" and negotiating skill to effect inter-ministerial coordination of statistical effort.
5. S.I.S. also needs to exercise the functional organization permitted by its legislation, particularly with respect to establishment of a permanent field cadre.
6. Major censuses need more careful planning to assure progressive improvement in quality.

Tax Administration: Project 433

History

In May 1966, the Minister of Finance, GOT, by ministerial minute, established a committee charged with drafting tax administrative reform enabling legislation and with the development and execution of plans for the implementation of the legislation. The principles established by this ministerial minute, the methods and procedures to be followed were substantially in accord with the recommendations made by Mr. B. Frank White in his report of January 1964 on his review of Turkish tax administration practices.

Following the issuance of the above minute and at the request of the Turkish Government, two U.S. Internal Revenue officials, Mr. Daniel L. Tucker and Mr. Paul Trotman visited Turkey between August 20, 1966 and October 15, 1966 to consult with Turkish tax officials. It was agreed that a tax team from the U.S. Internal Revenue Service would be provided. The following persons comprise the team presently working in the Ministry of Finance:

Daniel L. Tucker - Team Leader	(IRS/PASA)
Jack Baker - Collection Advisor	(IRS/PASA)
John Carter - Training Advisor	(IRS/PASA)
Theron Polivka - Returns Processing Advisor	(IRS/PASA)
Bertram Sandler - Audit Advisor	(IRS/PASA)
Ivan Stuck - O&M Advisor	(Direct-Hire)

Current Status

The enabling legislation is now in final draft form and has reportedly received the approval of the Council of Ministers. It is awaiting formal presentation to the Grand National Assembly. Informed (Ministry of Finance) opinion is that its passage into law at this session is assured. The draft provides for activation of the new tax administration system by June 1, 1968. While awaiting passage of the enabling legislation, the activities of the technical advisors and their Turkish counterparts have been devoted to research and the preparation of detailed plans for the implementation of the law. The organization structure of the new tax administration has been developed, the staffing cadres at the national, regional and district levels determined and the location of the regional headquarters and their geographical areas of jurisdiction agreed to. Space facility needs have been reviewed and recommendations made in this respect. A training program and a timetable for its execution have been developed. Work flow studies have been made and charts prepared in the returns processing area.

Problems

The major problem at this time relates to the financing of the cost

of tax reorganization. The original estimates, made prior to the actual development of the legislation and details of the proposed administrative organizational structure, were understandably general in nature. While there was apparently an informal understanding by GOT and USAID officials as to the proportionate parts of the overall estimated costs to be provided by the GOT and by USAID, no formal agreement was reached as to the nature and source of the latter. Discussions have recently been resumed on this point and the technical advisors are working closely with the members of the Turkish task force to develop detailed space and equipment estimates.

Another problem relates to the loss of "lead" time for the project. Much of the work to be done cannot be effectively undertaken until the enabling legislation is passed. The original timetable estimated that favorable action would be taken by the Grand National Assembly in late March or early April of this year. The implementation of the law is set for June 1, 1968. This would have provided approximately 14 months for the project task force to select and train personnel, develop procedures and regulations and devise functional work programs, etc. The delay in passage of the law has already reduced this time to 11 months and a far more intensive effort will now be required to effectively accomplish the task.

2. Local Currency Activities

<u>Project Number/Title/Borrower</u>	<u>A. Responsible Turkish Official B. AID Coordinator</u>	<u>Purpose of Loan</u>
(a) CR 66-69-2 Engineer- ing Education for Retired Military Technicians	A. State Personnel Dpt. B. Winfield Lowe, Per. Advisor, PAD	To help pay the costs of university training for military technicians, to qualify them as full- fledged engineers. Program was prepared and carried out by Istanbul Technical University.

Amounts and dates obligated: TL 175,000 - 8/63, 3/66

Terms:

This is a grant of counterpart funds.

(b) 277-TF-31-990-1024 Municipal Administra- tion.	A. Nuri Tortop, Turkish Municipal Administra- tion B. George Stevens, Municipal Advisor	To train and inform mayors and high-level city employees on municipal activities thru a series of conferences, seminars and training sessions, to help expand the association's library and to expand the Association research activities.
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Amounts and dates obligated: TL 1,021,500 - 6/67

Terms:

These are Trust Funds granted for a new project.

IV. Special Categories of Assistance

1. American Institutions in Turkey

a) Admiral Bristol Hospital

The American Hospital of Istanbul, commonly called the Admiral Bristol Hospital (ABH), was established in 1920. A School of Nursing, reportedly the first in Turkey, was established during the same year. The seventy-five bed hospital serves principally private patients of whom 90% are Turks. The School of Nursing has a student enrollment of fifty and has graduated an annual average of eight. The curriculum is four years in duration and is accredited by the Government of Turkey. AID assistance through Section 214 began during Fiscal Year 1965.

During FY 1965, \$250,000 were appropriated and fully allocated to the ABH. Approximately \$180,000 were expended for operations of the School of Nursing (approximately \$70,000), improvements of the library and the surgical suite, training of a medical record librarian, painting of the hospital and School of Nursing, and purchase of X-ray and laboratory equipment, miscellaneous furniture and other equipment. The Board of Directors has asked that a portion of the unobligated funds be used to make a "feasibility" study for additions to the hospital. AID has not agreed to reprogramming the funds in this direction.

During FY 1966, \$100,000 were appropriated and fully allocated to the ABH School of Nursing. Approximately \$65,000 were expended to date to operate the School of Nursing.

During FY 1967, \$100,000 were appropriated and fully allocated for the School of Nursing.

AID had a site evaluation made by an appropriate team of consultants who recommended discontinuing support of the School of Nursing in its present form. AID's position has been to phase out financial support for the school. However, this decision currently is being reconsidered, and an AID two person team visited Turkey for the two week period beginning February 13, 1967. As a result of their deliberations, AID appears ready to continue financial support for an additional period of time that has not been clearly fixed to date.

b) Robert College

Robert College and its sister school, the American College for Girls, Istanbul, are American-operated colleges in continuous service for 103 years. Total student enrollment at both schools approximates 2,000. Private support comes from student tuition, from foundations, from corporations and from alumni and friends in the United States and Turkey. In addition, US Government funds over the past nine years have totaled \$12,737,274, a large percentage of which is a dollar equivalent in Turkish lira.

Under Section 214 of the Foreign Assistance Act (American Schools and Hospitals Abroad) as amended, US Government grants have been obligated each fiscal year beginning in FY 1960. The total through May 31, 1967, is \$10,695,000. Funds were used by the colleges for general operating expenses, for the procurement of new teaching equipment, for the modernization of buildings, for construction of certain new buildings, e.g., an infirmary, for the purchasing of library books, and for other support essential to the continued growth and expansion of the institutions.

Beginning with the assistance in the construction of a new engineering building for the Robert College campus, local currencies obligated under PL 480 (j) have totaled the dollar equivalent of \$1,737,796 (TL. 15,640,164). In addition to construction, these funds have been used for student scholarships and faculty salaries.

Finally, two USDA research grants totaling \$104,361 in Turkish lira (TL.939,250) and two US Peace Corps training grants totaling \$200,117 round out US Government assistance to-date to Robert College.

Looking toward the future, Section 214 funds are obligated annually to meet Robert College's operating deficit of \$2.5 million to \$2.9 million per year. USAID has considered a number of alternative courses for future AID assistance to Robert College. Consideration of these alternatives is in abeyance pending further decisions to be made by the Board of Trustees regarding the future of the College.

2. PL 480 Activities

From 1955, when the need first arose for food imports to feed a growing population, to the present time, Turkey has imported slightly more than \$550,000 worth of food products under PL 480. This is about 1/4th of the total of US economic assistance to Turkey since 1948. About 10 percent of the total PL 480 input was almost equally divided between voluntary agencies school and institutional feeding programs (old Title III) and various disaster relief and work programs (old Title II).

Of the sales proceeds, about 40% was reloaned to the GOI and 15 percent was loaned to private firms in Turkey for developmental purposes. Another 15 percent was granted for the support of Turkey's Military budget and the remaining 30 percent was for various US uses.

Since the summer of 1966 there have been no PL 480 sales to Turkey, because local production was sufficient to cover Turkish needs. Thus, for all practical purposes this source of local currency has by now completely dried up. It appears that there will be no PL 480 sales again this year because of local bumper crops. Grant programs carried out by CARE and CRS, recently averaging about \$2,000,000 each year, reach about 2.5 million Turks - mostly primary school children. This program continues on a gradually diminishing scale in order to develop the institutional pattern of supplemental feeding, and in order to assist in Turkey's efforts in the field of nutritional education.

In the last three years the World Food Program, operated out of Rome by the FAO, has been very active in Turkey; the overall US input is 50 percent but the USAID is not an active party to this program. Thus we are unable to describe it in specific terms.

The USAID has occasional problems of field monitoring because of alleged local sensitivities, and there is a chronic problem of convincing the VolAGs that US food grants must be phased out on a definite schedule.

3. Book Programs

a) Two AID grants totaling \$55,000 plus one CENIO grant of \$30,000 have been made to the Turkish National Book Committee for purchase of scientific books for selected institutions under the National Academy of Sciences Book Program.

b) Two Textbook Depository Libraries of 1,000 volumes each have been received by the Board of Education and by Istanbul Technical University. These grants were approximately \$14,000.

c) The Global Royalty Program assists in obtaining copyrights for books for translation. AID/W pays a nominal sum through Franklin Book Programs. Large numbers of applications are now being made for copyrights for the vocational education contract group.

d) Translations to Turkish of American books are made in many projects. USAID/Turkey is proposing to centralize this into a single local currency project.

e) CENIO is planning to expand activities in books in FY 68 and will probably sponsor a seminar on librarianship and other programs.

f) The Wolf report and the CENIO SUNY reports provide useful information on book problems in Turkey.

4. Development Administration Training - Project 396

This project finances foreign participant grants for the training of Turks in government and private organizations that are not now being assisted under specific Technical Cooperation projects or whose training may be important to the success of certain capital projects.

In FY 1966, 26 candidates were chosen, and of those 10 are still in training. The selection included three participants from the State Investment Bank, an institution from which no participants had previously come. In FY 1967 approximately the same number of candidates were chosen for 396. Six were in fields of health where no technical assistance project - related training is planned. These health fields include family planning, nutrition, administration and other specialties.

V. COMMUNICATIONS MEDIA DIVISION

The Communications Media Division is a service activity operating under the general supervision of the Assistant Director, with the following general objectives:

1. To develop and reproduce communications materials needed by USAID technicians and administrators.
2. To train representatives of Turkish government agencies, government economic enterprises and the private industrial sector in effective techniques of communication. This training is carried out through a variety of USAID-sponsored seminars, ranging from several days to three weeks in length. Some of the seminars are sponsored by USAID technical divisions and include communications training; others are conducted by the Communications Media Division itself. A total of 345 training seminars involving over 12,000 participants have been held since 1962.
3. To advise and work with Turkish Government agencies on equipment specifications, photographic and printing department layouts, and provide their staff members with technical training in graphic arts, photography and offset printing.
4. To provide supervision for the writing and editing of the Participant Journal and the Ankara Scene, and for developing materials for Front Lines and Hometown news stories.
5. To supervise the USAID Library.

Background and Staffing

The Office of Communications Resources was established in November 1961. The high point in staff development was reached in FY 1964 when there were four Americans and 24 Turkish technicians. In March 1966 the slots for five Turkish technicians were eliminated in an economy move, and in May 1966 one American direct-hire managerial slot, and the American direct-hire secretary were phased out. In July 1966 the Office was renamed the Communications Media Division. At present there are two American managerial staff members and 20 full-time Turkish technicians.

Budget

The budget for the division as submitted in last years's E-1 is:

	FY 67	FY 68	FY 69
1. Personnel	\$ 42,000.00	\$ 42,000.00	\$25,000.00
Nat'l & American			
Contract	TL 600,000	TL 600,000	TL 600,000

2. Expendable Supplies	\$ 16,000.00	\$ 10,000.00	\$ 5,000.00
	TL 15,000	TL 10,000	TL 10,000
3. Replacement Equipment	\$ 10,000.00	\$ 5,000.00	- - - - -

Current Problems and Issues

As communications training has progressed and as technicians in AID and the Turkish Government have seen what the Communications Media Laboratory could do for them, the work load of the Division has steadily increased. The biggest problem facing the Division is this greatly increased demand for services with the same resources to draw on. Here are three current examples:

Economic Coordinator for CENTO

The Communications Media Division has been requested by the Economic Coordinator for CENTO to do the typesetting, layout and printing this next year of eleven reports of their special seminars. These reports will be from 200-300 pages in length and contain a limited amount of halftones and artwork. The justification for this request is that it will save \$20,000 of US currency. The printing of these reports was previously done in Beirut by a commercial printer.

Wheat Campaign Materials

At the request of the AID Agriculture Division, the Communications Media staff has been cooperating in the development of a series of wheat campaign materials. A joint wheat information committee has been appointed with two representatives from the AID Communications Media Division and three members from the Turkish Ministry of Agriculture. The cooperative program in wheat alone will take up the major part of the time of the Communications Media staff.

Farm Credit Information Program

The AID Advisor to the Agricultural Credit Bank has just requested the assistance of the Communications Media Division in the design of a farm credit information program for the Bank.

The two requests from Food and Agriculture are examples of types of work that have been done in the past. Requests of this nature will continue in the future.

I. ORGANIZATION

The attached organization chart reflects the current structure of the Mission's offices. This composition was decided upon in mid-1966 with a Mission Order No. 20-11 issued supporting these changes. Major adjustments resulted in all of the Assistant Directors (for Technical Cooperation, Management, Economic Planning, Capital Development and Industry, and Controller) being on an equal operational line. Included on the same line are the Office of Commodity Imports and Office of Engineering, this latter change, however, effected in March, 1967.

SUPERSEDES: USAID/T M.O. 20-11, dtd. 4/1/63; and
Mission Notice No. 871 dtd. 9/1/66,
and reissued in M.O. series, same date.

SUBJECT: MISSION ORGANIZATION

I. Purpose

The purpose of this Mission Manual Order is to present a new organizational alignment including some transfers of projects between Divisions.

II. Authority

By authority of the Mission Director.

III. Effective Date

Effective as of September 1, 1966.

IV. Organization

The new Mission organization is as reflected on the chart, approved by the Director on July 1, 1966, and attached hereto.

A. Office of the Director and Deputy Director

There are six staff offices as follows:

1. Office of Commodity Imports. In addition to acting as a service and control agency over imports, this office will undertake current analyses of import requirements to enable it to provide advice regarding both program loans and supporting assistance grants.

2. Office of Assistant Director - Economic Planning (formerly Assistant to the Director - Economic Planning). This office will be concerned with overall balance of payments analyses, the economic analysis of project loans and the programming of commodity loans and grants, of AID-generated local currency and the preparation of annual programs required for submission to AID/Washington. Relieved of operational responsibilities, other than OIEC, this office will serve as a true staff office to the Director.

3. Office of Legal Advisor - Law Officer of the Mission.

4. Office of Assistant Director - Management (formerly Assistant to the Director - Management). Responsible for Mission organization and management.

5. Office of the Assistant Director - Controller (formerly Office of the Assistant to the Director - Controller). Responsible for Mission financial management.

6. Office of the Assistant Director - Capital Projects and Industrial Development (formerly Assistant to the Director Capital Projects). The former Mission Industry Division is merged with this new office. Responsible for the overall coordination and supervision of capital project loans. This combined office now will carry out the Mission responsibilities in the field of Industrial Development.

B. Assistant Director

Responsible for the programming and implementation of technical assistance programs and projects, including participants, technicians and commodities. The technical Divisions will report to the Director on all questions involving technical assistance projects through the Assistant Director.

The three staff offices are:

1. Program Operations and Training Division (formerly Program Operations Office and Training Office).

2. Communications Media Division (formerly Communications Resources Office). This office, although attached for administrative purposes to the Assistant Director, will perform certain functions in connection with capital projects and will report back to the United States on AID activities which are worthy of note.

3. Special Assistants for Food for Peace, University Affairs, and Health and Social.

The three Special Assistants are:

a. Special Assistant for Food For Peace. Functions will involve the coordination and supervision of Mission's PL 480 activities (all titles).

b. Special Assistant for University Affairs. Functions will involve coordination and supervision of all Mission activities directly related to the Government of Turkey's universities.

c. Special Assistant for Health and Social. Functions will involve coordination and supervision of all Mission activities directly related to the Government of Turkey's social development programs; i.e., population control, public health activities, training of medical staff for major hospitals and the provision of hospital equipment and/or components as appropriate.

4. The four substantive technical Divisions cited below continue to perform the same operational functions, unless otherwise provided for within this Mission M.O.:

- a. Food and Agriculture Division
- b. Education Division
- c. Public Administration Division
- d. Labor Division

IV. General

The principal changes in Mission organization and staffing are:

1. The five Assistants to the Director are retitled Assistant Director for their speciality, with the five Assistant Directors having the same rank within the Mission.

2. The USIS Information Officer to USAID will report directly to the Director.

3. The Industry Division has been merged into a new Office of Assistant Director - Capital Projects and Industrial Development. The Office of Assistant Director - Capital Projects and Industrial Development has the following three branches:

- a. Development Loan Branch
- b. Industry Branch
- c. Engineering Branch

4. There has been established in the Office of the Assistant Director a group of Special Assistants for Food For Peace, University Affairs, Health and Social.

5. The name of Public Services Division has been changed to Public Administration Division.

6. The Office of Communications Resources has been abolished and a new Communications Media Division is established, reporting to the Assistant Director.

7. The Education Division continues to represent the Mission with the Ministry of Education and the GOT.

8. The following projects are transferred as follows:

a. Project 277-15-910-372 - Investment Encouragement for Private Industry and Project 277-15-420-293 - In-Plant Training are transferred to the new Industry Branch, within the Office of Assistant Director - Capital Projects and Industrial Development.

b. Project 277-13-270-399 - Management and Technical Training is transferred to the Public Administration Division.

The Mission will continue to make full use of the "Special Projects Task Forces" as an organizational mechanism. Membership of such task forces will be drawn from the entire Mission staff as required.

Contractors and contract teams will report through the Offices and Divisions having responsibility for the subject matter fields unless otherwise directed.

While the Chiefs of the substantive technical Divisions will report in two different channels to the Director, their relationships to the Director remain unchanged.

ATTACHMENT: USAID/T Organization Chart, dated July 1, 1966.

DISTRIBUTION: "B" (ALL USAID/T Personnel - American, Turkish, and Contract & Other Interested Parties.)

OFFICE OF DIRECTOR

BEST AVAILABLE COPY

A 404 MISSION DIRECTOR J. S. Killen
 A 002 DEPUTY DIRECTOR B. Harvey
 A 485 SECRETARY M. Salay
 A 479 SECRETARY V. Turner

REGIONAL LEGAL ADVISOR
 A 402 REGIONAL LEGAL ADVISOR R.B. Gudwin
 P/TS 473 SECRETARY J. Hanson

ASSISTANT DIRECTOR MANAGEMENT
 A 543 ASST. DIR. MANAGEMENT I. C. Rogers
 A 552 EXECUTIVE OFFICER N. R. Ashby
 A 544 ASST. EXECUTIVE OFFICER C. R. Winter
 A 556 MANAGEMENT ANALYST Vacant
 A 531 JR. OFFICER ADM. MGT. Vacant
 A 486 SECRETARY M. N. Henks

ASS'T. DIR. ECONOMIC PLANNING AND PROGRAM
 A 401 PROGRAM OFFICER K. M. Kaufman
 A 300 SECRETARY M. M. Maroncelli

ASS'T. DIR. CAPITAL DEVELOPMENT AND ENGINEERING
 A ASST. DIR. CAPITAL DEVELOPMENT J. E. Stephenson
 P/TS 344 SECRETARY J. M. Guzowski

ASSISTANT DIRECTOR CONTROLLER
 A 398 CONTROLLER M. H. Green
 A 548 DEPUTY CONTROLLER R. V. Scott
 A 502 FINANCIAL ANALYST Vacant
 A 536 JR. OFF. CONTROLLER P. R. Ames
 A 480 SECRETARY C. M. Moore

COMMUNICATIONS MEDIA BRANCH
 P/TS 351 COMM. RESOURCES ADV. J. W. McCarren
 P/TS 338 COMM. RESOURCES ADV. B. Hudnell

PARTICIPANT TRAINING BRANCH
 P/TS 539 TRAINING OFFICER R. L. Shields
 P/TS 196 ASST. TRAINING OFFICER M. E. Starnes
 P/TS 538 TRAINING ASSISTANT Vacant
 P/TS 570 SECRETARY B. Honey

ECONOMIC DIVISION
 P/TS 500 PROGRAM ECONOMIST M. Lubell
 A 518 PRG. ECON. DEV. PLANNING Vacant
 A 395 PROGRAM ECONOMIST R. E. Smith
 P/TS 520 ASST. PROGRAM ECONOMIST B. A. Viregh
 P/TS 450 ECON. ADV. SOCIO. POL. E. J. Cahn
 P/TS 509 ASST. PRG. ECONOMIST D. G. Mathiesen
 A 534 JR. OFFICER ECONOMICS J. E. Blalock
 P/TS 094 SECRETARY N. J. Fox

PROGRAM OPERATIONS DIVISION
 P/TS 408 PROGRAM OFFICER OPNS W. E. Pail
 P/TS 455 ASST. PRG. OFFICER EVALUATION E. A. Stener
 P/TS 446 ASST. PRG. OFFICER OPNS S. M. Ballicko
 P/TS 532 JR. OFFICER PROGRAM MGMT. L. F. Smucker
 P/TS 533 JR. OFFICER PROGRAM MGMT. K. A. E. Campbell (nom)
 P/TS 100 SECRETARY A. V. Borick

LOAN DIVISION
 P/TS 496 CHIEF DEV. LOAN OFFICER P. Misou
 P/TS SR LOAN DEV. OFFICER Vacant
 P/TS 498 ASST. DEV. LOAN OFFICER R. B. Walker
 P/TS 497 ASST. DEV. LOAN OFFICER T. R. Hilt
 P/TS 521 DEV. LOAN ASSISTANT C. M. Raley
 P/TS 541 JR. OFFICER DEV. LOAN S. Pitzer
 P/TS 363 SECRETARY P. L. Waller
 P/TS 371 INDUSTRY ADVISOR C. M. Roberts
 P/TS 553 SECRETARY F. T. Heland

ENGINEERING DIVISION
 P/TS 514 CHIEF ENGINEER J. K. Thomas
 P/TS 454 GENERAL ENGINEER Vacant
 P/TS 507 WATER RESOURCES ENGINEER R. O. Thomas (nom)
 P/TS 070 ELECTRIC ENGINEER W. Lawrence (nom)
 P/TS 495 ELECTRICAL ENG. POWER Vacant
 P/TS 522 MINING ENGINEER W. S. Wright
 P/TS 095 SECRETARY P. N. Bynum
 P/TS 571 TRANSPORTATION OFFICER J. L. Pfland (nom)

AUDIT BRANCH
 A 549 AUDITOR L. Vanderhorst
 A 551 AUDITOR J. B. Brady
 A 422 AUDITOR Vacant
 A 550 AUDITOR G. S. Robinson (nom)
 A AUDITOR Vacant

BUDGET AND ACCOUNTS BRANCH
 A 549 BUD/ACCOUNTING OFF. D. P. Rudewski
 A 272 ACCOUNTANT E. T. Gisp

PERSONNEL BRANCH
 A 801 PERSONNEL OFFICER L. Conner (nom)
 A 512 PERSONNEL CLERK C. J. Bellward

GENERAL SERVICES BRANCH
 A 298 GENERAL SERVICES OFFICER R. M. East
 P/TS 152 ASST. OSO MAINTENANCE H. D. Hooker

COMMODITY IMPORTS DIVISION
 P/TS 339 SUPPLY ADVISOR J. J. May
 P/TS 340 DEPUTY SUPPLY ADVISOR J. D. Bourne
 P/TS 562 ASST. EX. PROP. UTIL. OFF. L. N. Edge
 P/TS 524 EX. PROP. UTIL. OFFICER A. F. Guidette
 P/TS 537 SECRETARY L. R. Leidy

COMMUNICATIONS AND RECORDS BRANCH
 A 475 RECORDS SUPERVISOR S. M. Wells
 A 476 ASST. RECORDS SUPERVISOR L. G. Lindell

SECRETARIAL SUPPORT BRANCH
 P/TS 471 SECRETARY M. G. Balof
 P/TS 529 CLERK Vacant
 P/TS 530 CLERK TYPIST Vacant
 A 004 SECRETARY G. E. Vaughan

AMERICAN PERSONNEL CENTER

Administration 35
 Program 45
 Program Technical Support 63
 Participating Agency (and its Prog. gene) 22

	On Board		Prog. TR		On Board		PASA
	Adopte	Prog.	On Board	Prog. TR	On Board	Prog. TR	
Director	4	4	0	0	0	0	0
Reg. Legal Adv	1	1	0	0	1	1	0
Special Proj	0	0	0	0	2	1	0
Management	12	10	6	0	10	7	3
Exec. Plan. and Prog.	5	4	0	0	16	10	0
Cap. Dev. and Eng.	1	1	0	0	19	14	1
Controller	12	8	0	0	0	0	0
Food and Ag.	0	0	18	15	6	6	0
Edu. Div.	0	0	2	2	4	4	0
Labor	0	0	7	5	2	2	5
Pub. Admin.	0	0	18	14	3	3	12
	25	28	45	36	63	50	22

FOOD AND AGRICULTURE DIVISION
 P/TS 322 FOOD AGR. OFFICER R. N. Gleason
 P/TS 517 DEP. FOOD/AGR. OFFICER H. P. H. Johnson
 P/TS 348 AGR. PROGRAM ASST. E. W. Dull
 P/TS 464 SECRETARY C. M. Swindell
 P 492 AGR. ECON. RESEARCH B. T. Inman
 P 035 AGR. ECON. ADVISOR L. H. Rhodes

CEREALS PRODUCTION BRANCH
 P/TS 554 AGRONOMY ADV. CROPS L. M. Humphrey
 P/TS 567 AGRONOMY ADV. RESEARCH E. Wilson

ON-FARM WATER BRANCH
 P 302 WTR. RESER. ENGINEER L. R. Anderson
 P 393 SOILS ADV. MGT. CONSR. R. O. Lewis
 P 459 AGR. ENG. CONSERVATION F. Treston
 P 480 AGRICULTURE ADVISOR G. C. Krawiec (nom)
 P 458 SOILS ADV. MGT. CONSR. M. H. Taylor
 P 555 AGR. EQUIP. SPECIALIST M. M. Parker

INTEGRATED AGRICULTURAL SERVICES BRANCH
 P 442 AGRICULTURAL ADVISOR L. H. Otto
 P 421 AGR. CDT. ADVISOR G. W. Hudders
 P 368 AGR. CDT. ADVISOR Vacant
 P 491 AGRICULTURE ADVISOR J. H. Webb (Denial)
 P 515 AGRONOMY ADV. SZN. R. H. Tike (Denial)
 P 481 IRRIGATION S&M ADV. T. E. Newkirk (Denial)
 P 545 LIVESTOCK ADV. AREA P. P. Finkler (Denial)
 P 546 RANGE MANAGEMENT ADV. Vacant (Denial)
 P 563 AGR. WRTK/PROG. ADVISOR Vacant (Denial)

EDUCATION DIVISION
 P/TS 405 CHIEF EDU. ADVISOR H. W. Kerwin
 P 370 TRAINING IND. ED. ADVISOR K. E. Harris
 P/TS 516 VOC. AGR. ED. ADVISOR M. Cernik
 P 220 EDU. ADV. GEN. D. McAllister
 P/TS 482 EDU. PROG. ASST. H. E. Hamilton
 P/TS 472 SECRETARY P. C. Sparks

LABOR DIVISION
 P/TS 462 LABOR TECHNICAL OFFICER E. Edwards
 P 122 LABOR EDU. ADVISOR T. M. Coney
 A 510 LABOR EDU. ADVISOR Vacant
 P 525 CHRISTIAN LABOR J. J. Saks
 P 187 LABOR EDU. ADVISOR S. V. Meedy
 P 547 SOC. SEC. ADVISOR Vacant
 P 584 SOC. SEC. ADV. DAT. PROC. H. Simon (PASA)
 P 585 IMPLY. SERVICES ADVISOR H. Muggas (PASA)
 P/TS 028 SECRETARY E. W. Corrick

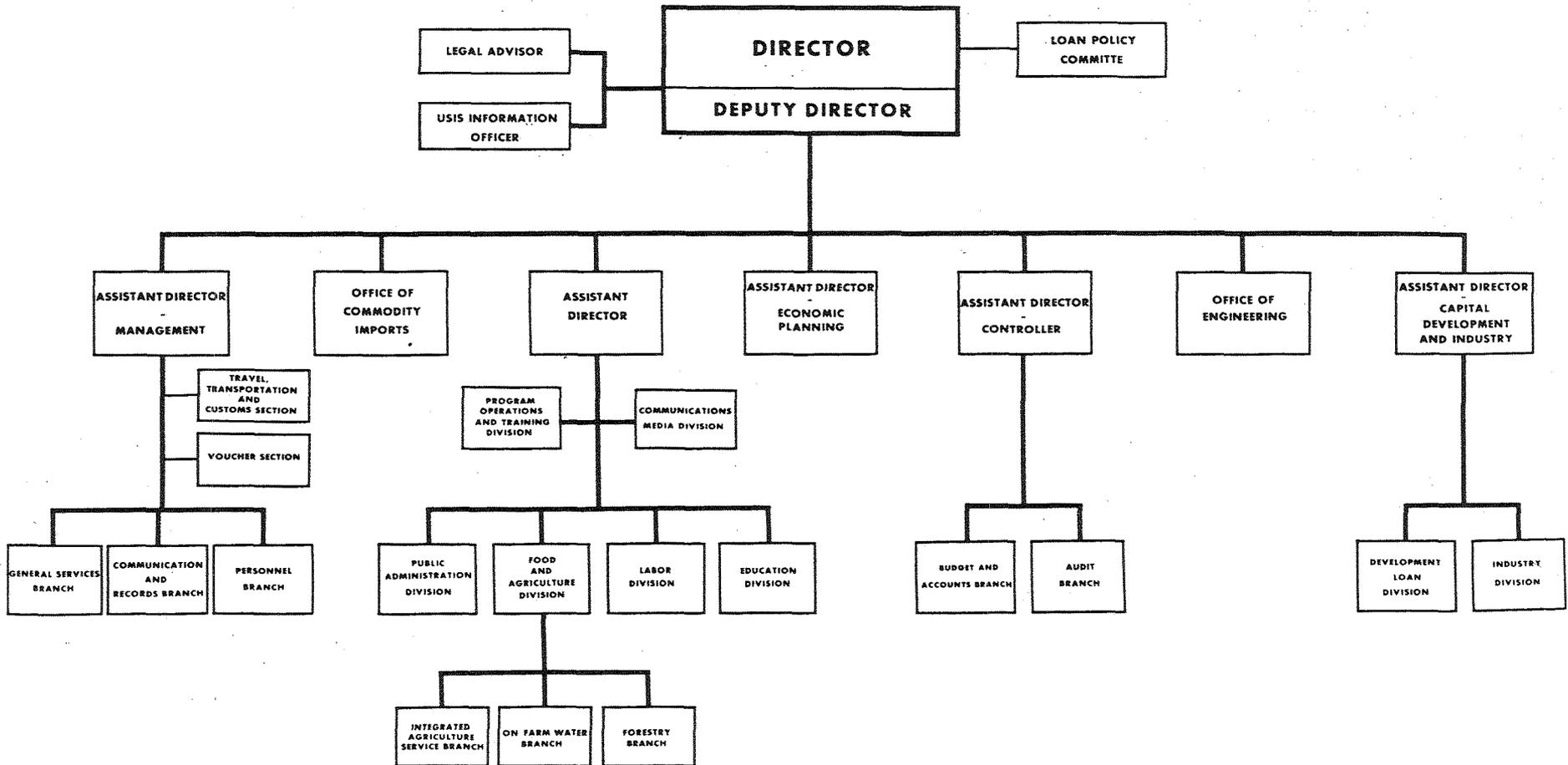
PUBLIC ADMINISTRATION DIVISION
 P/TS 323 PUB. ADM. ADVISOR T. W. Thorton
 P 525 ASST. PA ADVISOR J. M. Wells
 P 505 PA. ADVISOR FINANCE J. A. Cooper
 P 248 PUB. ADM. ADV. MUN. G. W. Stevens
 P 260 PUB. ADM. ADV. O. M. W. Stuck
 P 394 PUB. ADM. ADV. O. M. W. Stuck
 P 384 PUB. AD. ADV. PEES. W. Lowe
 P/TS 481 SECRETARY J. D. Adams

TAX TEAM-PASA
 P 557 PA. ADVISOR TAX D. L. Tucker
 P 558 PA. ADVISOR TAX J. H. Carter
 P 559 PA. ADVISOR TAX B. J. Sandler
 P 560 PA. ADVISOR TAX J. K. Baker
 P 561 PA. ADVISOR TAX T. C. Pellico

BUREAU OF CENSUS TEAM-PASA
 P 316 PUB. AD. STAT. L. T. Gell
 P 387 PUB. AD. STAT. M. J. Stenim
 P 374 PUB. AD. STAT. Vacant
 P 375 PUB. AD. STAT. R. D. Ray
 P 428 PA. ADV. STATISTICS Vacant
 P 427 PA. ADV. STATISTICS J. C. Rumbold
 P 317 PUB. AD. STATISTICS G. J. Lauer

SPECIAL PROJECTS
 P/TS 541 FAMILY PLANNING ADVISOR N. A. Smith (nom)
 P/TS 569 DEVELOPMENT OFFICER J. P. Allen

ORGANIZATION
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
ANKARA - TURKEY



II. USAID MISSION PERSONNEL
(U.S. and TURKISH)

Attached is current listing of all American personnel. A biographic card file is maintained by Management and kept in the Office of the Director. A similar biographic card file for the Turkish complement is also available.

Also attached for your information are graphs prepared by Management reflecting levels of personnel strength--these graphs show past levels, our current status, and a modest projection of personnel requirements for the early 1970 period. A recapitulation of Mission personnel strength reflecting actual ceiling levels versus our current on board status is also attached. The percentage of vacancies have not been high--NESA/PERS has given this Mission excellent support in all recruitment.

June 26, 1967

OFFICE OF THE DIRECTOR

Mission Director	James S. Killen (Nom.)
Secretary	Kathleen M. Farrelly
Deputy Director	Rodney B. Wagner
Secretary	Virginia Turner

OFFICE OF LEGAL ADVISOR

Regional Legal Advisor	Richard J. Wertheimer
Secretary	Brenda King

OFFICE OF THE ASSISTANT DIRECTOR/MANAGEMENT

Assistant Dir./Mgmt	Effie C. Rogers (Nom.)
Executive Officer	Norman R. Ashton
Jr.Off.Adm./Mgmt	Edward C. Stark
Secretary	Lorraine Mahder
Secretary(temp)	Joan Hanson

General Services Branch

Gen.Serv.Officer	Robert M. East
Asst.GSO Maintenance	Harold Hooker (Nom.)

Communications and Records Branch

Records Supervisor	Samuel Mazur
Asst. Records Supv.	Louise G. Lindell

Personnel Branch

Asst.Personnel Officer	Ione A. LaPage
Personnel Clerk	Colleen J. Bellmard

OFFICE OF COMMODITY IMPORTS

Supply Advisor	John J. May
Deputy Supply Advisor	John D. Bourne
Excess Prop.Util.Off.	Abdon F. Guidette
Secretary	Lucy Leidy

OFFICE OF ECONOMIC PLANNING AND PROGRAM

Program Officer	Lloyd Jonnes, Jr.
Program Economist	R. Elberton Smith
Econ.Adv.Socio.Pol.	Edwin J. Cohn
Program Economist	Harold Lubell
Asst.Prog.Economist	David G. Mathiasen
Secretary	Marguerite Maroncelli
Secretary	Caroline Miller
Secretary (temp)	Nancy Fox

OFFICE OF CONTROLLER

Controller	Morley H. Gren
Deputy Controller	Robert V. Scott
Jr.Off.Controller	Philip R. Anos
Secretary	Carolyn Moore

Budget and Accounts Branch

Accountant	Russell L. Hale
Accountant	Edward T. Giza
Auditor	Steve Walker

Audit Branch

Auditor	William R. Thomas
Auditor	Ludovicus Vanderhoeven
Auditor	John L. Viles

OFFICE OF CAPITAL DEVELOPMENT AND INDUSTRY

Senior Cap.Dev.Advisor	John D. Thompson
Development Loan Officer	Paul Micou
Asst.Devl.Loan Officer	Thomas R. Tift
Devl. Loan Asst.	Charles M. Raley
Jr.Off.Devl.Loan	Samuel Pilzer (Nom.)
Financial Analyst	Dennis A. Bell
Secretary	Marian Salay

Industry Branch

Industry Officer(Istanbul)	Raymond E. Walker
Secretary (Istanbul)	Frances Hyland
Deputy Industry Officer	Carl R. Mahder
Industrial Advisor	Carlton M. Roberts

OFFICE OF ENGINEERING

Chief Engineer	James Stephenson
General Engineer	James K. Thomas
Water Resources Engr.	Rodger B. Collons
Elect.Engr.Power	Melvin B. Munger
Elect.Engr.Power	Edward E. Gossard
Mining Engineer	Wilford S. Wright
Secretary	Catherine Stromberg

OFFICE OF ASSISTANT DIRECTOR

Assistant Director	Ragnar L. Arnesen
Secretary	Trudy Vaughan
Exp Spec.Asst.Human Resources	Morris K. Blumberg

PROGRAM OPERATIONS AND TRAINING DIVISION

Program Officer Oprns.	Robert J. Kerchen (leaving Sept. 1)
	William E. Polk (dual encumbency)
Asst.Prog.Off.Eval.	Weston B. Drake
Asst.Prog.Off.Oprns.	Sophya M. Balicka
Jr.Off.Prog.Mgmt.	Larry F. Smucker
Jr.Off.Prog.Mgmt.	James E. Blalock(Nom.)
Secretary	Ann Barich
Secretary (temp)	Pat Sparks

Training Branch

Training Officer	Robert L. Shields
Asst.Training Officer	Mary E. Starnes
Training Assistant	Barbara L. Wilmoth

COMMUNICATIONS RESOURCES DIVISION

Communications Res.Adv.	James W. McCarron
Communications Res.Adv.	Reign S. Hadsell

FOOD AND AGRICULTURE DIVISION

Food and Agric. Officer	Ralph N. Gleason
Deputy F&A Officer	Harvey Johnson
Agric.Prog.Asst.	Elwood W. Dull
Secretary	Catherine Swindell

FOOD AND AGRICULTURE DIVISION

Integrated Agriculture Services Branch

Agr. Advisor	Leonard H. Otto
Agr. Econ. Adv.	Leonard H. Rhodes
Agr. Cdt. Adv.	Glenn W. Studarus
Agr. Cdt. Adv. (Denizli)	Ward W. Taylor
Agr. Advisor (Denizli)	John H. Webb
Agronomy Adv. Extn. (Denizli)	Robert H. Fike
Agr. Econ. Research	Buis T. Inman
Irrigation Farm Adv. (Denizli)	Thomas E. Newkirk
Livestock Adv. Area (Denizli)	Parker Fitzhugh (Nom.)

On-Farm Water Branch

Wtr. Rsres. Engr.	Leland R. Anderson
Soils Adv. Mgt. Consr.	Ralph O. Lewis
Agr. Eng. Conservation	John H. Stewart (Nom.)
Agri. Advisor (Izmir)	George C. Knierim
Soils Adv. Mgt. Consvr.	Matthew H. Taylor
Secretary	Dorothy Miller

LABOR DIVISION

Labor Technical Officer	Einar Edwards
Labor Edu. Adv.	Theodore M. Covey
Labor Edu. Advisor	David Levintow
Statistician Labor	John I. Saks
Labor Edu. Adv.	Sigurd V. Moody
Soc. Sec. Adv.	William Hayward
Secretary	Estelle McCormick

EDUCATION DIVISION

Chief Edu. Adv.	Harry W. Kerwin
Dep. Chief Edu. Adv.	Hoyt J. B. Turner
Tra. Ind. Edu. Adv.	Kenneth E. Harris
Voc. Agr. Ed. Adv.	Marvin Cernik
Edu. Adv. Gen.	David McAllister
Edu. Prog. Asst.	Helen E. Hamilton
Secretary	Diane Slate

PUBLIC ADMINISTRATION DIVISION

Public Adm. Advisor	Thomas Thorsen (Nom.)
PA Advisor Training	Charles W. Hunter
PA Advisor Finance	John A. Cooper
Pub Adm Adv Man	George W. Stevens

PUBLIC ADMINISTRATION DIVISION (Continued)

Pub Adm Adv M OM	Doyle K. Casey
Pub Adm Adv OM	Ivan W. Stuck
Pub Adm Adv Tng	Jerry R. Hopper
Pub Ad Adv. Pers	Winfield Lowe
Asst.PA Advisor	John M. Welty
Secretary	Jackie Adams

Bureau of Census Team (PASA)

Pub Ad Stat	Lowell T. Galt
Pub Ad Stat	Morris J. Slonim
Pub Ad Stat	Herman Goldhamer
Pub Ad Stat	Robert D. Parr
PA Adv Statistics	John C. Rumford
Pub Ad Stat	Garrie J. Losee

Tax Team (PASA)

Pub Adm Tax Advisor	Daniel Tucker
Pub Adm Tax Advisor	Jack Baker
Pub Adm Tax Advisor	Theron R. Polivka
Pub Adm Tax Advisor	John C. Carter
Pub Adm Tax Advisor	Bertram J. Sandler

PERS:

cjb

6/26/67

AMERICAN CONTRACT PERSONNEL - USAID/Ankara, Turkey

PUBLIC ADMINISTRATION DIVISION

Nebraska University Contract Group (Erzurum)

Chief of Party	Donald G. Hanway
Extension Advisor	Duané E. Loewenstein
Agr. Econ. Professor	Leo P. Fenske
Secretary (Ankara)	Bonita M. Bliven
Plant Science Advisor	James G. Ross
Chemistry Adv. Professor	Amel L. Bresson
Administrative Asst.	Allen L. Bures
Secretary	Carol Bures
Professor	George H. Dunkelberg

Cornell University Group

Chief of Party	Richard I. Levin
(Prof. Business Adm.)	
Instructor	G. Peter Leuter

Personal Services Contracts

Management Consultant	Max T. Schaid
Management Advisor	Howard L. Volgensau
(Istanbul)	
Management Advisor	Richard E. Chislett
(Istanbul)	

EDUCATION DIVISION

Michigan State University Contract Group

Chief of Party	Eli P. Cox (leaving July 14)
	Robert L. Blomstrom (dual encumbency)
Professor	John L. O'Donnell
Prof. of Economics (Izmir)	Leonard Rall
Adv.-Economics &	Richard C. Henshaw
Commerce (Istanbul)	

American Vocation Association Contract Group

Chief of Party	Carl R. Bartel
Administrative Asst.	Edward A. Coates
Technical Vocational Adv.	Robert E. Illinik
Technical Vocational Adv.	Frank S. Scott
Curriculum Specialist	William A. Kavanaugh
Specialist, Instructional	Raymond L. Cornwell
Materials and Training Aids	

FOOD AND AGRICULTURE DIVISION

Personal Services Contract

Fertilizer Advisor	John McLain Hill
Pump Specialist	John Bayless

LABOR DIVISION

Conciliation Media Adv.	Julius Manson
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ASSISTANT DIRECTOR'S OFFICE

Johns Hopkins University Contract with AID/W

M.D.-Field Director	Warren H. Winkler
---------------------	-------------------

CENTO - AMERICAN PERSONNEL - USAID/Ankara, Turkey

Economic Coordinator	Scott L. Behoteguy
Dep.Economic Coordinator	George A. Gurov
Secretary	Olive S. Scancarella
Economic Advisor	Albert R. Baron
Asst. Program Officer	E. Morgan Gilbert
Secretary	Eva R. Fuller
Tech Coop Advisor	Cecile A. Williams
Civil Aviation Advisor	Robert D. Frick
(PASA - TDY)	Frederic Hartquist

Personal Services Contract

Marketing and Food Processing Advisor	Marion F. Ward
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RECAPITULATION OF MISSION PERSONNEL STRENGTH

US AID	Administrative Ceiling	32	#
	On Board	27	
	Program Ceiling	94	
	On Board	86	
	Participating Agency Established Positions	14	
	On Board	12	
	Total Authorized Strength	140	
	Total on Board	125	
	Contract Ceiling	39	
	Contract on Board	25	
CENTO	Total Authorized Strength	10	
	Total on Board	8	
	Contract Ceiling	1	
	Contract on Board	1	
	TOTAL <u>CENTO</u> STAFF SUPPORTED	9	
	TOTAL STAFF (USAID & CENTO) SUPPORTED	159	

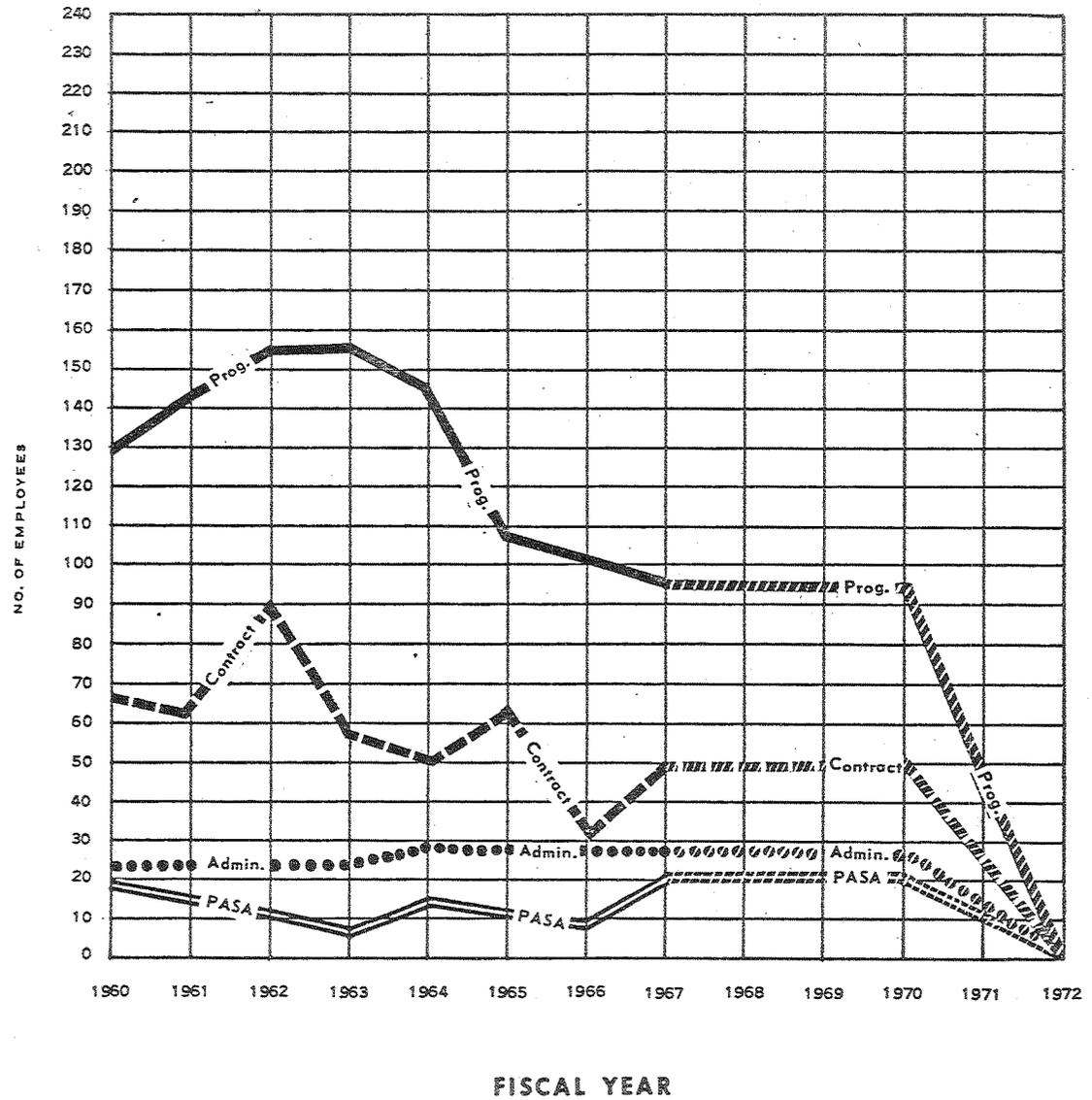
FSL Local Authorized Positions	<u>155 + 72 = 227</u>
FSL Local Filled Positions	<u>154 + 72 = 226</u>

* Includes one Regional Legal Advisor and one Trainee.

USAID/T U.S. PERSONNEL COMPLEMENT

U.S. PERSONNEL

- ADMINISTRATIVE
- PROGRAM
- ==== PARTICIPATING
- ▬▬▬ U.S. CONTRACT POSITIONS

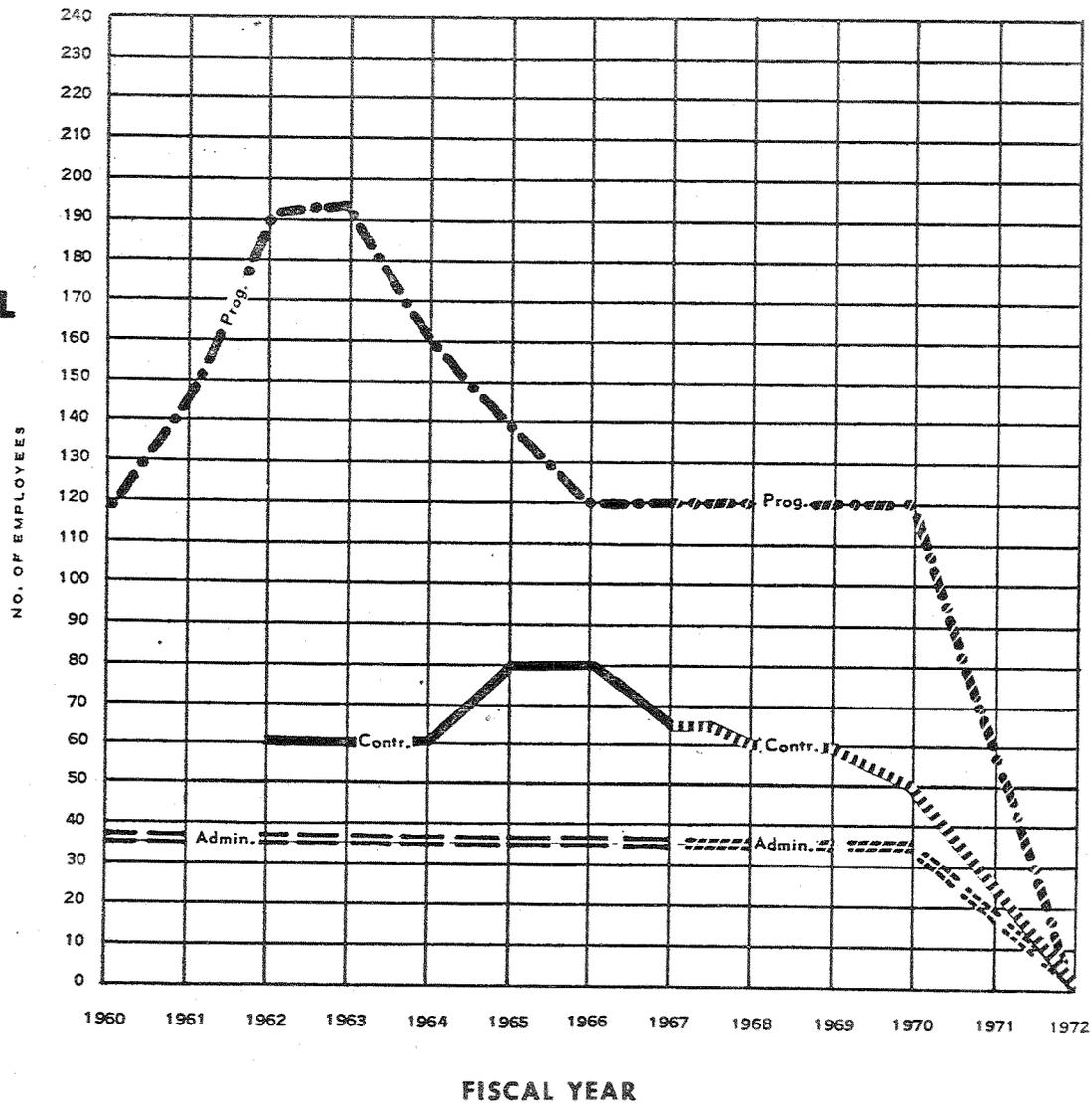


Nov. 1, 1966
Ass't. Dir./Mgt.

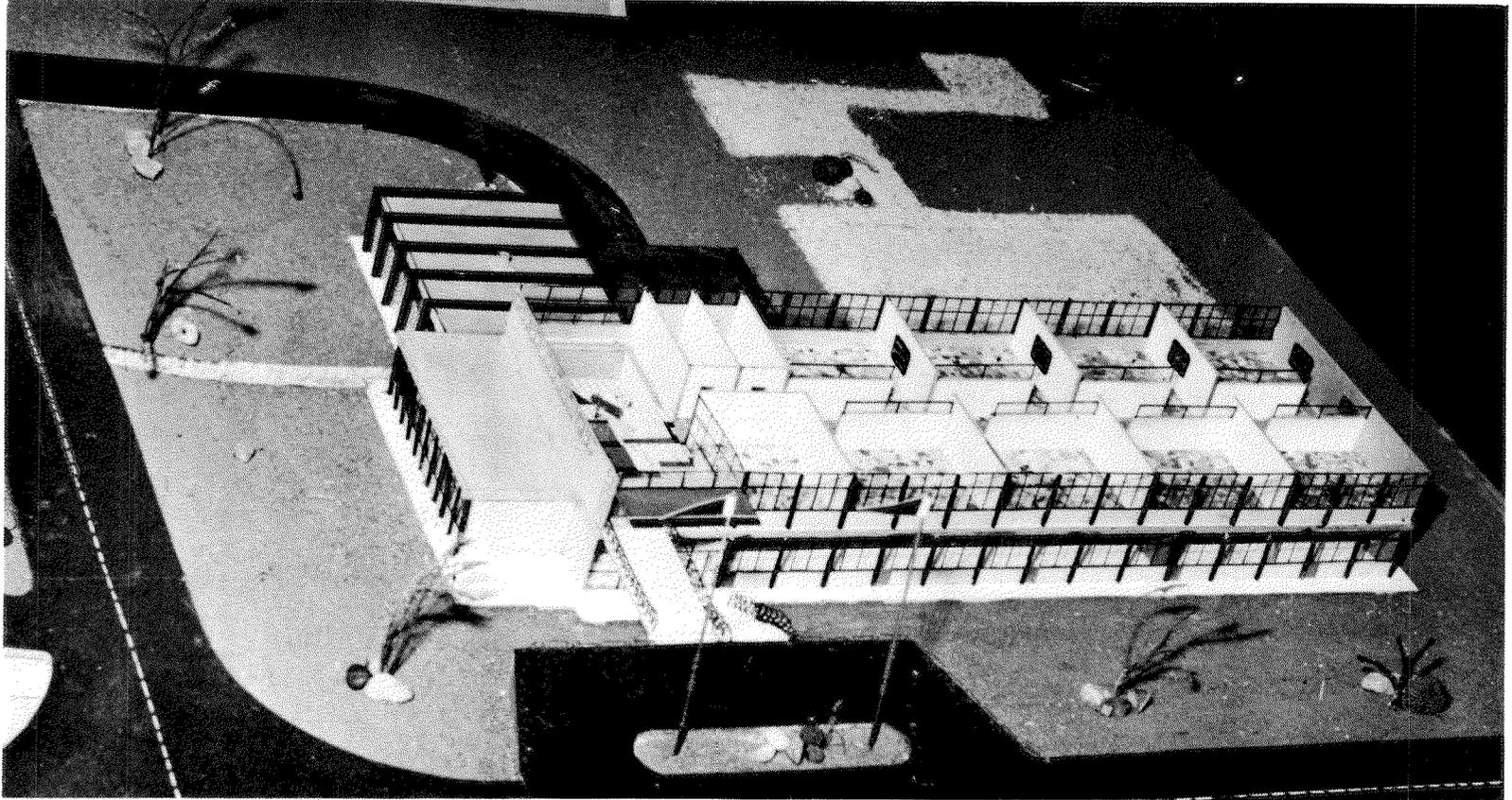
USAID/T TURKISH PERSONNEL COMPLEMENT

TURKISH PERSONNEL

- == ADMINISTRATIVE
- PROGRAM
- ▬ CONTRACTOR EMPLOYEES



Nov. 1, 1966
Ass't. Dir./Mgt.



III. ANKARA JUNIOR HIGH SCHOOL CONSTRUCTION

AID/W transferred \$275,000 of Section 636(c) funds to the Department of Air Force on January 12, 1967. This transfer of money was to finance construction of an additional building in the present Ankara High School complex. (See photograph of architect's model). The fact that these monies were received late left the TUSLOG offices with relatively little time to properly lay out a plan of implementation. Nevertheless, by April 20, 1967, approximately \$74,000 had been committed to design costs, procurement, and a well to supplement the already sparse water supply.

On May 10, TUSLOG was advised that certain municipality registration fees (T.L. 67,225) were required since the new facility did not qualify as a common defense facility with no tax relief agreement applicable. The tax relief provision enables contractors (engaged in TUSLOG building projects) to purchase essential construction materials and be reimbursed for all purchase taxes.

TUSLOG and the Embassy have taken the position that the Ankara Air Station is a common defense facility to be ultimately turned over to the Turkish Government. Consequently, tax relief benefits are still sought. Repeated conferences have

not resolved the issue, so in order to eliminate this impasse, the USAID was successful in obtaining GOT permission to use Trust Funds monies, thus hopefully assuring an award of contract prior to close of the current Fiscal Year.

IV. SPACE

The Mission has sixteen (16) active leases for space. These leases cover the official residences (Director, Deputy and CENIO Coordinator), the USAID offices and warehouse, plus other residential quarters utilized for either guest houses or staff quarters.

Rental for the major components are:

1. Office Space	TL 400,000	\$ 44,444.00
2. Warehouse	TL 108,000	\$ 12,000.00
3. Director	TL 45,000	\$ 5,000.00
4. Deputy Director	TL 33,600	\$ 3,733.33
5. CENIO	TL 24,000	\$ 2,666.66

The remaining units range from \$666.66 annually to \$8,333.33.

The Mission's total leased premises have an annual cost of TL 865,000 or \$96,112. All units are maintained by the Mission.

A more detailed analysis is available for your information in Management's GSO offices.

V. BUDGET OPERATIONS

The Mission's Technical Support Budget for FY-1967 totaled \$1,297,000 and Turkish Lira 14,533,350.70.

All Turkish staff with the exception of 35 administrative-funded positions are paid from GOT Trust Funds. There are also 72 contract locals paid from Trust Funds; this latter group are comprised custodial, janitorial, and general maintenance staff.

The dollar budget covers costs of the normal support staff; some secretaries, communications media personnel, training complement and a number of technicians.

The Mission's contribution of the FY-1967 Shared Administrative Support agreement is \$88,418. This figure constitutes a sizeable reduction over the FY-1966's SAS charges of \$101,341. The Mission has now undertaken to initiate more stringent controls on the type and scope of services rendered by the Embassy. This includes other items, periodic samplings for frequency factors and/or piece counts of official correspondence transmitted.

VI. OFFICIAL VEHICLE FLEET

The official vehicle fleet is currently at thirty-three vehicles-- chauffeur/driver complement at thirty persons. Exhibits are attached. The director's vehicle, Chrysler New Yorker should be replaced during late FY-1968--the mileage requirements will have been met by then.

USAID/T MISSION AUTOMOTIVE FLEET

As of July 1, 1967

<u>Assigned</u>	15
Director	2 Greenbriers - Shuttle
Dep. Director	3 Vehicles - Istanbul
Econ. Coord./CENTO	1 Vehicle - Mail and Records
1 Vehicle - Denizli	5 trucks - GSO
<u>Preventative Maintenance and Repair Daily</u>	<u>2</u>
Total Assigned	17
<u>Available for Daily General Pool Use and Field Trips</u>	16
(Staff of 160 Americans and 220 locals)	<hr/>
<u>Total Vehicles</u>	33

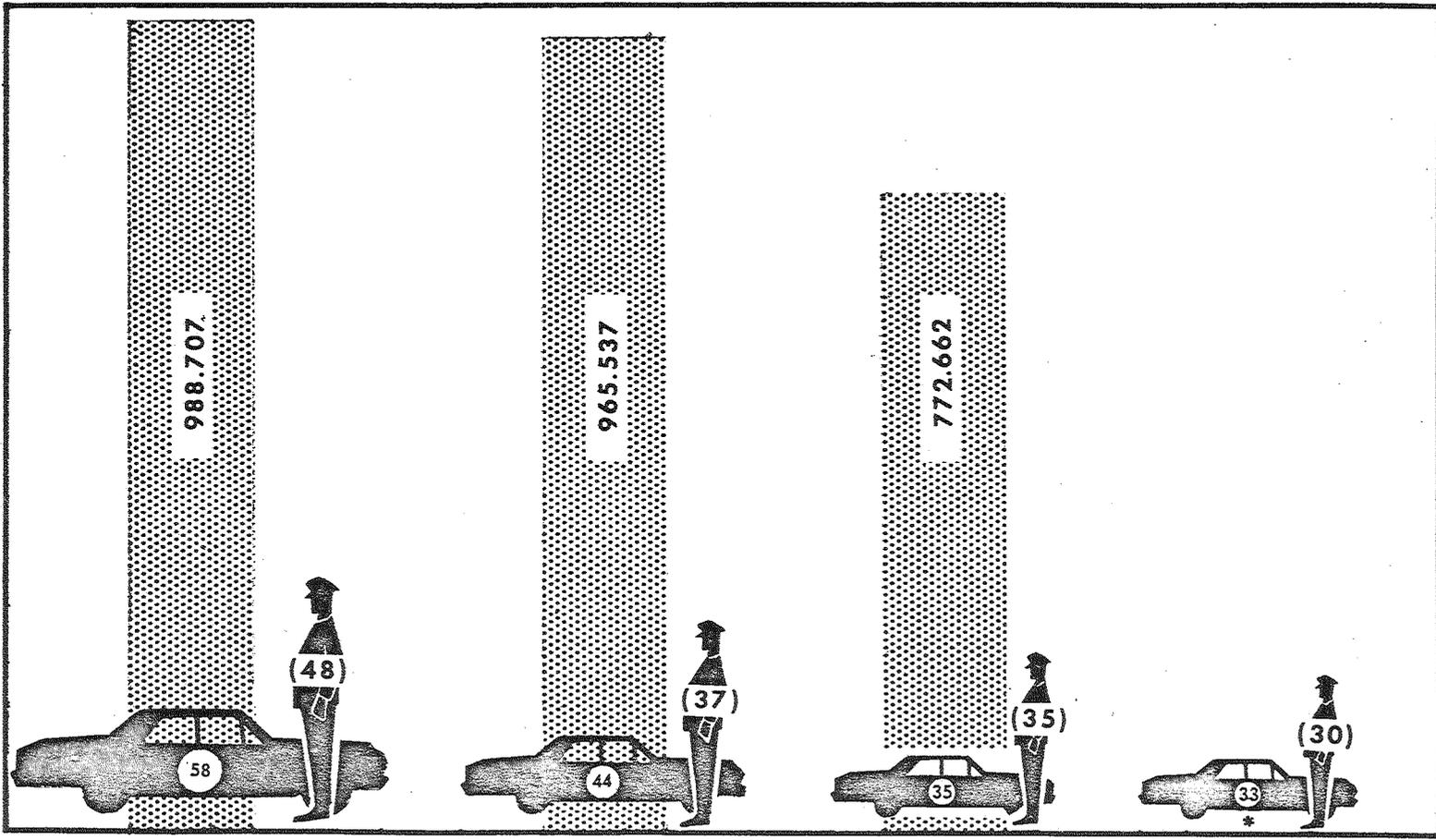
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STATUS OF U.S. A.I.D./TURKEY TRANSPORTATION SECTION

Number of Miles Traveled

1.000.000

900.000
800.000
700.000
600.000
500.000
400.000
300.000
200.000
100.000



Fiscal Year

1964

1965

1966

1967



indicates total number of vehicles



indicates total number of drivers

* including 5 trucks

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AMERICAN POSITIONS

ADMINISTRATIVE

July 1, 1960	23-23
July 1, 1961	24-22
July 1, 1962	24-23
July 1, 1963	24-23
July 1, 1964	28-26
July 1, 1965	30-30
July 1, 1966	30-30
July 1, 1967	28-26

USAID/T PERSONNEL

PROGRAM (All figures shown as programmed in final presentation)

July 1, 1960	126-108
July 1, 1961	143-105
July 1, 1962	155-113
July 1, 1963	157-124
July 1, 1964	145-118
July 1, 1965	109-101
July 1, 1966	100
July 1, 1967	96-96

PARTICIPATING AGENCY

July 1, 1960	17-17
July 1, 1961	15-14
July 1, 1962	11-10
July 1, 1963	7-6
July 1, 1964	12-8
July 1, 1965	10-8
July 1, 1966	8-10
July 1, 1967	20-16

U.S. CONTRACT POSITIONS

July 1, 1960	55-62
July 1, 1961	62-42
July 1, 1962	90-25
July 1, 1963	53-43
July 1, 1964	50-48
July 1, 1965	62-53
July 1, 1966	28-25
July 1, 1967	50-40

LOCAL POSITIONS

ADMINISTRATIVE

July 1, 1960	37-35
July 1, 1961	37-36
July 1, 1962	37-36
July 1, 1963	37-36
July 1, 1964	37-35
July 1, 1965	37-33
July 1, 1966	37-36
July 1, 1967	37-37

PROVISIONAL ESTIMATES JUNE 1968

 POSITION PROGRAMMED
 PEOPLE ON BOARD
 EACH SYMBOL REPRESENTS FIVE PERSONS

PROGRAM (Trust fund)

July 1, 1960	119-116
July 1, 1961	145-136
July 1, 1962	192-182
July 1, 1963	193-186
July 1, 1964	171-165
July 1, 1965	140-128
July 1, 1966	121-123
July 1, 1967	120-120

AMERICANS EMPLOYED UNDER CAPITAL PROJECT LOANS

July 1, 1960	4
July 1, 1961	9
July 1, 1962	59
July 1, 1963	166
July 1, 1964	211
July 1, 1965	170
July 1, 1966	98
July 1, 1967	97

(PART AGENCY FIGURES INCLUDE ONLY FULL TIME REGULAR POSITIONS; NOT SHORT TERM OR CONSULTANTS)