

May 24, 1963

Highlights of  
United States Assistance Program for Cyprus

The following is a summary of activities being considered or carried out in cooperation between the Government of Cyprus (GOC) and the United States Agency for International Development (AID) to promote economic development.

I. Water Development and Agricultural Productivity

a. Water Development Department - In 1962, AID provided a water development expert of the Tudor Engineering Company to conduct a brief study of surface water conditions in Cyprus. He recommended (1) that four engineers be provided to assist in water development projects if the GOC hired six additional engineers and six additional technicians, and (2) that detailed feasibility studies be carried out for three major watershed areas.

As a result of the study, the GOC did hire additional personnel as recommended and AID agreed to provide four civil engineers to assist in the training of new personnel and in carrying out the Water Development Department's construction program. All four engineers have been nominated, and two are scheduled to arrive in June, 1963. The other two engineers are expected to be in Cyprus shortly thereafter.

The GOC has expressed further interest in the feasibility studies suggested by the report, and is now considering the most appropriate method to undertake the watershed surveys. An AID engineer, scheduled to arrive in Cyprus during early June, will be prepared to discuss this matter with the GOC.

b. Famagusta Water Supply - AID agreed to provide a team of experts to conduct a study concerning water requirements for the Famagusta area, and to propose solutions including the feasibility of construction and operation of a desalinization plant, if necessary.

A team of four specialists from Bechtel Corporation, a private U.S. consulting engineering firm, was in Cyprus during the month of February, and finished Part I of their study by the end of April. It was made available to the GOC in mid-May.

Part I discusses the various alternatives for supplying additional water for Famagusta and recommends either a dam/pipeline from Troodos or a desalinization plant. The GOC must (1) determine which alternative is more desirable, (2) concur or suggest modification to the proposed size

of the facility, and (3) if the desalinization process is chosen, select a site from the four discussed in the report. Following these actions, Bechtel can proceed with Part II, a more detailed feasibility study of the specific facility to be constructed.

AID's desalinization engineer and a representative of Bechtel are expected to arrive in Cyprus in early June to discuss Part I of the report and to commence Part II.

c. Food and Agriculture Technical Assistance - AID has agreed to provide a Chief Food and Agriculture Officer and seven other U.S. specialists to work with the Ministry of Agriculture and Natural Resources in the fields of agricultural extension, agronomy, water use, horticulture, livestock, youth work and silviculture. A total of six of the advisors are in Cyprus working with GOC officials, and the silviculturist, who will be assigned to the Forestry College, has been nominated by AID and approved by the GOC.

Since most of the agriculture staff have arrived very recently, substantial accomplishments for all phases cannot yet be reported. However, advisors in the fields of horticulture and livestock have been quite active with the Ministry of Agriculture in assisting in demonstrations and seminars and consulting with GOC counterparts.

Additionally, USAID has agreed to provide training in the U.S. for 10 Ministry of Agriculture officials in the fields of veterinary science, forestry, horticulture, water use, animal husbandry, agronomy, dairy husbandry, artificial insemination, extension and agriculture information.

An Agriculture Extension consultant was in Cyprus for about six months to advise and assist in the organization of the Extension Service and a Rural Youth Program. AID's full-time advisors in both these fields are now in Cyprus to assist the Ministry of Agriculture in the implementation of these activities.

A special leader training program in the U.S. has been approved, which will consist of the GOC Director of Extension, Commissioners of the Greek and Turkish Cypriot Cooperatives, and Executive Secretaries of Greek and Turkish Cypriot Farmers' Unions. The leader training program has particular applicability to Extension and Rural Youth.

d. Equipment Loan - In January, 1963, the GOC submitted a loan application to AID requesting development loan financing of certain earthmoving and construction machinery required to carry out the development plan in the fields of water development, land use, agriculture and public works. USAID prepared a loan analysis which was forwarded to Washington the same month.

The GOC Minister of Finance and the USAID Mission Director were in Washington in early 1963 and had discussions with AID officials relating to the loan and loan terms. A U.S. equipment specialist visited Cyprus in late March, and in April submitted a report to AID Washington, where the loan is now under active consideration. An early decision relating to the loan is anticipated.

e. Agricultural Cooperatives - AID provided a cooperative marketing specialist to conduct a study of the cooperatives of Cyprus and to advise the cooperatives regarding proposed agricultural-industrial projects. His report was completed in late November 1962.

## II. Industrial Development

a. Development Bank - AID financed a study, completed in January 1962 by Checchi and Company, which recommended the establishment of an industrial development bank in Cyprus. Based on this report, AID agreed to provide assistance to the GOC in the establishment of the institution. An advisor from Checchi and Company arrived in Cyprus in July 1962 to assist in this phase of the project.

Legislation establishing the Cyprus Development Corporation was passed by the House of Representatives and promulgated in the Official Gazette in April, 1963. Actions by the two Communal Chambers to support tax exemption features of the law are scheduled to be completed May 24, 1963. Incorporation of the institution is proceeding and should be completed by the end of May. Following this action, the public subscription campaign will commence.

AID also has agreed in principle to provide experts to manage the Corporation during its first five years. Following Communal Chamber actions mentioned above, AID will proceed with contract negotiations in hopes to have the management in Cyprus by August. In the interim, in order to provide continuity, one member of the proposed management team is expected to arrive in late May.

b. Industrial Safety - AID provided an industrial safety engineer from the U. S. Department of Labor for a short period to conduct a special lecture series on industrial safety practices.

## III. Resource Planning and Management

a. Planning Commission - The GOC has entered into a contract with the Stanford Research Institute, which is being financed by AID, to provide three experienced economists for a two to three year period to work with the Planning Commission on the refinement and implementation of development plans.

The team members have been selected by the contractor and have been approved by both the GOC and AID. The Senior Economist arrived in Cyprus in early February, another in early April, with the third due to arrive in the near future. They are working with the GOC on tight deadlines for completion of the first Five-Year Development Plan.

b. Statistical Advisor - AID has agreed to provide a specialist for the Research and Statistics Department, Ministry of Finance, to determine what economic data is required for economic planning and to assist the Ministry in organizing and operating a statistical program to provide the

data required on a continuing basis. A nominee for this position has been approved by the GOC and AID. Pending satisfactory conclusion of necessary processing, it is hoped the advisor will be in Cyprus by July.

c. Central Bank - AID is providing a central banking specialist to assist the GOC in the establishment and organization of the Central Bank of Cyprus. The Central Banking bill is presently being discussed by the House Finance Committee and passage of the bill is expected by the end of May or early in June 1963.

As soon as the Central Banking Law is passed by the House, the Central Bank will proceed with the employment of personnel and with the organization of its functions and operations. The USAID Central Banking Advisor will work mainly in the organization and operation of such Bank functions as Note Issuance, Bank and Treasury Accounting, Credit Administration, Foreign Exchange Operations, Investment of Foreign Exchange Reserves, Agency Arrangements and correspondent relationship with banks and other financial institutions in Cyprus and abroad.

The Central Bank is expected to commence its functions and operations within the next few months.

d. Social Security - AID provided the Chief Actuary of the U.S. Social Security Board to work with the Ministry of Labor for a short period on the actuarial aspects of a proposed expansion of the social insurance system in Cyprus.

#### IV. Training Program

a. Labor - AID provided training in the U.S. in 1962 for fourteen trade unionists. In addition, a second one-year labor statistics scholarship at the U.S. Bureau of Statistics was awarded to a Labor Ministry official. An additional group of 12 trade unionists has been selected for training in the U. S. in 1963, and two trade unionists may be sent to Malta for training with the General Workers Union.

Training in Cyprus for trade unions has included conducting seminars and lectures and a workers film show program which has been conducted in 30 towns and villages with an attendance of over 5,000 persons. AID has also translated, printed and distributed 17 trade union pamphlets and handbooks and has another 11 handbooks in preparation.

b. Public Safety - During 1962, AID agreed to provide training in the U.S. for 7 officers from the GOC's Police and Gendarmerie. Of these officers, two have returned to Cyprus and the other five are scheduled to return by mid-August.

Training given in the U.S. for these officers has included Riot Control, Traffic Administration, Criminal Investigation, Crime Laboratory Management, and Security Administration (F.B.I. National Academy).

AID has agreed to send an additional three officers to the U.S. in 1963, two of whom will be enrolled in the F.B.I. Academy and one in Traffic Administration, Northwestern University.

c. University Scholarships - Seven Cypriots were awarded full-year all-expense paid scholarships to the American University in Beirut in the fields of agriculture, economics and public administration for the university year commencing in the fall, 1962.

It is expected that four of these students will be continued in the scholarship program by AID for the school year commencing in the fall of 1963, and that an additional three to five scholarships in similar fields will be available for selected Cypriots.

#### V. Grain Aid

a. School Feeding Program - In cooperation with the communal chambers and CARE, AID provided milk for 20,000 elementary school children during the spring of 1962, and expanded this program to cover 85,000 school children for the school year beginning in the fall of 1962. In addition, AID is providing for the first time this school year food items for a feeding program for 20,000 needy school children. For the coming school year, milk and food items (flour and butter) for a mid-morning snack will be provided for all elementary school children.

b. Title II, PL 480 - The U.S. Government granted 90,000 tons of grains (mostly wheat) to Cyprus during the period 1961-1962 as a drought relief measure. Approximately 22,000 tons were distributed directly to drought stricken farmers. The remaining grains were sold through the GOC Grain Commission and proceeds are being used for work relief projects in virtually every village in Cyprus and for development projects in such fields as dams and irrigation works, forestry department, agricultural land use, village water supply and general village development works.

In terms of market prices, some \$1.4 million of grain was distributed directly to farmers, about \$1.8 million was used for hundreds of small village projects, and approximately \$3.2 million has been made available to support specific projects in the GOC Development Program.

c. Title I, PL 480 - The proposed Title I program for Cyprus, comprising 30,000 tons wheat; 2,000 tons oils and some ocean transportation, totaling approximately \$2.8 million, is in its final stages of negotiation. The Agreements provide for 25% U.S. uses, 25% 104(c) Cooley Loans to support private investment, and 50% 104(g) Development Loan to GOC at 3/4 of 1%, 30 years, 3-year grace period. The principal GOC requests for change were to (1) allow export of their durum wheat production and (2) deposit proceeds in the GOC Treasury instead of a bank. All points are now settled except the question of permission to allow the export of Cyprus durum wheat, which

is now under consideration in Washington, involving third-country consultation. When a decision on this matter is received, a meeting will be held with the GOC and arrangements concluded for signing of the agreement. Timing is important since 10,000 tons of wheat must be allocated by issuance of a purchase authorization before June 30.

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