

TELEGRAM

DEPARTMENT OF STATE

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FD-AAC-310-C1

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SUBJECT. Assistance to METU and Bosphorus University

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1. NESA Bureau has reviewed Education Team Report and Mission recommendations reftel. We submit following comments on proposals for future assistance to METU and BU for Mission consideration:

A. METU: Concur recommendation reftel that consideration of TA project for METU be deferred until FY 1974 and that in interim A.I.D. provide, if and when METU prepared use these services, periodic consultant services (Recommendation #1 of Education Team Report) to participate in planning process for establishing graduate program in FAS. We would also be prepared consider financing travel of limited number METU professors to U.S. related to development of graduate program in management. Short-term

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AID AND OTHER CLEARANCES

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consultant services and participants should be charged to Higher Education (Proj. No. 277-11-660-445).

B. With regard Bosphorus University, AID/W concurs in principle with Mission recommendation ~~to~~ <sup>to</sup> provide assistance to EU during transition period to facilitate adjustment to status of full ~~Turkey~~ <sup>Turkish</sup> University.

Major shortcoming of proposed activity, as we see it, is that planned assistance, although of considerable import over next several years, will not have long-term institution building effect necessary to ensure that post transition university will continue emphasize, in setting its own academic and budgetary priorities, provision of resources to finance foreign training, foreign faculty exchanges, and library materials. Such we believe are critical to maintenance of ~~EU~~ <sup>EU</sup> as unique quality institution in Turkey.

In order provide incentive and support for incorporating this concept into EU long-term plans and thereby institutionalizing it, we propose following reformulation of assistance program for EU. Major component of revised program, which we might envision as continuing over five-year period, would be a matching formula phased with a gradual reduction of A.I.D. funds over life of project. As financial inducement for EU to allocate its own resources and seek alumni and other foreign and Turkish private contributions for foreign staff, post-doctoral training, short-term consultants, and foreign publications, we would be prepared to match with grant funds (over and above declining basic grant) funds EU

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might be able to obtain from such sources and set aside for these purposes. Emphasis of revised project is to develop within BU recognition of need to provide for foreign inputs as a continuing component requirement of university program. Although problem of raising matching funds essentially ~~for~~ one for BU to solve, would suggest that BU consider establishing foundation similar to TEF, HISAR, and Hacettepe which could solicit funds from BU alumni, private Turkish corporations, and foreign foundations or corporations. Resources from foundation, plus foreign exchange allocations to BU from Ministry of Education budget could be sufficient continue finance foreign exchange costs of BU.

Estimated annual funding levels are based on a cost analysis of activities that BU plans to implement ~~requiring~~<sup>as</sup> ~~FX~~ described in the Education Team Report. Rationale re (1) determining and treating categories of assistance within each year's overall project activities, (2) phasing down assistance, and (3) increasing the GOT's share of financial responsibility are based on ~~the~~ following principles.

(1) USG should provide maximum support during ~~two year~~<sup>years'</sup> transition period (FY 75 and 74) while sharply decreasing basic grant assistance remaining three years of project (FY 75 thru 77).

(2) BU should be required to provide an increasing percentage of foreign exchange to match our allocations. If BU is successful in raising more than required amount to attain project funding level, A.I.D. should be willing consider providing additional funds on matching basis.

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(3) A "topping off" salary arrangement should be incorporated into grant but should be designed to avoid A.I.D. involvement as intermediary between BU and individual U.S. professors.

(4) In line with new A.I.D. policy guidelines for TC projects, BU, as quality institution, should be provided maximum flexibility in determining allocation and use of project financing, particularly as basic USG funding level decreases and BU matching requirement increases.

(5) Since library requirements important but do not involve large sums (estimate \$50,000 annually) this component can fall within principle Item ~~(4)~~ above.

(6) Given new graduate programs, centers and institutes believe some PhD degree training in selected fields may be justified and suggest BU be permitted make this determination in accordance principle set forth Item ~~(4)~~ with preference that requirements be studied during FY 73.

(7) Suggest grant agreement limit American staff to (a) undergraduate programs, (b) graduate programs which are built upon undergraduate programs and which use same persons at both levels and (c) graduate programs in education, business administration, industrial engineering and possibly economics, as recommended Team report.

(8) Grant agreement should contain condition that U.S. assistance based on planned maximum enrollment 2,000

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undergraduate and 1,000 graduate students during <sup>life</sup> ~~that~~ of project.

With above as background AID/W recommends establishment bloc grant covering five year period FY 73-77, with proposed annual breakdown as follows:

(\$=000)

FY	Estimated B.U. Requirement	Basic U.S. Grant	Supplemental Matching Grant	Add. B.U. Provided FX Funds Req.	Comments
73	350	320	15	15	Maximum \$225 for full time staff
74	350	280	35	35	Maximum \$225 for full time staff
75	300	150	75	75	
76	300	100	100	100	
77	<u>300</u>	<u>50</u>	<u>125</u>	<u>125</u>	
	<u>\$1,600</u>	<u>\$900</u>	<u>\$350</u>	<u>\$350</u>	

An alternative approach would be to factor out participants, consultants, and library materials from above scheme and provide funds for these purposes directly under bloc grant. Under this formulation, would expect to provide following amounts on ~~unmatched~~ unmatched basis for non-faculty related costs of project: FY 73-\$80 thousand, FY 74-100 thousand, FY 75-\$100 thousand, FY 76-\$50 thousand, FY 77-\$25 thousand. Matching

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formula, then, would apply to provision of U.S. faculty and post-doctoral training only. (Above table would be adjusted accordingly.) This alternative based on premise that BU may find it easier to launch private fund raising drive for more specific objectives and it may be easier for BU to establish and defend discreet matching fund for faculty exchanges and training rather than the more general program described above. You may wish to present both alternatives to BU for its consideration.

2. Request Mission comments above recommendations. As soon as we have your agreement in principle, NESAs will prepare proposal for ~~incorporation~~ incorporation in Congressional and USAID should begin preparation of PROP.

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