

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROGRAM AND PROJECT DATA

PRESENTATION TO THE CONGRESS—FY 1971

EAST ASIA

FOREWARD

The Regional volumes provide additional program and project data relating to the FY 1971 Congressional Presentation of the Agency for International Development.

Country Data--The following narratives and tables have been included for each country as applicable:

NARRATIVE AND FISCAL SUMMARY OF COUNTRY PROGRAM--Narrative to provide a framework for the current and proposed A.I.D. program in the country; Program Summary table by funding category for FYs 1969-1971.

Table II --SUMMARY OF PROGRAM BY FUNCTION--project and program assistance for FYs 1969-1971, by major cost component and method of financing; related personnel and participant data. This table is prepared for selected countries.

Table III--PROJECT DATA--Status of individual projects: for each project for which FY 1971 obligations are proposed. This table is prepared for selected countries.

Table IV --PROJECT DATA SUMMARY

For countries other than those designated as selected, used to list:

- (a) projects with 6/30/69 unliquidated obligations:
- (b) new projects started or planned to be started in FY 1970 with estimated unliquidated balances on 6/30/70; or
- (c) projects requiring FY 1971 funding.

For selected countries, used to list:

- (a) projects for which Table IIIs are not prepared, but which have 6/30/69 unliquidated obligations; or
- (b) projects started or planned to be started in FY 1970 for which no Table IIIs are prepared, but which will have an estimated unliquidated balance on 6/30/70.

Table IVa--DESCRIPTION OF NEW FY 1971 PROJECTS--This table is used to provide a brief description of projects footnoted on Table IV as new in FY 1971.

Table V --STATUS OF DEVELOPMENT LOANS--loan status of individual, authorized Development Loans and Alliance for Progress Loans which had not been fully disbursed as of December 31, 1969; descriptive narrative focusing on implementation, with specific emphasis on measurements of progress related thereto. This table is prepared for selected countries.

Table VI --STATUS OF DEVELOPMENT LOANS SUMMARY--This table is used for countries other than selected countries to summarize for each country the fiscal data on individual Development Loans and Alliance for Progress Loans which had not been fully disbursed as of 12/31/69.

Regional Data --The following two tables provide data at the regional level:

- a. Table II--Summary of Program by Function
- b. Summary of Status of Development Loans

World-Wide Data--A separate volume with the sub-title "World-Wide Summaries and Program Support Activities" contains a world-wide section in which entries on the Regional Summaries are summarized on a world-wide basis. This volume also contains other world-wide data and program support and interregional activities information.

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FY 1971 PROGRAM				
(Thousands of Dollars)				
COUNTRY	Type of Assistance			
	Total	Develop- ment Loans	Technical Assistance	Supporting Assistance
<u>EAST ASIA</u>				
<u>TOTAL</u>	<u>\$218,120</u>	<u>\$115,825</u>	<u>\$40,695</u>	<u>\$61,600</u>
Indonesia	86,516	81,400	5,116	--
Korea	29,300	25,800	3,500	--
Laos	46,098	925 ^{a/}	10,038	35,135
Philippines	8,823	4,500 ^{a/}	4,323	--
Thailand	34,083	1,700 ^{a/}	6,118	26,265
Regional Programs	13,300	1,500 ^{a/}	11,600	200

^{a/}Grants for population programs under Title X of the Foreign Assistance Act.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

TABLE II

Country: **EAST ASIA**

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	70,300	XXX	XXX	XXX	73,530*	XXX	XXX	XXX	115,825*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	34,645	21,796	12,849	-	28,590	20,053	8,537	-	29,129	19,953	9,176
Participants	7,062	4,453	2,609	-	6,266	3,922	2,344	-	6,969	4,459	2,510
Commodities	38,919	9,525	28,849	545	27,909	6,244	21,665	-	32,437	7,790	24,647
Other Costs	18,862	8,055	8,102	2,705	17,185	9,031	8,154	-	15,960	8,493	7,467
Total Project Assistance	99,488	43,829	52,409	3,250	79,950	39,250	40,700	-	84,495	40,695	43,800
Method of Financing											
Project Assistance											
Direct A.I.D.	64,593	25,762	38,286	545	51,810	21,777	30,033	-	54,848	22,718	32,130
Other Agency	6,718	5,236	1,482	-	5,385	3,962	1,423	-	4,668	3,508	1,160
Contract	28,177	12,831	12,641	2,705	22,755	13,511	9,244	-	24,979	14,469	10,510
Program Assistance	42,469	-	42,469	-	28,100	-	28,100	-	17,800	-	17,800
Total Other than Devel. Loan	141,957	43,829	94,878	3,250	108,050	39,250	68,800	-	102,295	40,695	61,600
Total Assistance	212,257	XXX	XXX	XXX	181,580	XXX	XXX	XXX	218,120	XXX	XXX

* Includes \$7,930 thousand in FY 1970 and \$10,825 thousand in FY 1971 for population grants under Title X of the Foreign Assistance Act.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	669	638	638
Participating agency	143	99	99
Contractor technicians	222	191	218
Total	1,034	928	955

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	1,843	2,162	2,267
Contract	12	28	89
Total	1,855	2,190	2,356

SUMMARY OF STATUS OF DEVELOPMENT LOANS
(In Thousands of Dollars and Equivalent)

REGION: EAST ASIA

COUNTRY	Cumulative Through FY 1969				FY 1970 Through December 31, 1969			
	Authorized	Obligated	Disbursed	Repaid	Authorized	Obligated	Disbursed	Repaid
CHINA	152,212	152,212	149,861	35,340	-	-	1,380	2,665
INDONESIA	81,310	75,010	22,470	5,655	(26)	6,274	9,202	168
KOREA	339,599	329,599	217,976	6,507	(185)	9,815	18,094	367
MALAYSIA	20,000	20,000	20,000	10,359	-	-	-	801
PHILIPPINES	37,725	37,725	28,035	14,661	-	-	3,627	91
THAILAND	36,598	36,598	32,541	5,796	-	-	254	752
Total	667,444	651,144	470,883	78,318	(211)	16,089	32,557	4,844

Parenthesis denotes deauthorization.

Indonesia



BASIC DATA

*Population (millions – mid-1969).....	116.5
Annual Growth Rate (percent).....	2.5
*Area (1000 square miles).....	735
Population Density Per Square Mile.....	158
*Agricultural Land as % of Total Area.....	9
Percent of Labor Force in Agriculture.....	66

Per Capita GNP (dollars).....	96**
Life Expectancy (years).....	44
People Per Doctor	29,480
Literacy Rate (percent).....	43
Students as % of 5-19 Age Group	38
(Primary and Secondary)	

* - Including West Irian.

** - 1968 in 1968 prices.

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PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	20.0	50.3	46.1*	81.4*
Technical Assistance . . .	3.3	4.4	4.1	5.1
Supporting Assistance . . .	-	1.5*	-	-
Contingency Fund	12.5	-	-	-
Total A.I.D. Assistance	35.8	56.2	50.2	86.5

* Includes grants of \$1,500,000 in FY 1969, \$450,000 in FY 1970 and \$1,400,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The objectives of U.S. assistance to Indonesia are to help stabilize Indonesia's economy, assist its recovery from the severe economic dislocations inherited from the Sukarno regime, and support Indonesia's sensible development of its own resources. Through the ten-nation Inter-Governmental Group on Indonesia (IGGI), the United States is assisting in a coordinated burden-sharing effort to bring about these goals. Now that Indonesia is making sufficient headway towards stabilization, U.S. assistance is increasingly directed to economic rehabilitation and development.

PROBLEMS AND PROGRESS

Indonesia, under President Suharto, has made substantial economic progress since the abortive Communist coup in 1965. While continuing on the path of political non-alignment with major powers, Indonesia has turned away from Sukarno's irresponsible foreign policies to concentrate on domestic problem solving. The country is increasing its active cooperation in regional organizations and regional activities.

Fifteen years of Sukarno rule made a shambles of the monetized sector of Indonesia's economy. The main objectives of Indonesia's three year-old stabilization program have been to bring down the rate of inflation (which was 639% in CY 1966) and to reestablish sensible pricing of goods and services. The main tools employed for these purposes by the Indonesian Government--which was advised by the International Monetary Fund (IMF)--were fiscal and credit restraints, abandonment of the direct economic controls of the Sukarno era, rescheduling of existing foreign debts, and stabilization aid from abroad.

These actions have shown significant results. The annual rate of inflation was cut to 113% in 1967. The 1968 rate was 85%, but more than half of the rise occurred in the first two months of 1968 because of rice shortages. With the help of sensible pricing policies, a bumper rice crop, and large-scale food imports from abroad, the Government was able to hold 1969 price increases to less than 10%. Indonesian Government efforts to rationalize retail prices of petroleum products in early 1970 caused a momentary sharp price escalation, but prices have gradually subsided since that time.

The Indonesian Government has stopped direct allocation of foreign exchange and allows the market to set foreign exchange rates. Commercial trade has been revitalized, so private firms are now able to obtain much-needed spare parts, replacement equipment and raw materials. Incentives for exports and domestic production have been provided through the revision of foreign exchange regulations and the reform of import duties. Exports for 1969 are estimated at \$980 million, or about 12% above the 1968 level.

The Suharto Government, unlike its predecessor, eagerly seeks foreign and domestic private investment. Such investment has been encouraged by new laws giving tax and other incentives to new foreign and domestic investors, by return of almost all nationalized properties to their former private owners, and by the enactment in 1967 of liberalized banking laws which have led to the establishment of U.S. and other foreign banking operations.

Along with aid from other donors, U.S. economic assistance--to date primarily stabilization loans and P.L. 480--has encouraged Indonesia to pursue these constructive policies. In particular, foreign assistance made it possible for the Indonesian Government to adopt such necessary but unpopular economic measures as increased taxes and price policies which provide incentives for production. However, to continue its efforts and assure that the rapid inflation of previous years is not repeated, Indonesia requires substantial external aid.

At the same time, the Government must continue to complement its stabilization measures with some visible signs of development. Progress in agriculture, rehabilitation of transportation and creation of new industries remain major problems for Indonesia's planners and managers. Substantial capital is required if domestic production is to be stimulated. But domestic resources are not sufficient to do the job and outside help will be needed for some time to come.

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FY 1971 PROGRAM

The proposed FY 1971 A.I.D. program consists of \$81.4 million for Development Loans, including Family Planning grants of \$1.4 million, and \$5.1 million for Technical Assistance. In addition, depending upon Indonesian grain production and U.S. rice and wheat availabilities, a large P.L. 480, Title I sales program, composed of cotton, rice and wheat products, is contemplated. Additional P.L. 480 grants for Food-for-Work and voluntary agency programs, school lunch programs, and maternal child welfare programs will amount to about \$7.5 million.

The Multilateral Framework

Aid to Indonesia from the United States and ten other nations is being coordinated through the IGGI chaired by the Dutch. The IMF and the IBRD play key roles in advising the donor nations of Indonesia's policies and assistance needs, and both have established resident missions in Djakarta.

The IMF assists the Indonesian government on general stabilization policy and provides much-needed technical assistance in budget, finance, tax policy and administration, and related fields. The IMF backed up the stabilization programs with a \$52 million Standby Arrangement in 1968, renewed for \$70 million in 1969. A 1970 Standby is now being negotiated.

The IBRD Mission helps the government develop capital projects and overall economic policy and advises on coordination of project loans from the donor nations and international organizations offering support to Indonesia. The IBRD--through the International Development Association (IDA)--made available \$69 million in loans in CY 1969, with a higher amount in prospect in CY 1970.

Following recommendations from the IMF and IBRD, the IGGI nations contributed over \$200 million to Indonesia in CY 1967, about \$300 million in CY 1968, and over \$500 million in CY 1969. Against this latter amount, the United States agreed to provide \$241.8 million--\$75.3 million in A.I.D. loans (\$50.3 million in FY 1969 and \$25 million in FY 1970) and \$166.5 million in P.L. 480 rice, wheat, cotton and tobacco (\$99.1 million in FY 1969 and \$67.4 million in FY 1970)

The Indonesian Government has requested, with IMF/IBRD endorsement \$600 million in aid from the IGGI for the fifteen month period beginning January, 1970. In December, 1969, the U.S. delegation to the IGGI announced that, subject to appropriations, it intended to provide about one-third of Indonesia's bilateral non-food aid

requirement (\$125 million of a total of \$375 million) and a "fair share" of the \$140 million estimate of food aid needs. The \$125 million U.S. share of non-food aid is to be composed of \$50 million of P.L. 480 cotton and \$75 million Development Loans (\$20.6 million from FY 1970 and \$54.5 million from FY 1971 funds). Additional loans of \$25.6 million from FY 1971 funds will be part of the anticipated U.S. aid to Indonesia for CY 1971.

While in FY 1967 and FY 1968 A.I.D. loans and most aid from other donors took the form of stabilization assistance for general balance-of-payments support, emphasis has since shifted to rehabilitation and development of priority areas identified by the Indonesian Government and the IBRD. All of the \$45.6 million in FY 1970 A.I.D. loan funds will be used for project assistance. In FY 1971, A.I.D. will require \$45 million in Development Loans for capital projects, \$15 million for an agricultural sector loan, and \$20 million for essential imports of equipment, spare parts, and raw materials.

Agriculture

Indonesia's agricultural sector supports two-thirds of its people and provides about half of its gross national product. The top priority in Indonesia's new 5-year plan is increased food production, with a target of self-sufficiency by 1973. Use of fertilizer, pesticides, and new rice varieties is expanding, but efficient supply and distribution of these inputs at a reasonable price are still major problems, as is the development of a competent extension service to teach the new techniques. Inadequate transportation and distribution systems cause food gluts and depressed prices in some areas, while other regions suffer from shortages. However, significant progress was made last year in eliminating many of the internal restrictions on rice movement.

These problems pose considerable administrative and organizational challenges and will require substantial capital investment. Self-help measures for agriculture have been worked out with Indonesia's economic leadership and incorporated in each P.L. 480 agreement. This pattern will be followed in future P.L. 480 agreements.

Irrigation and drainage systems are in need of major repair. Indonesia's five-year plan places major emphasis on rehabilitation of existing systems, now being assisted through IDA and ADB loans, as well as by the A.I.D. Food-for Work program which provides P.L. 480 Title II commodities to civilian workers on these projects.

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The Bimbingan Massa or Mass Guidance (BIMAS) extension program continues to be a bright spot in agriculture. BIMAS enlists agricultural student volunteers to augment the extension service in advising farmers and makes available improved seeds, fertilizers and pesticides. A.I.D. Technical Assistance of \$195,000 in FY 1970 and \$155,000 in FY 1971 will be used to assist three related areas: farmer education and information services; seed improvement, production, and distribution; and fertilizer and pesticide distribution. A.I.D. is providing \$200,000 in FY 1970 to help the Indonesian Government prepare a blueprint for efficient storage, handling, marketing and distribution of rice over the next decade.

A related project, costing \$900,000 in FY 1971, is designed to improve the quality of graduate level agricultural instruction, research and support to extension services. The project is being carried out under a contract with the Mid-West Universities Consortium for International Activities.

A new project (\$40,000), Agricultural Research, will provide a U.S. research adviser to assist Indonesia in upgrading her agricultural research facilities. This is a follow-up to the work of the 1969 joint U.S. Indonesian Agricultural Research Team.

A.I.D. plans to provide financing in FY 1970, through a \$25 million project loan, for a portion of a multinational-funded project to expand Indonesia's urea production capacity. Other financing for this project will come from the IBRD, Japan, and the Asian Development Bank.

For FY 1971, A.I.D. is proposing a \$15 million agricultural sector loan for fertilizer, insecticides, agricultural machinery, and related technical assistance. A related Development Loan of \$5 million for water resources development in Java will help improve flood control, irrigation and water management.

Family Planning

In FY 1971 A.I.D. will continue to focus on Indonesia's national family planning program. For economic gains to have real impact, Indonesia will have to reduce its population growth rate, which is estimated to be about 2.5%. The family planning program is a combined government and private effort. Initially, many activities were carried on by the Indonesian Planned Parenthood Association (IPPA), a voluntary organization of part-time medical and social workers.

The IPPA's long range target is to make family planning services available by 1974 to all of Java's female population in the 15-44 year age group. It established 25 branches and family planning services in over 225 clinics in the major cities of Java and Bali which participate in its program, and has provided contraceptives financed by the Population Council, the International Planned Parenthood Federation and the Pathfinder Fund. Provincial Health Service Directors were instructed to open Family Planning clinics in urban centers at a rate consistent with IPPA training of family planning workers and the availability of supplies.

The Indonesian Government is now taking increasing responsibility as the program progresses from the pilot demonstration stage to a major national effort. The Ministry of Health recently assumed responsibility from the IPPA for family planning activities in the Ministry's clinics. President Suharto has given strong support to his country's family planning efforts. He signed the Declaration of World Leaders on Population in December 1967. He directed, in 1968, that a national Family Planning Institute be created to coordinate and supervise all Indonesian activities in this field. In August, 1969, he publicly urged the dissemination of family planning information to rural as well as urban areas, and promised full government support to the National Family Planning Program.

In FY 1970, \$450,000 will be used by A.I.D. to provide commodities and training for the family planning program. In FY 1971, \$1.4 million is proposed for this purpose.

Industry, Natural Resource Development and Private Investment

Indonesia's large labor force, mineral deposits and forestry products provide the basis for considerable private investment. The Indonesian Government has welcomed a number of American businessmen -- representatives of the International Executive Service Corps (IESC) -- who are helping to increase the productivity of selected private industries and are advising the government how to transfer ownership of certain industries from the public sector to private hands. A.I.D. plays a catalytic role, not only through assisting IESC, but with investment guaranties to potential U.S. investors in Indonesia.

To date, 16 companies have received specific risk guaranties for investments. Preliminary applications for another 49 companies are in process. These cover a wide variety of industrial interests, particularly in the extractive industries. Smaller

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private U.S. ventures are being planned in such labor-intensive industries as electronics assembly and pharmaceutical manufacture, while other U.S. investors are interested in lumber production and land development. A.I.D. is expanding its efforts to attract foreign investors to Indonesia and to encourage local entrepreneurs. In early FY 1970, A.I.D. sponsored an investment mission of leading Indonesian business men to the U.S. which succeeded in making many valuable contacts with American business counterparts. A complementary mission of American businessmen to Indonesia is planned for FY 1971.

A.I.D. will begin in FY 1971 a project, costing \$220,000 in Technical Assistance, to establish an Indonesian Private Investment Center. The Center will provide systematic assistance to potential U.S. and other foreign private investors, through the provision of data, research facilities, establishment of appropriate contacts, assistance in procedures, etc. Another new project encouraging private sector initiative will provide technical assistance to the existing Indonesian development banking system. This project (\$75,000 in FY 1971) will upgrade the skills of government and private banks to evaluate and make loans to local private investors in key sectors. In connection with this assistance, A.I.D. is planning a FY 1971 Development Loan of \$5 million to BAPINDO, the State Development Bank, which would provide a line of credit for making such private sector loans.

A.I.D. will continue a geological survey project (\$300,000 in FY 1971) under which a team from the U.S. Geological Survey is helping to train Indonesian geologists to chart mineral resources throughout the country. This is an important prerequisite to effective development of Indonesia's natural resources by domestic and foreign investors alike.

In FY 1970, A.I.D. is planning Development Loans to three industrial projects recommended by the IBRD for IGGI member financing. In addition to the \$25 million fertilizer plant project, A.I.D. is considering two loans for electric power rehabilitation, one for \$16.8 million in Central Java and another for \$2.8 million (first phase) in Medan, Sumatra. In FY 1971, following completion of a long-range study of power needs, we propose a \$13 million

Development Loan for expansion and new electric power generation in Central Java. The lack of adequate generating capacity has been a major factor in the poor growth of these regions.

Transportation

Indonesia's transportation system--roads, railways, airlines, shipping, ports and harbors--are all in need of repair. The poor shape of Indonesian transportation is a serious bottleneck to progress in all sectors of the economy.

The IBRD, with U.N. Development Program financing, is conducting a major survey of highway transportation, from which have come recommendations for assistance by the IGGI nations. The IBRD itself made a \$28 million loan for highway rehabilitation in 1969. Following up on recommendations in the IBRD's feasibility survey, A.I.D. is considering \$22 million in Development Loans in FY 1971 for highway reconstruction, \$15 million of which would build a highway serving the new industrial complex springing up between Djakarta and Bogor.

Education and Training

The Indonesian government with the assistance of the Ford Foundation, is now making an overall assessment of its educational priorities and projects. Pending this determination, A.I.D. will continue bilaterally its highly diversified participant training program, which currently sends over 300 participants annually to the United States and third countries. Emphasis is increasingly on advanced training in the physical and social sciences, including school administration, general public administration, economics and health. The FY 1970 general participant training program will require \$1.5 million in Technical Assistance. This project will go down to \$1.2 million in FY 1971 as participants begin to be trained under specific Technical Assistance projects.

Other A.I.D. education activities include a continuation of a civic action training program (\$235,000 in Technical Assistance in FY 1970 and \$200,000 in FY 1971) designed to train military officers in civilian administrative functions.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

Country: INDONESIA

TABLE II

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	50,300	XXX	XXX	XXX	46,050*	XXX	XXX	XXX	81,400*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	1,668	1,665	3	-	1,270	1,270	-	-	2,065	2,065	-
Participants	2,611	2,216	395	-	1,774	1,774	-	-	1,891	1,891	-
Commodities	1,482	464	1,018	-	369	369	-	-	430	430	-
Other Costs	174	90	84	-	703	703	-	-	730	730	-
Total Project Assistance	5,935	4,435	1,500	-	4,116	4,116	-	-	5,116	5,116	-
Method of Financing											
Project Assistance											
Direct A.I.D.	4,602	3,181	1,421	-	3,916	3,916	-	-	3,634	3,634	-
Other Agency	49	49	-	-	120	120	-	-	289	289	-
Contract	1,284	1,205	79	-	80	80	-	-	1,193	1,193	-
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	5,935	4,435	1,500	-	4,116	4,116	-	-	5,116	5,116	-
Total Assistance	56,235	XXX	XXX	XXX	50,166	XXX	XXX	XXX	86,516	XXX	XXX

*Includes \$450 thousand in FY 1970 and \$1,400 thousand in FY 1971 for population program grants under Title X of the Foreign Assistance Act

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	43	46	46
Participating agency	-	2	2
Contractor technicians	1	5	12
Total	44	53	60

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	291	375	326
Contract	12	-	56
Total	303	375	382

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE	Assistance to Agriculture	ACTIVITY	Agriculture and Natural Resources	FUNDS	TA
PROJECT NUMBER	497-11-110-189	PRIOR REFERENCE	P. 11, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1969	FY: 1974

Project Target and Course of Action: This project strengthens the Ministry of Agriculture's BIMAS ("Mass Guidance") program, as part of A.I.D. assistance efforts to help Indonesia reach its Five Year Plan goal of food self-sufficiency by the end of 1973. The program aims to increase rice production by use of modern technology; supply and distribution of new agricultural inputs including high yielding seeds; and provision of credit on reasonable terms. The acreage in this program is to increase from 2.6 million hectares (34 percent of Indonesia's cultivated rice area) in 1969 to 4 million hectares (43 percent in 1973).

The project has three major areas: (1) farmer education and information services, (2) seed improvement, production and distribution, and (3) fertilizer and pesticide distribution. Two A.I.D. extension advisors are helping the Ministry to train 144 extension agents at the provincial level, 1,445 at the district level and 12,300 at the village level by Fiscal Year 1971. Benefits are expected to reach 3 million farmers, with an estimated 40-50 percent increase in rice yields from the currently estimated level of 3.5 metric tons per hectare.

A.I.D. will assist in rehabilitating seed farms and improving seed production until 1971, after which these activities will be financed under a World Bank loan. By 1971 the program should be halfway toward the goal of 400 village seed farms producing about 28,000 tons of commercial seed annually. A.I.D. is also helping establish

Indonesia's main farm for foundation seed production. By 1971 about half of the farm's 1,000 hectares will have been prepared for seed production. Tennessee Valley Authority specialists are assisting the principal Indonesian distributor of agricultural inputs to improve its management, supply, and distribution capabilities.

By 1973, 90 participants will have been trained in extension work, seed production, and management of fertilizer distribution. A.I.D. is providing audio-visual, office, seed testing and processing equipment, and vehicles.

Progress to Date: The training and demonstration have begun and extension agents and farmers are training at the district and village levels. In 1969 approximately 1,150 demonstration plots of 1/10 hectare each were established in 1,000 villages. A Tennessee Valley Authority team completed an initial study of the management of fertilizer distribution and marketing.

Fiscal Year 1971 Program: \$155,000 is requested to cover one direct-hire technician and 2 short-term experts (\$40,000), an agreement with the Tennessee Valley Authority for a fertilizer marketing specialist (\$30,000), and a contract consultant for the foundation seed farm (\$10,000); 18 participants for training in the United States and Asian countries (\$50,000), and commodities including training, processing and office equipment (\$25,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			Tennessee Valley Authority		
					Estimated FY 1970	Proposed FY 1971				
Through 6/30/69	267	69	198	U.S. Technicians Participants ...	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total
Estimated FY 70	195	230			Commodities ...	75	36			
Estimated through 6/30/70	462	299	163	Other Costs ...		34	-	34	50	-
		Future Year Obligations	Estimated Total Cost		Total Obligations	50	-	50	25	-
Proposed FY 71	155	250	867			-	-	-	-	-
					159	36	195	115	40	155

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE Agricultural Research	ACTIVITY Agriculture and Natural Resources	FUNDS TA	
PROJECT NUMBER 497-11-110-198	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1971	SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: This new project is designed to implement recommendations made by a Joint US-Indonesian Agricultural Research Survey Team (Fiscal Year 1969 technical support financed) which studied the organization, administration, and orientation of agriculture research in Indonesia as well as in the United States and several other countries. The Team's recommendations included establishment of a national organization to coordinate activities of Indonesia's research facilities as well as assistance from foreign donors, improve the calibre of personnel, and develop links between agricultural research, education and extension work.

Indonesia has a large number of research institutes, centers, and field testing stations in addition to the resources of the country's 18 agricultural universities. Indonesian research suffers, however, from a shortage of adequately trained personnel and the absence of a nationwide framework for planning research, establishing priorities, and programming full utilization of available talent and resources.

This new project will assist the Indonesians in unifying and integrating research institutions and upgrading the quality of agricultural investigations on rice and other food crops, forest resources, fisheries, soil and water management, animal science, and export (estate) crops, including rubber, copra and coffee. Assistance in this field is also expected from other bilateral donors, the Asian Development Bank, and the World Bank.

In Fiscal Year 1971, A.I.D. will contract with an American expert to assist Indonesians in drafting new legislation needed to permit the establishment of a centralized national research system. He will also help formulate plans for meeting future years' assistance requirements, which will include technical advisors, academic training in research techniques for Indonesians, and small amounts of scientific equipment.

Progress to Date: This project is a follow-up to the 1969 Joint US-Indonesian Agricultural Research Team study.

FY 1971 Program: \$40,000 will finance a contract with one high-level research advisor for 12 months.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/ AGENCIES						
	Obligations	Expenditures	Unliquidated		OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total
Through 6/30/69	-	-	-							
Estimated FY 70	-	-	-							
Estimated through 6/30/70	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	40	1,160	1,200					40	40	
				Total Obligations						

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE Geological Survey Assistance	ACTIVITY Industry and Mining	FUNDS TA	
PROJECT NUMBER 497-11-210-193	PRIOR REFERENCE P. 12, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1970	SCHEDULED FINAL OBLIGATION FY: 1974

Project Target and Course of Action: Through this project, the U.S. Geological Survey is helping the Indonesian Geological Survey improve its capacity to (1) survey, map, and appraise Indonesia's natural resources; (2) accelerate the compilation and publication of maps and interpretative reports; and (3) intensify the training of Indonesian geologists, geophysicists, and mapping specialists on its staff. Development of Indonesia's abundant mineral reserves will substantially increase its foreign exchange earnings and lessen its dependence on foreign assistance. A number of potential mining and oil investors have been attracted to areas where these resources have been charted. To maintain this momentum, new resource areas will have to be identified. By 1974, when the project will be completed, Indonesia, with U.S. help, plans to produce the following material: geologic and tectonic maps of Indonesia at 1:1,000,000 scale; geologic maps at 1:100,000 scale for key areas of Indonesia; a new base map of Indonesia at a scale of 1:1,000,000 for plotting geologic and resource data; and various geologic reports and resource bulletins.

The project's secondary objective is the upgrading of the Indonesian Geological Survey staff. U.S. Geological Survey technicians will conduct courses in geologic, photogeologic mapping, and geophysics techniques for twenty Indonesians a year over the 4-year project period. Each year two to five Indonesian Geological Survey personnel will be trained in the

United States by the U.S. Geological Survey or at American universities. U.S. advisors will assist the Indonesian Geological Survey in selecting essential laboratory and field equipment.

Progress to Date: The U.S. advisors and their counterparts have agreed upon project targets and the means to achieve them. The geologic mapping specialist and photogeologic specialist have arrived and set up the in-service courses. Commodities needed for the training course in photogeological techniques are being procured. The tectonic geologist is helping in the preparation of a basic geological map. Two participants, to be financed from FY 1970 funds, are being selected for studies in map compilation and publication methods and in procurement of geologic reference material.

FY 1971 Program: A total of \$300,000 is requested. \$255,000 will finance 10 U.S. Geological Survey technicians - 3 full-time (Chief of Party, geologic mapping specialists, and geologic compilation specialist) and 7 part-time (tectonic map specialist, 2 photogeologists, a magnetic and gravity specialist, a cartographic specialist, a geochemical exploration specialist and a geophysical specialist). Four participants will be trained in geophysics and photogrammetry (\$27,000). Commodity costs (\$18,000) cover geophysical, photogeological, cartographic equipment and geologic mapping supplies.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES U.S. Geological Survey			
Through 6/30/69	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Estimated FY 70	215	93		-	Estimated FY 1970		Proposed FY 1971		
						Direct AID		Grant/Other Agency	Total	Direct AID
Estimated through 6/30/70	215	93	122	U.S. Technicians	-	100	100	-	255	255
		Future Year Obligations	Estimated Total Cost	Participants . . .	15	-	15	27	-	27
				Commodities . . .	100	-	100	18	-	18
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 71	300	800	1,315	Total Obligations	115	100	215	45	255	300

PROJECT TITLE	Family Planning	ACTIVITY	Health & Sanitation		FUNDS	DL	
PROJECT NUMBER	497-15-580-188	PRIOR REFERENCE	P. 14, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1968	SCHEDULED FINAL OBLIGATION	FY: Undetermined

Project Target and Course of Action: The purpose of this project is to help Indonesia develop its National Family Planning Program. The Indonesian Government hopes to reduce the nation's annual growth rate which, if left unchecked, would double the population in one generation. That growth rate is now estimated at 2.5 percent, but is rising because of the age composition of the population. Five-Year Plan targets are to have 3 million women of childbearing age utilizing family planning methods by 1973 and to train over 14,000 doctors, midwives, nurses, and other related staff workers. The program concentrates on Java, Madura, and Bali which have 7 percent of Indonesia's land area, but two-thirds of its 116.6 million people.

The National Program calls for: (1) establishing an effective organization; (2) an extensive information program; (3) training programs for medical personnel, community leaders, teachers and administrators; (4) expanded services at family planning clinics, health centers, and maternity hospitals; (5) assessing financial and supply requirements; and (6) compiling data for evaluating the program. Targets for 1971 are to expand family planning services to 700 new clinics, have 400,000 additional women utilizing family planning methods, and train an additional 2,500 family planning personnel. The United States is among thirteen donors assisting Indonesian family planning agencies and organizations. This project focuses on strengthening family planning activities in clinics and health centers and will finance mainly commodities and training. The Indonesian Government expects

to use the World Bank/United Nations Report on Family Planning as basic guidance for an expanded long-range program.

Progress to Date: In August 1969 President Suharto, in a major policy statement, urged dissemination of family planning information to urban and rural areas, and charged the Ministry of Health with responsibility for providing family planning services in all clinics and health centers. In 1969, A.I.D. provided contraceptives, medical equipment/supplies and staff training needed to service 800 of the country's maternal and child care clinics. Five Indonesian private organizations receive A.I.D. assistance. The largest and most active of them, the Indonesian Planned Parenthood Association, has 25 branch offices and provides family planning services in 225 clinics. A.I.D. also supports the Association's training of clinic personnel at the National Family Planning Training Center and its branches. In September 1969 A.I.D.'s first full time Population Officer arrived in Indonesia.

FY 1971 Program: \$1,400,000 will finance 15 contract experts to improve clinical family planning operations and operational research (\$300,000); training of 87 participants in the United States and other Asian countries (\$385,000); commodities including contraceptives, equipment for clinics, office equipment and supplies, training and information materials for the program (\$715,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/ 385 2425X		Total	Direct AID	Contract/ 385 2425X	Total
Through 6/30/69	1,762	87	1,675							
Estimated FY 70	450	1,292								
Estimated through 6/30/70	2,212	1,379	833							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	1,400	Undetermined		330	120	450	1,100	300	1,400	
				Cost Components						
				U.S. Technicians						
				Participants ...	100	-	100	385	-	385
				Commodities ...	230	-	230	715	-	715
				Other Costs ...	-	-	-	-	-	-
				Total Obligations	330	120	450	1,100	300	1,400

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE Higher Agricultural Education	ACTIVITY Education	FUNDS TA	
PROJECT NUMBER 497-11-660-190	PRIOR REFERENCE P. 15, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1969	SCHEDULED FINAL OBLIGATION FY: 1973

Project Target and Course of Action: This project assists the Indonesian Government in upgrading and expanding graduate instruction and research competency at Indonesia's two foremost agricultural education institutions, the Agricultural Institute at Bogor and Gadjah Mada University at Jogjakarta. These two schools have been designated "feeder universities", responsible for upgrading provincial agricultural institutions. Thus, they are being developed as centers of academic excellence which, in turn, will train the teaching staffs and provide curriculum assistance to intermediate and junior institutions throughout Indonesia.

A.I.D. is implementing the project through a contract with the Mid-West Universities Consortium for International Activities. Under the contract, the Consortium provides a program administrator, with overall responsibility for the project, and two American professionals to function as administrative advisors/educational consultants to the Rector of each institution. An additional educational advisor will give special assistance to members of the Gadjah Mada agricultural faculty, who have had less advanced graduate training abroad than the Bogor faculty. The Mid-West team is supplemented by short-term consultants and experts who are helping develop curricula, teach and provide in-service training for faculty members. The contractors are also selecting two or three American advanced graduate students to do research on specific agricultural problems.

Strengthening Indonesian staffs is the crux of this project, and the extent of this need has determined its scope. During the life of the project two hundred faculty members of the two Indonesian agricultural universities and affiliated institutions will be chosen for advanced studies in the United States. Seminars and intensified training courses will be offered by the Bogor and Gadjah Mada faculties for the teaching staffs, research and extension workers of other Indonesian agricultural institutions.

The Indonesian government is financing the rehabilitation and expansion of physical facilities of both institutions. A.I.D. commodity support includes provision of books, library and laboratory equipment and supplies.

Progress to Date: The project administrator and two team members are at their posts. The fourth member is arriving at Gadjah Mada this year. The team is evaluating lists of library and laboratory equipment/supplies requested by the universities. Eighteen participants are in American universities studying specialized courses in agriculture and related fields.

Fiscal Year 1971 Program: The Fiscal Year 1971 request of \$900,000 will finance during 1971 the four-man contract team and 15 short-term consultants (\$260,000); 35 new participants and 21 extensions (\$400,000); and textbooks, library and laboratory equipment and supplies (\$240,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
Through 6/30/69	871	-	871		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Mid-West Universities Consortium
Estimated FY 70	-	150		U.S. Technicians	-	-	-	-	260	260	
Estimated through 6/30/70	871	150	721	Participants . . .	-	-	-	-	400	400	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	240	240	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 71	900	3,929	5,700	Total Obligations	-	-	-	-	900	900	

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE	General Participant Training	ACTIVITY	Education	FUNDS	TA
PROJECT NUMBER	497-11-690-183	PRIOR REFERENCE	P. 16, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Undetermined

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

In recognition of these compelling training needs, the United States along with other donors - foundations, international agencies and other countries - is providing training abroad for qualified Indonesians. This project finances specialized programs for participants in the following priority areas: (1) Applied administration and management training for key personnel of Indonesian agencies, institutions, and enterprises having major planning and implementation responsibilities for Indonesia's Five Year Development Plan. Such training includes studies of Organization and Management, Personnel, Accounting, Budgeting, Auditing, Industrial Management, Planning Supply Management, and Bid/Contract; (2) Training for personnel employed in enterprises or sectors receiving A.I.D. capital loans or for which loans are planned. Such loans are being considered in agriculture, water resources, power, transportation and education; (3) Training for selected candidates in agricultural and educational activities vital to Five

Year Plan targets, which do not fall neatly within the framework of our more narrowly focused technical assistance projects in these sectors. Other urgent Indonesian training needs in the fields of nutrition, industrial marketing, communicable disease control, and statistics, are considered on a case-by-case basis depending upon the potential contribution of the program to the success of the Indonesian Five Year Plan.

Participants are drawn from government ministries and agencies, such as the National Planning Council, the Indonesian National Academy of Sciences, the Central Bureau of Statistics, the General Accounting Office, and the President's Advisory Staff, and also from the private sector.

Progress to Date: Since participant training was resumed in Fiscal Year 1967, approximately 939 Indonesians have been programmed for U.S. training, and 686 have returned to Indonesia. The Mission is undertaking an extensive follow-up program for the now almost 4,400 returned Indonesian participants. A participant directory will be issued.

FY 1971 Program: Fiscal Year 1971 funds totalling \$1,176,000 are requested to finance the following: a short-term language lab technician (\$4,000); 180 participants (\$1,149,000) and commodities (\$23,000). The latter includes technical books, professional journals, films, language lab equipment and supplies, and instruction materials.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	3,984	2,033	1,951							Department of Defense (Army)
Estimated FY 70	1,500	1,644								
Estimated through 6/30/70	5,484	3,677	1,807							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	1,176	Undetermined								
				Cost Components						
				U.S. Technicians						
				Participants . . .	1,490	-	1,490	1,149	-	1,149
				Commodities . . .	6	-	6	23	-	23
				Other Costs . . .	-	-	-	-	-	-
				Total Obligations	1,496	4	1,500	1,172	4	1,176

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE	Civic Action Training	ACTIVITY	Education	FUNDS	TA
PROJECT NUMBER	497-11-690-184	PRIOR REFERENCE	P. 17, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: 1971

Project Target and Course of Action: The purpose of this project is to provide specially designed training for members of the Indonesian Armed Forces who are actively engaged in their government's economic recovery and development program. These officers are charged with carrying out essentially civilian administrative functions as local government administrators, officials in the various ministries, and managers of state enterprises. The training is designed to help equip them with techniques for planning and implementing these civilian functions, mainly in the industrial and agricultural sectors.

The Indonesian Government and the A.I.D. Mission have agreed to select as candidates only those officers who (a) are presently employed in industries directly assisting the civilian population, and (b) upon their return will be assigned to civic action projects for at least two years. Management training will be tailored to the needs of officers corresponding to their prospective assignments in industry or in agriculture. Following completion of their U.S. training programs, the officers will visit Malaysia to observe the planning and management process in a developing country. The project will also provide academic and specialized skills training for six selected military men to enable them, upon return to Indonesia, to train military personnel expected to be assigned to Civic Action programs.

Progress to Date: Since the initiation of this project in Fiscal Year 1967, three Civic Action groups totaling 82 men have completed a tailor-made training program at Syracuse University. They have returned to Indonesia and are engaging in activities such as construction and rehabilitation of highways, harbors and irrigation canals; projects aimed at increasing food production; management of state enterprises and improvement of navigational aids and air facilities. In Fiscal Year 1969, little was obligated due to the Indonesian Government's difficulty in finding candidates meeting both project objectives and English language requirements. The Indonesian Government is currently drawing up a list of qualified officers for the 1970 program.

FY 1971 Program: Fiscal Year 1971 funds (\$200,000) are requested to finance training programs for 25 members of the Indonesian Armed Forces as described above.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS		
					Estimated FY 1970		Proposed FY 1971
					Direct AID	Contract/Other Agency	Total
Through 6/30/69	398	380	18				
Estimated FY 70	235	68					
Estimated through 6/30/70	633	448	185	U.S. Technicians	-	-	-
		Future Year Obligations	Estimated Total Cost	Participants ...	235	-	235
				Commodities ...	-	-	-
				Other Costs ...	-	-	-
Proposed FY 71	200	185	1,018	Total Obligations	235	-	235
					200	-	200

Syracuse University

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE	Private Investment Center	ACTIVITY	Private Enterprise	FUNDS	TA
PROJECT NUMBER	497-13-910-195	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1971	FY: 1973

Project Target and Course of Action: The purpose of this new project is to assist Indonesia in promoting indigenous and foreign private investment. The proposed center will give advice and information on potential areas of investment, aid private entrepreneurs in preparation of investment applications, and help them obtain necessary financing.

The center will serve three main purposes: a) to collect basic data on current domestic and foreign enterprises, existing marketing and feasibility studies, potential investment opportunities, etc.; b) to provide customer services to investors (assistance in making contacts, filing of project proposals, expediting approval of applications, etc.); and c) to promote investments through continuous contact with domestic and foreign business firms, and by arranging investment missions of Indonesians going abroad and foreigners coming to Indonesia.

With U.S. and Harvard Development Advisory Service assistance, the Indonesian Government's Capital Investment Committee has developed the organization and staffing needs for the center. While it will be a semi-autonomous government agency reporting to the Investment Committee, it will not be involved in policy formulation, determination of investment priorities or in evaluation of investment proposals.

The center intends to recruit at least half of its Indonesian employees from outside the government, with

substantial business experience. The Indonesian Government will provide the office space. A.I.D. has agreed to assist the center by financing short-term foreign advisors, foreign training for Indonesian staff, and basic office equipment.

Progress to Date: Final Indonesian Government approval for the center will be given in March, 1970, with operations to begin by June. Preliminary recruiting of Indonesian staff is already underway, and financial assistance from other Inter-Governmental Group on Indonesia donors is being explored.

FY 1971 Program: Fiscal Year 1971 funds of \$220,000 are requested to finance this project. Costs of four contract technicians (legal expert, industrial expert, general market research specialist, and a briefing and contract expert) for one year are estimated at \$140,000. Costs for 9 participants (one in the United States and 8 to study at other regional investment centers) is \$50,000. Commodity requirements are estimated at \$30,000 to equip and furnish the center.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	-	-	-		-	-	-	-	140	140	
Estimated FY 70	-	-	-	-	-	-	50	-	50		
Estimated through 6/30/70	-	-	-	-	-	-	30	-	30		
		Future Year Obligations	Estimated Total Cost								
Proposed FY 71	220	630	850	Total Obligations	-	-	-	80	140	220	

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE	Development Banking Assistance	ACTIVITY	Private Enterprise	FUNDS	TA
PROJECT NUMBER	497-15-920-196	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1971	FY: 1973

Project Target and Course of Action: The purpose of this new project is to assist in the creation of viable development banking institutions which can provide capital to both domestic and foreign enterprise, primarily in the private sector. The banks would concentrate on financing the establishment or improvement of manufacturing and processing industries producing for import substitution or export. Rice processing, copra oil production and small holders' rubber processing are identified as some of the targets for rehabilitation and development.

A.I.D. is planning a Fiscal Year 1971 Development Loan of \$5 million to BAPINDO, Indonesia's State Development Bank, which would provide a line of credit for financing medium and long-term investments, primarily by private entrepreneurs. This proposed technical assistance project would improve the capabilities of The State Development Bank and other government and private banks to evaluate and make such loans. The project would fund under contract, two banking advisors, a small participant training program and a limited amount of office equipment.

Progress to Date: The International Development Association currently has underway a study of Indonesia's development banks. This study, which should be completed in March 1970, is expected to make recommendations on an overall program for donor loans and for technical assistance in this field, into which this project will be integrated.

FY 1971 Program: Fiscal Year 1971 funds (\$75,000) are requested to fund two banking advisors for 12 months (\$50,000), three participants studying development bank procedures in third countries (\$15,000), and office equipment (\$10,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
Through 6/30/69	Estimated FY 70	Estimated through 6/30/70	Future Year Obligations		Estimated Total Cost		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency
	-	-	-			-	-	-	-	50	50
	-	-	-	U.S. Technicians	-	-	-	15	-	15	
	-	-	-	Participants . . .	-	-	-	10	-	10	
				Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 71	75	625	700	Total Obligations	-	-	-	25	50	75	

Country: INDONESIA

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA
PROJECT NUMBER 497-11-999-000	PRIOR REFERENCE P. 20, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1954
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project provides the personnel, logistic and other operational support not directly chargeable to any specific project. To keep the A.I.D. Mission in Indonesia as small as possible, A.I.D. is supporting under this project a corps of generalists capable of carrying out planning and operational functions for a variety of activities, which are in other countries the responsibility of individual U.S. technicians for specific projects. The regular staff is augmented as necessary by consultants and temporary duty experts from Washington and other Missions.

This project finances surveys and feasibility studies which are essentially preliminary steps in selecting and developing Indonesian capital and technical assistance projects for later A.I.D. and other lender financing. Technical Support also finances small and one-time assistance activities not suitable for separate projects, as well as activities undertaken by the Mission Director under the Special Development Activity Authority.

Progress to Date: In Fiscal Years 1968 and 1969, the A.I.D. Mission relied heavily on its generalist staff in developing the economic assistance program and in carrying out usual program support functions. By the end of FY 1969, the A.I.D. Mission also included a small number of permanent professional and technical personnel financed under specific projects.

A number of studies were financed under Technical Support during FY 1970. These included a rice storage,

handling and marketing study, feasibility studies for Medan and Central Java power systems, inspection of a tin mining dredge, technical assistance to the GOI Capital Investment Technical Committee in updating its basic foreign investment brochure and revising its private foreign investment regulations, and financing of an initial visit of the U.S. Geological Survey Chief of Party to reach agreement with the Indonesian Geological Survey on this project.

Fiscal Year 1971 Program: A total of \$2,050,000 is requested for this project. Technicians costs are estimated at \$1,236,000 of which \$1,183,000 covers 43 full-time and 12 short-term A.I.D. technicians and \$53,000 will be for 8 short-term contract technicians. Commodity requirements are estimated at \$84,000 and will cover office supplies; office and residential building supplies, furnishing and equipment; and automotive supplies and equipment. The \$730,000 for Other Costs includes \$116,000 for shared administrative support by the Department of State and \$614,000 for feasibility studies for capital development projects. Feasibility studies expected to be financed under Technical Support in Fiscal Year 1971 include those resulting from the Central Java power long-range planning study, a water resources reconnaissance study and the International Bank for Reconstruction and Development road studies.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
	Through 6/30/69	9,191	8,754	437	Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other		Total	Direct AID	Contract/Other
Estimated FY 70	1,796	1,820		995	40	1,035	1,183	53	1,236	
Estimated through 6/30/70	10,987	10,574	413	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	58	-	58	84	-	84	
				703	-	703	730	-	730	
Proposed FY 71	2,050	Undetermined		1,756	40	1,796	1,997	53	2,050	

COUNTRY: INDONESIA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
Development and Use of Educational Materials	497-11-690-186	1968	1970	406	49	357	175	366	166				581
Total													
TC													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: INDONESIA

Borrower: GOVERNMENT OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Program Loan 497-H-015	
Date Authorized: October 18, 1967 Date Signed: October 20, 1967	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$7,467	Grace Period 10 yrs.
Disbursed 7,117	Interest Rate
Repayments -	Grace 1%
Interest Collected 47	Thereafter 2-1/2%
	Currency of Repayment .. US\$

increased, and within these commercially financed imports have also gone up.

Purpose of Loan: The loan finances the importation from the United States of essential raw materials, equipment, spare parts and related services, and assists the Indonesian Government rehabilitate Indonesian productive facilities and meet Indonesia's stabilization goals. In conjunction with other donor governments, the United States provides program aid to support and encourage the evolution of a free foreign exchange market through the so-called Bonus Export System introduced by the Suharto Government in 1966.

Financial Status: As of December 31, 1969, the loan was almost fully disbursed. A.I.D. is now in the process of reconciling all disbursement documents before deobligating the undisbursed balance.

Implementation: Procurement performance under the Bonus Export System by both Indonesian importers and end users and U.S. exporters has raised no major problems.

Host Country Role and Procurement Source: Consistent with the objectives of this loan, the Government of Indonesia has taken strong fiscal and monetary steps in implementing the stabilization and rehabilitation program endorsed by the International Monetary Fund. They have abolished import licensing and various multi-exchange rates based on an overvalued rupiah. Total imports from U.S. sources have

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: INDONESIA

Borrower: GOVERNMENT OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Program Loan, 497-H-016	
Date Authorized: February 1, 1968 Date Signed: February 13, 1968	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$12,494	Grace Period 10 yrs.
Disbursed 11,922	Interest Rate
Repayments -	Grace 2%
Interest Collected 81	Thereafter 2-1/2%
	Currency of Repayment US\$

In September and October 1968 the Government of Indonesia agreed to permit the Indonesian importers to defer payment until the date of arrival of the commodities, provided the importers' foreign exchange bank would extend its guaranty to the Central Bank in the amount of the payment deferred. Another decision made to facilitate implementation of the loan was to permit the state commercial and development banks to extend medium-term credits at an interest rate of 12 percent to qualified importers using A.I.D. financed credits.

The balance is now being drawn down at a satisfactory rate. All available export certificates are expected to be purchased before the end of the fiscal year.
Host Country Role and Procurement Source: The Government of Indonesia has taken strong fiscal and monetary steps in implementing the stabilization and rehabilitation program endorsed by the International Monetary Fund. They have abolished import licensing and various multi-exchange rates based on an overvalued rupiah in favor of a freer foreign market. Total imports from the United States have increased, and within these commercially financed imports have gone up also.

Purpose of Loan: This loan provides foreign exchange to qualified importers for the purchase and importation of selected commodities as part of a multi-national effort to support and sustain Indonesia's stabilization program. Along with a U.S.-financed Contingency Fund loan, and similar aid from other countries, it forms a "pool" of international credits to the Government of Indonesia which are then sold for local currency at a more favorable exchange rate than non-aid foreign exchange. Commodities financed are numerous, but include substantial quantities of fertilizer and machinery. All items must be on the Indonesian "Bonus Export" list and are subject to A.I.D. eligibility regulations.

Financial Status: This loan is fully committed. The terminal disbursement date was extended to December 31, 1970 to accommodate two specific procurement actions totaling \$1.850 million, and to March 31, 1970 for all other undisbursed balances. The latter extension was necessitated because several U.S. suppliers with sizable orders were unable to complete shipments before December 31, 1969.

Implementation: The initial utilization of these credits was slow, primarily because of the need to put up 100 percent payment in local currency in advance of shipment. Another reason for the delay in drawing down on these credits is the long shipping time from the United States.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: INDONESIA

Borrower: GOVERNMENT OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Stabilization and Food Production. 497-H-017	
Date Authorized: April 15, 1969 Date Signed: May 2, 1969	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$44,000	Grace Period 10 yrs.
Disbursed 1,611	Interest Rate
Repayments -	Grace 2%
Interest Collected -	Thereafter 3%
	Currency of Repayment.. US\$

services financed under the loan are being procured from the U.S.

The Government of Indonesia has continued to carry out the International Monetary Fund endorsed stabilization measures which have had a favorable impact in considerably reducing inflation. Measures taken in late 1968 to permit private and non-subsidized importers to defer down payments until arrival of goods and the availability of credit to importers with 3 - 5 year terms have provided incentives to importers in using A.I.D. credits.

Purpose of Loan: This loan provides a portion of the foreign exchange Indonesia requires to purchase essential raw materials, spare parts and machinery in order to rehabilitate Indonesian productive capacity and economic infrastructure. The loan also provides a basis for further transition to an economic program of development while assisting the momentum of the country's current stabilization program. Similar loans totaling \$20 million were made in FY 1968 and have been drawn down.

The United States provides program aid to Indonesia in conjunction with other donors through the so-called Bonus Export System. This system was introduced in 1966 to encourage the evaluation of a free foreign exchange market.

Physical and Financial Status: As of December 31, 1969, the loan was 4 percent disbursed.

Implementation: Disbursements are running slower than expected, largely due to the unfavorable competitive position of A.I.D.-financed exports from the U.S. vis-a-vis exports financed by other aid donors such as Japan. As of December 31, 1969, letters of commitment in the amount of \$26.5 million had been issued and disbursements as of January 2, 1970 totaled \$8,760,448.00. All loan funds are expected to be fully disbursed by early FY 1971.

Host Country Role and Procurement Source: All goods and

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: INDONESIA

Borrower: GOVERNMENT OF INDONESIA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Gresik Cement Plant Expansion, 497-H-018	
Date Authorized: June 19, 1969	Date Signed: July 25, 1969
<small>Loan Status as of 12/31/69</small>	<small>Loan Terms</small>
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$6,300	Grace Period 10 yrs.
Disbursed -	Interest Rate
Repayments -	Grace 2%
Interest Collected -	Thereafter 3%
	Currency of Repayment.. US\$

origin. All other equipment and materials will be purchased locally with funds provided from the revenues of PT Semen Gresik.

Purpose of the Loan: This loan finances the foreign exchange costs of expanding the three-kiln Gresik Cement Plant by adding a fourth kiln. Annual capacity will thereby be increased from 375,000 metric tons to 500,000 metric tons. The project is located in East Java, near Surabaya. The increased production is needed to meet expanded domestic demands for cement, utilizing domestically available raw material and substituting for otherwise imported commodities.

Financial Status: No disbursements have been made to date.

Implementation: All conditions precedent to initial disbursement are expected to be met shortly. As part of the implementation, PT Semen Gresik is being converted to an autonomous corporation with a revised financial structure and a sound financial condition. The invitation for bid package for the construction and installation of the kiln is currently being prepared by Rust Engineering Co., the consulting firm. Disbursements are expected to be completed within a three-year period.

Host Country Role and Procurement Source: The Government of Indonesia has taken several important steps to assure corporate autonomy for PT Semen Gresik and has agreed to make foreign exchange and local currency available as necessary for implementation of the project. All procurement financed with loan funds shall be of U.S. source and

Korea



BASIC DATA

Population (<i>millions – mid-1969</i>).....	31.2	Per Capita GNP (<i>dollars</i>).....	212*
Annual Growth Rate (<i>percent</i>).....	2.4	Life Expectancy (<i>years</i>).....	58
Area (<i>1000 square miles</i>).....	38	People Per Doctor	2,300
Population Density Per Square Mile.....	820	Literacy Rate (<i>percent</i>)	71
Agricultural Land as % of Total Area	24	Students as % of 5-19 Age Group	59
Percent of Labor Force in Agriculture.....	52	(<i>Primary and Secondary</i>)	

* - 1969 in 1968 prices.

KOREA

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KOREA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	32.0	20.0	20.9*	25.8*
Technical Assistance	6.7	4.2	3.8	3.5
Supporting Assistance	36.5	21.2*	10.0	-
Total A.I.D. Assistance	75.2	45.4	34.7	29.3

*Includes grants of \$1,200,000 in FY 1969, \$889,000 in FY 1970 and \$800,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The A.I.D. program supports the basic U.S. objective of helping Korea to remain a stable, democratically-oriented and increasingly self-reliant nation capable of resisting North Korean subversion and aggression.

Specific A.I.D. objectives are to promote: (1) monetary stabilization, (2) continued industrialization, (3) sufficiency in food production, and (4) improved planning and organization of social and governmental institutions. The United States also helps Korea to maintain a military force which is serving our mutual security interest in both Northeast and Southeast Asia.

PROBLEMS AND PROGRESS

As recently as the early 1960's, South Korea was generally characterized as an impoverished nation, fraught with discontent and political chaos. It now enjoys relative political stability and its economy, shattered by war and runaway inflation in the 1950's, is now experiencing extraordinarily rapid growth. Inflation has been controlled. Moreover, the Koreans are playing a significant role in the common defense of Southeast Asia, with about 50,000 Korean troops fighting in Vietnam.

Overall growth (GNP) averaged 11.7% a year in real terms over the past five years 1964-1969, including an estimated growth of 15.5% during 1969. Per capita real GNP has risen an average of 9% a year since 1964, and it exceeded \$200 in 1969.

Exports jumped from \$175 million in 1965 to an estimated \$620 million in 1969, an average yearly increase of 40%. Domestic savings have increased from 8% of GNP in 1965 to an estimated 18% in 1969. Domestic government revenue as a percent of the GNP has doubled during the period, from 8% in 1965 to 16% in 1969.

The Second Five-Year Plan that began in 1967 has an overall investment goal of about \$3.5 billion, one-third of which is expected to be provided by foreign investment and two-thirds by domestic savings. To date, investment under the Plan has run ahead of schedule with the result that many of the Plan's five year economic targets have already been met. It is expected, however, that additional foreign investment will be required until the late 1970's when domestic savings and export earnings should cover most investment needs. Concessional foreign loans, however, may no longer be required by the mid-1970's.

A.I.D. has played a significant role in Korea's progress in the mid and late 1960's by (a) participating in the formulation of development plans; (b) providing Development Loans for government infrastructure projects (power, transportation, etc.), intermediate credit institutions (Medium Industry Bank, Korean Development Finance Cooperation, Korean Development Bank) and private concerns (cement, chemicals); (c) helping Korea to reach agreed economic stabilization goals through financing needed imports; (d) helping to relieve heavy budgetary pressures, especially military, through allocation of U.S.-owned or controlled local currency for military budget support; and (e) providing technical assistance to Korean government agencies such as those dealing with agriculture, education and revenue collection.

The Korean Government has incorporated in its planning the phasing out of Supporting Assistance in 1970 and Development Loans in the early 1970's. Technical Assistance and P.L. 480 loans will continue to be needed beyond that time.

FY 1971 PROGRAM

The proposed FY 1971 A.I.D. program consists of \$25.8 million for Development Loans, including \$800,000 for family planning activities, and \$3.5 million for Technical Assistance.

As Korea's economic progress enhances its ability to finance a growing share of its development requirements from its own resources and from foreign loans on non-concessional terms, A.I.D.'s program is diminishing. The proposed FY 1971 program of \$29.3 million compares with \$34.7 million in FY 1970 and \$45.4 million in FY 1969. This substantial reduction in two years time has been made largely in Supporting Assistance which made up approximately one-half of the FY 1969 program, but which will be terminated with FY 1970.

The proposed increase of about \$5 million in Development Loan funds for FY 1971 represents a recovery from the cuts in such assistance

KOREA

during the past three years, which were necessitated by the severe reduction in A.I.D.'s world-wide Development Loan funds. The proposed \$25.8 million level will provide continued loan assistance in the agricultural sector, additional funds for feasibility studies, initial loan assistance in the education and urban development sectors, and grant funds for family planning.

We expect that P.L. 480 credit sales in FY 1971 will total approximately \$49.7 million. They are repayable in dollars. FY 1970 was the last year of P.L. 480 sales for local currency. It was also the last year for the Food-for-Work donation program, since we expect the Government of Korea to be able to continue this program without further U.S. assistance. The P.L. 480, Title II grant program is declining from \$25.6 million in FY 1970 to \$14.4 million in FY 1971, mainly for child feeding.

A.I.D. efforts are coordinated with those of other donors through an IBRD-chaired Consultative Group. Participants are Germany, Italy, Japan, the United Kingdom, the International Monetary Fund (IMF), the U.N. Development Program and the United States. This group has endorsed Korea's Second Five-Year Plan, and it monitors and reviews developments in periodic meetings.

Increasingly, countries other than the United States are providing a greater share of Korea's external capital needs. Total foreign loans to Korea as of September 30, 1969, were \$2.1 billion, of which 40% had been provided from the U.S., divided roughly 50/50 between U.S. private and official sources. Japanese loan disbursements for Korea amounted to \$30 million during the first nine months of 1969, Japanese grant disbursements totaled \$12 million for the same period. Loans from international lending institutions totaled \$106 million during 1969. Included in this amount are World Bank loans of \$45 million for a land reclamation and irrigation program and \$20 million to a Korean development bank; an International Development Association (IDA) \$14.8 million loan for expansion of vocational schools; and an International Finance Corporation (IFC) loan of \$1.7 million for raw silk production; and loans from the Asian Development Bank (ADB) of \$7 million for cold storage facilities, \$7.5 million for highway construction and \$10 million to the Medium Industry Bank.

Monetary Stabilization

Korea continues to carry a large military burden which it cannot finance alone. Large military forces are still needed not only to maintain internal and external security against North Korean threats but also in Vietnam. As domestic revenues grow, Korea has been financing an increasing portion of her defense budget.

The self-financed portion came to 39.8% in 1964 and has grown to an estimated 85.5% in 1970. Korea is expected to finance her total military budget requirements starting in the early 1970's.

Korea must continue to improve revenue collection if it is to generate the domestic revenues and savings to finance development and at the same time maintain monetary stability.

A.I.D. has just completed negotiations with the Government of Korea on a CY 1970 stabilization agreement which makes U.S. assistance contingent upon certain economic performance targets necessary for growth in a framework of monetary stability. The agreement endorses the IMF-Korean Standby Agreement targets, and stipulates complementary targets such as ceilings on total money supply. U.S. stabilization assistance in FY 1970 consists of P.L. 480 commodities (\$93.4 million in wheat, cotton, and rice), Supporting Assistance (\$10 million for commodity imports from the U.S.), and a commodity import loan (\$10 million).

In FY 1971, \$342,000 in Technical Assistance will be used to assist the Koreans in economic planning and the promotion of private enterprise. A.I.D. economists are assisting the Korean Government in the formulation of the Third Five-Year Plan, which will begin in 1972.

Industry

To maintain Korea's burgeoning industrial growth, estimated at nearly 20% during 1969, considerable foreign capital is required. This requirement is being met increasingly from other international financial sources (IBRD, Export-Import Bank, and other governments' commercial credits) and less from A.I.D. However, the total of Korea's foreign borrowing places a heavy debt servicing burden on the country's balance of payments. Korea needs greater financial strength before it can borrow exclusively on the harder terms of international lending institutions. A.I.D. and the IBRD, through the Consultative Group, have taken the lead in encouraging other countries to provide a mix of conventional and concessional terms which will cover Korea's capital needs during the Second Five-Year Plan.

The rapid growth in Korea's industry to date has been achieved mainly through the expanded production of small and medium industries. A.I.D. provides technical advisors and training in such areas as industrial management, testing, standards and quality control, planning and marketing. For these activities, A.I.D. proposes \$137,000 in Technical Assistance for FY 1971.

KOREA

Agriculture

Korea's agricultural output has increased at the rate of about 5% a year since 1960.

The original Korean goal of self-sufficiency in foodgrain production by 1971 will not be attainable, primarily because of increased per capita consumption as family incomes rise. However, agricultural self-sufficiency may be attained during the 1970's with increased agricultural and fishery exports.

For FY 1971, A.I.D. proposes \$701,000 in Technical Assistance for training and U.S. advisory services and a \$10 million Development Loan to help accelerate the growth of agricultural production. A loan of \$10 million in FY 1970 will finance equipment for Korea's high priority program of consolidating small paddy plots.

A.I.D. advisors at both the national and provincial levels continue to place primary emphasis on:

- narrowing the food gap by increasing unit yields through expanded irrigation, land rearrangement, adequate inputs of fertilizer and limestone, improved seeds, and expanded research.
- increasing rural income by encouraging shifts in types of crops, improvements in farm management and marketing techniques, and supporting agri-business activities; and
- strengthening Korean agricultural planning and policy-making capabilities.

Family Planning

The primary Korean goal is to reduce the population growth rate from an estimated 2.4% in 1969 to 2% or less in 1971. The 1960 rate was approximately 3%. For this purpose the Korean Government is now extending the family planning to the rural areas.

The FY 1970 program is providing \$889,000 in technicians' services, participant training, and commodities for a new vital registration program and support for the teaching of family planning in schools

and colleges of medicine plus a special project to improve and expand clinics and family planning services in Seoul.

In FY 1971 A.I.D. proposes an \$800,000 program to conduct an integrated research program into Korean attitudes and mores which affect the willingness and interests of Korean men and women to undertake and continue family planning, and to examine what is required to provide reliable vital statistics.

The family planning program -- planned, organized and implemented by Korean Government officials -- is supported by private and voluntary agencies within Korea, with assistance from A.I.D., the Population Council, International Planned Parenthood Federation and the Swedish International Development Authority. A.I.D.'s assistance is closely coordinated with that of these organizations.

Improving Social Development and Government Efficiency

The Korean Government, aware of the need for personnel trained and experienced in the planning aspects of public administration, has placed high priority on such fields as urban and regional planning, national and local taxation, and central and local government administration. A.I.D. is financing the services of American experts in these fields.

Technical Assistance in education, designed to help the system sustain social and economic progress, will focus in FY 1971 on the development of comprehensive long range education planning, analysis of manpower requirements, and legal education. A loan of \$10 million in FY 1971 is proposed to finance priority education sector needs, the areas of assistance being identified in a survey conducted in the spring of 1970.

Armed North Korean infiltrators continue disruptive activities which threaten the security of South Korea. A.I.D. assists the Korean National Police with both training and equipment, such as radios needed to coordinate efforts to locate and capture agents. During FY 1971 A.I.D. advisors, essential commodities, and participant training support will be continued.

In FY 1971 Technical Assistance funds for these A.I.D. activities are proposed at \$1,192,000, of which \$299,000 will be for assistance to the Korean National Police.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

TABLE II

Country: KOREA

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	20,000	XXX	XXX	XXX	20,889*	XXX	XXX	XXX	25,800*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	3,361	3,224	137	-	2,880	2,880	-	-	2,238	2,238	-
Participants	666	552	114	-	695	695	-	-	761	761	-
Commodities	1,398	449	949	-	225	225	-	-	501	501	-
Other Costs	5	5	-	-	-	-	-	-	-	-	-
Total Project Assistance	5,430	4,230	1,200	-	3,800	3,800	-	-	3,500	3,500	-
Method of Financing											
Project Assistance											
Direct A.I.D.	4,243	3,117	1,126	-	2,641	2,641	-	-	2,680	2,680	-
Other Agency	480	472	8	-	414	414	-	-	232	232	-
Contract	707	641	66	-	745	745	-	-	588	588	-
Program Assistance	20,000	-	20,000	-	10,000	-	10,000	-	-	-	-
Total Other than Devel. Loan	25,430	4,230	21,200	-	13,800	3,800	10,000	-	3,500	3,500	-
Total Assistance	45,430	XXX	XXX	XXX	34,689	XXX	XXX	XXX	29,300	XXX	XXX

*Includes \$889 thousand in FY 1970 and \$800 thousand in FY 1971 for population program grants under Title X of the Foreign Assistance Act.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	84	67	67
Participating agency	14	11	11
Contractor technicians	15	10	10
Total	113	88	88

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	204	165	188
Contract	-	18	18
Total	204	183	206

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Rural Policy Planning and Development	ACTIVITY	Agriculture and Natural Resources	FUNDS	TA
PROJECT NUMBER	489-11-110-594	PRIOR REFERENCE	P. 31, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1956	FY: 1972

Project Target and Course of Action: This project aims to help the Korean Government strengthen its agricultural and rural institutions so that agricultural production will continue to increase at least 5 percent per annum.

U.S. technical advice at the national and provincial levels emphasizes: (1) increasing both total production and unit yields through expanded irrigation, land rearrangement, adequate fertilizer and limestone, improved seed, expanded research and extension and bringing new lands into production; (2) increasing rural income by shifts in types of crops, improvements in farm management and marketing techniques, and supporting agribusiness activities; and (3) strengthening of agricultural policy-making within the government.

Progress to Date: Since 1960, Korea's agricultural sector has grown by an annual rate of 5 percent. A.I.D. technicians have designed and implemented programs to meet the objectives of increased food production and augmented farm income.

The Government of Korea has enacted a farm mortgage law. It has removed the three-hectare ceiling on farmland ownership to permit farming of more economic units and has increased farm mortgage financing. Reclamation has expanded available land. The government has increased outlays for expanding irrigation facilities and for combining land holdings. It has promoted production of cash crops. The additional credit available to farmers along with improved price policy has stimulated

increased production and raised rural income.

The Agriculture and Fisheries Development Corporation, established by the Korean Government in 1967, has already launched 33 agribusiness projects. The 1969 Rural Development Encouragement Law has joined the land reclamation, irrigation, paddy rearrangement, rural road and other programs into a more manageable organization, the Agricultural Development Corporation. Promotion of fisheries has provided additional protein for the Korean diet and yielded substantial foreign exchange earnings. The value of fisheries exports has doubled since 1962.

FY 1971 Program: For Fiscal Year 1971, \$701,000 is being requested for this project. This amount includes \$355,000 for 13 direct hire technicians; \$88,000 for 19 participants to receive training in the United States; and \$258,000 for one year's funding for a new contract. This contract will provide for 4 full time advisors and 11 short term advisors (\$208,000). It will also finance U. S. training for 10 contract participants. The contract services will be directed toward improving Korean agriculture by: (1) increasing agricultural productivity and lowering costs; (2) crop diversification with emphasis on commercial crops; and (3) marketing and processing improvements to benefit the producer.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/ AGENCIES		
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
				Estimated FY 1970		Proposed FY 1971			
Through 6/30/69	8,468	8,074	394	Direct AID	Contract/ OTHER Agency	Total		Direct AID	Contract/ OTHER Agency
Estimated FY 70	914	808		501	236	737	355	208	563
Estimated through 6/30/70	9,382	8,882	500	127	50	177	88	50	138
		Future Year Obligations	Estimated Total Cost	-	-	-	-	-	-
Proposed FY 71	701	900	10,983	628	286	914	443	258	701
			Total Obligations						

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE Industrial Development	ACTIVITY Industry and Mining	FUNDS TA	
PROJECT NUMBER 489-15-230-606	PRIOR REFERENCE P. 32, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1961	SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: The purpose of this project is to support the continued growth of Korean industries by providing advice and assistance in making investment decisions, by developing efficient management and production, and by applying improved marketing practices. Assistance has been given in four areas. In industrial extension, we are providing advisory services to the Korean Productivity Center and on-the-job training in Korea and in the United States. In industrial and export quality control, we are providing specialists to work with the National Industrial Research Institute. In industrial planning, we are providing advisors and training to develop investment analysis capability within the Korean government. In marketing, advisory services under a contract with International Marketing Institute terminated in 1969. Fifteen participants will complete training in the United States in FY 1970 in marketing management and research.

Progress to Date: The industrial community's acceptance of the Korean Productivity Center's services is reflected in the upward trend of the Center's income which rose from less than \$75,000 in 1965 to about \$650,000 in 1969. The increasing number of precision tests requested of the National Industrial Research Institute reveals a shift by manufacturers toward stricter standards and improved in-plant disciplines and controls. An A.I.D. program designed to strengthen Korea's export efforts through the organization and operation of a testing and inspection

system was completed in Fiscal Year 1968. Under this program, U.S. advisors assisted in the establishment of the International Marketing Research Center which upgrades Korea's export products.

Seventy-one leading executives of the Korean industrial and commercial community have participated in A.I.D.-sponsored management teams taking observational tours of U.S. industries. After their return they continue to take part in programs for promotion of modern industrial management practices in Korea. Continued industrial growth should be sustainable without further A.I.D. grant support beyond Fiscal Year 1971.

FY 1971 Program: \$137,000 is requested for Fiscal Year 1971. \$70,000 of this amount is needed to finance a direct hire technician in industrial development; a contract marketing specialist and a contract management specialist for one year each; and 2 short term consultants. The remaining \$67,000 is needed to finance training for 19 Korean participants in the United States and the U.S. visits of two Korean management teams of ten men each.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
	Through 6/30/69	4,547	4,378		169	Estimated FY 1970			Proposed FY 1971			
						Direct AID		Contract/Other AID	Total	Direct AID	Contract/Other AID	Total
Estimated FY 70	280	296		U.S. Technicians	30	193	223	30	40	70		
Estimated through 6/30/70	4,827	4,674	153	Participants ...	57	-	57	67	-	67		
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-		
Proposed FY 71	137	-	4,964	Other Costs ...	-	-	-	-	-	-		
				Total Obligations	87	193	280	97	40	137		

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE Water Resources Development	ACTIVITY Industry and Mining	FUNDS TA
PROJECT NUMBER 489-11-250-609	PRIOR REFERENCE P. 33, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1965
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: This project will provide a comprehensive master plan for optimum utilization of the water resources in the Han River Basin. The United Nations Development Program is conducting a similar survey in Korea of the Nakdong River Basin. The Han River Basin, one of the four major river basins in Korea, contains 25 percent of Korea's population and area and 40 percent of its industry.

Through agreements with the U.S. Bureau of Reclamation and the U.S. Geological Survey, a seven-man technical team is assisting the Government of Korea in this effort. The Korean Government has provided the essential support for the United States team by establishing the Water Resources Development Corporation to coordinate and implement the team's recommendations within the Korean national development plan. The Korean Government also has set up an Inter-Agency Committee on Water Resources comprised of representatives of various ministries, provincial governments, municipalities, utility companies, etc. An on-the-job training program involving about 75 Korean engineers and technicians is developing a corps of experienced water resources specialists.

Progress to Date: A report has been completed which compares and makes specific recommendations on several alternative dams. Nearly 100 preliminary layouts and cost estimates have been made for other dams and potential features of the basin plan.

Field surveys were completed on potential benefits to

be derived from flood control measures. Preliminary studies of the navigation potential of the low Han River have been prepared. Field engineering teams have taken 39 dam site profiles, made material investigations at five dam sites, geologic investigations at 23, and carried out topographic mapping of 55 square kilometers. Stream and rain gauges have been installed, 320 stream flow measurements have been made and 93 water samples taken. An interim report by the U.S. team was completed in March 1968. It shows how the major elements of the Han River Basin Plan are being developed and integrated, with particular emphasis on river regulation. The U.S. team has also collected and tabulated economic data for the Han River Basin and related them to the economic aspects of water resources throughout the country.

FY 1971 Program: A.I.D. requests funds to provide the services of a 7-man team: (6 from the Bureau of Reclamation and 1 from the U.S. Geological Survey), and of 2 short-term Bureau of Reclamation Specialists (\$181,000). Funds are also requested for training in the U.S. for 7 Korean engineers (\$50,000). In FY 1971 the U.S. survey team will issue its final report based on data which has been collected from FY 1965 through FY 1970.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	1,030	847	183		-	303	303	-	181	181
Estimated FY 70	340	388			37	-	37	50	-	50
Estimated through 6/30/70	1,370	1,235	135	U.S. Technicians Participants . . .	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 71	231	-	1,601	Total Obligations	37	303	340	50	181	231

U.S. Bureau of Reclamation
U.S. Geological Survey

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Advanced Management Training	ACTIVITY	Industry and Mining	FUNDS	TA
PROJECT NUMBER	489-15-280-673	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1971	FY: 1975

Project Target and Course of Action: The purpose of this new project is to finance advanced training and observation trips for Korean engineers, scientists, industrial and commercial managers and public officials. There is an acute need for this type of training to provide leadership in industry, commerce and government as Korean society changes from traditional rural patterns to those of a modern industrial-urban nation and the nation is drawn increasingly into international competition in all fields. An adequate number of highly trained technical and administrative personnel will be required to organize and manage the labor, capital and other resources necessary for Korea to reach its full potential.

The participants under this project will be trained in fields not directly related to other A.I.D. technical assistance projects. They will be selected, for the most part, from the private sector.

FY 1971 Program: \$100,000 is requested to train 16 participants in such fields as steel production management, chemical fertilizer production, nuclear power plant operation, and metallurgical engineering.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency		Total	Direct AID	Contract/Other Agency
Through 6/30/69	-	-	-							
Estimated FY 70	-	-	-							
Estimated through 6/30/70	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	100	400	500	Total Obligations	-	-	-	100	-	100

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE Public Safety	ACTIVITY Public Safety and Public Administration	FUNDS TA
PROJECT NUMBER 489-11-710-644	PRIOR REFERENCE P. 35, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1966
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: The objective of this project is to develop within the Korean National Police the capability to cope effectively with the infiltration efforts by North Korean agents. The project supports the National Police through the provision of advisory services, commodities, and participant training. Five communication radio networks and supporting radio repair facilities are being completed and a telecommunications training school established to provide operators and maintenance personnel. The project assists in a nationwide police training program, which will train and retrain 15,000 security personnel annually.

Progress to Date: The Korean National Police is being shaped into a strong force capable of countering the continuous North Korean infiltration which increased considerably after the Blue House raid and the seizure of the Pueblo in 1968. With the assistance of A.I.D. Public Safety advisors, a tactical combat police force of 4,000 men has been deployed in key locations along the coast of the southern provinces and throughout the interior of the country. Its mission is to apprehend North Korean agents and deny infiltrators bases from which to operate. As part of its counter-infiltration functions, the Korean National Police is also responsible for a coast/ mountain watch system, which is an integral part of the police intelligence operation. It is one of the main sources for reporting movements or landings of enemy agents.

A.I.D. Public Safety advisors have also assisted in training and equipping a 9,000-man task force of regular police personnel to serve as "ready reserve" units in backstopping the combat police. The Public Safety advisors have concentrated their efforts on the development of the National Police as a democratically oriented and effective public service organization. Success in this endeavor is evidenced by the large number of North Korean agents apprehended through the assistance of South Korean citizens. Since 1960, the National Police College and eight provincial police training schools have conducted pre-service, in-service, and specialist classes for 138,528 officers and men. One hundred eighteen police officers have received training in the United States.

FY 1971 Program: For Fiscal Year 1971, \$299,000 is requested. This amount is composed of funds for (1) 5 long term direct-hire public safety advisors, (\$150,000); (2) training of 10 Korean participants, (\$24,000); and (3) communications equipment, training materials, and spare parts for weapons and vehicles, (\$125,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
	Through 6/30/69	6,380	4,028		2,352	Estimated FY 1970		Proposed FY 1971		
						Estimated FY 70		321	444	
Estimated through 6/30/70	6,701	4,472	2,229	U.S. Technicians	182	-	182	150	-	150
		Future Year Obligations	Estimated Total Cost	Participants ...	14	-	14	24	-	24
				Commodities ...	125	-	125	125	-	125
				Other Costs ...	-	-	-	-	-	-
Proposed FY 71	299	-	7,000	Total Obligations	321	-	321	299	-	299

PROJECT TITLE Economic Planning	ACTIVITY Public Safety and Public Administration	FUNDS TA
PROJECT NUMBER 489-11-720-587	PRIOR REFERENCE P.36, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1963
		SCHEDULED FINAL OBLIGATION FY: 1971

Project Target and Course of Action: This project assists the Government of Korea in formulating and implementing economic policies. Such policies need to be consistent with an increasing reliance on market forces and on private investment rather than upon government controls and public investment. They should be designed to achieve a high marginal savings rate; an optimal pattern of investment; monetary and price stability; and a sound balance of payments position. The project will also assist in the formulation of Korea's Third Five-Year Plan, now scheduled to be completed late in 1970, and in the development of a corps of qualified Korean economists.

Progress to Date: Major policy reforms during the past several years are exchange rate adjustments in 1964, 1965, 1968 and 1969; the interest rate reform of September 1965; revision of laws to encourage private investment; implementation of trade liberalization programs; and an overhaul of the tax system. U.S. specialists assisted in the formulation of the Second Five-Year Plan and of the related annual resources budgets that provide the framework for the country's investment programs. In the last 6 years some 65 Koreans have received professional training in the United States as practicing economists. Many of these are now in key positions in government ministries and agencies.

The success of this overall effort is best indicated by the following comparisons: (1) from 1963 to 1969 real gross national product grew at 11.0 percent per annum,

almost triple the 4.2 percent annual growth rate from 1958 to 1962; (2) there was a dramatic increase in the annual real growth rate of private savings from -4.6 percent to 20 percent in the same period; (3) investment as a percent of gross national product has risen to an estimated 30 percent in 1969 from 9.1 percent in 1963; (4) the annual average national wholesale price index rose by 6.8 percent during the two-year period of 1968 and 1969 compared with 27.4 percent during the two-year period 1963 and 1964; and (5) exports increased sevenfold from \$86.8 million in 1963 to an estimated \$620 million in 1969.

Long-range assistance in the field of economic policy provided Korea under this project will culminate in development of the Third Five-Year Plan. The Korean Government has asked A.I.D. to assist in providing the services of American economic experts to advise Korea's Plan drafters. Major areas in which specialized advisory services are provided include: (1) macro-economics, to develop planning techniques; (2) monetary and fiscal measures, to control inflation and promote savings; (3) international trade and balance of payments and (4) industrial and agricultural analysis to plan future growth of these sectors. Specialist in these fields are being recruited this year.

FY 1971 Program: Funds are requested to finance 4 direct hire economists (\$90,000); 3 contract economic consultants for 3 months each (20,000); and training of 23 Korean economists in the United States (\$141,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
				Direct AID	Contract/Other	Total		Direct AID	Contract/Other	Total
Through 6/30/69	1,793	1,420	373							
Estimated FY 70	340	302								
Estimated through 6/30/70	2,133	1,722	411							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	251	-	2,384	Total Obligations	240	100	340	231	20	251

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Technical Assistance to ROKG Activities	ACTIVITY	Public Safety and Public Administration	FUNDS	TA
PROJECT NUMBER	489-11-740-589	PRIOR REFERENCE	P. 37, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: 1971

Project Target and Course of Action: This project helps the Government of Korea to develop skilled manpower and the organizational structure necessary to meet economic goals, and supports efforts to strengthen the Korean legal system.

In public administration, we are helping Korea (1) reorganize its taxation and customs agencies and improve their administration; (2) upgrade the qualifications of tax officials; and (3) modify the national tax and tariff structures. We are also assisting in the determination of manpower requirements and in the operation of a nation-wide Employment Service. In education, we are helping to adapt the Korean educational system to the needs of a newly industrialized economy. We are also providing advisory services for the development of a Korean legal center as an institution which will serve the legal profession through the exchange of ideas and will be a source of new concepts and attitudes.

Progress to Date: With the assistance of advisors from the United States Internal Revenue Service, the Government of Korea has made outstanding progress in improving its revenue and customs administration. In 1966, the Taxation Bureau was abolished and replaced by a Tax System Bureau responsible for tax policy and by the Office of National Tax Administration charged with the administration of national tax laws. Improvement in tax administration is reflected in the annual increases in tax revenues, e.g. an estimated 35.9 percent increase in 1969 over 1968.

In education, the National Education Planning Committee, established in July 1968, drafted a "National Education Charter" for carrying on coordinated long-range educational planning. The new Bureau of Science Education is giving special attention to in-service teacher training in science and vocational education. A two-semester study and research program in the American legal system has been established at the University of California (Berkeley) and seven Koreans selected to attend. The first legal education course under this project on legal aspects of international business transactions was given at the Korean Legal Center this year.

FY 1971 Program: Funds are requested for two direct hire advisors in education and public administration (\$78,000); a long-term and 3 short-term advisors in tax and urban and regional planning from other U.S. Government agencies (\$51,000); contract services of 9 short-term advisors; 5 on educational television feasibility studies and 4 in legal assistance (\$120,000). \$159,000 is requested to train 29 participants; 11 Koreans in education and 10 in public administration and urban planning (\$79,000); and 8 under contract (\$80,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970	Proposed FY 1971					
Through 6/30/69	2,186	1,715	471	Direct AID	Contract/Other Agency	Total	Internal Revenue Service Dept. of Housing & Urban Development International Legal Center Midwest Univ. Consortium University of California			
Estimated FY 70	425	562		73	177	250		78	171	249
Estimated through 6/30/70	2,611	2,277	334	95	80	175		79	80	159
		Future Year Obligations	Estimated Total Cost	-	-	-		-	-	-
				-	-	-		-	-	-
Proposed FY 71	408	-	3,019	168	257	425		157	251	408
				Total Obligations						

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE	Social and Economic Development Institute	ACTIVITY	Public Safety and Public Administration	FUNDS	TA
PROJECT NUMBER	489-11-790-674	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1971	FY: 1975

Project Target and Course of Action: The purpose of this project is to assist the Korean Government in the establishment of an institute to conduct research in social and economic development problems. General areas in which research is needed include fiscal and monetary policy, economic models, international trade and finance, export and import-substitution planning, urban and regional development, rural-urban migration, development of sources of non-farm income in rural areas, efficient manpower utilization, and social security and other social insurance concepts.

For five years, the Institute's Korean staff will be assisted by American consultants and advisors and training in the United States will be given to selected members of the Institute's staff.

It is believed that the Institute would fulfill a need for an analytical studies through which to guide Korean public and private sector policies. Within the 5-year term of this project the returns from this research should become apparent. Further, by that time the skills of Korea's social scientists should be sufficiently enhanced so that the Korean government would be ready and able to carry on with the institute on its own. The institute would attract well-trained expatriate Korean scholars to return to Korea.

FY 1971 Program: Funding of \$465,000 is requested to finance 10 short term U.S. research advisors (\$50,000); 2 contract advisors in research and economic planning for a period up to one year (\$50,000); training for 16 participants (\$65,000); and reference books and research equipment (\$300,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970				Proposed FY 1971		
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/69	-	-	-							
Estimated FY 70	-	-	-							
Estimated through 6/30/70	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	465	1,210	1,675							
				Total Obligations	-	-	-	415	50	465

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE Private Enterprise Development	ACTIVITY Private Enterprise	FUNDS TA	
PROJECT NUMBER 489-15-930-677	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1971	SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: The purpose of this project is to improve the environment in which small and medium private industry operate in Korea. A.I.D. seeks through this project to help create an improved climate for increased foreign and domestic private investment. Significant improvement has been made recently in the investment climate and Korea has shown that it is capable of attracting substantial investment. However, further assistance is needed to encourage continued foreign investment in Korea, to advise the Korean Government on more efficient investment analysis and procedures, and to help the Government implement its new progressive investment policies.

There is great need for development of private money and capital markets in Korea. This project will make Korean money market operations more efficient so as to facilitate the access of private industry to capital at reasonable interest rates. The development of a capital market would permit better allocation of investment resources and increased responsiveness of capital to market mechanisms. In addition, an improved capital market would give the rapidly developing urban middle class an opportunity for equity investment in the growing economic prosperity and, in accord with Title IX of the Foreign Assistance Act, would have a welcome diffusing effect on ownership of industry. The Korean Government has indicated a desire to divest themselves of government-owned corporations.

FY 1971 Program: Funds are requested to finance 2 direct hire advisors in finance investment procedures and money market operations (\$54,000); one contract capital market specialist for up to one year to help formulate new and improved securities exchange regulations (\$20,000); and training of 6 participants in investment promotion administration and capital and money markets (\$17,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated		OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	-	-	-							
Estimated FY 70	-	-	-							
Estimated through 6/30/70	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	91	399	490	Total Obligations	-	-	-	71	20	91

Country: KOREA

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA
PROJECT NUMBER 489-15-999-000	PRIOR REFERENCE P. 39, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1956
		SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: This project provides support for program activities not chargeable to individual projects.

The funds pay for salary and allowances of program personnel whose services relate to more than one project; and a proportionate share of office overhead costs charged to program operations.

This project also finances logistic support and commodity expenses including: (1) operation of a motor pool; (2) replacement and spare parts for vehicles; (3) office equipment and maintenance materials; (4) communications; and (5) basic equipment for living quarters. Also included in this project are activities undertaken by the Mission Director under the Special Development Activity Authority.

FY 1971 Program: \$741,000 of the 1971 request is to pay for 40 direct hire technicians and secretaries, and \$76,000 is for the program commodities cited above.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES	
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS			
					Estimated FY 1970			Proposed FY 1971
					Direct AID	Contract/Other Agency	Total	
Through 6/30/69	27,437	27,314	123					
Estimated FY 70	998	1,071						
Estimated through 6/30/70	28,435	28,385	50					
		Future Year Obligations	Estimated Total Cost					
Proposed FY 71	817	Undetermined		Total Obligations	998	-	998	
				U.S. Technicians	898	-	898	
				Participants . . .	-	-	-	
				Commodities . . .	100	-	100	
				Other Costs . . .	-	-	-	
					741	-	741	
					76	-	76	
					-	-	-	
					817	-	817	

COUNTRY: KOREA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
Development of Domestic & Export Minerals	489-11-210-629 489-15-210-629	1966	1969	899	769	130	-	130	-				899
Institute of Industrial Technical Applied Science	489-11-230-634	1966	1968	7,188	4,793	2,395	-	1,384	1,011				7,188
Marketing	489-15-260-647	1967	1968	389	266	123	-	123	-				389
Improved Transportation Capabilities	489-11-330-600	1963	1969	707	680	27	-	27	-				707
Improved Administration of Banking & Credit	489-15-750-588	1962	1970	1,170	1,054	116	182	210	88				1,352
Total													
TC													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korean Development (formerly Korean Reconstruction Bank) 489-A-007	
Date Authorized: June 17, 1959	Date Signed: April 12, 1960
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$4,998	Two Step 10 yrs.
Disbursed 4,883	Grace Period 10 yrs.
Repayments 1	Two Step 1 yr.
Interest Collected 115	Interest Rate 3/4%
	Two Step 5%
	Currency of Repayment . . US\$
	Two Step WON

and working capital costs. A.I.D. funds for subloans require goods and services to originate exclusively in the United States.

Comments on Implementation: The loan is now fully committed.

Purpose of Loan: The purpose of this loan is to stimulate greater industrial production by the private sector and to capitalize on its potential for accelerating the economic growth of Korea. The loan has enabled the Korean Development Bank to continue to make long-term capital loans to private enterprise industrial firms, including industrial and rural electric cooperatives for procurement of machinery, equipment and services from the United States. This loan has permitted the Korean Development Bank to finance medium-size industry. It has provided credit needs for loans ranging from \$100,000 to \$1,000,000 to private sector industrial firms for the dollar costs of projects which are financially, technically and economically sound. These "subloans" carried an 8 percent interest rate with a 10-year maximum repayment term, including a grace period of 2 1/2 years.

Physical Status: Forty-two of the 45 projects financed under this loan have been completed. They include loans to textile companies, metal works, electrical firms, flour mills, printing and paper establishments, cement companies and various machinery and equipment companies.

Financial Status: All funds available have been committed.

Host Country Role and Procurement Source: Primarily, the Korean Development Bank's funds are used for construction

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Kunsan Thermal Power Plant, 489-H-019	
Date Authorized: June 27, 1963	Date Signed: March 9, 1964
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$12,800	Two-Step 20 yrs.
Disbursed 12,145	Grace Period 10 yrs.
Repayments -	Two-Step 2 yrs.
Interest Collected 177	Interest Rate 3/4%
	Two-Step 5-3/4%
	Currency of Repayment . . US\$
	Two-Step WON

Comments on Implementation: The project has been completed and final contractor payments are being made.

Purpose of Loan: The purpose of this loan was to finance the foreign exchange costs of the equipment, materials, and services for the construction of a 66-megawatt thermal power plant at Kunsan, Korea. The plant is owned and operated by Korea Electric Company. The power produced by this plant, part of an overall power development plan, is furnished to existing and new industries in southwestern Korea.

Physical Status: The project is complete. Construction was by McDonald, Wyatt and Kerper International, Inc. Initial oil firing of the plant was April 1, 1968, and the plant was dedicated on October 29, 1968.

Financial Status: All major items of equipment have been installed and are undergoing performance tests. Final payments to suppliers and contractors should be completed by April 30, 1970.

Host Country Role and Procurement Source: The total cost of the project was approximately \$20.6 million. In addition to the A.I.D. loan, about \$6.4 million was provided by the Korea Electric Company and about \$1.4 million by a loan from the Korean Reconstruction Bank to the electric company. Equipment, materials and services financed under this loan were procured from the United States.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Taegu Waterworks, 489-H-021	
Date Authorized: May 5, 1964	Date Signed: November 27, 1964
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$1,785	Two Step 15 yrs.
Disbursed 1,720	Grace Period 10 yrs.
Repayments -	Two Step 3 yrs.
Interest Collected 22	Interest Rate Grace . . . 3/4%
	Thereafter 2%
	Two Step 5 3/4 %
	Currency of Repayment . . US\$
	Two Step WON

reduced from the original \$2.4 million because of the greater utilization of locally produced materials. An additional \$115,000 was deobligated from the loan on January 31, 1969. Terminal disbursement date has been extended to March 31, 1970.

A.I.D.'s most liberal lending terms were extended to the Korean Government which has the responsibility for repayment of the loan in dollars to the United States. Lending terms in local currency to the City of Taegu were based on the earning capability of the waterworks system.
Host Country Role and Procurement Source: Local currency costs, equivalent to \$2.8 million, for construction and installation of equipment are being met by funds of the City, the National Government and the Korean Development Bank. Under terms of the A.I.D. loan agreement, Taegu's waterworks management is being revamped. A modern waterworks accounting system will be adopted and adequate water rates will be maintained to meet operating expenses, project costs, and a portion of the cost of future additions to the waterworks system. All procurement under the loan is limited to United States sources.

Comments on Implementation: Delays in getting the project underway were traceable to the time required for the City to meet A.I.D.'s self-help conditions. Also, some unforeseen engineering problems required revision of plans. The inability of the City of Taegu to raise local currency caused the completion date of this project to be extended by approximately eighteen months to March 1970.

Purpose of Loan: The purpose of this loan is to finance the foreign exchange costs required for the establishment of a new water treatment plant and related intake and transmission facilities at Taegu. This city is the third largest in Korea and a major industrial center. The maximum amount of water available at existing treatment plants is extremely limited. The new plant is being constructed on the Nak Tong River and will double the amount of water pumped into the municipal system. When the project is completed, some 70 percent of Taegu's 800,000 population will be served with treated water. Without the project, safe water would be available to only 54 percent of the population.

Physical Status: The American engineering consultants Henningson, Durham and Richardson of Omaha, Nebraska, prepared the project design report laying out the detailed plans for the project. They have been retained as supervising engineers for procurement and construction activities, including local currency contracts financed by Taegu City. \$32,000 was also provided for the accounting advisory services of Peat, Marwick, Mitchell and Company of Chicago, Illinois. The U.S. Army Corps of Engineers is assisting A.I.D. in monitoring implementation of the project.

Financial Status: Letters of commitment totaling \$1,785,000 have been issued for engineering and accounting advisory services and imported commodities. The loan was

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Feasibility Studies, 489-H-030		Financial Status: Funds for 16 studies totalling \$1,224,000 have been obligated. Disbursements amount to \$957,229. \$3,900 was deobligated on December 22, 1969.
Date Authorized: September 8, 1965 Date Signed: September 9, 1965		Host Country Role and Procurement Sources: Local costs of the studies come from Korean sources, both governmental and private. Only studies performed by the United States engineering and consulting firms will be eligible for financing under the loan.
Loan Status as of 12/31/69	Loan Terms	Comments on Implementation: The Economic Planning Board is entrusted with screening the projects to be studied and with preparing the scope of work. Upon approval by A.I.D., a contract for the feasibility study is signed by the Board and the American firm selected. To date, the suitability of 17 studies has been approved by A.I.D.; contracts for 15 studies have been signed; and 13 studies have been completed with reports submitted. Of the studies proposed, 7 deal with manufacturing projects, 2 deal with power projects, 8 with other infrastructure projects such as harbors, tidelands, grain storage and communications.
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.	
Authorized \$1,996	Grace Period 10 yrs.	
Disbursed 957	Interest Rate	
Repayments -	Grace 1%	
Interest Collected 15	Thereafter 2-1/2%	
	Currency of Repayment .. US\$	

Purpose of Loan: This loan finances feasibility studies of Korea projects by American engineering and consulting firms. These studies serve as a basis for the Korean Government requesting financial assistance from international lending institutions. The A.I.D. loan provides financing for the foreign exchange costs of such studies.

On Korean drawing boards are a large number of development projects in such fields as industry, energy resources, communications, transportation, including ports and harbors, water and land resources, waterworks and sewage facilities, fishing, agriculture, and urban development. Many of the projects require substantial amounts of foreign exchange provided from external sources on concessional terms. A standard requirement of A.I.D. and other lenders is that a project proposal be supported by an impartial and professional analysis of its economic, financial and technical soundness. This A.I.D. loan for feasibility studies is helping Korea to qualify for the international financing it must have.

This is a one-step loan to the Korean Government. Depending on the ultimate beneficiaries of the individual studies and whether or not the studies lead to bankable projects, appropriate second-step terms, calling for repayment in local currency, will be imposed by the Korean Government with A.I.D.'s concurrence.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Hyun Dai Cement Plant, 489-H-032	
Date Authorized: December 29, 1965 Date Signed: April 13, 1966	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$3,000	Duration 40 yrs. Two Step 12 yrs.
Disbursed 2,936	Grace Period 10 yrs. Two Step 2 yrs.
Repayments -	Interest Rate . Grace . . 1% Thereafter 2 1/2 % Two Step 5 1/2 %
Interest Collected 37	Currency of Repayment . US\$ Two Step WON

kept the local currency requirements at a minimum. The A.I.D. loan funds are being expended for procurement in the United States.

Comments on Implementation: The plant was completed at the end of 1968 and by February 25, 1969, the plant was producing at the rate of 350,000 metric tons per year, 50,000 metric tons over the rated capacity.

Purpose of Loan: This loan is the second dollar loan to Hyun Dai Construction Company, Limited, a private firm. It finances the foreign exchange costs of equipment, materials and services to expand the Company's existing cement plant increasing production from 150,000 to 300,000 metric tons per year. In conjunction with an earlier A.I.D. loan (489-H-015), the project helps Korea keep abreast of its expanding requirements for cement. Until 1964, Korea was forced to expend substantial amounts of foreign exchange to import this essential building material.

Physical Status: The Kuljian Corporation of Philadelphia was engaged to perform the engineering design and procurement services. The main equipment supplier was the Fuller Company of Philadelphia.

Financial Status: Letters of commitment have been issued for the entire amount of the loan and procurement is now complete. Ten percent of the payment for equipment has been retained by Hyun Dai until twelve months after start-up. The loan should be fully disbursed during FY 1970.

Host Country Role and Procurement Source: The borrower is providing all of the local currency costs of the project, which amount to the equivalent of \$296,691. The original facility designed by the George A. Fuller Company of Texas, was constructed with provision for the expansion, which

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Seoul Area Thermal Power Plant, 489-H-033	
Date Authorized: December 29, 1965 Date Signed: February 5, 1966	
<small>Loan Status as of 12/31/69</small>	<small>Loan Terms</small>
(In Thousands of Dollars and Equivalent)	
Authorized \$22,500	Duration 40 yrs. Two Step 20 yrs.
Disbursed 13,608	Grace Period 10 yrs. Two Step 2 yrs.
Repayments -	Interest Rate . Grace .. 1% Thereafter 2 1/2 % Two Step 5 3/4 %
Interest Collected 166	Currency of Repayment .. US\$ Two Step WON

and the Korean Government. Self-help conditions include maintenance of power rates and revenues sufficient to provide a substantial portion of funds for new construction from the company's own resources. Other measures have been taken which are designed to assure financial strength of the Company and sound economic development of power resources in Korea. These include passing legislation which allows the Korean Electric Company to: (1) revalue their assets each year; (2) divest themselves of holdings in the Seoul and Pusan street railways; and (3) establish a power commission within the Company. The project has been delayed by as much as six months because of late deliveries of piping material and electrical hardware caused by the recent General Electric strike. Even though the coal handling equipment has not yet been procured the plant will still be able to start up because the initial operation will be oil fired.

Purpose of Loan: The purpose of this loan is to finance the foreign exchange costs of the equipment, materials, and services for the construction of a 137.5 megawatt thermal power plant near Seoul, the capital and principal industrial area of Korea. The facility will be owned and operated by Korea Electric Company.

Physical Status: Engineering and design are complete and overall, the project is about 68 percent complete.

Financial Status: The Korea Electric Company negotiated and financed a contract with a U.S. engineering firm, Gilbert Associates, Inc., of Reading, Pa., until the loan funds were made available in February 1967. Commitments now total over \$19 million. The only major item remaining to be procured is the coal handling equipment.

Host Country Role and Procurement Source: The Korea Electric Company is bearing the local currency costs of the project, amounting to over \$8 million equivalent from its own resources and from borrowings from the Korean Reconstruction Bank. Equipment, materials and services financed under the loan are procured from the United States.

Comments on Implementation: Implementation of this loan was delayed for several months because the Korean National Assembly had to pass legislation permitting the Korea Electric Company to restate its rate base annually.

Extensive self-help measures have been met by the Company

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Seoul Waterworks, 489-H-034	
Date Authorized: December 29, 1965 Date Signed: June 2, 1966	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$3,760	Two Step 20 yrs.
Disbursed 1,002	Grace Period 10 yrs.
Repayments -	Two Step 4 yrs.
Interest Collected 2	Interest Rate Grace . . . 1%
	Thereafter 2 1/2 %
	Two Step 5 3/4 %
	Currency of Repayment . . US\$
	Two Step WON

Burns and McDonnell. Management and accounting advisory services have been provided by Arthur Young and Company. Host Country Role and Procurement Source: Local currency equivalent to approximately \$4 million for construction and installation of equipment is being provided from revenues of the Special City of Seoul. Equipment, materials and services being financed under this loan are being procured from the United States.

Comments on Implementation: Implementation of the project was originally delayed until March 1968 pending submission by the City of Seoul of a local currency financing plan acceptable to A.I.D. It was further delayed by difficulties in negotiating the contract for management and accounting services. Again in November 1969, the project was delayed due to a shortage of local currency funding. In January 1970, however, the U.S. Mission accepted a revised local currency financial plan from the Government of Korea which provided assurances that the necessary local currency funding would be made available on a timely basis.

Purpose of Loan: The purpose of this project is to establish a new water treatment plant and related facilities along the Han River in Seoul, the capital city of Korea. The project will increase by more than one-half the amount of treated water distributed in Seoul. Upon completion of the project, over two-thirds of the city's inhabitants will have treated water twenty-four hours a day. The project also should reduce the incidence of endemic intestinal disorders and raise general health standards of the inhabitants. This will increase industrial productivity in the nearly 3,000 industrial plants in the Seoul area.

Physical Status: The City of Seoul has proceeded with parts of the project and has invested a total of \$3 million in won equivalent since the project feasibility report was submitted in 1965. A portion of the new water treatment plant was placed in operation on May 16, 1967 producing 25,000 metric tons of treated water per day, increasing the capacity of the plant to 100,000 metric tons per day. Final designs have been completed and contracts for approximately 50% of the equipment have been signed.

Financial Status: Conditions precedent to the loan have been satisfied and letters of commitment in the amount of \$3,395,000 have been opened for the consulting engineer, Trans-Asia Engineering/Ammann Whitney in association with

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Diesel Locomotives, 489-H-037	
Date Authorized: June 8, 1966	Date Signed: June 29, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$18,600	Two Step 15 yrs.
Disbursed 18,044	Grace Period 10 yrs.
Repayments -	Two Step 1 yr.
Interest Collected 409	Interest Rate Grace . . . 1%
	Thereafter 2 1/2 %
	Two Step 5 3/4 %
	Currency of Repayment . . US\$
	Two Step WON

bursement under the loan. Auditing services have been performed by the American firm Lybrand, Ross Brothers and Montgomery, at a cost of \$121,141.33 in loan funds. The International Development Association of the International Bank for Reconstruction and Development is financing the cost of a rate study that was originally to be financed under the loan.

Host Country Role and Procurement Source: The railroad absorbed the costs of port handling, placing the locomotives and cranes in service, and installation of the shop machinery. The railroad also undertook the costs of the inventory and revaluation audit performed by Lybrand, Ross Brothers and Montgomery.

Comments on Implementation: Specifications for all equipment items were prepared by the Korean National Railroad and its engineering consultant. Bids for locomotives and cranes were received by the Office of Supply of the Republic of Korea on December 15, 1966 and awards made in early 1967. All 62 diesel locomotives were delivered by August 31, 1967. Two cranes were delivered in 1967 and three in 1968. Issuance of the invitations for bid for the machine shop equipment was held up by A.I.D. pending satisfactory conclusion of a contract with an American firm for accounting and auditing services prescribed in the loan agreement. When the auditing contract was approved in December 1967, the invitations for bid were issued and awards for the machine shop equipment were made early in 1968.

Purpose of Loan: This loan financed the procurement of 62 diesel-electric locomotives, 5 diesel wrecking cranes, shop machinery, supporting spare parts and related services. Procurement of the locomotives brings the Korean National Railroad's fleet of diesel-electric units to 252 and replaces virtually all remaining steam units. Annual cost savings to the railroad resulting from the 62 new locomotives are expected to be \$3,200,000 just on fuel and lubricants. The 5 wrecking cranes replace obsolete cranes which were in use. They are necessary, as is the new shop machinery, to assure full utilization of the railroad's growing diesel-electric locomotive fleet.

Physical Status: All of the 62 diesel locomotives have been delivered and are now in operation. Delivery of the 5 wrecking cranes is also complete. The machine shop equipment has been procured from the United States with deliveries continuing from late 1969 into early 1970.

Financial Status: Disbursements for procurement of the locomotives and wrecking cranes are complete. Some disbursements for shop equipment have been made. Of the \$1,949,000 in foreign exchange being spent for shop equipment, the Korean National Railroad (KNR) is providing \$634,000. The KNR has funded the engineering services of a U.S. consultant firm, Transportation Consultants, Inc., although such services were eligible for reim-

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Sewerage Treatment Plant, 489-H-038	
Date Authorized: June 9, 1966	Date Signed: July 13, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$3,500	Grace Period 10 yrs.
Disbursed 195	Interest Rate
Repayments -	Grace 1%
Interest Collected 1	Thereafter 2-1/2%
	Currency of Repayment.. US\$

issued. Disbursements to date have been limited to engineering services.

Host Country Role and Procurement Source: Costs of construction, local materials, and labor were scheduled to be met from budgetary resources of the Special City of Seoul. All equipment, material and services financed by this loan will be from the United States.

Comments on Implementation: Implementation of this project was delayed pending the development by the Special City of Seoul of a financial plan acceptable to A.I.D. The loan was originally conditioned on the undertaking by the City to institute a 20 percent surcharge city-wide on water billings from January 1, 1967 on, and an additional 20 percent for those residing in the area served by the sewerage system from the time the plant begins operation. The City did not institute the surcharge. Instead, the National Assembly authorized a sewerage service charge for those persons served by the system which would be imposed only after the service begins. An alternative plan was accepted by A.I.D. in February 1969 which assured that the project would be completed with won from the City's general budget, with the surcharge to cover the operation of the system after the construction. Final approval of all conditions precedent to the loan was given Feb. 3, 1969. In late 1969 it again became apparent that the City was not providing sufficient local currency to meet the needs of the project. Strong representations were made to the Korean Government on this problem. On December 31, 1969 the ROKG responded with a proposal for meeting the local currency needs through completion in 1972. This local currency plan has been reviewed by the A.I.D. Mission and with some modification was accepted on February 16, 1970. The project should now proceed expeditiously.

Purpose of Loan: The purpose of this loan is to construct a sewerage treatment plant to serve the Chang Gye Chun and the secondary Chung Nang Chun drainage basins within the Special City of Seoul. This drainage area of 13,914 acres contains the most developed area in the Capital and is the largest of the four principal drainage areas. All facilities will be designed to permit future construction or installation of additional units of all types for increasing capacity to that needed beyond the year 2000.

Physical Status: The project design report, including a coordinated dollar/won cost and construction schedule, was received from the consulting engineer on December 24, 1968. Completion of construction was tentatively rescheduled for April 1, 1972. The final designs are complete. However, construction work has not yet begun due to a shortage of local currency funding. This problem has now been resolved and construction should begin immediately.

Financial Status: The feasibility study for this project was financed by the Korean Government and conducted by Black and Veatch International. The Special City of Seoul entered into an engineering services contract with the firm of Daniel, Mann, Johnson and Mendenhall on September 19, 1967 and a letter of commitment in the amount of \$479,700 to cover these costs was subsequently

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Air Navigational Development, 489-H-039	
Date Authorized: June 9, 1966	Date Signed: June 22, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$4,200	Grace Period 10 yrs.
Disbursed 2,265	Interest Rate
Repayments -	Grace 1%
Interest Collected 18	Thereafter 2-1/2%
	Currency of Repayment .. US\$

of radar equipment, was completed in November 1967. Radar equipment was delivered in early Spring 1969. The only equipment not yet installed is the VOR/TACAN, some Instrument Landing Systems and the ground communications systems. **Financial Status:** As of December 1969, material and equipment contracts for \$3.8 million were concluded and \$212,000 was spent on engineering and training. **Host Country Role and Procurement Source:** Procurement under the loan is limited to U.S. sources. The Korean Civil Aviation Bureau is absorbing the local currency costs of port handling and installation construction. **Comments on Implementation:** The loan agreement was signed on June 22, 1966 and all prescribed conditions precedent were met in July, 1966. The agreement with the U.S. Federal Aviation Agency was signed on October 14, 1966 and work on specifications and preparation of invitations for bids began immediately. Awards for the supply of major components of the equipment were completed in 1969 and site preparation and construction are underway. It is expected that the project will be physically completed in mid-1970 and all disbursements completed by December 31, 1970.

Purpose of Loan: This loan finances the engineering services, procurement and installation of modern, civil air navigational aid facilities at Kimpo International Airport, Seoul, Korea. Air navigational facilities at other Korean airports and air routes in the Republic of Korea are also improved under this loan. The new facilities will include radar installations, radio-directional equipment, communications equipment, instrument landing systems, and airport rescue and fire-fighting equipment. Training of a few Korean personnel in the United States on use of the foregoing equipment will also be included. These facilities will bring the International Airport and airways of Korea up to the International Civil Aviation Organization's minimum standards.

Physical Status: The Korean Civil Aviation Bureau has signed a Participating Agency Service Agreement with the U.S. Federal Aviation Agency to provide procurement services for all electronic and technical equipment. The remainder of the equipment, such as fire-fighting and maintenance equipment, will be purchased through the Office of Supply, Republic of Korea. Specifications for most of the equipment have been approved and invitations for bids have been issued. Installations at Pohang, Cheju, Taejon, and Kangnung were completed in 1969. Kimpo Radar Site construction, except for installation

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Medium Industry Bank, 489-H-040	
Date Authorized: June 13, 1966	Date Signed: August 11, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$8,000	Two Step 15 yrs.
Disbursed 4,597	Grace Period 10 yrs.
Repayments -	Two Step 3 yrs.
Interest Collected 32	Interest Rate Grace . . . 1%
	Thereafter 2 1/2 %
	Two Step 1%
	Currency of Repayment . . US\$
	Two Step WON

Host Country Role and Procurement Source: The local currency cost, consisting of land, plant buildings and working capital, is being financed mainly by equity contributions of the sub-borrowers who sponsor a project. It has been estimated that the local currency cost will amount to \$5 to \$8 million. Procurement of all loan financed goods and services is restricted to the United States.

Comments on Implementation: Eighty-four subloans totaling \$7.2 million have been approved by the Medium Industry Bank. Twenty-nine projects have been physically completed at an approximate cost of \$2.4 million in foreign exchange plus \$2.3 million in Korean currency. Progress is satisfactory.

Purpose of Loan: This loan provides \$8 million to the Medium Industry Bank to increase the bank's ability to meet demands for long-term loans for imported commodities. In addition, the services of 2 U.S. technicians, a financial expert and an industrial engineer, are financed under this loan. Up to \$150,000 is being used for financing the technicians who assist and instruct the Bank staff in administration of this loan. The remainder of the loan is being made available for subloans, normally not exceeding \$100,000 to small and medium, privately-owned, industrial firms. The projects sponsored by these firms must be financially, technically, and economically sound, and contribute to the economic development of Korea.

The subloans carry an interest rate of 8 percent per annum. The maximum repayment period is 15 years, including a maximum grace period of 3 years.

Financial Status: The original loan amount was for \$5 million, but in June of 1967 the loan agreement was amended to increase the loan to \$8 million. Letters of commitment issued total \$7.9 million.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Commodity Financing Program, 489-H-041	
Date Authorized: July 1, 1966	Date Signed: July 30, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$12,499	Grace Period 10 yrs.
Disbursed 12,037	Interest Rate
Repayments -	Grace 1%
Interest Collected 190	Thereafter 2 - 1/2%
	Currency of Repayment US\$

letters of commitment were issued by October, 1966. These documents were amended in January, 1968 to increase the procurement of machinery and spare parts.

Host Country Role and Procurement Source: The loan was originally divided in two tranches of \$7.5 million each. Release of the first tranche was dependent on June 30, 1966 performance in meeting stabilization targets relating to the status of domestic revenue collection and domestic credits. Release of the second tranche depended on December 31, 1966 performance in meeting targets like those for the first tranche, plus meeting a ceiling on budgetary payments carryover. All items were to be purchased in the United States.

Comments on Implementation: The Koreans met performance criteria for the June 30, 1966 targets but exceeded the budgetary payments carryover ceiling at the end of CY 1966, thus failing to meet one of the three December 31, 1966 targets. Therefore, the second tranche was reduced by \$2.5 million. Of the \$12.5 million available, sub-loans were approved for \$12.1 million and the remaining balance is being deobligated.

Purpose of Loan: The purpose of this loan is to encourage the Korean Government to meet selected performance standards based on stabilization agreements between the United States and Korean Governments. This is done by providing, on soft loan terms, some of the additional external resources needed to support the higher level of investment and more rapid economic growth made possible by good economic performance. The industrial raw materials, spare parts and machinery contribute to accelerated industrial development and anti-inflationary efforts.

Principal imports include machinery, spare parts, industrial chemicals, tire cord, aluminum ingots, pig tin, zinc ingots, asbestos, and natural rubber. The amount of the loan was reduced from \$15 million to \$12.5 million due to the failure of the Korean Government to meet one of the economic performance targets specified in the loan agreement. The agreement was also amended to increase the amount allocated for the procurement of spare parts and machinery from \$2.5 million to \$5.9 million. In addition, the amount to be financed for any one applicant was increased from \$50,000 to \$100,000. This change was in response to increased demand for machinery and equipment, particularly power generators.

Physical and Financial Status: The loan was signed on July 30, 1966, and the necessary procurement documents and

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korean Development Bank (formerly Korean Reconstruction Bank), 489-H-042	
Date Authorized: August 19, 1966	Date Signed: November 9, 1966
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$12,000	Duration 40 yrs. Two Step 15 yrs.
Disbursed 4,505	Grace Period 10 yrs. Two Step 3 yrs.
Repayments -	Interest Rate . Grace . . 1% Thereafter 2 1/2 % Two Step 5%
Interest Collected 11	Currency of Repayment . . US\$ Two Step WON

Financial Status: Letters of Commitment totaling \$12,000,000, the total amount of this loan, have been issued.

Host Country Role and Procurement Source: The local currency cost consisting of land, plant building and working capital is being financed, in the main, by equity contribution to the Korean Government. It is estimated that the local currency cost will amount to the equivalent of \$12 million. The Korean Development Bank's authorized capital was increased from 70 billion won in 1968 to 150 billion won in 1969. In addition, the overdue loan ratio for A.I.D.-funded subloans has steadily declined from 1.4 percent in 1968 to 1.0 percent in 1969.

Procurement of all loan-financed goods and services is restricted to the United States.

Comments on Implementation: Twenty-five subloans totaling \$11,400,000 have been approved by both the Korean Development Bank and A.I.D. The A.I.D. Mission in Korea currently has one subloan proposal under review in the amount of \$450,000. Implementation is proceeding satisfactorily.

Purpose of Loan: This loan is intended to stimulate greater industrial production by enabling the Korean Development Bank to continue to make long-term capital loans to industrial firms for procurement from the United States. The loan to Korean Development Bank is designed generally to finance medium-sized industry.

This loan was made available for subloans ranging from \$100,000 to \$1,000,000 to private sector industrial firms for dollar costs of projects which are financially, technically and economically sound and which contribute to the economic growth of Korea.

The interest rate on subloans is 10 percent (increased from 8 percent in 1969) per annum. The maximum repayment period is 15 years, including a 3-year grace period.

Established in 1954 as a national development bank, the Korean Development Bank has concentrated on financing the long-term credit needs of Korean industry. The Bank has been Korea's major source of long-term won funds and has financed numerous industrial projects. It is the recipient of a \$5 million A.I.D. loan (489-A-007) and a DM20 million (\$5 million) German loan, both of which have been fully committed, and a more recent \$15 million A.I.D. loan (489-H-052).

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Yongnam Thermal Power Plant, 489-H-046	
Date Authorized: May 26, 1967	Date Signed: June 29, 1967
<small>Loan Status as of 12/31/69</small>	<small>Loan Terms</small>
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$17,500	Two Step 20 yrs.
Disbursed 2,754	Grace Period 10 yrs.
Repayments -	Two Step 3 yrs.
Interest Collected 7	Interest Rate ..Grace. . 1%
	Thereafter 2 1/2 %
	Two Step 5 3/4 %
	Currency of Repayment . . US\$
	Two Step WON

by the Korean Electric Company from its revenues (95 percent) and a loan from the Korea Development Bank. Equipment, materials and services being financed under this loan are from the United States.

Comments on Implementation: This project is in the early stages of construction. The most serious consideration now is that the items financed under this loan arrive in Korea on a schedule compatible with the delivery of the West German-financed turbine generator. To date there has been no serious schedule slippage.

Purpose of Loan: This loan is intended to finance the foreign exchange costs to construct a 200 megawatt oil fired power generating station at Ulsan, about 50 kilometers northeast of Pusan. The loan does not cover the turbine generator which is being procured from and financed by West Germany. Common facilities will be provided for the addition of two or more like-size units. On-site auxiliaries will include "Bunker C" storage and pumping facilities. Also included will be approximately 4 kilometers of 154 kilovolt transmission line to connect the plant to the high voltage network at a Korea Electric Company Ulsan substation. Principal source of fuel will be "Bunker C" oil, probably from Korea Oil Company's nearby refinery.

Physical Status: A contract was executed for the turbine generator with a German firm under a \$3.75 million West Germany loan. The boiler has been ordered under this A.I.D. loan. The engineering and procurement is being provided by the Kuljian Corporation of Philadelphia. Construction supervision is being provided by Dillingham International. The target date for commercial operation is May 1, 1971.

Financial Status: Letters of commitment totaling \$16 million have been issued.

Host Country Role and Procurement Source: The local currency, equivalent of over \$7 million, will be provided

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Improvement of Power Transmission and Distribution Facilities 489-H-047	
Date Authorized: May 9, 1967	Date Signed: June 17, 1967
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$12,700	Two Step 20 yrs.
Disbursed 213	Grace Period 10 yrs.
Repayments -	Two Step 2 yrs.
Interest Collected 1	Interest Rate . . Grace . . 1%
	Thereafter 2 1/2 %
	Two Step 6%
	Currency of Repayment . . US\$
	Two Step WON

Financial Status: Letters of commitment for \$10.7 million have been issued for engineering services and equipment.
Host Country Role and Procurement Source: The won cost of this project totaling some \$8.3 million is being financed by the Korean Electric Company from its own resources. Equipment, materials and services being financed under this loan are being procured from the United States.
Comments on Implementation: The A.I.D. Mission in Korea reviews and approves all invitations for bids. Procurement services are being provided to the Korean Electric Company by Office of Supply, Republic of Korea.

Purpose of Loan: This loan finances the foreign exchange costs for the expansion of power transmission and distribution facilities. The construction and installations proposed to be completed under this loan include: (1) construction of extensive additions to the Korea Electric Company transmission system; (2) rebuilding and converting distribution lines to carry greater loads while utilizing existing structures and conductors; and (3) installation of equipment for economic load dispatching, automatic frequency control, and telemetering.

Physical Status: The Korean Electric Company contracted with The Kuljian Corporation, Philadelphia, on June 13, 1968, for engineering services necessary to implement the 36 sub-projects being financed by this loan. Kuljian began work in September 1968 on technical specifications and invitations for bids as well as on revisions to the sub-project list. The Korean Electric Company submitted the revised list (16 original and 20 new sub-projects) for A.I.D. approval in November 1968. A.I.D. approval was granted January 3, 1969. Although there has been little actual construction the project is about 33% completed. This is because a major part of the project consists of design and preparation of specifications for procurement of material and equipment.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Inchon Waterworks, 489-H-048	
Date Authorized: May 23, 1967	Date Signed: June 30, 1967
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$1,800	Two Step 20 yrs.
Disbursed 500	Grace Period 10 yrs.
Repayments -	Two Step 4 yrs.
Interest Collected 1	Interest Rate 1% Grace Thereafter 2 1/2 % Two Step 5 3/4 %
	Currency of Repayment US\$ Two Step WON

Purpose of Loan: This loan provides the foreign exchange costs necessary for a water supply project in Inchon City. The project will consist of a river intake and pumping station, to be constructed by expanding the existing Kayangri intake structure on the Han River; a raw water transmission main; a water treatment plant at Kalsan with a rated capacity of 100,000 metric tons daily; a treated water transmission main, and storage facilities. Final distribution of treated water will be through the existing water system although some additional distribution lines will be constructed and financed by the City of Inchon. The basic features will be designed so as to accommodate future expansion of facilities (to produce up to 200,000 metric tons daily with minimum additional expense).

Physical Status: Local currency funded elements of the project, such as construction of the treatment plant, a service reservoir, excavation of the intake structure and purchase and fabrication of steel pipe for the proposed raw water line have proceeded under direction of Inchon City. Completed construction has been reviewed by the consulting engineer and a Status and Design Report was given to the City in December 1968. The engineer has advised the City that the Bupyong Treatment Plant will be operable at 150,000 metric tons per day capacity; an increase of 25,000 metric tons per day over the

feasibility report estimate.

Financial Status: This loan was originally authorized in amount of \$3,000,000, subject to the understanding that Korean-made steel would be utilized for the project if found to be technically acceptable and that this steel would be paid for with Korean funds. Since the Korean steel plate was subsequently judged acceptable, the loan was reduced to \$1,800,000. The City has contracted engineering services with Trans-Asia Engineering/Ammann and Whitney. Letters of commitment for engineering services and U.S. procurement have been issued in the amount of \$1,730,000.

Host Country Role and Procurement Source: Local currency requirements of approximately \$4 million equivalent will be provided from revenues of the Inchon City Water Bureau and, to the extent required, from Korean Government budget sources. Equipment, material, and services to be financed under this loan will be from the United States.

Comments on Implementation: Implementation of the project was delayed pending development by the City of a local currency financing plan acceptable to A.I.D. Water rates were increased 55 percent on March 1, 1968. An acceptable financing plan, including appropriate Korean Government guarantees and assurances that the necessary funds for the construction and subsequent three year operating period will be provided, was received April 29, 1968. The engineering services contract with Trans-Asia Engineering/Ammann and Whitney was signed May 14, 1968. Procurement is proceeding at the scheduled pace and construction is expected to be completed about May 31, 1971.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Program Loan, 489-H-049	
Date Authorized: December 2, 1967 Date Signed: February 24, 1968	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$10,000	Grace Period 10 yrs.
Disbursed 7,665	Interest Rate
Repayments -	Grace 2%
Interest Collected 26	Thereafter 2-1/2%
	Currency of Repayment US\$

Host Country Role and Procurement Source: The funds were divided into two tranches of \$5 million each. The first tranche was released in accordance with Korean performance as of June 30, 1967 in keeping the total money supply and fiscal sector credit within agreed ceilings. The Korean performance in meeting these targets was better than was required by the loan authorization.

The date for achieving the economic performance targets necessary for release of the second tranche was changed from December 31, 1967 to June 30, 1968. This was done to make more meaningful the calendar year 1968 stabilization agreement with the Korean Government. The Koreans successfully met the stabilization targets. All items are being purchased in the United States.

Comments on Implementation: Use of the first \$5 million released was fairly slow owing to a limit that had been placed on the size of individual transactions. This limit was raised to \$100,000. The second tranche of \$5 million was released on April 22, 1969. It was largely used for financing items at the U.S. Industrial Machinery Exhibit held in Seoul in May 1969. These transactions quickly exhausted the funds under the Third Program Loan.

Purpose of Loan: This loan finances imports of machinery, equipment, and spare parts needed to meet Korea's second five-year plan targets and assists U.S. suppliers in establishing themselves in a market with good potential for follow-up orders.

This is the third Program Loan to Korea. It differs from the first two in that it is limited to imports of machinery, equipment, and spare parts and does not include imports of industrial raw materials as in the past. However, as in the case of the first two such loans, the release of funds was contingent on Korean performance in meeting certain economic targets designed to contain inflation while promoting rapid growth.

Machinery and equipment imported under the loan are promoting expansion of Korea's private small and medium industries. Expansion of this sector is important to the growth of the whole economy. A.I.D. has approved an increase in the ceiling on the amount of funds which may be allocated to any one applicant from \$75,000 to \$100,000. This change was made in response to increased demand for equipment, particularly for road construction.

Physical and Financial Status: The loan was signed February 24, 1968, and the necessary procurement documents for the first tranche of \$5 million were issued by May 22, 1968. The second tranche of \$5 million was released on April 22, 1969.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korea Development Finance Corporation, 489-H-051	
Date Authorized: December 1, 1967 Date Signed: January 31, 1968	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$5,000	Duration 40 yrs.
	Two Step 15 yrs.
Disbursed 381	Grace Period 10 yrs.
	Two Step 3 yrs.
Repayments -	Interest Rate 2%
	Thereafter 2 1/2 %
	Two Step 6%
Interest Collected -	Currency of Repayment US\$
	Two Step WON

Purpose of Loan: The purpose of the loan is to assist in the establishment and initial capitalization of a private development financing institution known as the Korea Development Finance Corporation. The loan is available for subloans to private enterprise, primarily in the manufacturing and processing industries. It covers the dollar costs of machinery, equipment and services from the United States for projects that are financially, technically, and economically sound and which contribute to economic growth of Korea.

The A.I.D. loan of \$5 million, together with two World Bank loans totaling \$25 million, help to provide the Korea Development Finance Corporation with capital funds. Other participants include the International Finance Corporation, United States, Japanese, European and Korean banks, Korean private investors and the Korean Government.

The corporation is Korea's first private institutional source of long-term industrial loans and equity financing. In time, it may become a major factor in developing a security market in Korea. The Korea Development Finance Corporation subloans its dollar funds at 10 percent per annum, with maintenance of value and its won funds at 20 percent per annum.

The Korea Development Finance Corporation supported by the International Finance Corporation and 9

internationally known private banks located in 5 leading trading countries, is seeking to stimulate interest in Korea throughout the free world, to promote international trade and to assist in the establishment of joint ventures. **Financial Status:** All conditions precedent have been satisfied. Letters of commitment issued total \$1,000,000. **Host Country Role and Procurement Source:** One-hundred twenty-two Korean private investors, 5 Korean commercial banks and 17 insurance companies have contributed the equivalent of \$3 million (61 percent) to the \$5 million equity capital. The Korean Government has contributed the equivalent of \$7.5 million in the form of a long-term, subordinated loan, termed quasi-equity. Moreover, recipients of subloans will be required to have adequate equity so as to cover, at least in part, local costs, such as land and plant buildings and working capital. The aggregate of such costs might reach the equivalent of \$5 million.

Procurement of all A.I.D. loan-financed goods and services is restricted to the United States.

Comments on Implementation: Two subloans using A.I.D. funds and totaling almost \$1 million have been approved. One subloan is to a bottle-making company and the other to a tire manufacturing firm. An additional subloan for almost \$500,000 to a mining company is now under review.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korean Development Bank (formerly Korean Reconstruction Bank) 489-H-052	
Date Authorized: May 17, 1968 Date Signed: June 26, 1968	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	
Authorized \$15,000	Duration 40 yrs. Two Step 15 yrs.
Disbursed -	Grace Period 10 yrs. Two Step 3 yrs.
Repayments -	Interest Rate . Grace.. 2% Thereafter 2 1/2 % Two Step 6%
Interest Collected -	Currency of Repayment.. US\$ Two Step WON

on June 26, 1968. All conditions precedent to effectiveness of the loan were satisfied on December 26, 1968. Implementation Letter Number 1, the basic implementation letter, was issued October 17, 1968. Implementation Letter Number 2 dated December 2, 1968 was issued to establish for all A.I.D. loans to the Korean Development Bank: (1) uniform procurement procedures; (2) guidelines for approving changes in subloans; and (3) a revised format for submitting Monthly Progress Reports. Five subloans using A.I.D. funds and totaling \$3.4 million have been approved by A.I.D. Three more subloans amounting to \$2.5 million are now under review. Implementation is satisfactory.

Purpose of Loan: This is the third A.I.D. loan to the Korean Development Bank to assist in the development of privately owned medium industry enterprises. The loan is available for subloans ranging from \$100,000 to \$1,000,000 and provides foreign exchange to private enterprises for the procurement of machinery, equipment and services of United States source and origin. Loan proceeds are being utilized primarily in the manufacturing and processing industries. Use of the loan funds generally follow the same guidelines as prescribed for earlier A.I.D. loans to the Korean Development Bank. The Bank relends the funds at 10 percent per annum, with Maintenance of Value.

Financial Status: Conditions precedent have been satisfied. Two letters of commitment have been issued totaling \$4 million.

Host Country Role and Procurement Source: The local currency costs, consisting of land, plant buildings and working capital are financed mainly by equity contributions of the subborrowers who sponsor the project. It has been estimated that local currency costs will amount to between \$12 and \$15 million. Procurement of all A.I.D. loan-financed goods and services is restricted to the United States.

Comments on Implementation: The loan agreement was signed

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Korea Institute of Science and Technology, 489-H-054	
Date Authorized: June 26, 1968	Date Signed: November 7, 1968
Loan Status as of 12/31/69	
(In Thousands of Dollars and Equivalent)	
Authorized	\$2,000
Disbursed	163
Repayments	-
Interest Collected	-
Loan Terms	
Duration	40 yrs.
Grace Period	10 yrs.
Interest Rate	
Grace	2%
Thereafter	2-1/2%
Currency of Repayment . .	\$US

Financial Status: A \$2.0 million letter of commitment has been opened. This is a one-step loan to the Korean Government which will either relend or grant it to the beneficiary, the Korea Institute of Science and Technology. The terms extending the loan to the beneficiary will not be determined until the Institute has had sufficient operational experience to permit reasonably accurate financial projections to be made.

Host Country Role and Procurement Source: For the entire project, including physical facilities, won equivalent to \$11,980,000 have been provided by the Korean Government from counterpart and other funding sources.

The equipment to be procured with the A.I.D. loan will be restricted to scientific equipment and material of United States source and origin.

Comments on Implementation: All of the conditions precedent to disbursement have been met. Eight invitations for bids have been released for equipment procurement with an estimated cost of over \$1 million.

Purpose of Loan: A.I.D. has provided a total of \$9.2 million in development assistance (\$7.2 million in grant funds) to develop the Korea Institute of Science and Technology as an independent, non-profit, industrial research center. The Institute is contracting with Korean industry, government, and universities to do research in chemistry, chemical engineering, electronics, electrical engineering, metallurgy, food technology, and mechanical engineering.

The feasibility study for the project concluded that the Institute would require in its early years \$3,000,000 for laboratory equipment in order to perform the research expected of it. Equipment amounting to \$1,000,000 has already been provided from A.I.D. grant funds. This loan is to provide foreign exchange for the Institute to purchase the remaining \$2,000,000.

Physical Status: Since 1966, the American consulting firm, Battelle Memorial Institute of Columbus, Ohio, has been providing technical and managerial assistance in developing the physical facilities and technical programs for the Institute. In this capacity, Battelle has joined with the Korean scientists of the Institute staff in determining the specific laboratory equipment needed to operate the laboratory facilities. Specifications have been written and procurement by the Office of Supply, Republic of Korea, has commenced.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Program Loan, 489-H-060	
Date Authorized: April 10, 1969 Date Signed: June 5, 1969	
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$10,000	Grace Period 10 yrs.
Disbursed 9	Interest Rate
Repayments -	Grace 2%
Interest Collected -	Thereafter 3%
	Currency of Repayment.. US\$

Host Country Role and Procurement Source: The loan funds were made available in tranches of \$5 million each. All items are to be purchased in the United States. The tranches were released on August 28, 1969 and December 9, 1969 based on stabilization performance during the first half of 1969.

Comments on Implementation: The first tranche was largely used to finance the remaining portion of the transactions at the U.S. Industrial Machinery Exhibit which could not be accommodated under the Third Program Loan (\$1.2 million). These funds were completely committed by October 1969. Demand for the second tranche was very great, the entire amount being committed within a few hours of the first day the funds were made available to Korean importers.

Purpose of Loan: This loan is financing imports of machinery, equipment, and associated spare parts needed to meet Korea's second five-year plan targets and will assist U.S. suppliers in establishing themselves in a market with good potential for follow-up orders.

This is the fourth Program Loan to Korea. Like the third program loan, it differs from the first two in that it is limited to imports of machinery, equipment, and spare parts and does not include imports of industrial raw materials. As with the earlier loans, the release of funds was made contingent on Korean performance in meeting certain economic targets designed to contain inflation while promoting rapid growth.

Machinery and equipment imported under the loan will promote expansion of Korea's private small and medium industries. Expansion of this sector is important to the growth of the whole economy. A.I.D. has approved an increase in the ceiling on the amount of funds which may be allocated to any one applicant from \$75,000 to \$100,000. This change was made in response to increased demand for equipment, particularly for road construction.

Physical and Financial Status: The loan was signed June 5, 1969, and the necessary procurement documents for the first tranche of \$5 million were issued August 28, 1969.

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Chungju Ammonia/Urea Plant, 489-H-065	
Date Authorized: June 18, 1969	Date Signed: September 25, 1969
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$5,000	Two Step 18 yrs.
Disbursed -	Grace Period 10 yrs.
Repayments -	Two Step 3 yrs.
Interest Collected -	Interest Rate Grace . . . 2%
	Thereafter 3%
	Two Step 8 3/4%
	Currency of Repayment.. US\$
	Two Step Won

and origin.

Comments on Implementation: Conditions precedent to disbursement are in the process of being satisfied.

Purpose of Loan: A.I.D. is providing a \$5.0 million loan to assist the Chungju Fertilizer Corporation in constructing a modern, total energy recovery, centrifugal compressor ammonia plant with design capacity of 907 metric tons per day and a new urea plant with production capacity of about 400,000 metric tons per annum. This project, estimated to cost approximately \$36.0 million, will expand the existing ammonia/urea facilities at Chungju, Korea, part of which is obsolete and will be taken out of service upon completion of the new ammonia plant.

Physical Status: Physical work has not begun.

Financial Status: This is a two-step loan under which the Korean Government will relend to Chungju Fertilizer, an autonomous corporation, for 18 years with a 3-year grace period at 8 3/4 percent interest. Other foreign credits include European supplier credits for about \$19.0 million and a U.S. or European commercial bank loan for approximately \$6.0 million.

Host Country Role and Procurement Source: The Chungju Corporation will make an equity investment in won equivalent to about \$7 million. The Corporation, wholly owned by the Korean Government, will manage and operate these plants.

All procurement of equipment, materials and services with A.I.D. loan funds will be restricted to U.S. source

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: KOREA

Borrower: GOVERNMENT OF KOREA

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Acrylonitrile Project, 489-H-066	
Date Authorized: June 20, 1969	Date Signed: October 20, 1969
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 40 yrs.
Authorized \$5,000	Two Step 18 yrs.
Disbursed -	Grace Period 10 yrs.
Repayments -	Two Step 3 yrs.
Interest Collected -	Interest Rate . Grace . . 2%
	Thereafter 3%
	Two Step 8 3/4 %
	Currency of Repayment . . US\$
	Two Step WON

owned by the Korean Government.

Equipment, materials and services financed with A.I.D. loan funds shall be restricted to U.S. source and origin. Comments on Implementation: Conditions precedent to disbursement are in the process of being satisfied.

Purpose of Loan: The \$5 million A.I.D. loan will assist in the construction of an acrylonitrile plant in the developing Korean petrochemical complex near Ulsan, a port city on the southeast coast. When completed, the plant, with an estimated cost of \$20 million, will be capable of producing 60 million pounds per year of acrylonitrile from propylene and ammonia using a process developed and licensed by the Standard Oil Company of Ohio. The product will be sold primarily to two Korean manufacturing companies for conversion to acrylic fiber, which is used mostly in sweater and rug manufacture.

Physical Status: Physical work has not yet begun.

Financial Status: This is a two-step loan to the Korean Government which will relend to the project for a period of 18 years including a 3 year grace period at interest of 8 3/4 percent. The operating company, Tong Suh Petrochemical Corporation, is owned equally by Chungju Fertilizer Corporation and Skelly Oil Company, a U.S. corporation. Chungju and Skelly are investing \$3,050,000 each as equity, making equity 30 percent of total capitalization. In addition to the A.I.D. loan and the equity input, there will be a \$9.2 million Belgian loan for equipment procurement.

Host Country Role and Procurement Source: Chungju, the 50 percent partner in the operating company, is 100 percent

Laos



BASIC DATA

*Population (<i>millions - mid-1969</i>).....	2.9	Per Capita GNP (<i>dollars</i>).....	72**
Annual Growth Rate (<i>percent</i>).....	2.4	Life Expectancy (<i>years</i>).....	30-35
*Area (<i>1000 square miles</i>).....	91	People Per Doctor	24,480
Population Density Per Square Mile.....	32	Literacy Rate (<i>percent</i>)	15
Agricultural Land as % of Total Area	7	Students as % of 5-19 Age Group	27
Percent of Labor Force in Agriculture.....	n.a.	(<i>Primary and Secondary</i>)	

* - About 3/4 of the population and 1/2 the area are under Royal Lao Government control.

** - 1968 in 1968 prices.

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LAOS

PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	-	-	1.0*	.9*
Technical Assistance . . .	9.7	9.4	8.7	10.0
Supporting Assistance . . .	53.2	42.1*	38.4	35.1
Contingency Fund	-	.5	-	-
Total A.I.D. Assistance	62.9	52.0	48.0	46.1

* Includes grants of \$990,000 in FY 1969, \$950,000 in FY 1970 and \$925,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The primary U.S. objective in Laos is to maintain an independent Laos, neutral within the framework established by the 1962 Geneva Agreements and capable of protecting itself and the security of the Mekong River Valley from North Vietnamese and Lao People's Liberation Army aggression.

A.I.D. assistance toward this objective is concentrated primarily in two areas: (1) control of inflationary pressures which threaten the economic and political stability of the country and (2) helping the Royal Lao Government provide essential services and facilities in rural areas, in order to relieve war-imposed suffering and promote public confidence in the Government.

PROBLEMS AND PROGRESS

The war in Southeast Asia continues to be the most significant factor affecting Laos. With a population of less than two million in the territory under Government control, Laos is forced by communist aggression and insurgency to maintain nearly 20% of its military-age men under arms.

The Lao army has resisted continued assaults by the North Vietnamese and the Lao People's Liberation Army on territory held by the Government. However, the largely non-monetized subsistence agricultural economy falls far short of providing an adequate tax base to finance this military effort. Although increasing, total domestic revenues still equal only the non-military costs of the Lao Government -- less than half of total budgeted expenditures. The deficit financing thus required to pay for military operations of the Government creates new spending power within the country each year and consequent strong inflationary pressure.

Stabilization programs, largely financed by the United States and other foreign aid donors, have brought relative price stability to Laos since 1964 despite the annual deficit spending by the Lao Government. For its part, the Government has made a strong effort to limit its deficit spending in the face of mounting needs.

The Lao Government has maintained direct military expenses at an almost constant level since FY 1966. Overall expenditure increases have been held to 4.4% in FY 1968 and 6.2% in FY 1969.

At the same time, the Government has been improving substantially its collection of custom duties and internal taxes. This has not yet been reflected in a decrease in the budget deficit because of the substantial drop-off in revenues from the gold trade since early 1968, due primarily to the introduction of the two-price system for gold. In FY 1968 and FY 1969, however, non-gold revenue collections increased by 36% and 20%. The current prospect is that during FY 1970 the Government will have adjusted to the loss of gold-tax revenues, and will be able to resume the trend of decreasing deficits that was interrupted in 1968.

A resident representative of the International Monetary Fund (IMF) provides advisory assistance in monetary and fiscal affairs, and the governments contributing to the Laos stabilization fund follow Lao Government fiscal performance closely in order to help assure continued improvement. IMF teams visit Laos periodically to study and make recommendations on monetary and fiscal problems. A.I.D. provides technical assistance in these and other areas of public administration.

FY 1971 PROGRAM

The proposed FY 1971 program totals \$46.1 million, of which \$35.1 is Supporting Assistance, \$10.0 is Technical Assistance, and \$0.9 is for Family Planning. The Supporting Assistance funds are divided into \$17.8 million for the multilateral stabilization program and \$17.3 million for project activities.

In addition, P.L. 480 Title II assistance of \$835,000 will aid Lao refugees by providing food aid, primarily, and also cotton cloth. Aid totalling about \$15 to \$17 million in FY 1971 is expected from other donor countries and the United Nations for stabilization assistance and support of a variety of small project activities.

LAOS

Stabilization

Support of the multilateral economic stabilization program must be accorded highest priority if economic, and therefore political, stability is to be maintained.

Prior to 1964, the United States and other donor countries financed commodity import programs to absorb excess domestic spending power in an effort to maintain price stability. These programs did not adequately serve the needs of Laos, where a large number of small private imports require small, quickly available foreign exchange purchases. To meet this need, the Lao Government and a group of donor nations instituted in 1964 a comprehensive, multilateral stabilization program recommended by the International Monetary Fund. The core of this program is the Foreign Exchange Operations Fund (FEOF), which reduces kip in circulation by buying local currency on the open market with foreign exchange contributed by the United States, Australia, France, Japan and the United Kingdom.

A small United States Import Program (USIP) supplements FEOF by financing the foreign exchange costs of selected equipment and raw materials needed to promote local industries.

The \$17.8 million requested for the stabilization program for FY 1971 includes \$16.5 million for FEOF and \$1.3 million for the USIP.

Security and Development Projects

Although economic stability provides the base on which Laos security can be built, more direct action is required to secure the active support of the populace in resisting communist pressures. Thus, the FY 1971 project program will continue to support essential government services and construction activities, primarily in rural areas.

Rural Development. Supporting Assistance funds of \$3.2 million are proposed for FY 1971 for rural development. A.I.D. activities in this field are concentrated on institutional development and on fostering economic links between producers and markets. American and Lao community development advisers help villagers identify basic needs, organize local resources, and work together through local leaders and government officials. Activities financed include construction of schools, dispensaries, wells and rural roads, and improvement of local skills and techniques, particularly in agricultural production. While the initial aim is to bridge the gap between the central government and the rural population, the program also lays the groundwork for expanded agricultural

production, the key to ultimate economic independence.

During the past three years, the use of local resources has been encouraged by making rural construction contingent upon the provision of local materials and labor by villagers. Many local projects are now proceeding without A.I.D. financing. Some A.I.D. financing of others will be continued. However, greater emphasis will be placed on organizational and leadership training, formal and informal, and on technical-skills training for farmers and villagers.

Public Health. The country has only a few Lao doctors and nurses to combat the high prevalence of such diseases as malaria, dysentery and influenza and to reduce a high infant mortality rate. In addition, the prolonged military action in Laos produces a stream of casualties which must be treated. The public health project provides minimum medical care for the rural population in areas under Government control through 290 A.I.D.-supported facilities. The number of military casualties and refugees receiving medical care under this system has risen considerably with the increased military action over the past year. Seven municipal hospitals are operated by Filipino medical personnel under A.I.D. contract. Training programs provide medics to operate dispensaries, as well as assistant nurses and midwives. However, the dearth of qualified candidates for University medical study limits the development of a long-range program to improve public health standards and services.

In FY 1971 A.I.D. will continue to provide technical assistance and supplies to Government health facilities. The project will require \$3.1 million in FY 1971 Supporting Assistance funds.

Family Planning. During FY 1969, assistance was begun to help develop a national maternal and child health center. During FY 1970, a beginning was made on extending maternal and child health services to rural areas. This program will provide improved clinical care, additional medical training, and channels for dissemination of information on improved mother and infant health care and family planning. The program will require \$925,000 in FY 1971.

Roads. Laos has an extremely poor system of surface transportation. It has no railroads, the navigability of its rivers and streams is seasonal, and its road system is primitive. A.I.D. assists in the construction and maintenance of major arteries and military roads contributing to security objectives. This road building has also helped join villages, hitherto unreachable except by boat or air, to the rest of the nation and its commerce.

Construction was completed during FY 1969 on the largest single activity, the major north-south all-weather road connecting Vientiane with the royal capital of Luang Prabang.

The program also develops local capacity to build and maintain the road network needed for national integration and economic growth. Improvement in the Government's capability is demonstrated by the steady growth in its maintenance activities. Maintenance mileage increased from about 1,000 miles in FY 1966 to about 1,500 miles by the end of FY 1969. In the same period, approximately 670 Lao, from supervisory to semi-skilled, completed training programs in this field. In FY 1971 both academic and on-the-job training will continue.

The FY 1971 funding requirement for the roads program is \$2.4 million. Of this amount, \$1.4 million is earmarked for Supporting Assistance (mainly commodities and personnel) in construction, maintenance, and training, and \$1.0 million for Technical Assistance.

Refugees. A.I.D. provides war refugees with emergency food and other essentials for survival, assists in their relocation or permanent resettlement, and helps them to become self-sufficient.

The Lao Government in FY 1970 began assuming increasing responsibility for administering the program. Junior Lao Government officials are being trained to work at both the provincial and national levels.

The number of refugees and amount of support required vary in accordance with military actions, crop conditions and other factors. FY 1970 program requirements were based on a projected average of 93,000 aided refugees. Due to unusually heavy enemy offensives and Government counter-offensives, however, the actual FY 1970 average will be considerably higher. (About 100,000 new refugees had to be aided over the past several months at a cost of \$1.8 million.) FY 1971 program requirements are based on an estimated minimum average of 120,000 aided refugees. The FY 1971 costs for the refugee programs are currently estimated at \$3.2 million in Supporting Assistance.

Civil Police Administration. A.I.D. assists the Lao Government in developing the capability of its national police force to enforce law, maintain public order and combat subversive elements. This assistance involves advisory services, training for public officials, provision of communications and transportation equipment, and development of physical facilities.

Completion in 1968-69 of the primary national police radio network linking Vientiane police headquarters with the provincial headquarters has improved the coordination and efficiency of police operations. The installation of the most important segments of an intra-province radio network will be completed during FY 1971. The scope and effectiveness of police training has expanded steadily as the construction and staffing of the central police academy has progressed. Construction at the police academy is being completed during CY 1970. For these activities, Supporting Assistance of \$560,000 is proposed in FY 1971.

Agriculture. An accelerated rice production program is a major A.I.D. undertaking in Laos. As security permits, project activities center on building the necessary infrastructure -- roads, irrigation systems, storage facilities, -- and farmer motivation. The immediate objective is to eliminate the chronic need for rice imports.

The use of improved seed varieties, fertilizers and insecticides has already yielded dramatic production increases in selected areas. A widespread and successful campaign to distribute new seeds, demonstrate new methods and train farmers was begun in FY 1968. Introduction of double cropping has demonstrated that with use of improved seed varieties, farm chemicals and irrigation, production can be expanded up to five times the present yield.

In FY 1970 and 1971, A.I.D. will continue to help the Government develop more effective and expanded facilities for providing credit to small farmers and assure markets for increased production. The agriculture program will continue to require the import of fertilizer and insecticides, assistance in developing rice milling and storage facilities, vaccination of water buffalo and other livestock, and A.I.D. advisory assistance. With development of credit facilities and expanded production, farmers have begun to pay for some equipment and other supplies previously furnished by A.I.D.

In FY 1971, \$2.1 million will be required. Of this amount, \$200,000 in Supporting Assistance is earmarked for purchase of commodities and \$1.9 million in Technical Assistance is proposed for continuation of technical advisory services and support of ongoing irrigation projects.

Education. The extreme shortage of trained manpower in Laos is one of the chief obstacles to national unity and effective government services. In addition, the continuing popular demand for education in the rural areas is a challenge to the Government's efforts to retain popular support. Consequently, the Lao Government devotes about 20% of its civil budget to education.

LAOS

A.I.D. is helping the Government expand the elementary education base and increase the number of trained teachers. A.I.D. will concentrate during the next several years on the Lao normal schools, aiming at a total enrollment of 3,500 by 1975 -- compared to about 3,000 in FY 1969 -- and in expanding the Lao-language secondary education system, begun in FY 1968, which includes both vocational and academic training. Limited assistance will be provided for village self-help elementary school construction. The Lao Government has agreed to set up a system of local contributions or taxes to provide long-range financing for adequate teachers' salaries, operating costs of the elementary system, and expansion of the Lao-language secondary school system.

During FY 1971 Technical Assistance totaling \$1.6 million is proposed for assistance to six normal schools, advisory services to the elementary school system throughout the country, and construction of a third Lao-language comprehensive secondary school under supervision of a University of Hawaii contract team.

Public Administration. A.I.D. provides advisory and training assistance designed to improve the administration and operations of two key Government ministries, Finance and Planning. The program includes the upgrading of personnel skills and advising the Finance Ministry on means of improving budgeting, taxation, and expenditure controls. A.I.D. advisory and training services help in economic and manpower research and planning. (During FY 1970, the Government published a general, broad-gauge development plan

for the years 1970-1975). For FY 1971, \$500,000 in Technical Assistance is proposed to continue this program.

Industry. A major aim of the A.I.D. industry program is to increase Lao foreign exchange earnings by promoting local industries which have potential export as well as domestic markets. Initial emphasis has been placed on developing the timber industry, which has an immediate market in Thailand. Export earnings from timber increased from \$720,000 in 1967 to about \$1.1 million in each of the years 1968 and 1969. A.I.D. and other donors have provided technical services for a forest inventory and for training of Lao foresters.

With local currency (kip) generated by the U.S. commodity import program, the Lao Government has established an Industry Loan Fund, which has made loans to local sawmillers to help them modernize their operations. The kip loans have been used to buy U.S. equipment through the U.S. import program at a subsidized price. Technical and loan assistance to furniture and veneer manufacturers was begun in FY 1969 and continued in FY 1970. In addition to continuing support to the timber and secondary wood products industries, studies and technical assistance are planned for development of other small industries such as metal-working, farm-implement manufacturing, battery production, and food processing. Medium-term loans from the Industry Loan Fund will be available for expansion or creation of new enterprises which will also be supported by the U.S. Commodity Import Program (USIP) where feasible. About \$560,000 in Technical Assistance will be required in FY 1971 for these activities.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

Country: LAOS

TABLE II

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	950*	XXX	XXX	XXX	925*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	7,990	4,238	3,752	-	8,237	4,540	3,697	-	7,903	4,512	3,391
Participants	434	324	110	-	672	498	174	-	772	587	185
Commodities	12,614	2,712	9,357	545	9,952	1,677	8,275	-	9,519	3,027	6,492
Other Costs	8,514	2,126	6,388	-	10,112	1,958	8,154	-	9,179	1,912	7,267
Total Project Assistance	29,552	9,400	19,607	545	28,973	8,673	20,300	-	27,373	10,038	17,335
Method of Financing											
Project Assistance											
Direct A.I.D.	19,517	6,798	12,174	545	17,821	6,473	11,348	-	16,224	7,499	8,725
Other Agency	1,489	320	1,169	-	1,420	202	1,218	-	1,396	236	1,160
Contract	8,546	2,282	6,264	-	9,732	1,998	7,734	-	9,753	2,303	7,450
Program Assistance	22,469	-	22,469	-	18,100	-	18,100	-	17,800	-	17,800
Total Other than Devel. Loan	52,021	9,400	42,076	545	47,073	8,673	38,400	-	45,173	10,038	35,135
Total Assistance	52,021	XXX	XXX	XXX	48,023	XXX	XXX	XXX	46,098	XXX	XXX

*Represents population grants under Title X of the Foreign Assistance Act

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	236	237	237
Participating agency	46	36	36
Contractor technicians	84	77	77
Total	366	350	350

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	418	682	519
Contract	-	-	-
Total	418	682	519

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Agriculture Development	ACTIVITY Agriculture and Natural Resources	FUNDS TA/SA	
PROJECT NUMBER 439-11-190-065	PRIOR REFERENCE P. 69, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: The major thrust is to help Laos achieve self-sufficiency in foods, especially rice. Efforts are centered on increased rice production in major deficit areas through advice and training in improved technology; distribution of improved seeds and farm chemicals; construction of irrigation systems; and development of credit and marketing systems. This work is supplemented by smaller programs to develop other crops and fish production to improve Lao diet and to avoid sole dependence on the rice market.

Progress to Date: The introduction of new seeds and improved rice farming practices to Laos has yielded dramatic production increases in selected areas. Dry season rice-growing is expanding, with 363 hectares double-cropped in 1967, 850 in 1968, and 1757 in 1969. In Fiscal Year 1969, 2430 hectares were brought under irrigation for a total of 11,340 under A.I.D. programs since Fiscal Year 1962. Thousands of farmers are involved in demonstration-training programs. The Lao-American Agricultural Development Organization, established in 1965 as a credit and marketing agency, has made over 20,000 production loans to farmers and expanded into marketing with selected price support, milling and warehousing activities.

FY 1971 Program: Efforts to increase rice production to a point of self-sufficiency will continue. Fiscal Year 1971 targets include: (1) distribution of about 240 tons of improved seed; (2) use of up to 3,000 hectares of

irrigated land for double-cropping; (3) development of adequate credit, price support and marketing facilities. Limited monitoring and advisory services for livestock and fisheries activities will be continued, with limited commodity support. \$989,000 is requested to fund 26 U.S. direct-hire technicians (\$749,000) and 12 personal services contracts (\$240,000). \$174,000 is requested to fund participants in agricultural training; 9 in the United States and 98 in third countries. \$532,000 is requested for commodities including vehicles, irrigation construction supplies, tractors, spare parts and petroleum products. Under Other Costs \$452,000 is requested for (1) to cover the transport of goods across Thailand for one year through June 30, 1971 by the Express Transportation Organization (\$29,000) and employment of 56 third-country employees (\$299,000); and (2) direct hire funding of 5 third-country employees (\$29,000), operational travel of technicians (\$25,000), and operating expenses and miscellaneous services/purchases (\$70,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1970			Proposed FY 1971			Express Transportation Organization	Personal Services Contracts (funding one year)
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/69	12,116	10,694	1,422									
Estimated FY 70	2,147	2,855			756	265	1,021	749	240	989		
Estimated through 6/30/70	14,263	13,549	714	U.S. Technicians Participants ...	170	-	170	174	-	174		
		Future Year Obligations	Estimated Total Cost	Commodities ...	540	-	540	532	-	532		
				Other Costs ...	150	266	416	124	328	452		
Proposed FY 71	2,147	Undetermined		Total Obligations	1,616	531	2,147	1,579	568	2,147		

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Industry Development	ACTIVITY	Industry and Mining	FUNDS	TA
PROJECT NUMBER	439-11-290-074	PRIOR REFERENCE	P. 70, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Reviewed Annually

Project Target and Course of Action: This project promotes Lao industries, particularly those which reduce dependence upon imports or increase foreign exchange earnings through exports. U.S. advisors work with Lao officials and private investors to identify and develop opportunities for productive investments. Financial and technological advice, as well as medium-term local currency loan capital, are made available to entrepreneurs for both existing and new enterprises.

Progress to Date: A 1966 A.I.D.-sponsored survey identified several priority sectors for industrial development: forestry and wood products, including timber extraction for export; agri-industries; textiles; and food processing. A medium-term loan fund was capitalized in 1967 with A.I.D.-generated counterpart funds to supplement scarce local investment capital. Local entrepreneurs borrow the bulk of these funds to import industrial machinery, utilizing the A.I.D. commodity import program which subsidizes essential imports from the United States through a favorable exchange rate. The equivalent of some \$600,000 in loans for U.S. machinery had been made by Fiscal Year 1969, mainly for sawmilling equipment, and an additional \$1 million in loans is planned by the end of Fiscal Year 1970. A.I.D. also has been providing advisory services and participant training to develop the Lao Development Bank capacity for effective loan appraisal and supervision. A full-scale forest inventory begun in 1968 is scheduled for completion in 1970. With participation of Canadian and Australian technicians,

exploitable reserves are being mapped while advisory and training assistance are being provided the Lao Forest Service, and reforestation programs planned. Timber export earnings increased from \$80,000 in 1966 to about \$1 million in both 1968 and 1969. Pre-investment surveys have been completed for development of wood products manufacturing facilities and a tire-recapping plant is in operation. FY 1971 Program: \$95,000 is requested for 2 advisors and one staff assistant to help in development of selected industries and provide advisory services to the Lao Development Bank. A forestry advisor under agreement with the U.S. Department of Agriculture (\$30,000) will coordinate multilateral participation in forestry activities. Under contract (\$60,000), a sawmill advisor and wood products specialist will assist in development of local companies, and short-term consultants will provide pre-investment surveys of 10 to 15 selected industries (\$258,000). \$41,000 for training will include 2 students in the United States in forestry and industrial technology; 15 students in forestry and 2 in banking operations in third countries. \$25,000 is requested for office supplies, surveying equipment and forest power tools, miscellaneous vehicle parts and supplies. Other Costs (\$48,000) cover 2 third-country national clerks, local travel and miscellaneous purchases; contract costs of transporting commodities from Bangkok, English language instruction for forestry trainees and helicopter services for the inventory.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	639	502	137							Department of Agriculture Forest Service Express Transportation Organization
Estimated FY 70	370	445								
Estimated through 6/30/70	1,009	947	62							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	557	Undetermined								
				Total Obligations	214	156	370	182	375	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Development of Lao National Roads	ACTIVITY Transportation	FUNDS TA/SA	
PROJECT NUMBER 439-11-310-010	PRIOR REFERENCE P. 71, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project assists the Lao Highway Department to improve and maintain the national road system. The improvement and repair of roads between otherwise isolated areas has a threefold aim: (1) to facilitate the movement and supply of Lao military forces; (2) to link the people to each other and to their government; and (3) to promote expansion of the market economy.

Training of Lao in road maintenance is a vital corollary to the road improvement program. Assistance is also provided the Lao Government in maintenance of the main north-south artery (Route 13) and its feeder roads.

Progress to Date: In June 1969, the Vientiane-Luang Prabang Road Project, reconstructing 275 kilometers of roadway and bridges, was completed. 152 Lao Highway Department members received on-the-job training on this project. During Fiscal Year 1969, about 2,500 kilometers of roads and bridges were maintained. Between Fiscal Years 1964-1969, about 670 Lao have been trained in road construction and maintenance.

FY 1971 Program: A major focus of the work will be on the maintenance and improvement of the main north-south highway (Route 13). Emphasis will also be placed on replacing substandard or sabotaged bridges. Basic changes in the funding, accounting and programming procedures followed by the Lao Highway Department will continue to be implemented to increase Lao responsibility for the program. Training will remain a major emphasis.

\$860,000 is requested for 32 American employees of the U.S. Bureau of Public Roads. \$30,000 will fund 33 participants in third country training as civil and mechanical engineers and engineering aides. \$1,100,000 is programmed for commodities, primarily repair parts for heavy equipment and some replacement equipment, petroleum products and road maintenance supplies. \$367,000 in Other Costs will be used as follows: \$116,000 for a contract extension with the Eastern Construction Company to provide third-country specialists from October, 1970 through June, 1971; \$131,000 for 24 contract and \$10,000 for 2 direct-hire third-country employees; \$90,000 for the transport of materials across Thailand by the Express Transportation Organization for one year through June 30, 1971; \$10,000 for a local, one-year English language training contract; \$10,000 for local travel of technicians and other operational expenses.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Bureau of Public Roads Eastern Construction Co. Express Transportation Organization
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	32,725	29,969	2,756							
Estimated FY 70	2,286	3,753								
Estimated through 6/30/70	35,011	33,722	1,289							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	2,357	Undetermined								
				Cost Components						
				U.S. Technicians						
				Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Maternal and Child Health	ACTIVITY Health and Sanitation			FUNDS DL	
	PROJECT NUMBER 439-11-570-081	PRIOR REFERENCE P. 72, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1969(SA)	SCHEDULED FINAL OBLIGATION FY: 1974	

Project Target and Course of Action: This project aims to improve the well-being of the Lao people by better health care of mothers and infants, and by introducing family planning techniques. A national center being established at Vientiane, plus 6 provincial centers to be constructed and about 8 rural centers to be renovated, will provide maternal and child health care and family planning services. Basic demographic surveys will be conducted, and training will be provided in Thailand for medical personnel.

Progress to Date: In 1969, funds were obligated for construction of the central clinic in Vientiane, adjacent to the Government's Mahosot Hospital, whose staff and facilities will be shared. Design plans were completed in Fiscal Year 1970 and construction will be completed during Fiscal Year 1971. This clinic will provide a full range of obstetric, gynecologic and pediatric care, as well as training in family planning methods for all medical personnel staffing maternal and child health facilities throughout the country. During Fiscal Year 1970 construction is also scheduled to begin on 3 provincial centers and renovation on several rural facilities. Training will be given to 18 mid-wives, 50 nursing assistants and 20 medical students annually from whom rural and provincial center staffs will be drawn. Additional training in Thailand is planned for 5 to 10 participants annually. An estimated 17,500 mothers may receive medical assistance and family planning guidance

through the Vientiane facility; about 40,000 will eventually be reached through the provincial centers, and an additional 100,000 through the more remote rural centers. During Fiscal Year 1970, preliminary planning will be completed for pilot demographic survey work, designed to compile accurate statistical data on population growth, family patterns, migrant trends and other population characteristics. This work will be undertaken in early Fiscal Year 1971 and will be coordinated with other pilot census work sponsored by the Lao Government.

FY 1971 Program: Funds requested for U.S. personnel (\$80,000) include a population officer and a public health nurse to provide supervisory/teaching assistance in the Vientiane clinic and in rural areas, and a demographer to direct survey work. \$12,000 is requested for training 15 midwives and Lao medical staff in Thailand in family planning methods. Commodities (\$334,000) include medical and birth control supplies, equipment for three provincial clinics, vehicles and fuels, generators and training aids. Other Costs (\$499,000) will include construction of three additional provincial clinics and renovation of rural facilities (estimated at \$428,000); costs of transporting commodities from Bangkok; contract services for automatic processing of demographic data; two third-country national clerical assistants; miscellaneous costs of operational travel, maintenance and repairs, additional census operations, and air transport of commodities within Laos.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/69	990	-		990	Estimated FY 1970			Proposed FY 1971		
						Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 70	950	1,490		U.S. Technicians	22	53	75	80	-	80	
Estimated through 6/30/70	1,940	1,490	450	Participants ...	10	-	10	12	-	12	
		Future Year Obligations	Estimated Total Cost	Commodities ...	450	-	450	334	-	334	
				Other Costs ...	48	367	415	37	462	499	
Proposed FY 71	925	Undetermined		Total Obligations	530	420	950	463	462	925	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Public Health Development	ACTIVITY	Health and Sanitation		FUNDS	SA	
PROJECT NUMBER	439-11-590-066	PRIOR REFERENCE	P. 73, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1957	SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project provides minimum medical and health services primarily through a country-wide system of A.I.D. supported dispensaries, clinics and small hospitals. In addition, A.I.D. supplies 7 Lao Government municipal hospitals staffed by a Filipino non-profit organization, Operation Brotherhood, under contract with A.I.D. Institutional health training and disease prevention are being stressed to the extent feasible.

Progress to Date: Since 1962, A.I.D. has financed construction or rehabilitation of over 250 hospitals and dispensaries. About 290 medical facilities in rural areas and 4 hospitals are currently partially supported by A.I.D. Some 300 A.I.D.-trained medics and nurses serve in rural areas and war zones. Approximately 75 percent of war casualties are treated by this system. About 25 to 30 medics and the same number of nurses complete training annually while in-service refresher training is provided medical personnel on duty. Operation Brotherhood facilities have provided care to some 180,000 in-patients annually and to some 200,000 in rural clinics. During Fiscal Years 1969 and 1970 the number of patients increased considerably due largely to increasing military activity and casualties. Operation Brotherhood medical and administrative staffs are scheduled to be replaced by Fiscal Year 1975, as qualified Lao become available. An A.I.D.-financed nursing school was completed and opened in the fall of 1969.

FY 1971 Program: A.I.D.-financed medics, nurses and support personnel will continue to provide medical services in rural areas. Existing medical facilities will be renovated or replaced where required and in-service training will continue to emphasize refresher cycles in environmental sanitation and preventive medicine. Training of new medics and nurses will continue and special graduate training in Thailand will be provided to up-grade the medical students graduated from the Lao Government medical school. Funds are requested (\$347,000) for 13 U.S. medical staff to provide advisory training and operational assistance. Training in Thailand for 56 medical personnel is estimated at \$71,000. Commodity costs (\$1,988,000) are mainly for medical and dental supplies, for equipment for rural medical facilities and the Operation Brotherhood-staffed hospitals, and for miscellaneous other supplies, vehicles, and health education materials. Other Costs include \$560,000 for a one year extension of the Operation Brotherhood contract; cost of transporting commodities from Bangkok (\$57,000); third-country nationals under contract for services in rural health clinics (\$21,000); miscellaneous local and international travel, repairs and maintenance (\$26,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/69	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	16,374	15,625	749		Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/AGENCY		Total	Direct AID	Contract/AGENCY	Total
Estimated FY 70	3,051	3,275		U.S. Technicians	292	-	292	347	-	347	Operation Brotherhood Express Transportation Organization
Estimated through 6/30/70	19,425	18,900	525	Participants . . .	53	-	53	71	-	71	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	1,975	-	1,975	1,988	-	1,988	
				Other Costs . . .	77	654	731	26	638	664	
Proposed FY 71	3,070	Undetermined		Total Obligations	2,397	654	3,051	2,432	638	3,070	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Education Development	ACTIVITY Education		FUNDS TA
	PRIOR REFERENCE P. 74, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1956	SCHEDULED FINAL OBLIGATION FY Reviewed Annually
PROJECT NUMBER 439-11-690-064			

Project Target and Course of Action: This project aims to strengthen the Lao education system, primarily through teacher training. A.I.D. provides classroom instructors, and technical and material assistance to Lao normal schools. In-service teacher training, and participant training in the United States and Thailand are also provided. In Fiscal Year 1968 A.I.D. sponsored a Lao language secondary school system, offering academic and vocational subjects to supplement the existing French-oriented academic secondary system and to develop the vocational and skills training required in the Lao economy. Technical guidance and minimal commodity support are provided to the primary educational system at national and local levels.

Progress to Date: Six teacher training schools have been constructed or expanded. Total enrollment in these and two other government schools totalled over 3,000 in 1970. A target of 3,500 has been established for the mid-70's in order to support the estimated public school enrollment. By the end of Fiscal Year 1970, 3,500 trainees will have graduated from A.I.D.-assisted teacher training schools, and 4,000 in-service training courses will have been provided. A second comprehensive Lao-language high school was opened in the fall of 1969, under the supervision of a University of Hawaii contract team.

The rural elementary system has been given material and technical assistance on a self-help basis to build some 2,300 classrooms. Since 1968, emphasis has been placed on assistance to upper elementary level classes in

an effort to increase the number of candidates for secondary and teacher training schools. Plans were begun in 1970 for A.I.D. to cooperate with other donors in expanding the central normal school into a college level facility capable of training secondary school teachers to replace the 300 French nationals currently staffing high schools in Laos.

FY 1971 Program: For Fiscal Year 1971 \$1,619,000 is requested for this project. It will cover: (1) the cost of 7 U.S. technicians to continue advisory/training assistance in the elementary and normal school systems (\$197,000); (2) a one year extension of the International Voluntary Services contract which provides 31 classroom instructors/administrative advisors to assist in normal schools (\$188,000); (3) a one year extension of the University of Hawaii contract that provides 8 advisors to supervise 2 comprehensive Lao-language high schools (\$325,000); (4) training for 16 students in the U.S. in fields of elementary, secondary and teacher training studies, and for 115 short and long-term participants in Thailand in the same areas and in school administration (\$289,000); (5) commodities including teaching equipment and supplies; vehicles and parts; office supplies; construction supplies; and books and language laboratory equipment (\$290,000); and (6) other costs covering construction of a third comprehensive high school, transportation of commodities from Bangkok, operational travel and miscellaneous repairs, maintenance and construction (\$330,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract	Total	Direct AID	Contract	Total	
Through 6/30/69	10,761	9,179	1,582								International Voluntary Services University of Hawaii Express Transportation Organization
Estimated FY 70	1,499	2,135									
Estimated through 6/30/70	12,260	11,314	946	U.S. Technicians	246	488	734	197	513	710	
		Future Year Obligations	Estimated Total Cost	Participants ...	214	-	214	289	-	289	
				Commodities ...	315	-	315	290	-	290	
				Other Costs ...	7	229	236	5	325	330	
Proposed FY 71	1,619	Undetermined		Total Obligations	782	717	1,499	781	838	1,619	

TABLE III

PROJECT DATA

Country: LAOS

PROJECT TITLE Civil Police Administration	ACTIVITY Public Safety and Public Administration		FUNDS SA
	PRIOR REFERENCE P. 75, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1965	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
PROJECT NUMBER 439-11-710-072			

Project Target and Course of Action: The purpose of this project is to increase the capability of the Lao National Police to maintain order and internal security. Technical assistance, equipment and training are provided to the police force of about 5,000 men, with special attention being given to improving the National Police Academy, police communications, and mobility.

Progress to Date: A previous project to assist the national police was interrupted in 1960 when the organization was disbanded and replaced by a paramilitary force. The current project was initiated in 1965 when the Lao National Police was re-established under the Ministry of Interior. One of the project's major accomplishments has been the completion of a national police communications network, consisting of 13 primary radio circuits between National Police headquarters in Vientiane and provincial police headquarters. This network has proved extremely useful not only to the National Police, but also to other elements of the Lao government for emergency communications. The rebuilding of the Lao National Police has required a major training effort. Through 1969, 44 Lao personnel had been trained in the United States, 132 in Thailand, and 3 in Malaysia; in riot control, communications, criminal investigations, records and identification, and other phases of police work. Local training in skills ranging from typing to automobile repair has been given to 1,362 Lao, mostly at the Lao National Police Academy. Physical facilities at the Academy were improved by the construction of a pistol range and two dormitory/

classroom buildings. The balance of construction at the Academy, including another dormitory/classroom, was funded in Fiscal Year 1970 and will be completed during this calendar year. By the end of Fiscal Year 1970 the Mission expects to reach 60 percent of its target performance in the difficult area of local automotive maintenance. A special canoe using small outboard motors has been designed that is being locally produced and gives much-needed added mobility.

FY 1971 Program: The Fiscal Year 1971 program will continue the training in the United States, Thailand, and locally; bring the automotive maintenance program up to 75 percent of target performance; and complete the major segments of the intra-province radio network. Work on improving National Police logistics and supply operations is scheduled for completion in Fiscal Year 1971. The establishment of an ordnance repair and ammunition reloading capability, and of an identification and records system, is projected for 75 percent completion in Fiscal Year 1971. A total of \$562,000 is requested for this project in 1971. This amount will cover: (1) U.S. technician costs of \$134,000 to fund five direct-hire advisors; (2) participant training totaling \$60,000 for 12 trainees in the United States and 40 in Thailand; (3) commodity costs of \$307,000 for vehicles and parts, communications equipment, ammunition, and identification equipment; and (4) other costs of \$61,000 to fund transport of commodities from Bangkok, third-country employees and miscellaneous maintenance, repair and operating expenses.

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES Express Transportation Organization	
	Obligations	Expenditures	Unliquidated	OBLIGATIONS			
				Estimated FY 1970			Proposed FY 1971
Through 6/30/69	2,834	2,619	215	Direct AID	Contract/OTHER Agency		Total
Estimated FY 70	566	556		176	-	176	
Estimated through 6/30/70	3,400	3,175	225	70	-	70	
		Future Year Obligations	Estimated Total Cost	188	-	188	
				20	112	132	
Proposed FY 71	562	Undetermined		14	47	61	
				454	112	566	
				515	47	562	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Development of Rural Economy	ACTIVITY	Community Development, Social Welfare and Housing	FUNDS	SA
PROJECT NUMBER	439-11-810-062	PRIOR REFERENCE	P. 76, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1956
					SCHEDULED FINAL OBLIGATION
					FY: Reviewed Annually

Project Target and Course of Action: This project aims to strengthen rural support given to the Lao Government. Activities are concentrated in rural areas with political-strategic importance and economic potential. The project includes (1) self-help activities, such as schools, small dams, and dispensaries; (2) public works activities through which more complex projects are implemented, such as irrigation systems and roads; (3) well drilling where hand dug wells are not feasible; and (4) advisory services and training for officials and villagers.

Progress to Date: A.I.D. and International Voluntary Services advisors have worked with local officials at about 30 primary locations. Self-help continues to receive increasing emphasis. Self-help inputs into construction of classrooms and other structures continued to account for a high percentage of the unit cost. The performance of Lao field personnel has shown marked improvement as their services have been increasingly utilized in self-help activities. The development of local leadership continues, with 1,165 additional village and township officials trained in Fiscal Year 1969. Other training activities moved ahead in agriculture, trade skills and literacy.

FY 1971 Program: Training and organizational activities in local government and agriculture will be emphasized. Self-help construction of key facilities will be continued. U.S. technicians will cost \$1,638,000 as

follows: \$1,033,000 for 46 direct-hire employees; \$250,000 for extension of the International Voluntary Services contract (29 volunteers) through June 30, 1971; \$205,000 for 12 one-year personal services contracts; and \$150,000 to fund an agreement with the U.S. Navy, which provides for design and supervision of construction projects and finances the cost of a 3-man staff of engineers for this purpose.

Training of 17 rural development participants in Bangkok will cost \$18,000. Commodity funds, \$1,139,000 are primarily for repair parts, construction supplies, petroleum products and vehicles. \$447,000 in Other Costs will be used as follows: \$150,000 for salaries of 34 third-country employees of the Naval Engineering Command through June, 1971; \$159,000 for a contract through June, 1971 with the Thai Express Transportation Organization for transport of goods across Thailand; \$85,000 for 17 contract and \$28,000 for 6 direct-hire third-country employees; \$25,000 for local travel of technicians and minor operational expenses.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	31,268	28,767	2,501								International Voluntary Services
Estimated FY 70	3,827	5,827									U.S. Navy
Estimated through 6/30/70	35,095	34,594	501	U.S. Technicians	906	658	1,564	1,033	605	1,638	Express Transportation Organization
				Participants . . .	17	-	17	18	-	18	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	1,359	-	1,359	1,139	-	1,139	
				Other Costs . . .	555	332	887	53	394	447	
Proposed FY 71	3,242	Undetermined		Total Obligations	2,837	990	3,827	2,243	999	3,242	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE Refugee Relief and Resettlement	ACTIVITY Community Development, Social Welfare and Housing	FUNDS SA	
	PRIOR REFERENCE P. 77, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
PROJECT NUMBER 439-11-820-063			

Project Target and Course of Action: Under this project, food and emergency supplies are provided to refugees from war-torn areas of Laos. Technical assistance and commodities are also provided for temporary relocation or permanent resettlement of refugees in secure areas.

Progress to Date: In Fiscal Year 1970, the number of refugees receiving full or partial assistance will probably average upwards of 130,000. The refugees aided are largely tribal people, predominantly Meo, who have steadfastly resisted the North Vietnamese/Pathet Lao invaders of their highlands in northern Laos. However, sizable numbers of other tribal minorities and Lao must be aided in central and south Laos.

In Fiscal Year 1969, resettled persons continued to produce refugee pants, shirts, and blouses from Public Law 480 cloth at the rate of about 10,000 units per month. Others continued manufacturing tools for distribution to refugees. Both programs reduce offshore procurement of these items from Thailand.

Training has continued for Lao Government officials who eventually are expected to assume full administrative responsibility for the program.

FY 1971 Program: Food and/or essential supplies will be provided to an estimated average of 130,000 aided refugees. There will be continued technical and commodity assistance to refugees be relocated and resettled. The clothing and tool manufacturing programs will be continued. The Lao Government is to assume increased

operational responsibility as training programs develop the competence of Lao staff. \$286,000 is requested for 13 U.S. direct-hire technicians. \$6,000 will fund 10 participants in third-country training as refugee and resettlement specialists. \$2,729,000 is required for commodities, primarily rice, clothing, tools and packaging materials needed for air delivery. \$206,000 in Other Costs will fund as follows: \$21,000 for transportation of goods across Thailand for one year through June 30, 1971 by the Thai Express Transportation Organization; \$20,000 for contract third-country employees; \$156,000 for a bagging contract with a local firm through June 30, 1971; \$9,000 for local travel of technicians and operating expenses.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES Express Transportation Organization			
	Obligations	Expenditures	Unliquidated	Estimated FY 1970				Proposed FY 1971		
				Direct AID	Contract BOOK AGENCY	Total		Direct AID	Contract BOOK AGENCY	Total
Through 6/30/69	22,989	22,194	795							
Estimated FY 70	3,436	3,476								
Estimated through 6/30/70	26,425	25,670	755							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	3,227	Undetermined								
				Total Obligations						
				3,152	284	3,436	3,030	197	3,227	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Air Technical Support	ACTIVITY	General and Miscellaneous	FUNDS	SA
PROJECT NUMBER	439-11-995-069	PRIOR REFERENCE	P. 79, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: Reviewed Annually

Project Target and Course of Action: The purpose of this project is to provide the air transport required by the A.I.D. program in Laos. Difficult terrain, unstable security conditions, absence of railroads, and roads largely impassable during the rainy season, combine to make surface transportation inadequate. It is therefore necessary to contract for air services for the transport of personnel and commodities to the rural areas where most of the projects are. The need to airlift refugees in emergencies, and to deliver food supplies to refugees in remote areas, also imposes heavy requirements for air transport. This project also provides for the necessary supervision and control, and the related ground support services.

Progress to Date: The A.I.D. Mission has made strenuous efforts to control costs under this project by restricting usage to only the most essential air transport of commodities and personnel. In spite of steadily rising flying-hour rates, overall costs have been reduced in recent years, from \$8.5 million in Fiscal Year 1966, to about \$6.4 million in Fiscal Years 1967 and 1968. Further operational savings of over \$1 million below estimated costs were obtained in Fiscal Year 1969. With these savings plus the transfer of certain costs to the Department of Defense and a reduction of the funding pipeline, obligation of Fiscal Year 1969 funds were held to \$3 million.

On the other hand, obligations and expenditures in Fiscal Year 1970 will be considerably higher than

initially estimated as the war in Laos has created unexpectedly high numbers of refugees. A high proportion of these refugees have had to be evacuated to secure areas by airlift, as in the case of about 15,000 moved from the Plain of Jars in February 1970.

FY 1971 Program: The Fiscal Year 1971 request for this project totals \$5,648,000. This is the amount estimated as necessary to staff the Air Support Branch (\$126,000) and fund for twelve-months the contracts with Air America, Inc. and Continental Air Services, Inc. (\$5,522,000). Five A.I.D. direct-hire employees staff the Air Support Branch, which exercises overall supervision and control of the air support usage by the A.I.D. Mission. Five additional third country nationals under personal service contracts are employed by this office. Payments to Air America and Continental Air Services are made for actual usage computed on the basis of hourly flying rates and reimbursable costs stated in the contract. A separate contract with Air America provides for ground support services at Wattay Airport, Vientiane, such as warehousing, cargo and passenger handling, airport fire protection, and control tower manning.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other	Total	Direct AID	Contract/Other	Total	
Through 6/30/69	52,303	51,307	996								Air America, Inc. Continental Air Services, Inc.
Estimated FY 70	5,787	5,800									
Estimated through 6/30/70	58,090	57,107	983	U.S. Technicians	109	-	109	126	-	126	
				Participants ...	-	-	-	-	-	-	
				Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	5,678	5,678	-	5,522	5,522	
Proposed FY 71	5,648	Undetermined		Total Obligations	109	5,678	5,787	126	5,522	5,648	

Country: LAOS

PROJECT DATA

TABLE III

PROJECT TITLE	Public Administration Development	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	439-11-995-073	PRIOR REFERENCE	P. 80, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: Reviewed Annually

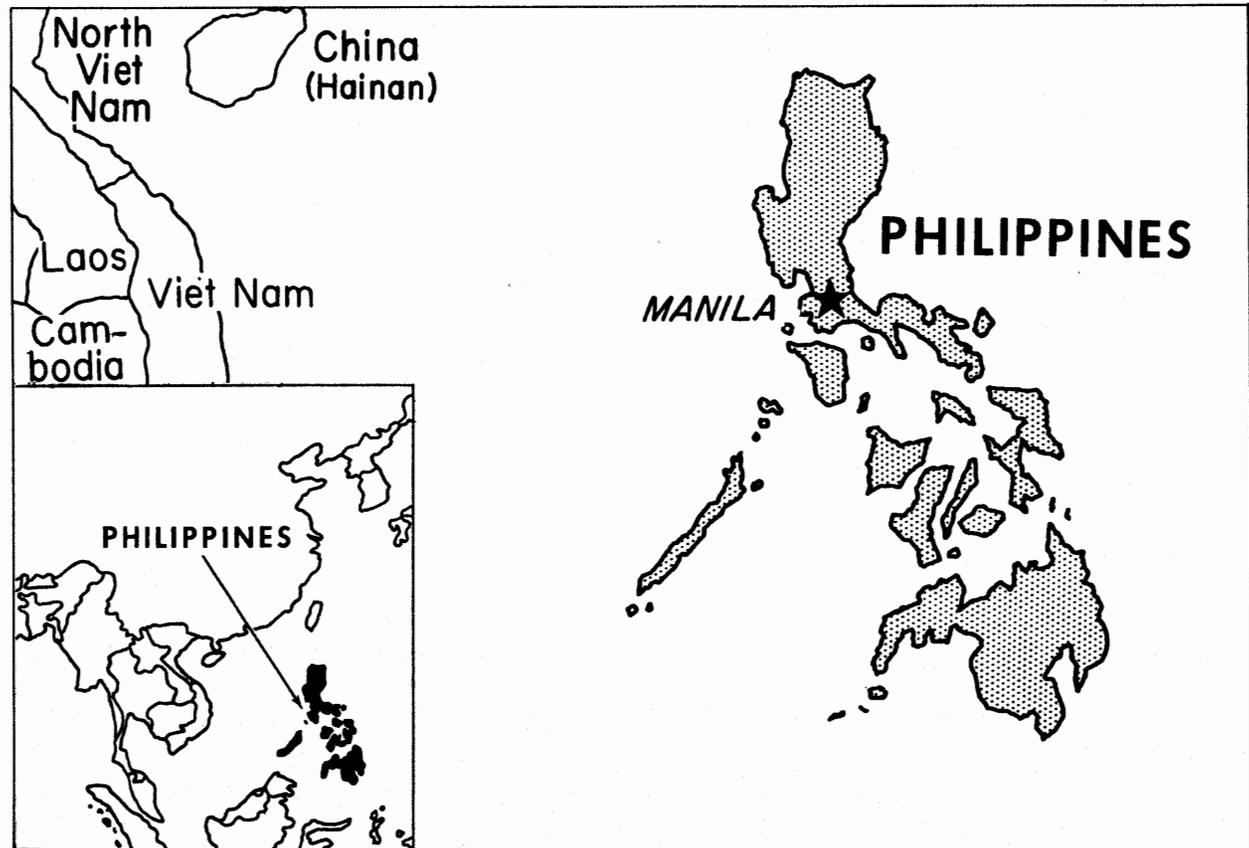
Project Target and Course of Action: This project is designed to provide advisory services and training to the Ministry of Finance in budgeting, accounting and auditing. Advisory services in manpower planning are also furnished to the Ministry of Planning. These services consist of the collection, analysis and utilization of data on manpower, capital resources and demand. In addition, limited professional follow-up is provided for the 2,300 participants following their A.I.D.-sponsored training abroad, mainly in Thailand.

Progress to Date: A.I.D. advisors have assisted the Minister of Finance to initiate a new system of budgeting, accounting and expenditure controls. During Fiscal Year 1969 additional controls over disbursements were introduced, a budget analysis service created, and a new internal audit unit organized. Assistance was also provided in developing trade statistics. The new 5-year national investment plan was initiated in the Fiscal Year 1970 Budget. In Fiscal Year 1970 procedures for authorizing and controlling capital expenditures were developed and an A.I.D. economic development advisor began work directly with the Planning Ministry. Surveyors were trained for the new cadastral service; technical and English language training of Lao civil servants continued; and a survey of training needs of local Mission employees was made to facilitate replacement of third-country employees with Lao. Participant training, mainly for Treasury, Finance and Planning personnel, was increased in Fiscal Year 1970.

FY 1971 Program: Funds are requested to cover U.S. advisory services (\$227,000) of two program economists, an international development economist, a public administration advisor, a planning advisor, three training officers, a staff clerk for both local and participant training programs, and an officer in charge of all education and human resource development activities. In addition, short term participating agency services (\$26,000) of Treasury, Customs and Census advisors are planned. Commodity costs (\$55,000) will cover vehicles, surveying equipment for census and land survey activities, office equipment and supplies, technical books, and training and language laboratory materials. Participant training costs (\$83,000) will finance long-term U.S. training for a demographer and 2 students in tax administration and controllership; training 10 students in Thailand in financial and public administration; 39 in land surveying and administration; 14 in tax administration, treasury accounting, and budget analysis; 11 in statistics and census operations; and two in local government administration. The request under Other Costs, (\$115,000) covers small one-year contracts for English language training and for compilation of trade statistics, transportation of supplies from Bangkok, salaries of 2 third-country national clerks, miscellaneous maintenance and repairs, operational travel, and special training courses for government and Mission employees.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	749	648	101							Bureau of Census Express Transportation Organization	
Estimated FY 70	441	447									
Estimated through 6/30/70	1,190	1,095	95	U.S. Technicians	191	13	204	227	26		253
				Participants . . .	76	-	76	83	-		83
				Commodities . . .	42	-	42	55	-		55
				Other Costs . . .	43	76	119	45	70		115
Proposed FY 71	506	Undetermined		Total Obligations	352	89	441	410	96		506

Philippines



BASIC DATA

Population (<i>millions – mid-1969</i>)	37.1
Annual Growth Rate (<i>percent</i>).....	3.5
Area (<i>1000 square miles</i>).....	116
Population Density Per Square Mile.....	322
Agricultural Land as % of Total Area	38
Percent of Labor Force in Agriculture.....	53

Per Capita GNP (<i>dollars</i>).....	208*
Life Expectancy (<i>years</i>).....	55
People Per Doctor	1,370
Literacy Rate (<i>percent</i>)	72
Students as % of 5-19 Age Group	55
<i>(Primary and Secondary)</i>	

* - 1969 in 1968 prices.

PHILIPPINES

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PHILIPPINES

PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	4.4	-	3.5*	4.5*
Technical Assistance . . .	6.0	4.2	3.7	4.3
Supporting Assistance . . .	-	1.4*	-	-
Total A.I.D. Assistance	10.3	5.6	7.2	8.8

*For population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

U.S. aid is designed to help the Philippines accelerate economic and social growth within a democratic framework that includes a vigorous and growing private sector. A.I.D.'s primary objective is to help the Philippines close the gap between food and people. This gap persists although the Filipinos have reached self-sufficiency in the important rice sector. Thus, program emphasis is on agriculture, rural development and population planning. Assistance is also being given to nutrition, malaria eradication and law enforcement programs.

PROBLEMS AND PROGRESS

The Philippines has a largely literate population, rich natural resources, and a favorable climate. Still, it has not been able to sustain a consistent high level growth pattern sufficient to overcome traditional economic and social problems. Huk guerilla activities in Central Luzon continue to plague the government and there is increasing restiveness among the rapidly growing urban population.

With a population expanding by 3.5% a year, the Philippines faces the increasingly difficult problem of providing enough jobs, schools, food, health services, housing, power networks, transportation and communications.

Despite substantial increases in tax and customs collections over the past three years, inadequate government resources and high operating expenses have severely limited development programs. Increased public investment is badly needed in transportation, communications, power, irrigation and other basic facilities.

The Philippines is currently experiencing a severe balance of pay-

ments problem. Foreign exchange reserves are precariously low, forcing the government to expand its short-term borrowing abroad, to refinance maturing obligations, to open negotiations for further Standby Arrangements with the International Monetary Fund and to impose major restrictions on foreign exchange transactions.

Despite these handicaps, progress has been achieved in agriculture production, public administration, school and road construction, water resources development, law enforcement, rural electrification, and family planning.

A.I.D. has played an important role in many of these achievements, especially in the areas of rice production, irrigation and revenue collection. A dozen American technicians working closely with Filipinos have been instrumental in expanding the use of high-yield rice strains by Filipino farmers. U.S.-controlled local currencies have been used by A.I.D. to stimulate the expansion of agricultural credit through rural banks, to support intensive training of supervised credit workers in rice culture, and to accelerate the completion of a multi-purpose dam.

A.I.D. loans of \$3.1 million approved in FY 1968 are financing the equipment needs of two rural electrification cooperatives. Follow-up A.I.D. technical assistance and feasibility studies are helping in the planning of a nationwide program to provide service to the 90% of the population without electric power.

A.I.D.-financed surveys in such areas as water resources, telecommunications, airports and airways, grain storage and marketing, and law enforcement have helped point out deficiencies and have facilitated loans from the World Bank, the Asian Development Bank and the U.S. Export-Import Bank.

Over the past three years significant headway has been made in the area of family planning. A.I.D. began its assistance in June 1967 with limited support to five Filipino family planning organizations. The program has since expanded to one in which A.I.D. is assisting some 14 different public and private entities. Family planning services in 224 clinics are receiving A.I.D. assistance. On December 6, 1969 President Marcos publicly endorsed a far-reaching population policy statement recommended by the Population Commission which he had established by Presidential Executive Order earlier in the year.

This policy has as its objective the establishment of specific population goals, the broad education of the Filipino people, the examination of legal and administrative policies affecting

PHILIPPINES

family size, the reduction of high morbidity and mortality rates, the development of policies related to migration and spatial distribution, and the maintenance of regular contact with international public and private organizations concerned with population problems.

Other external assistance has also contributed significantly to the Philippines progress. Since 1960 Japanese reparations and commercial loans and credits have amounted to more than \$600 million. United Nations Special Fund and Technical Assistance projects have amounted to nearly \$30 million. The World Bank and International Finance Corporation have authorized project loans of some \$200 million for infrastructure development, education, industry, and agriculture. The Philippines has received two loans from the Asian Development Bank totaling about \$8 million. The Peace Corps is continuing to provide nearly five hundred volunteers, primarily for educational programs, and the U.S. Export-Import Bank has loaned over \$200 million, primarily for port facilities, heavy industry and electrical transmission and distribution.

FY 1971 PROGRAM

The proposed FY 1971 Technical Assistance program of \$8.8 million will be concentrated on (1) agriculture and rural development; (2) health, nutrition and family planning, and (3) public safety. Limited assistance is programmed for planning efforts related to growing urban problems.

Agriculture and Rural Development

For agriculture and rural development, Technical Assistance totaling \$1.8 million is proposed for FY 1971. Building on the success of past years, work on the expansion of rice production will continue with emphasis on storage, handling and marketing problems. Crop diversification will also continue to receive attention.

Modern rice production methods will be adapted to the production of corn, sorghum, vegetables and other crops. Poultry, livestock and fish production programs will also be supported. The combined efforts of national and local government agencies, private institutions, farmers' organizations and U.S. technicians are being applied to raising farm outputs, improving and expanding government support and services, increasing the availability of agriculture credit and marketing information, promoting the expansion of agro-industry, and supporting efforts to introduce rural electrification cooperatives.

Health, Nutrition and Family Planning

Filipinos are growing increasingly aware of the implications of their extraordinarily high population growth rate of 3.5% which would double their population in 20 years. In February 1969 President Marcos appointed a Population Commission, composed of leading public and private figures, to study population problems and present recommendations for a national policy. In April 1969 the Secretary of Justice ruled favorably on the legality of importing contraceptives. In the summer of 1969 the Philippine Congress asserted the right of individual couples to practice family planning within the dictates of their own conscience. In December 1969 President Marcos publicly endorsed the liberal recommendation of the Population Commission for a National Policy.

As a result, A.I.D. has rapidly expanded its support of family planning activities in the Philippines. A.I.D. now assists the Government of the Philippines, its agencies, and cooperating public and private institutions to formulate policies, conduct research, train personnel, and develop necessary institutional and administrative structures. Special attention is given by A.I.D. to strengthening existing institutions in preference to creating new ones. The full cooperation and involvement of the private sector (commercial, industrial, and institutional) is being encouraged, with special attention being given to the pharmaceutical firms. Further, every effort is being made to enlist other sources such as the United Nations, International Planned Parenthood Federation, and regional organizations to the greatest extent possible. To provide coordinated action, the majority of A.I.D. funding is being channeled to both the government and private family planning activities through the Government's coordinating agency, the Project Office for Maternal and Child Health.

The A.I.D.-supported pilot program to increase the nutritional intake of infants and pre-school children which was begun in 1968 will continue. High-protein P.L. 480 foods, utilized in this program, are being replaced gradually with products developed from locally grown commodities. A.I.D. will continue to provide technical assistance to the malaria eradication program. A total of \$5.0 million is proposed for health, nutrition, and family planning in FY 1971.

Public Safety

The problem of law and order is a major social and political issue in the Philippines. The crime rate, long recognized as a serious problem, remains high generally and shows evidence of increasing

PHILIPPINES

further in urban centers. President Marcos has undertaken a major program to improve law enforcement. In support of this program in FY 1971, \$825,000 in Technical Assistance funds will help to establish badly needed training facilities, to improve national and local police communications, to modernize identification and records systems, and to establish several model local police departments.

TABLE IV
Part 1

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

COUNTRY: PHILIPPINES

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/69	Obligations	Expenditures	Unliquidated Obligations 6/30/70	Funds	Amounts		
Water Resources Development	492-11-120-233	1969	1973	197	95	102	30	60	72	TA	150	223	600
Fish Productivity	492-11-180-234	1970	1974	-	-	-	120	10	110	TA	120	211	451
Agriculture Services	492-51-190-126	1967	1973	1,384	1,003	381	530	410	501	TA	725	1,911	4,550
Malaria Eradication	492-11-511-013	1953	1973	7,908	7,650	258	524	450	332	TA	450	1,636	10,518
Family Planning	492-11-530-220	1967	-	2,637	900	1,737	3,500	1,400	3,837	DL	4,500	Continuing	
Nutrition Support	492-11-560-085	1968	1972	288	57	231	109	250	90	TA	151	150	698
Internal Security	492-11-710-231	1969	1973	608	202	406	608	500	514	TA	825	834	2,875
Urban Planning	492-11-830-214	1969	1971	65	-	65	60	45	80	TA	90	-	215
Equipment Pool Improvement	492-11-995-166	1967	1971	746	371	375	181	210	346	TA	220	-	1,147
Provincial Development	492-11-995-236	1969	1973	462	153	309	537	450	396	TA	625	1,743	3,367
General Participant Training	492-11-995-237	1969	-	68	19	49	50	40	59	TA	70	Continuing	
Technical Support*	492-11-999-000	1951	-	6,824	6,682	142	949	900	191	TA	897	Continuing	
Total													
TC													
SA													
DL (grants)													

*Includes activities undertaken by the Mission Director under the Special Development Activity Authority

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	51	54	54
Participating agency.....	19	11	11
Contractor technicians.....	7	7	7
Total	77	72	72

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	88	133	141
Contract	-	-	-
Total	88	133	141

PROJECT DATA SUMMARY

(Dollar Amounts in Thousands)

TABLE IV

Part 2

COUNTRY: PHILIPPINES

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
College of Forestry	492-11-170-112	1960	1965	606	605	1	-	1	-	-	-	-	606
Textbook Production	492-11-670-096	1960	1968	1,841	1,830	11	-	11	-	-	-	-	1,841
Public Safety	492-11-710-090	1957	1968	1,880	1,860	20	-	20	-	-	-	-	1,880
Public Personnel Administration	492-11-730-209	1966	1969	255	199	56	-	45	11	-	-	-	255
Project Execution System	492-11-740-218	1967	1968	293	265	28	-	28	-	-	-	-	293
Fiscal and Financial Coordination	492-11-750-210	1967	1970	313	285	28	25	35	18	-	-	-	338
Tax Administration Improvement	492-11-750-232	1966	1969	595	452	143	-	95	48	-	-	-	595
Customs Administration Improvement	492-11-790-211	1967	1969	110	90	20	-	20	-	-	-	-	110
Atomic Energy	492-11-980-074	1956	1965	450	448	2	-	2	-	-	-	-	450
Participant Follow-Up Evaluation	492-11-995-104	1967	1968	14	12	2	-	2	-	-	-	-	14
Rural Development	492-11-995-205	1966	1968	569	548	21	-	21	-	-	-	-	569
Total											8,823		
TC											4,323		
SA													
DL (grants)											4,500		

STATUS OF DEVELOPMENT LOANS SUMMARY

As of 12/31/69

COUNTRY: PHILIPPINES

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Auth-orized	Loan Agree-ment			Grace Period	Amorti-zation					
492-A-005	Roads and Bridges Rehabilitation	1/30/59	6/29/59	2	12	3½	3½	14,750	14,735	Pesos	11,545	1,280
492-H-023	Feasibility Studies	6/21/67	9/14/67	5	25	3½	3½	2,000	136	US\$	-	5
492-H-024	Irrigation Equipment	6/26/67	9/14/67	5	25	3½	3½	4,700	3,606	US\$	-	-
492-H-025	Rural Electric Service Cooperative	6/27/68	8/31/68	5	25	3½	3½	2,000	4	US\$	-	-
492-H-026	Rural Electric Service Cooperative	6/27/68	8/31/68	5	25	3½	3½	1,100	4	US\$	-	-
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	24,550	18,485	XXXX	11,545	1,285

Thailand



BASIC DATA

Population (<i>millions – mid-1969</i>)	36.3	Per Capita GNP (<i>dollars</i>)	164*
Annual Growth Rate (<i>percent</i>)	3.3	Life Expectancy (<i>years</i>)	56
Area (<i>1000 square miles</i>)	198	People Per Doctor	7,370
Population Density Per Square Mile	183	Literacy Rate (<i>percent</i>)	68
Agricultural Land as % of Total Area	22	Students as % of 5-19 Age Group	43
Percent of Labor Force in Agriculture	78	(<i>Primary and Secondary</i>)	

* - 1969 in 1968 prices.

THAILAND

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THAILAND

PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	-	-	1.5 *	1.7*
Technical Assistance . . .	10.0	9.2	6.1	6.1
Supporting Assistance . . .	36.7	26.3*	20.4	26.3
Total A.I.D. Assistance	46.7	35.5	28.0	34.1

*Includes grants of \$1,298,000 in FY 1969, \$1,500,000 in FY 1970 and \$1,700,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

Thailand's importance to the United States lies in its geographic position in Southeast Asia, its key role in the economic and political development of the region, and its close cooperation with the United States. A communist-supported insurgency threatens Thailand's security. The basic U.S. assistance objective is to improve the Thai capacity for dealing with this security threat. Both the United States and Thai Governments recognize, however, that the fundamental responsibility for countering the insurgency belongs to the Thai.

PROBLEMS AND PROGRESS

Communist-supported aggression has existed for some time in Thailand. However, it was not until late 1965 that the insurgency became seriously disruptive. In late 1966 the number of assassinations of village chiefs, local officials, school teachers and police, armed propaganda meetings, and armed encounters with the police and military units increased sharply.

Until 1968, the incidents were concentrated primarily in the Northeast and to a lesser degree in the South. In 1968, a second phase of the insurgency began in the mountainous border areas of North and North Central Thailand inhabited by hilltribes. While the situation in the Northeast has been relatively stable over the past year, the insurgency in the hilltribe areas has steadily intensified, with increasing harassment of government forces.

The Thai Government has moved both to combat the immediate insurgency threat by building up its security forces in the affected areas and to relieve the underlying economic and social deprivations on which the insurgency feeds.

Overall police manpower has been augmented by 45% since 1965, including an increase of over 60% in the size of the Provincial Police. The Thai have deployed army units in the North and Northeast. Together with police units, these forces have conducted military sweeps, carried out civic action programs, and have generally contributed to the decline in overt insurgent activity in the Northeast. As yet, however, the Thai have been less successful in hilltribe areas of the North.

On the other hand, the Thai have greatly expanded rural development programs. In a reversal of traditional practice, the Thai Government has been assigning some of its best personnel to the security-sensitive areas. The Thai are also allocating an increasing share of total government resources to these areas in a conscious effort to correct the historic imbalance between these areas and the Central Plains and Bangkok. The Thai Government now contributes about three dollars equivalent for every dollar provided by A.I.D. for joint U.S./Thai projects.

The economy of Thailand has continued to expand. GNP has grown at an average annual rate of 8% in real terms since 1963. This has been accomplished with negligible inflation. Recognizing that monetary and fiscal policies of the early 1960's were somewhat conservative, the Government has greatly expanded its 1967-1971 development plan and expects to increase markedly its borrowing from the public and private sector to finance this plan, with little increase in inflationary pressure expected.

Government expenditures which have been increasing from 11-12% in recent years are budgeted to rise in FY 1970 by 14% over FY 1969. The bulk of the budget continues to be devoted to economic and social development, with defense expenditures in FY 1970 rising to about 23%, up from 15-16% in earlier years. The country's foreign exchange position also improved during the sixties, in part because of U.S. expenditures for military construction which are now phasing down. These foreign exchange reserves will be a major source for financing the foreign currency requirements of the current Thai development plan.

While we do not anticipate serious economic trouble, foreign exchange holdings have begun to decrease in 1969 (down 3.5% from 1968) due to reduced earnings from rice, lower U.S. military expenditures and the continued large imports required to support industrialization and the improving standard of living. Accordingly, Thailand will find it increasingly difficult to provide adequate services for the rapidly growing population and at the same time satisfy growing capital requirements necessary to maintain continuing economic growth.

THAILAND

A new Constitution was promulgated in 1968. As provided in the Constitution, members of the Upper House of Parliament have been appointed and national elections were held in February 1969 to select the members of the Lower House. The new Parliament will complete its first session in early 1970.

Thailand has provided facilities and troops in support of the allied military effort in Vietnam. Thailand actively participates in various regional organizations, and, in general, has played a principal role in fostering regional cooperation in Southeast Asia.

In dealing with the pressure of insurgency, Thailand has a number of strengths -- its history of national independence, a widely respected royal family, its well-established structure of government, and its strong economy. However, its highly centralized government, while becoming more responsive, does not yet provide adequate channels for responding to local needs. This weakness, even more than limitations of Thai manpower and fiscal resources, has been the greatest constraint on Thai government efforts. Thus, the principal focus of the A.I.D. program is on the need for increased awareness and understanding on the part of Thai government officials of the needs and aspirations of rural people and increased commitment of resources. U.S. assistance is designed to strengthen the link between government officials and villagers and to improve the effectiveness of the civil security forces. We are also working with the Government to increase the allocation of Thai resources to the security-sensitive areas so that development in these areas will be accelerated.

FY 1971 PROGRAM

A program of \$34.1 million is proposed for FY 1971, consisting of \$26.3 million of Supporting Assistance, \$6.1 million in Technical Assistance, and \$1.7 million for family planning.

As in the past, the FY 1971 program will be concentrated in North and Northeast Thailand. Within the FY 1971 program, Supporting Assistance funds will be used primarily to bolster Thai efforts to improve security in rural areas and to support Thai rural development programs. Technical Assistance will be used to assist in programs which are more broadly developmental such as agriculture research and training, completion of a river basin survey, private sector development, and improvements in Thai administration and education.

Thailand has received substantial assistance from other sources. In addition to aid from the U.S., Thailand received \$88.6 million from 1964 through 1968 in assistance from other members of the

Development Assistance Committee (DAC) who have established a coordinating group in Bangkok. The World Bank also provided \$111 million in assistance and the Asian Development Bank \$15 million during the same period.

Rural Security

About \$8.0 million of Supporting Assistance is proposed in FY 1971 for rural public safety programs. The primary objective continues to be to help develop a rural security capacity of sufficient strength and efficiency to counter anticipated threats of communist terrorism and subversion. A.I.D. assistance will emphasize advisory services and training to raise operational efficiency. Commodities will be provided to enhance police mobility, armament and communications. A.I.D. will continue to help equip the new township police stations, and will provide radio links between these stations and provincial headquarters. Since FY 1965, 750 such stations have been established and another 254 are planned by FY 1972. The heaviest concentration of these new stations are in North and Northeast Thailand. Vehicles, helicopters, and ammunition will be provided to the expanding police forces and to mobile back-up units now being increased in number. Commodities will account for about \$5.8 million of the U.S. support to rural security activities.

Rural Development

The FY 1971 A.I.D. program includes \$10.1 million in Supporting Assistance for rural development. A.I.D. will support projects aimed at increasing the Government's ability to respond to village needs and to promote economic development in the security-sensitive areas. A.I.D. will continue to assist the Accelerated Rural Development (ARD) organization, primarily with advisory services and with construction equipment for impact projects such as feeder roads, wells and small ponds. Assistance will also be provided to improve ARD program planning and to organize local farm groups.

A.I.D. will also continue to assist the Thai Agricultural Extension Department and the Royal Irrigation Department. The rural agriculture development program will support programs such as agricultural credit -- through farmers' cooperatives -- and research and pest control in the North and Northeast. Jointly with the Thai Government, attempts will be made to increase the interest of the private sector in agri-business projects, and in strengthening community development services.

THAILAND

Education

Despite rapidly rising expenditures for education, an enormous task still faces the Thai Government. It is estimated that less than 50% of Thai children in the 5 to 19 age group are in school. A.I.D. technical assistance and commodity support will assist the Thai to expand the number of mobile training units and other institutions which provide vocational training to villages in the North and Northeast. Plans are under consideration for improving the quality of the textbooks and instructional material used. Since large numbers of teachers in the rural areas have completed only six years of schooling themselves, Thai in-service teacher training programs will continue to be emphasized.

A.I.D. will also provide technical advisory services to a \$32 million Thai Government vocational education project. The Thai have borrowed \$6 million from the IBRD to finance the cost of equipment and have added domestic resources for school construction. U.S. assistance will account for less than 10% of the cost of this 5-year project.

Technical Assistance of \$635 thousand and Supporting Assistance of \$3.0 million will be needed in FY 1971 for these education programs.

Health

A.I.D. has been assisting the Thai Government efforts to extend and improve its medical services, primarily in the North and Northeast, as an effective way of establishing rapport with the people in the security-sensitive areas. Rural health centers will be given assistance in FY 1971 in the form of medicines, clinical instruments, vehicles, and training.

Thai research efforts to improve nutrition in rural areas, particularly in the development of an inexpensive high protein food supplement, will receive limited U.S. support.

For assistance in the health field \$240,000 in Technical Assistance and \$385,000 in Supporting Assistance are proposed.

Family Planning

With population growth at an estimated 3.3% a year, family planning is an area of great importance. A.I.D. will support two activities -- the family planning program of the Ministry of

Public Health, and the efforts of the School of Public Health to strengthen its family planning training curriculum. Operational research in family planning methods and the acceptability of intra-uterine devices and contraceptive pills have proven so successful that the Ministry of Public Health has undertaken a 3-year program to extend family planning services to clinics to reach a capacity to serve over 3 million women. Participant training and advisory services will be provided, but the major U.S. assistance will be in the form of commodities.

A \$400,000 contract with the University of North Carolina, funded in 1969, will provide technical assistance to the School of Public Health, the major Thai institution for specialized training of public health personnel, to strengthen its teaching and research in the area of family planning.

Government Administration

Narrowing the gap between the villager and Government officials has been mentioned as a primary aim of our assistance. Activities in the field of local government contribute directly to closing this gap.

A.I.D. support for in-service training programs will devote particular attention to provincial and district local officials. Training programs will also involve villagers, in the North and Northeast, in local self-government and project planning techniques. The Thai Government is providing budget support to village organizations to help finance local projects. Some A.I.D. assistance will also be provided in fiscal management. In FY 1971 \$200,000 in Technical Assistance is proposed.

Longer Range Regional Development

We are providing advisory assistance to the Thai economic planning agency in developing plans for allocating resources to the development of the security-sensitive Northeast. Operating ministries are also deeply involved in this planning process. As these plans near completion, various priority projects will be identified for implementation. In FY 1971, \$4.5 million in Supporting Assistance funds is being proposed for implementing these projects.

Completion of the Mun and Chi river basin survey in Northeast Thailand will require \$395,000 in Technical Assistance Funds.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

Country: THAILAND

TABLE II

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	1,500*	XXX	XXX	XXX	1,700*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	11,724	4,638	7,086	-	9,103	4,263	4,840	-	10,660	4,875	5,785
Participants	2,856	1,058	1,798	-	2,895	725	2,170	-	3,225	900	2,325
Commodities	20,813	3,430	17,383	-	14,540	1,150	13,390	-	18,498	343	18,155
Other Costs	155	124	31	-	-	-	-	-	-	-	-
Total Project Assistance	35,548	9,250	26,298	-	26,538	6,138	20,400	-	32,383	6,118	26,265
Method of Financing											
Project Assistance											
Direct A.I.D.	29,008	6,672	22,336	-	23,013	4,328	18,685	-	27,088	3,683	23,405
Other Agency	1,165	895	270	-	1,010	805	205	-	870	870	-
Contract	5,375	1,683	3,692	-	2,515	1,005	1,510	-	4,425	1,565	2,860
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	35,548	9,250	26,298		26,538	6,138	20,400	-	32,383	6,118	26,265
Total Assistance	35,548	XXX	XXX	XXX	28,038	XXX	XXX	XXX	34,083	XXX	XXX

*Represents population program grants under Title X of the Foreign Assistance Act

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	229	205	205
Participating agency	42	18	18
Contractor technicians	84	60	80
Total	355	283	303

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	837	988	1,080
Contract	-	-	-
Total	837	988	1,080

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Labor Intensive Public Works	ACTIVITY Agriculture and Natural Resources		FUNDS SA
	PRIOR REFERENCE P. 97, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: 1971
PROJECT NUMBER 493-11-120-206			

Project Target and Course of Action: The purpose of this project is to hasten the pace at which the Thai Government implements plans for a comprehensive inter-agency program of water storage, distribution and utilization in the Northeast. This pilot program will also illustrate a way of providing farmers with alternative economic opportunities by employing them, to the extent feasible, in rural public works construction carried out by the Government.

An analysis of cost data indicates that small-scale irrigation projects can be built in Thailand for approximately comparable costs by either machine or labor intensive means. These pilot activities will supplement the regular programs of the Irrigation Department in order to demonstrate to villagers, through the provision of badly needed public works projects constructed with local labor, that the Thai Government is interested in their well-being. Development of water storage facilities such as ponds, tanks, reservoirs, and diversion ditches will provide irrigation and domestic use water to alleviate the recurring critical water shortages during the long dry season. Construction will be scheduled so as not to interfere or compete with planting and harvesting so that a maximum of local labor can be used to provide supplemental rural employment and to build the water storage facilities at no greater cost than would be the case if the work were accomplished through machinery-intensive construction.

Progress to Date: The Thai Government is budgeting the equivalent of \$1.5 million in 1970 in support of the water development element of this project in 1970 and plans to budget \$1.4 million in 1971. The Royal Irrigation Department has agreed to manage the construction of new tanks and other facilities in a manner calculated to make maximum use of labor. The Departments of Agricultural Extension and of Land Development have agreed to provide technical assistance to the recipients of the impounded waters to make sure it is productively used. The first large inputs of A.I.D. funded equipment for water projects will start arriving in Thailand in the late summer of 1970.

FY 1971 Program: Fiscal Year 1971 funds are being requested in the amount of \$470,000 to finance construction equipment for the Royal Irrigation Department's program of constructing and rehabilitating small water reservoirs and irrigation systems.

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	983	-	983							
Estimated FY 70	400	200								
Estimated through 6/30/70	1,383	200	1,183	U.S. Technicians	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Participants . . .	-	-	-	-	-	-
				Commodities . . .	400	-	400	470	-	470
				Other Costs . . .	-	-	-	-	-	-
Proposed FY 71	470	-	1,853	Total Obligations	400	-	400	470	-	470

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Agriculture Development	ACTIVITY Agriculture and Natural Resources		FUNDS SA	
	PRIOR REFERENCE P. 98, FY 1970 EA PDB	INITIAL OBLIGATION FY:1952	SCHEDULED FINAL OBLIGATION FY:Reviewed Annually	
PROJECT NUMBER 493-11-190-180				

Project Target and Course of Action: This project's goal is to improve the lot of the Thai farmer in the Northeast. The Thai farmers constitute over 90 percent of the population of that region. It is necessary to give tangible evidence of the Thai Government's concern for the farmers' welfare by carrying out programs to increase farm income. An Applied Agricultural Research Center is being developed for the Northeast under a contract with the University of Kentucky. A variety of short-term impact activities are intended to help counterinsurgency. One of these is a program to organize district level associations of farmer clubs to serve as centers of economic and social development. Also, extension activities will provide technical inputs for the farm populace in the fields of general agriculture, livestock, fisheries and land development. This will be done increasingly through district farmer associations. U.S. advisory assistance will be given in the field of agricultural credit and agricultural economics. The Thai Government plans to spend about \$11.8 million in 1970 on the A.I.D.-assisted activities.

Progress to Date: The newly unified Department of Extension of the Ministry of Agriculture is progressing well. This year it has several new Thai developed rice varieties to promote, which combine the traditional high quality of Thai rice with the high yield characteristics of the varieties developed by the International Rice Research Institute. Fertilizer sales in the Northeast

have risen from 2,500 metric tons in 1965 to 66,000 metric tons in 1969. This agricultural progress has been aided by increased road access to villages and by reduced transport costs resulting from Accelerated Rural Development road construction activities. A major A.I.D. activity will terminate at the end of Fiscal Year 1970 with the departure of a U.S. Department of Agriculture group which has been working with the Thai Department of Land Development since 1966. These U.S. soils scientists assisted the Land Development Department to reach its present competence in (a) soil survey and classification and soil interpretation; (b) farmer impact programs in soil and water conservation using mobile teams and; (c) economic study of land use and soil and water treatment measures. The Department of Land Development has been aggressive and successful in achieving province level cooperation from other rural oriented government units.

FY 1971 Program: Fiscal Year 1971 funds are requested for (1) 6 direct hire agriculturalists (\$160,000); (2) one year contracts with the University of Kentucky, 10 persons (\$500,000), with the Agriculture Cooperative Development Institute, 2 advisors, (\$60,000) and with 5 short-term advisors in agricultural research/extension techniques (\$30,000); (3) 64 participants for U.S. training and 147 for third country training (\$445,000); and (4) farm machines, vehicles, pesticides and other commodities (\$2,390,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	16,629	11,608	5,021		90	440	530	160	590	750
Estimated FY 70	2,340	3,000		U.S. Technicians	455	-	455	445	-	445
Estimated through 6/30/70	18,969	14,608	4,361	Participants ...	1,355	-	1,355	2,390	-	2,390
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-
Proposed FY 71	3,585	Undetermined		Other Costs ...	1,900	440	2,340	2,995	590	3,585
				Total Obligations	1,900	440	2,340	2,995	590	3,585

University of Kentucky
Agriculture Cooperative
Development Institute
U.S. Department of
Agriculture

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Private Enterprise - Private Sector Development	ACTIVITY	Industry and Mining	FUNDS	TA
PROJECT NUMBER	493-15-290-161	PRIOR REFERENCE	P. 99, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1957	FY: 1972

Project Target and Course of Action: The purpose of this project is to provide technical assistance to the Thai Government in its efforts to develop the private sector. Particular attention is devoted to promoting agri-business activities. The degree to which private enterprise can mobilize resources, improve distribution, produce commodities required by farmers, and furnish employment is a significant factor in the government's efforts to deal with rural poverty.

A.I.D. plans to provide advisory assistance to the Board of Investment, Ministry of Industry, Ministry of Economic Affairs, Industrial Finance Corporation and other government and private institutions, to increase their ability to promote expansion of private industry and agri-business. Emphasis in the government sector is being placed on the areas of planning policy and procedures, organization, personnel training, research and promotion. Assistance to the private sector is being directed toward meeting the expanding and more widely dispersed demands for medium and long-term capital.

It has been necessary to extend the scheduled final obligation date by one year because of delays in selecting a contractor to act as advisor for the Board of Investment.

Progress to Date: A full-time advisor under contract was assigned to the Ministry of Industry to continue previous part-time advisory assistance, particularly to the Small Industry Service Institute and Loan Office for Small

Industry. Both organizations promote the new and growing local and up-country small scale industries. A short-term consultant conducted an evaluation of the Industrial Finance Corporation of Thailand and recommended improvements which are presently under review. Investment risk insurance has increased by \$9 million during Fiscal Year 1969 to a new total of \$119 million for coverage of private American equity and loan investment in Thailand. FY 1971 Program: Fiscal Year 1971 funds totalling \$710,000 are requested to finance the following: (1) 3 direct-hire private enterprise advisors to continue assistance to government and quasi-private agencies (\$90,000); (2) contract services to provide 24 man-years of advice and assistance to the Ministries of Economic Affairs and Industry, the Thai Board of Investment and the Thai Industrial Finance Corporation (\$500,000); and (3) 17 participant trainees from both the government and private sectors for U.S. training plus 11 for third-country short-term training (\$120,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS			PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated							
				Estimated FY 1970	Proposed FY 1971					
Through 6/30/69	1,849	1,499	350	Direct AID	Contract/ X	Total	International Business Consultants, Inc.			
Estimated FY 70	290	340		Direct AID	Contract/ X	Total				
Estimated through 6/30/70	2,139	1,839	300	60	75	135		90	500	590
		Future Year Obligations	Estimated Total Cost	155	-	155		120	-	120
				-	-	-		-	-	-
				-	-	-		-	-	-
Proposed FY 71	710	200	3,049	215	75	290		210	500	710

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Aeronautical Ground Services	ACTIVITY	Transportation	FUNDS	TA
PROJECT NUMBER	493-11-370-103	PRIOR REFERENCE	P. 100, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1953	FY: 1971

Project Target and Course of Action: The purpose of this project is to improve Thai aviation ground facilities, flight communications and air traffic control. This is needed to meet military and civil air traffic requirements whose growth has been faster than anticipated. Civil air traffic in this region has been increasing 15-20 percent annually. Since many Thailand facilities are for joint civil/military use, this project is closely coordinated with the Thai and American military. Capital investment is being kept to the minimum necessary for current and short-term requirements. The Fiscal Years 1966-71 program has been designed to assist the Thai Government to develop its civil aviation capacity so it can meet present emergency-produced increases in air traffic and the introduction of jumbo and supersonic jets. The early phases of this project involved establishment of a domestic all-weather airways system to serve key up-country airports on a 24-hour basis. The later phases have been directed toward improvement of safety aspects of the basic in-country system, particularly to permit night flying at more locations, and improve services for international traffic. A major goal has been to improve air-ground communications which require further improvement outside the Bangkok vicinity. Establishment of voice communications with adjacent flight information regions and introduction of radar flight control are important aspects of this project.

Progress to Date: An A.I.D.-financed calibration laboratory for flight inspection instruments was completed last year and is operating successfully. Three of four air navigational aide locations and five out of eight compass locator sites have been selected. One of four air-ground communication centers is now operational and the remaining three are being installed. The field engineering and design work for improved airport lighting in seven locations has been completed and installation is underway. The plan, preparation and implementation of radar air traffic control operation has been completed, and U.S. participant and local in-service training of Thai controllers is proceeding according to the phase-out schedule.

FY 1971 Program: Fiscal Year 1971 funding is requested to continue the services of the 10-man Civil Aviation Assistance Group provided by the Federal Aviation Agency (\$425,000) and to train 14 participants in the United States (\$50,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970		Proposed FY 1971				
Through 6/30/69	6,203	5,266	937	Direct AID	Contract/Other Agency	Total		U.S. Federal Aviation Agency		
Estimated FY 70	420	1,200		Direct AID	Contract/Other Agency	Total				
Estimated through 6/30/70	6,623	6,466	157	-	360	360	-		425	425
		Future Year Obligations	Estimated Total Cost	60	-	60	50		-	50
				-	-	-	-		-	-
				-	-	-	-		-	-
Proposed FY 71	475	-	7,098	60	360	420	50		425	475
			Total Obligations							

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Labor Department Administration	ACTIVITY	Labor	FUNDS	TA
PROJECT NUMBER	493-11-460-195	PRIOR REFERENCE	P. 101, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: 1971

Project Target and Course of Action: This project is designed to assist the Thai Department of Labor, established in 1966, to improve its operations in the manpower planning, staff training, and employment services areas. The objective is to develop a national organizational base from which needed government services in the labor field can be administered and decentralized in high priority rural areas and urban centers.

The Thai Parliament is now considering authorizing legislation permitting the formation of labor unions. U.S. advisory assistance played a key role in preparing this legislation. Continued assistance thru Fiscal Year 1971 will be required to help the Thai formulate policies and regulations in the areas of labor organization and labor-management relations.

A second aspect of this project is to broaden the capabilities of the employment service. The project has provided mobile field units to move from district to district to facilitate registration and recruitment of workers, particularly for development projects, in the security-sensitive areas of the Northeast.

The U.S. Department of Labor is providing advisory services to the Thai Labor Department in industrial relations, labor standards, labor statistics, and related areas. The Thai Government has requested that these services be continued through Fiscal Year 1971 because of increasing demands for them. A labor affairs advisor is currently in Thailand.

Progress to Date: The Thai Labor Department continued to

increase the number of regional labor offices and established additional regional and local employment offices. Three regional offices were added in Fiscal Year 1969 to the five in operation, with an average staff of four people each. The Department is continuing work on plans to open 10 small local Employment Service Offices in sites away from the regional labor offices.

The Labor Department is conducting surveys of employment and under-employment, and has led in compiling and evaluating manpower data, migratory labor surveys, agriculture labor force studies, etc. The initial survey of rural employment and farm labor migration has been completed with the assistance of the National Statistics Office.

FY 1971 Program: Fiscal Year 1971 funds are requested to provide the continued services of one labor affairs advisor and several short-time advisors under agreement with the U.S. Department of Labor (\$65,000); and short-term training in the United States for 8 new participants (\$30,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	
Through 6/30/69	234	175	59							U.S. Department of Labor
Estimated FY 70	90	125								
Estimated through 6/30/70	324	300	24							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	95	-	419	25	65	90	30	65	95	

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Comprehensive Rural Health	ACTIVITY Health and Sanitation		FUNDS TA/SA
	PRIOR REFERENCE P. 104, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
PROJECT NUMBER 493-11-540-179			

Project Target and Course of Action: The purpose of this project is to help the Thai Government establish a network of curative and preventive medical services in security-sensitive rural areas.

The program involves two approaches -- long-term development of the Thai Government's capacity to provide needed health services, and immediate impact activities. Impact operations include Mobile Medical Teams with volunteer Thai doctors; accelerated training of paramedics and health workers; preventive medicine; and village-based paramedical units.

The long-range program includes U.S. direct-hire advisory services and training for health officers and staff, as well as commodity support for hospitals, health centers and environmental health programs, primarily located in rural areas. In addition, this program contributes to an improved diet in rural areas through development, testing and commercialization of high-protein food supplements from indigenous food sources.

Progress to Date: Overall performance and effectiveness of project implementation have been good. The basic training of auxiliary health workers is proceeding on schedule. In-service training programs, conferences and workshops are being held at an expanding rate. In Fiscal Year 1969, a total of 1,225 health personnel were trained under A.I.D. programs: 75 doctors; 135 nurses and 1,015 paramedics. During Fiscal Year 1970, an additional 1,475 health personnel are being trained: 75 doctors, 145 nurses,

and 1,255 paramedics. Thirty-eight mobile medical teams are now in operation and final U.S. funding for this activity will be \$30,000 in Fiscal Year 1971 for some commodities; thereafter, it is expected that the Thai Government will support from its budget funds the units already in operation.

A U.S.-financed program for developing and testing new low cost protein foods (made from local sources) is going well. Partly as a result of U.S. support, the Thais have themselves instituted a new center for food research and development at Kasetsart University near Bangkok and promising results have been obtained from bean and fish sources. The United States is also financing market testing of high nutrition foods for possible commercial investment.

FY 1971 Program: The Fiscal Year 1971 request totals \$625,000. It will provide for the services of 10 direct-hire (\$225,000) public health advisors, and one short-term consultant (\$10,000). It will also finance U.S. training for 12 participants and third country training for 17 participants in public health and related fields, i.e., nursing, nutrition, etc. (\$110,000). Commodities (\$280,000) including drugs and pharmaceuticals, medical and laboratory equipment, and some vehicles will also be covered by the request.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
Through 6/30/69	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	4,729	3,190	1,539		Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated FY 70	740	1,375		U.S. Technicians	185	20	205	225	10	235	Archer Daniels Midland
Estimated through 6/30/70	5,469	4,565	904	Participants . . .	135	-	135	110	-	110	
				Commodities . . .	400	-	400	280	-	280	
				Other Costs . . .	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost		720	20	740	615	10	625	
Proposed FY 71	625	Undetermined		Total Obligations							

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Family Planning and Health	ACTIVITY Health and Sanitation	FUNDS DL
PROJECT NUMBER 493-11-580-209	PRIOR REFERENCE P. 105, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1968
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project is designed to assist the Thai Government to reduce Thailand's high population growth rate by: (1) helping to provide family health services throughout the country; and (2) assisting the Thai School of Public Health to strengthen its capability in family planning.

The immediate target is to help the Thai Government extend family health services to all 71 provinces by training 300 doctors, 550 nurses and 2,500 midwives in family planning methods; and by establishing 300 family health clinics in provincial and district hospitals, first class health centers and other facilities. A.I.D. will provide advisory services to the Ministry of Public Health, contraceptives and medical equipment for clinics and research, and participant training for doctors and nurses. Within the second category, A.I.D. will finance a U.S. university contract to: (1) provide for study in the United States in demography, the behavioral sciences and family planning methods; and (2) furnish advisory services to the Thai School.

Progress to Date: The project is on schedule, with programs being carried out in forty-four provinces. Over 100 doctors, 400 nurses, and 2,000 midwives have completed a one-week course in family planning, and some 140 clinics have been equipped for intra-uterine device insertions and medical examinations.

The number of reporting clinics has doubled since the beginning of 1969. The total number of new acceptors for

the first nine months of 1969 was about 80,000 compared to 185,000 for the previous three-year period, 1965-1968. The figures also indicate that services are being extended to the provincial areas (70 percent outside the Bangkok area) and that the Ministry of Public Health can be given credit for 70 percent of the new acceptors.

In Fiscal Year 1969, four short-term consultants from the University of North Carolina helped to develop detailed plans for the program involving the School of Public Health. A two-year contract for this activity is in the final stages of negotiation.

FY 1971 Program: Funds (\$100,000) are requested for 4 direct-hire population experts. A supplementary amount (\$60,000) is earmarked for contracting with five short-term researchers in the family planning/health field. U.S. training will be provided for 23 selected Thai doctors and medical technicians and third country training will be provided for 35 participants (\$165,000). Commodities, largely contraceptives, but also vehicles, laboratory and medical equipment, visual aids, books, etc. will be provided for clinics and training centers (\$1,375,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	1,949	364	1,585								University of North Carolina
Estimated FY 70	1,500	2,235									
Estimated through 6/30/70	3,449	2,599	850	U.S. Technicians	35	15	50	100	60	160	
		Future Year Obligations	Estimated Total Cost	Participants ...	150	-	150	165	-	165	
				Commodities ...	1,300	-	1,300	1,375	-	1,375	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 71	1,700	Undetermined		Total Obligations	1,485	15	1,500	1,640	60	1,700	

TABLE III

PROJECT DATA

Country: THAILAND

PROJECT TITLE	Development of Vocational Education	ACTIVITY	Education	FUNDS	TA
PROJECT NUMBER	493-11-610-194	PRIOR REFERENCE	P. 106, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1966	FY: 1972

Project Target and Course of Action: The objective of this project is to assist the Thai Government in its five-year program to strengthen and expand vocational education and teacher training. The Thai Government has committed the equivalent of \$32 million to this project including \$6 million borrowed from the International Bank for Reconstruction and Development for imported equipment, \$16 million for land acquisition and construction and \$10 million for operation of schools during this period. A.I.D. is providing technical advisors to the Department of Vocational Education, and participant training. In addition, the services of two university contract teams are being furnished. These teams are working with the teacher training institutions, one in vocational agriculture and one in trade and industrial education. Thai plans have the following goals: (1) expand buildings and equipment of fourteen trade and industry schools which will increase their capacity by 1,400 students and provide equipment and improved space for the present 5,600 students; (2) expand and improve nine agricultural schools, increasing enrollment from 2,600 to 4,100 students; (3) expand enrollment at the Thewes Technical College in Bangkok from 275 students to 540 students and graduate annually 180 teachers; and expand enrollment at Bang-Pra Agricultural Teacher Training College from 270 to 360 and graduate 150 teachers.

Progress to Date: Four A.I.D. vocational education advisors are presently working with officials of the Department of Vocational Education. Since June 1967 five

agriculture specialists from California State Polytechnical College have been assisting in the curriculum development and in-service teacher training at Bang-Pra Agricultural College, and in conducting agricultural seminars and workshops country-wide. Six of the seven members of the trade and industrial team from Oklahoma State University are working on curriculum development and in-service teacher training at Thewes Teacher Training College. It has been necessary to extend the scheduled final obligation date by one year because of implementation delays in the contracting process and resultant late arrivals of contract personnel in Thailand.
FY 1971 Program: Funds are requested for 3 direct-hire vocational education advisors (\$75,000); for a one-year extension of the California State Polytechnical College and Oklahoma State University contracts (\$525,000); and for U.S. training for 6 new participants, plus extensions for 30 vocational education trainees currently studying in the United States (\$35,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1970			Proposed FY 1971				
					Direct AID	Contract XXXX XXXX	Total	Direct AID	Contract XXXX XXXX	Total		
Through 6/30/69	1,837	819	1,018									California State Polytechnic College Oklahoma State University
Estimated FY 70	820	1,120										
Estimated through 6/30/70	2,657	1,939	718	U.S. Technicians Participants ...	110	520	630	75	525	600		
				Commodities ...	190	-	190	35	-	35		
				Other Costs ...	-	-	-	-	-	-		
		Future Year Obligations	Estimated Total Cost		-	-	-	-	-	-		
Proposed FY 71	635	100	3,392	Total Obligations	300	520	820	110	525	635		

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Rural Education	ACTIVITY Education	FUNDS SA	
PROJECT NUMBER 493-11-640-162	PRIOR REFERENCE P. 107, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project's objective is to increase the Thai Government's capacity to respond to the desire of the rural population for expanded and improved educational opportunities. It is also designed to make a substantial contribution to the Thai Government's counterinsurgency efforts in the security-sensitive areas of the North and Northeast. The project is subdivided into the following areas: (1) textbook and teaching materials program to develop an improved Thai capability in writing, editing, producing, and distributing programmed textbooks; (2) changwad education development program to expand and improve the quality of the upper primary and secondary school system, and to improve rural adult education, home and agricultural training centers, and educational radio broadcasting; and (3) mobile adult vocational training program to assist in expanding the quantity and use of mobile units for short-term training in various technical skills, i.e., auto-mechanics, radio repair, etc., of out-of-school youths and adults; (4) expanded assistance will be provided to assist, through participant training and contract advisory and commodity assistance, the new Minister of Education's plan to increase the output and quality of critically needed trained rural teachers while at the same time upgrading teacher training staffs.

Progress to Date: About five million textbooks have been printed on A.I.D.-financed paper imports. The Ministry of Education provides manuscripts, editorial work,

printing, and distribution. Five Thai have recently completed the first phase of training provided under contract in the art of programming text materials for books. Follow-on activities are continuing in order to evaluate anticipated improvements in curriculum content. Two accelerated rural development provinces were added during Fiscal Year 1969 to the ones receiving assistance for secondary schools and elementary supervisory units. Nine mobile training units were added in Fiscal Year 1969 to increase the total in operation to 27 out of the targeted 54 units. Approximately 22,000 students had received training by the end of Fiscal Year 1969.

FY 1971 Program: For Fiscal Year 1971 \$2,960,000 has been requested for this project. This amount will provide for: (1) 4 direct hire educational technicians (\$100,000); (2) one year's funding of a new contract for 8 technicians to provide technical assistance in teacher training (\$500,000); (3) training in teacher education for 60 participants in third countries and 120 participants in the United States; (\$1,100,000); and (4) commodities including vehicles, and instructional aids and equipment (\$1,260,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Resources Development Corporation
Through 6/30/69	5,196	2,640	2,556								
Estimated FY 70	2,275	2,530									
Estimated through 6/30/70	7,471	5,170	2,301	U.S. Technicians	100	160	260	100	500	600	
		Future Year Obligations	Estimated Total Cost	Participants . . .	790	-	790	1,100	-	1,100	
				Commodities . . .	1,225	-	1,225	1,260	-	1,260	
Proposed FY 71	2,960	Undetermined		Other Costs . . .	-	-	-	-	-	-	
				Total Obligations	2,115	160	2,275	2,460	500	2,960	

PROJECT TITLE	Local Government Improvement	ACTIVITY	Public Safety and Public Administration	FUNDS	TA
PROJECT NUMBER	493-11-790-145	PRIOR REFERENCE	P. 111, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1963
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project is designed to strengthen the ties between all levels of the Thai Government and the rural areas. The Royal Thai Government is being assisted in improving its responsiveness to local needs. A U.S. advisor has been working with the Ministry of the Interior to improve the capability within local rural councils to undertake limited government functions. The development of a legal framework of relationship between centrally administered government organizations is also a goal.

A.I.D. assistance will continue to be provided to the Training Division of the Thai Department of Local Administration which conducts training programs for provincial government and district officers. The Thai Government's "Developing Democracy Program", which is intended to lead to limited self-government at the local level will continue to be assisted. Vehicles are being provided to district officers of selected security-sensitive provinces to enable them to maintain contact with remote rural areas.

Progress to Date: The Training Division of the Local Administration Department started with an initial staff of 10 persons in 1963. It now has over 100 instructors and administrators. During 1969 the Division conducted 23 separate training programs for over 12,000 trainees. A pre-service training center for district offices was established in 1963 with the assistance of A.I.D.

Since then this center has trained 220 new district officers in five sessions of 9 1/2 months each. An additional 47 will graduate in May 1970. Based upon the success of this training, a similar program of shorter duration was established in 1969 for new assistant district officers.

FY 1971 Program: Fiscal Year 1971 funds of \$100,000 are requested for: (1) services of one direct-hire training advisor (\$25,000) short-term consultant/advisory services (\$10,000); (2) U.S. training for seven participants (\$55,000); and (3) commodities which include instructional materials (\$10,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	2,409	1,761	648							
Estimated FY 70	155	495								
Estimated through 6/30/70	2,564	2,256	308							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	100	Undetermined		155	-	155	90	10	100	
				Total Obligations						

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Fiscal Management	ACTIVITY	Public Safety and Public Administration	FUNDS	TA
PROJECT NUMBER	493-11-790-225	PRIOR REFERENCE	None	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1971	FY: 1974

Project Target and Course of Action: This project will assist the Thai Government improve the coordination of its fiscal management operations among the Budget Bureau, Ministry of Finance, National Economic Development Board and the National Audit Council. Attention will be given to the process through which monetary and fiscal policy decisions are reached in Thailand with a view to strengthening this mechanism. Beyond this, and equally important, assistance at the top levels of the Thai agencies will be provided to improve the program planning, budget preparation and auditing process, which is in some degree a responsibility of all these government agencies.

Problems in such areas as preparing budgets and making financial audits have delayed not only the implementation of projects which we support, but other Thai Government security-related activities as well. Over the years, many recommendations on various budget and fiscal matters have been made. These earlier efforts have come to bear fruit as the Thai now have recognized the need for further improvement in their budget and fiscal process. U.S. assistance will be instrumental in developing better governmental policies and practices affecting the allocation of all public sector resources, and in particular resources flowing to the North and Northeast. This project strives to identify the fiscal management problems clearly and to make plans to deal effectively with them.

At some point changes in procedures will need to be made within the operating ministries. However, initially, A.I.D. will furnish the services of one direct-hire advisor and short-term services to the Office of the Prime Minister as well as some participant training to assist in developing plans and getting agreement on basic policies affecting this project.

FY 1971 Program: Fiscal Year 1971 funds are requested for (1) the service of one direct-hire advisor (\$25,000) and 2 short-term contract advisors (\$35,000); and (2) the short-term and academic training of 10 participants in the United States (\$40,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated		OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	-	-	-							
Estimated FY 70	-	-	-							
Estimated through 6/30/70	-	-	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	100	300	400							
				Total Obligations	-	-	-	65	35	100

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Community Development	ACTIVITY Community Development, Social Welfare & Housing	FUNDS SA
PROJECT NUMBER 493-11-810-125	PRIOR REFERENCE P. 112, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1956
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project's goal is to strengthen the Thai Government's Rural Community Development Department, which trains and organizes volunteer village groups to help solve community problems. It is a part of the effort to counter insurgency in certain rural areas of Thailand. The Community Development program is expected to train 60,000 village leaders by 1971, and have approximately 1,500 organizers working in over 15,000 villages. U.S. specialists train and help Thai Government technicians operate village workshops which train village leaders who are then better able to identify village needs and obtain appropriate assistance from other Thai Government programs. A.I.D. provides audio visual equipment, mimeograph machines, projectors, loudspeakers, etc., to the Thai Government's Community Development Department for use in village organizations. A.I.D. also supports the construction capability of the Community Development Department by providing light construction equipment sets in the critical areas of the south where communist insurgents are operating. The Thai Government contribution is about \$5.7 million in Fiscal Years 1970 and 1971.

Progress to Date: Village leadership training was given to 24,000 villagers in Calendar Year 1969. Other training to villagers was given to 2,800 women and youths, and occupational training to another 9,700 persons. Professional training was given to 2,100 government officials involved in the Community Development program

and pre-service training provided to 360 newly-hired Community Development workers. This training has helped to increase confidence among village leaders that they can, in cooperation with government officials, make their villages more prosperous and better places in which to live. In this way, the project helps deny insurgent claims that they, not the government, offer the villagers better hope for the future.

FY 1971 Program: Fiscal Year 1971 funds are requested for the services of 4 direct-hire Community Development officers (\$100,000), the training of 5 participants in the United States and 27 in third country (\$60,000), and commodities which include vehicles and training aids (\$185,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS					
	Through 6/30/69	3,306	2,532	774	Estimated FY 1970		Proposed FY 1971		
					Direct AID		Contract/Other Agency	Total	Direct AID
Estimated FY 70	375	700		125	-	125	100	-	100
Estimated through 6/30/70	3,681	3,232	449	65	-	65	60	-	60
		Future Year Obligations	Estimated Total Cost	185	-	185	185	-	185
Proposed FY 71	345	Undetermined		-	-	-	-	-	-
				375	-	375	345	-	345
				Total Obligations					

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Accelerated Rural Development	ACTIVITY Community Development, Social Welfare and Housing	FUNDS SA
	PRIOR REFERENCE P. 113, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1964
PROJECT NUMBER 493-11-810-163		SCHEDULED FINAL OBLIGATION FY Reviewed Annually

Project Target and Course of Action: The goal of this project is to increase the range and effectiveness of Thai Government services in the security-sensitive rural areas of the Northeast. The basic idea is to increase the capacity of provincial government units to respond to local needs. Varied activities in the Northeast in health, education, agriculture, public administration, and public works are carried out for this purpose. This project pertains only to the administrative and public works aspects of the program. Other program needs are the subject of separate project requests. Road and water projects receive major emphasis among the public works under the project. Most accelerated rural development provinces have now completed road network plans and have set priority schedules for building roads to insurgency-threatened areas of population concentration.

Progress to Date: At the end of Fiscal Year 1969 the following public works had been accomplished: all-weather roads constructed - 1,735 Kilometers; service tracks and village access roads constructed or repaired - 1,293 kilometers; village streets repaired - 130 kilometers; 86 land clearing projects completed; 1,307 shallow-wells dug or repaired; 181 water storage ponds constructed; 115 small dams constructed. Non-public works activities included organization of 30 youth groups with membership of more than 2,000 and showing educational and informational films to villagers at an average of 136 per month. The governors of the 22 provinces in the program

emphasize village level development and public service as desirable ends in themselves as well as being counter-insurgency activities. A conference on "Development and Security" held in November 1969 was sponsored by the Office of the Prime Minister and attended by many high level government officials. There has been a noticeable improvement in the quality of provincial officials in the sensitive areas. Assignment to these areas is now generally considered a career opportunity, rather than an impediment. Increased attention is given to management of the provincial public works equipment pools, and to increased efficiency and output of these resources.

FY 1971 Program: Funding in Fiscal Year 1971 is requested for (1) 43 direct-hire engineers and development advisors (\$1,130,000); (2) 20 contract technicians funded for one year to train Thai in water resource development, engineering and construction trades, and in construction management (\$840,000) and a one year contract for air transportation services (\$260,000); (3) training of 40 participants in the United States in planning and engineering and 65 in third countries in rural development techniques (\$250,000); (4) commodities including road construction equipment and repair and maintenance equipment (\$3,090,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS							PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971				
				Direct AID	Contract/Other AID	Total	Direct AID	Contract/Other AID	Total		
Through 6/30/69	50,818	30,399	20,419							Ralph M. Parsons, Co. Vinnell Corporation Air America	
Estimated FY 70	5,110	12,000									
Estimated through 6/30/70	55,928	42,399	13,529								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 71	5,570	Undetermined									
			Total Obligations	4,785	325	5,110	4,470	1,100	5,570		

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Mobile Development Unit Planning, Engineering, and Construction	ACTIVITY	Community Development, Social Welfare and Housing	FUNDS	SA
PROJECT NUMBER	493-11-810-171	PRIOR REFERENCE	P. 114, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1964
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: The purpose of this project is to provide support to the Thai National Security Command program. This program aims to demonstrate the interest and capability of the Thai Government in improving the living conditions of people in hard-to-reach rural areas threatened by subversion. It is closely coordinated with the Accelerated Rural Development Program. Under the supervision of the Thai National Security Command, Mobile Development Units, consisting each of about 100 Thai soldiers and civilians, are assigned to specific target areas where they carry out psychological operations, civic action and development programs in fields of health, welfare, and small public works construction. Generally, a Mobile Development Unit in a province will cover three or four districts of approximately 100 villages each. A.I.D. assistance has been given primarily to outfit and advise three 83-men Mobile Development Unit construction detachments which build access routes and all-weather roads in the target areas. A.I.D. will continue to provide technical advice on planning, engineering design, and construction equipment operation, maintenance and repair.

and other resources which are either not at all available or in short supply in the ministries. The Ministries of Agriculture, Health, Mineral Resources, Highways, Education and others have assisted Mobile Development Unit programs. The provision of these government services has resulted in improved villager rapport with their government. Many physical improvements have also been realized such as: construction of about 4,000 kilometers of new road, upgrading of approximately 1,000 kilometers of old road, construction of over 500 bridges and many small water supply projects.

FY 1971 Program: Fiscal Year 1971 funds are requested for one direct-hire development officer (\$30,000), 20 participants for third country training (\$25,000), and commodities which include vehicles and construction equipment (\$230,000).

Progress to Date: There are now a total of 22 Mobile Development Units operating in remote rural areas that had previously little contact with the Thai government. They have been able to bring selected services of civilian ministries into these areas by providing transportation

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES Department of Defense (Army)
	Obligations	Expenditures	Unliquidated		Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	4,984	3,586	1,398								
Estimated FY 70	900	800									
Estimated through 6/30/70	5,884	4,386	1,498	U.S. Technicians	60	40	100	30	-	30	
				Participants . . .	-	-	-	25	-	25	
				Commodities . . .	800	-	800	230	-	230	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 71	285	Undetermined		Total Obligations	860	40	900	285	-	285	

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Northeast Economic Development	ACTIVITY Community Development, Social Welfare and Housing		FUNDS SA
	PRIOR REFERENCE P. 115, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY Reviewed Annually
PROJECT NUMBER 493-11-810-215			

Project Target and Course of Action: The objective of this project is to develop and implement a comprehensive economic development plan for Northeast Thailand. A coordinated program for development of the Northeast is a key element in the counterinsurgency strategy in Thailand. This strategy seeks to increase the amount and effectiveness of resources going to the Northeast.

Project activities are designed to assist the Thais to develop priorities; to develop a mechanism for planning and implementing activities on a regional basis and responsive to local needs; to assist in high-priority activities; and to stimulate the allocation of additional Thai resources, including those of the private sector, to development of the Northeast.

To improve the quality and speed of Thai planning and implementation, an A.I.D.-funded inter-disciplinary contract team is providing advisory services to sectoral planning groups for the Northeast constituted under the National Economic Development Board. The Thai groups have the task of drawing up the overall development plan, identifying projects for implementation, and assessing overall resource requirements. As the work of these groups progresses, U.S. assistance will be used to encourage and supplement Thai inputs in implementing projects identified in the planning process. These activities are to reflect an emphasis on infrastructure for the agricultural and education sectors. In addition, we are examining means to increase agri-business

investment in the Northeast in the fields of farm inputs, agricultural processing, marketing credit and other services. As individual projects are identified, they will be separately justified in future year requests.

Progress to Date: A seven-man contract team of economists and social scientists, plus short-term advisors, was fielded in late calendar year 1968. Economic data has been compiled which will serve as a basis for decisions on resource allocation and ultimately as a basis for the Northeast Economic Development Plan. Sectoral strategies have been developed and comprehensive planning handbooks have been prepared for each Northeast province. A Northeast Regional Planning Center has been established. Meetings and seminars have been held at the provincial level to determine requirements and to discuss planning procedures.

FY 1971 Program: The contract team will continue its work under prior year funding. U.S. training in development planning will be provided for 28 participants from the National Economic Development Board and the line ministries represented on the Northeast Economic Development committees (\$175,000). In addition, funds will be required for commodities to assist activities identified through the Northeast Economic Development planning mechanism (\$4,500,000). It had been anticipated that these activities would be initiated in Fiscal Year 1970. Because the planning process has taken longer than expected, funding requirements were deferred to Fiscal Year 1971.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	1,049	212	837		-	-	-	-	-	-	Louis Berger, Inc. and Systems Associates
Estimated FY 70	180	400		U.S. Technicians	180	-	180	175	-	175	
Estimated through 6/30/70	1,229	612	617	Participants ...	-	-	-	4,500	-	4,500	
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-	
				Other Costs ...	-	-	-	-	-	-	
Proposed FY 71	4,675	Undetermined		Total Obligations	180	-	180	4,675	-	4,675	

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE	Special Training for National Development	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	493-11-995-173	PRIOR REFERENCE	P. 116, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1965
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: This project provides specialized training to individuals who have been identified as likely future Thai leaders but whose activities are not directly connected to A.I.D. projects. Training under this project is also provided where projects have phased out, but a follow-up training element is still needed. The training given is not directed toward a degree. Applicants are considered and designated for areas of training which are related to mutual development objectives. A committee composed of representatives from A.I.D. and the Thai Government's Department of Technical and Economic Cooperation reviews and approves training proposals. Only those individuals who cannot be trained under other specific projects are considered. Participants selected for training must meet standard qualifications which include competence in English and physical fitness. An attempt is made to select people who are likely to be subsequently employed in the Northeast.

Progress to Date: This project was initiated in Fiscal Year 1965 when six participants were sent to the United States for training. In subsequent years, third country training has also been utilized wherever feasible. To date about 80 Thais have received specialized training.

FY 1971 Program: Under the Fiscal Year 1971 program, it is proposed to finance training for 85 participants in the United States (\$500,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES						
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Through 6/30/69	572	296	276							
Estimated FY 70	250	200		U.S. Technicians Participants ...	250	-	250	500	-	500
Estimated through 6/30/70	822	496	326	Commodities ...	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Other Costs ...	-	-	-	-	-	-
Proposed FY 71	500	Undetermined		Total Obligations	250	-	250	500	-	500

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Water Development Mun and Chi River Basins	ACTIVITY General and Miscellaneous	FUNDS TA	
	PRIOR REFERENCE P. 117, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1966	SCHEDULED FINAL OBLIGATION FY: 1971
PROJECT NUMBER 493-11-995-187			

Project Target and Course of Action: The purpose of this project is to prepare studies for two high priority water resources development projects for irrigation and flood control in the Mun and Chi River Basins of Northeast Thailand. It also is designed to upgrade the capacity of the Thai Government agencies involved to conduct such studies. Feasibility studies are being made of projects in the Mun and Chi River Basins, and a draft reconnaissance study has been completed of the Yang River Basin. The reconnaissance study will provide a technical basis for determining whether an investment is warranted. The feasibility studies will be used to support loan applications by the Thai Government to international lending agencies.

The Mun and Chi basins drain most of Northeast Thailand and their water resources are closely related to the Pa Mong project of the Mekong Committee. The projects, if found to be feasible, will permit the Thai Government to construct dams and irrigation systems in order to increase and diversify agricultural production.

The U.S. Bureau of Reclamation is coordinating these studies and their relationship to the larger Pa Mong project. Maximum use has been made of American engineering and consulting firms in gathering data for the reports. The Thai Royal Irrigation Department participates in the investigations and Thai personnel are receiving on-the-job training which will enable them to produce studies of a similar magnitude and quality acceptable to international funding sources. Important

steps of the project include: geologic investigations; aerial and ground surveys; land classification, hydrology; preliminary design and cost estimates of dams and irrigation systems; and socio-economic studies to determine the impact of irrigation on project areas. The U.S. Bureau of Reclamation is monitoring all contract work. The feasibility reports for the Nam Mun and Nam Chi are to be completed in February and May of 1971 respectively.

Progress to Date: The geology and material investigations under contract were completed in May 1969. Special engineering work also under contract for feasibility investigations, studies, designs, and cost estimates is on schedule for completion in May 1970. The U.S. Bureau of Reclamation team has completed a field review of land classification as well as calculations for irrigation-water requirements for the Mun and Chi Project areas. The Royal Irrigation Department has finished approximately half the work on designs for irrigation distribution systems for the Project.

FY 1971 Program: Fiscal Year 1971 funds totaling \$395,000 are requested for 9 U.S. Bureau of Reclamation engineers including backstopping services (\$380,000); and training for 3 participants in the United States (\$15,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/69	2,523	1,757		766	Estimated FY 1970			Proposed FY 1971		
						Direct AID	Other Agency	Total	Direct AID	Other Agency	Total
Estimated FY 70	240	850		U.S. Technicians	30	205	235	-	380	380	U.S. Bureau of Reclamation
Estimated through 6/30/70	2,763	2,607	156	Participants . . .	-	-	-	15	-	15	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	5	-	5	-	-	-	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 71	395	-	3,158	Total Obligations	35	205	240	15	380	395	

Country: THAILAND

PROJECT DATA

TABLE III

PROJECT TITLE Technical Support	ACTIVITY Technical Support	FUNDS TA
PROJECT NUMBER 493-11-999-000	PRIOR REFERENCE P. 118, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1955
		SCHEDULED FINAL OBLIGATION FY: Reviewed Annually

Project Target and Course of Action: This project provides the program support and overhead costs for each of the technical and related management divisions of the U.S. Mission to Thailand. The project covers the funding requirements of program and technical staff and secretarial and commodity support which cannot be specifically attributed to individual projects. The following types of activities are financed by this project: (1) procurement of office equipment and supplies; (2) communications media support; (3) monitoring loan-financed capital projects and terminating government-financed studies; (4) research and reporting on Thai economic and government institutions, and program evaluation studies. This project also covers activities undertaken by the Mission Director under the Special Development Activity Authority.

FY 1971 Program: Fiscal Year 1971 funds are requested to cover the following costs: (1) 76 direct-hire technicians and support personnel in the management, program, and technical divisions (\$2,025,000); (2) contract charges including personal services contracts for individual research projects, contracts for Mission support services, and program evaluation studies (\$485,000); (3) training for 4 participants in the United States (\$25,000); and commodities including vehicles, office and building supplies and furnishings and other support materials (\$333,000).

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS							PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971				
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/69	15,819	14,566	1,253								
Estimated FY 70	2,903	3,074									
Estimated through 6/30/70	18,722	17,640	1,082								
		Future Year Obligations	Estimated Total Cost								
Proposed FY 71	2,868	Undetermined									
				Total Obligations							

COUNTRY: THAILAND

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
50 KW Transmitter	493-11-225-193	1963	1968	1,081	1,043	38	-	38	-				1,081
Malaria Eradication	493-11-511-107	1951	1970	17,659	16,238	1,421	1,075	1,577	919				18,734
Potable Water	493-11-521-186	1966	1970	3,071	1,857	1,214	300	834	680				3,371
Chiengmai Medical School	493-11-540-174	1951	1968	5,888	5,397	491	-	491	-				5,888
Manpower and Educational Develop. Planning	493-11-690-142	1963	1968	1,548	1,416	132	-	132	-				1,548
Village Radio	493-11-710-185	1966	1969	2,492	2,064	428	-	428	-				2,492
Management Improvement	493-11-740-144	1962	1969	2,178	1,749	429	-	300	129				2,178
Civil Service Improvement	493-11-740-176	1965	1969	837	416	421	-	257	164				837
Government Statistical Services	493-11-780-124	1956	1969	1,510	1,418	92	-	92	-				1,510
Economic Feasibility Engineering Survey	493-11-995-132	1961	1968	1,740	1,610	130	-	130	-				1,740
Military Construction Support	493-12-990-197	1967	1967	69	51	18	-	18	-				69
Security Road Program	493-12-310-139	1963	1965	5,530	4,990	540	-	-	540				5,530
Total													
TC													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: THAILAND

Borrower: GOVERNMENT OF THAILAND

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Irrigation Projects, 493-H-010	
Date Authorized: June 19, 1962 Date Signed: August 31, 1962	
Loan Status as of 12/31/69	
Loan Terms	
(In Thousands of Dollars and Equivalent)	
Authorized	\$10,433
Disbursed	10,000
Repayments	151
Interest Collected	1,122
Duration	30 yrs.
Grace Period	5½ yrs.
Interest Rate	3%
Currency of Repayment ..	US\$

expected by the end of 1970.
Financial Status: All major construction equipment was delivered at project sites prior to fiscal year 1968. Slow deliveries caused by port congestion in Saigon during and prior to fiscal year 1967 have been overcome by rescheduling shipments on direct-to-Bangkok vessels. The revised procedures for operation of the Special Letters of Credit has proved successful and local currency reimbursement of the Royal Irrigation Department is on schedule for the portion of local costs included in the loan. The Terminal Disbursement Date of the loan was extended to December 31, 1970 to accommodate the procurement of 11 concrete truck mixers. The original procurement was delayed due to problems in preparing the specifications.

Host Country Contribution and Procurement Source: The Thai Government contribution is now estimated at \$22.97 million for local and foreign exchange costs. This represents an \$18.67 million increase from the original \$4.3 million estimate for local costs. The escalation was caused by design revisions requested by the Royal Irrigation Department with which A.I.D. concurred provided that all increased costs were borne by the Thais. All loan-funded off-shore procurement is limited to the United States and to U.S.-owned excess property.

Comments on Implementation: The progress schedule has been revised to reflect increases in project scope which will be fully funded by the borrower. Construction is proceeding at a rate which gives every indication of resulting in a completed project in a reasonable time for a project of this magnitude. Physical work on the project is of a good quality.

Purpose of Loan: This loan provides the foreign exchange financing and half of the local currency costs of the \$4.3 million original cost estimates for the engineering and construction of three irrigation projects in North and Northeast Thailand. These projects are intended to play a significant role in the Thai development program for economically depressed rural areas, particularly the Northeast. They also have a political value as a reflection of Thai Government concern for the welfare of the villagers who will benefit from these installations. The three projects are: (1) Lam Pao, north of Kalasin, in the Northeast; (2) Lam Pra Plerng, near Korat, in the Northeast; and (3) Me Tang, near the Burma border north of Chiangmai in North Thailand. Lam Pao project consists of an earth-fill storage dam which will create a reservoir of 450 million cubic meters of water and an irrigation canal system which, when complete, will irrigate 24,000 acres of land. The Me Tang project features a diversion dam and a distribution system to irrigate 54,000 acres of land.

Physical Status: With the guidance of loan-funded engineering firm, Engineering Consultants, Inc. of Denver, design and construction is being performed by the Royal Irrigation Department. Engineering design and supervision services are complete. Physical construction of the three irrigation projects is in the final phases, with final completion

STATUS OF DEVELOPMENT LOANS

TABLE V

Country: THAILAND

Borrower: GOVERNMENT OF THAILAND

Funds: DEVELOPMENT LOANS

Title and Number of Loan: Lam Nam Oon Irrigation, 493-H-013	
Date Authorized: June 21, 1967	Date Signed: September 11, 1967
Loan Status as of 12/31/69	Loan Terms
(In Thousands of Dollars and Equivalent)	Duration 25 yrs.
Authorized \$3,500	Grace Period 5 yrs.
Disbursed 129	Interest Rate 3-1/2%
Repayments -	Currency of Repayment . . US\$
Interest Collected 1	

has been surveyed and marked out. Construction work has begun on the reservoir, the main canals, service roads and the permanent site facilities. The temporary quarters and camp sites were essentially completed in September 1969. **Financial Status:** Two letters of commitment have been opened. The first in the amount of \$304,000 was opened on September 10, 1968 and the second in the amount of \$2,208,500 on January 19, 1970. **Host Country Contribution and Procurement Source:** The Thai Government is providing all local currency costs from the Royal Irrigation Department budget and all foreign exchange costs in excess of the loan. This is estimated to be the equivalent of \$9.9 million. All dollar procurement is limited to the United States. **Comments on Implementation:** The project appears to be well directed. Royal Irrigation Department of engineering and professional staff are in evidence, and the construction staff is working under active supervision. Engineering Consultants has two men at the site -- a canal expert and a soils technician. The limited amount of equipment on the project appears well maintained. Physical progress has been slowed somewhat by the extraordinary rainy season (35 percent greater rainfall than normal) and preparation of the technical specifications for the U.S. construction equipment.

Purpose of Loan: The purpose of this loan is to provide up to \$3.5 million toward the foreign exchange costs of a multi-purpose dam and irrigation system on the Lam Nam Oon River in Sakon Nakhon province in extreme Northeast Thailand. A compacted earth dam with a concrete spillway and concrete lined chute back to river gradient, with a stilling basin, will impound about 4.75 million cubic meters of water for flood control and irrigation. Moreover, some 54 kilometers of main canal and 62 kilometers of lateral canals, all concrete lined, will distribute irrigation water to approximately 70,000 acres of arable land. Included in the Thai-funded portions of the project are a resettlement scheme for the project area, a security plan for the engineering and construction forces, and a program for providing intensified agriculture extension services within the irrigation project area.

Physical Status: All conditions precedent to disbursement have been met and a letter of commitment to cover the services of the U.S. engineering firm (Engineering Consultants, Inc.) has been established. This firm is actively engaged in reviewing and updating final plans and specifications for construction of the project. As a result of Engineering Consultants' review of hydrology and the flow of the Lam Nam Oon River, the axis of the dam site has been slightly shifted. The new dam site

EAST ASIA REGIONAL DEVELOPMENT

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EAST ASIA REGIONAL PROGRAM

PROGRAM SUMMARY (In millions of dollars)				
	FY 1968 Actual	FY 1969 Actual	FY 1970 Estimated	FY 1971 Proposed
Development Loans	-	-	.6*	1.5*
Technical Assistance . . .	8.4	12.2	12.8	11.6
Supporting Assistance . . .	1.3*	2.4*	-	.2
Contingency Fund	-	2.7	-	-
Total A.I.D. Assistance	9.7	17.3	13.4	13.3

* Includes grants of \$1,325,000 in FY 1968, \$1,608,000 in FY 1969, \$641,000 in FY 1970, and \$1,500,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVE

The major objective of U.S. regional programs in East Asia is to help improve the prospects for long-range peace and stability in the area. A.I.D. supports Asian proposals for cooperative economic and social development involving several countries working together on common problems. A.I.D. also encourages maximum involvement of other developed nations and international organizations in such programs.

Specific program objectives are:

- to help the Mekong Committee and the four riparian nations develop the resources of the Lower Mekong Basin.
- to help the Southeast Asian Ministers of Education Council (SEAMEC) establish regional centers of academic excellence.
- to assist the Southeast Asian countries to prepare plans and project feasibility studies for regionally significant transportation and telecommunications projects.
- to support multilateral and cooperative efforts for improving the quality and supply of food.
- to support regional projects in Southeast Asia in family planning, labor activities and industrial productivity.

REGIONAL COOPERATION IN ASIA

While historical animosities and political and cultural differences remain, growing regional cooperation among East Asians is evidenced

by their increased political, economic and technical consultation and cooperation.

The Asian Development Bank (ADB) is becoming a strong factor in development and regional cooperation in Asia. The Bank has approved loans for 11 countries in the region. Through December 31, 1969, it has made 21 loans totalling \$117.7 million from its ordinary capital resources to Ceylon, Taiwan, Korea, Malaysia, Pakistan, Philippines, Singapore and Thailand. In addition, the Bank has made 6 loans on concessional terms from its Special Funds resources totalling \$22 million to Ceylon, Indonesia, Nepal, Philippines, and Western Samoa.

The Bank has also provided technical assistance in project preparation and advisory services to 10 countries at a total cost of about \$3 million through December 31, 1969. In addition the Bank has completed an extensive Asian Agricultural Survey and is undertaking a Regional Transport Survey and a Study of South East Asia's Economy in the 1970's. The latter study was endorsed by the Fourth Ministerial Conference for Economic Development in Southeast Asia, held in Bangkok in April 1969.

Four countries have provided financial assistance to the Bank for concessional lending through Bank's Special Fund resources. Japan has pledged \$100 million of which \$40 million has been contributed. Canada has pledged \$25 million of which \$10 million has been paid in, while Denmark and the Netherlands have authorized contributions totalling \$3.1 million. In addition the Bank has set aside \$14.6 million of its own funds for its Special Funds operations. The Bank has received grant technical assistance, totalling approximately \$2.0 million in value, from the U.S., Japan, U.K., Canada, West Germany, Denmark, Finland and New Zealand.

Japan continues to expand its assistance to Southeast Asia. In addition to contributing to the ADB's Special Funds, Japan has also accelerated its support for the Mekong Program by completing a feasibility study of a bridge over the Mekong between Nong-Khai, Thailand and Laos and by financing half of the approximately \$18 million foreign exchange costs of the Prek Thnot Dam in Cambodia. Japan is also a significant contributor to the Nam Ngum Dam Project under construction in Laos.

The Economic Commission for Asia and the Far East (ECAFE) created a task force at the request of the Council of Ministers for Economic Cooperation to undertake various studies related to promoting increased intra-regional trade. The Asian Statistical Institute was established in Tokyo in the fall of 1969 under

EAST ASIA REGIONAL PROGRAM

ECAFE Auspices. Planning is underway for the ECAFE Asian Industrial Development Council's proposed Asian industrial survey.

The Third Ministerial Meeting of the Association of Southeast Asian Nations (ASEAN) was held in Kuala Lumpur, December 1969 and was the occasion for resumption of diplomatic relations between Malaysia and the Philippines. The meeting also agreed to establish a fund to be used for regional projects and approved a permanent committee report containing 98 recommendations for regional economic cooperation.

The Asian Coconut Community held its inaugural session during September 1969. Its purpose is to coordinate all activities of the coconut industries in Ceylon, India, Indonesia, Malaysia, Philippines and Thailand so that optimum development of the industry is achieved.

FY 1971 PROGRAM

A.I.D. proposes \$13.3 million for its East Asia Regional Program in FY 1971. This compares with an estimated FY 1970 total of \$13.4 million. Increases proposed for FY 1971 (population and labor fields, Mekong planning) are offset by the decrease in funding required for completing feasibility studies of the Pa Mong Dam Project.

Mekong Program

This program will assist the Mekong Coordinating Committee in the development of the Lower Mekong River Basin. The Mekong River is the major single natural resource of mainland Southeast Asia. Exploitation of its hydro-power and irrigation potential could transform the Mekong Basin into a great power and food producing region.

A.I.D.-financed data and computerized systems analysis used by the Mekong Committee have helped complete a first draft of an amplified Mekong basin plan, several chapters of which are now being reviewed. The plan's aim is to identify development strategies and project priorities and recommend administrative and financial arrangements. It is also expected to identify additional planning and research requirements needed to supplement economic and engineering project feasibility studies. In prior years, A.I.D. financed the services of the Development and Research Corporation to assist the Committee's work.

An A.I.D.-financed U.S. Bureau of Reclamation Team completed in January 1970 the feasibility report on Stage I of a Pa Mong Dam Project. It concludes that a dam on the mainstream 20 miles west of Vientiane would be economically feasible. Its size would be impressive:

--Annual power output would be around 25 billion kilowatt hours (one and a half times that of Grand Coulee Dam).

--Reservoir capacity would be over 88 million acre-feet (enough to irrigate several million acres with no more than 10% power generation loss).

The Stage I Pa Mong Feasibility Study is now being reviewed by the Mekong countries, and by potential donors. Additional studies, primarily of irrigation aspects of the project, will be completed during FY 1971.

Construction of the Nam Ngum Dam, 50% financed by the United States and located on a tributary of the Mekong 30 miles north of Vientiane, is well under way. The river diversion was completed in December 1969, and work is underway on the dam foundation in mid-stream. A 115-KV electric power transmission line across the Mekong River carrying power from Thailand's Nam Pong hydroelectric power plant to Vientiane has been extended to the Nam Ngum damsite. Laos will repay the power it receives from Thailand with power from the Nam Ngum when it is completed, using the power transmission line in reverse.

As one of 27 countries, in addition to 12 UN agencies, participating in the Mekong Committee's work, the United States is contributing approximately one-sixth of the total resources so far devoted to the Committee's program. Japanese engineers have prepared a feasibility report on the Sambor mainstream project located in Cambodia. In July 1969 the World Bank accepted the UN Secretary General's invitation to become more closely associated with the development of the Mekong Basin, and since then the Bank has been studying the current status of the Mekong Program.

A.I.D. Technical Assistance proposed for FY 1971 will support the following Mekong Activities: \$1,200,000 for planning and survey services related to comprehensive development planning for the Mekong Basin and \$171,000 for completion of the Pa Mong feasibility work being carried out by the Bureau of Reclamation. The construction phase of the Mekong Ports and Cargo Handling Project,

EAST ASIA REGIONAL PROGRAM

initially planned for FY 1970, will begin in FY 1971 with \$200,000 in Supporting Assistance funds.

Education

A.I.D.'s regional education program is helping to establish regional centers for advanced training, education and research in selected fields and to encourage Asian cooperation in education. Since November 1965, when the Education Ministers of seven countries (Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam) met for the first time, the Southeast Asia Ministers of Education Council (SEAMEC) with a permanent Secretariat (SEAMES) has been created. The Ford Foundation has made a grant of \$197,000 to cover half of the Secretariat's administrative costs for the first three years; the other half is being met by the participating countries.

Under SEAMEC, projects are moving from planning and interim operations toward full implementation. A three-party agreement (SEAMEC, U.S. and Singapore) was signed in May 1969 providing for construction and operations (over five years) of the Regional English Language Center in Singapore. The Regional Center for Graduate Study and Research in Agriculture at the University of the Philippines, College of Agriculture began operations in July 1969, and the related construction of additional facilities was covered by an agreement signed in September 1969. The operational program of the Regional Center for Education in Science and Mathematics in Penang, Malaysia is scheduled to begin in July 1970, with agreement on the related construction expected shortly. Interim activities of the Regional Tropical Medicine and Public Health program are underway. Interim activities of the Regional Center for Educational Innovation and Technology will be undertaken at temporary quarters in Singapore, pending a move to Saigon, and planning is being completed for the Regional Center for Tropical Biology at Bogor, Indonesia.

The Trustees of the Asian Institute of Technology (AIT) in January 1969 authorized a construction program of approximately \$5.5 million, after receiving pledges equivalent to over half of this amount from the Thai, Australians and British, with the remainder planned for A.I.D. financing. Detailed plans have been completed by British architects. Site preparation of the first section (financed by Thailand) is expected to start soon.

A.I.D. Technical Assistance of \$4.6 million is proposed in FY 1971 for these regional education programs.

Transportation and Communications

A.I.D.'s objective is to stimulate coordinated transportation and telecommunications facilities in Southeast Asia, thereby promoting both economic development and greater cohesion in the region. In this regard, the United States contributed \$1 million in FY 1969 to a regional transportation survey of Southeast Asia by the Asian Development Bank. The Bank obtained another \$1 million from the United Nations Development Program and is expected to contribute the balance of the estimated \$3 million required from its own resources.

During FY 1969 and FY 1970, twelve feasibility studies of regional interest to eight Southeast Asian countries (Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, South Vietnam and Brunei) were initiated. Most of these studies are now completed and draft reports are under review by the countries concerned. Funds for the construction phase of feasible projects will be sought from international banking and other donor sources. Five additional studies have been funded by A.I.D. and will get underway by mid-1970.

The FY 1971 Regional Program proposes \$383,000 in Technical Assistance for additional regional transportation and communications studies.

Agriculture

A total of nearly \$1.1 million in A.I.D. Technical Assistance is proposed in FY 1971 for the following regional agricultural activities:

- Over the next several years A.I.D. will continue to support an expansion of research and training at the International Rice Research Institute (IRRI) in the Philippines (\$750,000) on food problems of other countries in the area.
- Release of the second year's tranche in support of the regional Asian Vegetable Development Center in Taiwan (\$200,000). Project plans have been completed, pledges of support are being received and it is hoped to start the project in FY 1970. The Center will develop new varieties of vegetable seeds and improved cultural practices adapted to the conditions in Southeast Asia.

EAST ASIA REGIONAL PROGRAM

--Release of the third and last increment of U.S. commodity support to the Japanese-initiated Southeast Asia Fisheries Development Center (\$100,000). The Center includes a research department in Singapore and a training department in Bangkok. It is financed by Japan, \$500,000 for two research and training vessels; Singapore, \$800,000 for land and buildings; and Thailand, \$1 million for land and buildings. These three countries have also shared operational costs amounting to about \$200,000 a year. The research and training vessels have arrived in Singapore and Bangkok and are preparing for active duty. Teaching and administrative staff are being assembled.

Family Planning

Through the regional program, A.I.D. will help international organizations to develop and maintain expanded family planning programs.

In FY 1971, \$1.5 million is proposed to finance: (1) a contract with the Population Council, Inc. for advisory services and other assistance in population matters to countries in the region, (2) a family planning advisor working in the Colombo Plan, (3) regional seminars and workshops held under Asian auspices, and (4) third year financing for the population program at the East-West Center in Hawaii.

Other Programs

A.I.D.'s East Asia regional program proposal includes the following other activities in FY 1971: (1) continued assistance to the SEATO Cholera Research Laboratory, which is concentrating on development of a perfected cholera vaccine (\$680,000), (2) support for the Southeast Asia Development Group and its research program (\$625,000), (3) financing for the Asian-American Free Labor Institute activities (\$938,000) and (4) funding for the Regional Logistical Center in Japan, which provides advisory logistical support for A.I.D. programs in East Asia (\$255,000).

In addition, A.I.D. will provide \$1.7 million in Technical Assistance through the Regional Technical Advisory Services project for various regional activities including: salaries for A.I.D.'s Regional Development Office in Bangkok, funding for A.I.D. personnel assigned to the Office of the U.S. Director of the Asian Development Bank, and furnishing advisors to, and participating in surveys and seminars of regional organizations (e.g., ECAFE, Asian Industrial Development Council). This project will also finance training at the Asian Labor Education Center (Philippines), a management training survey and support of selected Asian Productivity Organization activities.

SUMMARY OF PROGRAM BY FUNCTION

(Dollar Amounts in Thousands)

Country: EAST ASIA REGIONAL DEVELOPMENT

TABLE II

Category	Actual FY 1969				Estimate FY 1970				Proposed FY 1971		
	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.	Conting. Fund	Total	Tech. Coop.	Supp. Assist.
Development Loan Program	-	XXX	XXX	XXX	641*	XXX	XXX	XXX	1,500*	XXX	XXX
Programs Other than Devel. Loan											
Project Assistance											
U.S. Technicians	7,572	5,964	1,608	-	5,350	5,350	-	-	4,331	4,331	-
Participants	11	11	-	-	75	75	-	-	80	80	-
Commodities	558	558	-	-	1,230	1,230	-	-	1,550	1,550	-
Other Costs	9,124	5,624	795	2,705	6,145	6,145	-	-	5,839	5,639	200
Total Project Assistance	17,265	12,157	2,403	2,705	12,800	12,800	-	-	11,800	11,600	200
Method of Financing											
Project Assistance											
Direct A.I.D.	2,392	2,392	-	-	1,211	1,211	-	-	1,480	1,480	-
Other Agency	2,973	2,973	-	-	2,246	2,246	-	-	1,636	1,636	-
Contract	11,900	6,792	2,403	2,705	9,343	9,343	-	-	8,684	8,484	200
Program Assistance	-	-	-	-	-	-	-	-	-	-	-
Total Other than Devel. Loan	17,265	12,157	2,403	2,705	12,800	12,800	-	-	11,800	11,600	200
Total Assistance	17,265	XXX	XXX	XXX	13,441	XXX	XXX	XXX	13,300	XXX	XXX

*Represents population program grants under Title X of the Foreign Assistance Act

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	25	29	29
Participating agency	22	21	21
Contractor technicians	30	32	32
Total	77	82	82

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	3	5	13
Contract	-	10	15
Total	3	15	28

PROJECT TITLE Mekong Basin Development Planning	ACTIVITY Agriculture and Natural Resources		FUNDS TA
	PRIOR REFERENCE P. 127, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1970	SCHEDULED FINAL OBLIGATION FY: Reviewed Annually
PROJECT NUMBER 498-15-120-220			

Project Target and Course of Action: This project assists the Mekong Coordinating Committee to assemble and analyze data needed for planning the development of the Mekong River Basin. The Committee, with help from A.I.D. and other donors, has completed a preliminary draft of an Amplified Basin Plan, it will require specialists to refine the plan and initiate its implementation. As an over-all basin development plan evolves and is reviewed, new studies will be needed to assure optimum use of resources.

The following kinds of needs for which the United States, the World Bank and others may be asked to provide support are: (1) provision of specialists to help the Committee develop its capabilities to store, retrieve, and analyze data; (2) studies and advice on the social dislocation involved in basin development; (3) development of water quality standards for irrigation and other purposes; (4) maintenance of the Mekong Basin Resources Atlas and Bibliography; (5) studies of selected water resources projects; (6) refinement of alternative approaches for relating Mekong Delta development to the overall Mekong Basin Plan; (7) studies of tropical soils and agriculture; (8) pilot projects in irrigation and rural electrification; and (9) examination of various health and rural organization projects.

Progress to Date: Project activities began in Fiscal Year 1970. Substantial progress has been made in preparing a preliminary plan for development of the lower Mekong Basin.

Committee seminars on specific projects and on their legal and institutional aspects have been held. Initial ecological studies and social impact and geologic resource investigations have been completed.

FY 1971 Program: Proposed for funding are: A direct hire technician (\$30,000) and an other agency technical advisor (\$30,000), plus \$10,000 in other costs to assist the Mekong Committee in water resources planning. The Smithsonian Institution will study the ecology of water-borne diseases and recommend controls (5 man-years; \$150,000). Six Geological Survey technicians will study the basin for geologic resources and advise the Mekong Committee (\$200,000). The Engineer Agency for Resources Inventory will survey the resource potential of islands in man-made reservoirs (1 man-year: \$40,000). Contracts will be made for: A study of the social impact of irrigation (1 man-year: \$50,000); an analysis of economic benefits from storage projects including effects of incremental changes in dam heights and interest rates (2 other agency personnel, 5 contract; \$220,000); a study of a regional power transmission grid (4 advisors; \$160,000); an advisor in irrigated agriculture (\$30,000); and a tributary project reconnaissance study (8 advisors; \$200,000) plus \$10,000 in support costs. Under funds-in-trust with the UN, a computer hydrologist will be provided (\$40,000). Eight riparian technicians will be trained in the U. S. and 5 in East Asia (\$30,000).

U.S. DOLLAR COSTS (In Thousands)				PRINCIPAL CONTRACTORS/AGENCIES							
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
Through 6/30/69	-	-	-		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Smithsonian Institution U.S. Geological Survey Department of Interior Dr. Howard Kaufman Asia Foundation U.S. Bureau of Reclamation U.S. Army Corps of Engineers
Estimated FY 70	660	350		U.S. Technicians	40	555	595	30	1,080	1,110	
Estimated through 6/30/70	660	350	310	Participants . . .	-	25	25	-	30	30	
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	-	-	-	-	-	
				Other Costs . . .	-	40	40	50	10	60	
Proposed FY 71	1,200	Undetermined		Total Obligations	40	620	660	80	1,120	1,200	

PROJECT TITLE	Asian Vegetable Development and Research Center	ACTIVITY	Agriculture and Natural Resources	FUNDS	TA
PROJECT NUMBER	498-11-130-212	PRIOR REFERENCE	P. 128, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1970	FY: 1974

Project Target and Course of Action: This project will help achieve better nutrition and health in East Asia by improving the production, processing and marketing of vegetables for consumption in East Asia. Outside of Japan and Taiwan, farmers in East Asia presently lack the technical know-how to produce efficiently high quality vegetables. Little adaptive research has been done in Southeast Asia to take advantage of recent developments for improving productivity and quality.

The proposed Asian Vegetable Development Center to be set up in Taiwan will (1) expedite the adaptation and transfer of current Japanese and Chinese vegetable technology to other Asians; (2) develop new varieties and techniques to improve quality and productivity; and (3) provide training for member countries. The Center will also do research on fertilizer application, cultivation practices, food preservation, and storage. It will assist participating countries to establish experimental stations and furnish them seeds, plant materials and information. It will also assist the private sector in seed production and development of improved equipment.

Progress to Date: In 1966, A.I.D. provided two U.S. vegetable experts, and Japan and Taiwan one specialist each to assess the need for establishing a vegetable project in East Asia. Subsequently the Joint Commission on Rural Reconstruction in Taiwan, in consultation with other Asian countries, prepared plans for such a Center.

Plans for the Center were discussed and approved in Taiwan in mid-August 1968 by representatives from China,

Korea, the Philippines, Vietnam, Thailand, Japan, the United States and the Asian Development Bank.

The \$7.5 million financial plan covering 5 years calls for the host country (China) to provide 30 percent of the total cost, other Asian member countries to contribute 30 percent and the United States 40 percent (\$3 million).

Thus far, China has agreed to finance 30 percent of the total costs; Thailand has pledged the first year increment of its 5 percent share; the Philippines has agreed to contribute 1 percent; and Japan will provide technical assistance (no dollar figures are available). In addition the Asian Development Bank has agreed to grant \$300,000 over 2 years (about 4 percent). Additional contributions are being sought for the additional 20 percent required.

FY 1971 Program: Assuming satisfactory funding arrangements can be developed, \$200,000 is requested for a 12-month contract with a U.S. university of which \$125,000 will fund 5 U.S. technicians. The \$75,000 balance of the request is for U.S. source laboratory equipment and supplies. This project was originally scheduled to start in Fiscal Year 1969 but delays in firming up financial plans caused a deferral to Fiscal Year 1970. For the same reason, proposed U.S. Fiscal Year 1970 funding has been reduced from \$500,000 to \$100,000.

U.S. DOLLAR COSTS (In Thousands)				Cost Components	OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated		Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract/PLANNED/AGENCY	Total	Direct AID	Contract/PLANNED/AGENCY	Total	
Through 6/30/69	-	-	-								
Estimated FY 70	100	-		U.S. Technicians	-	-	-	125	125		
Estimated through 6/30/70	100	-	100	Participants . . .	-	-	-	-	-		
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	100	100	-	75	75	
				Other Costs . . .	-	-	-	-	-	-	
Proposed FY 71	200	2,700	3,000	Total Obligations	-	100	100	-	200	200	

PROJECT TITLE International Rice Research Institute	ACTIVITY Agriculture and Natural Resources		FUNDS TA
	PRIOR REFERENCE P. 131, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1968	SCHEDULED FINAL OBLIGATION FY: 1975
PROJECT NUMBER 498-15-130-221			

Project Target and Course of Action: A.I.D. assistance is proposed to enable the International Rice Research Institute to increase its capacity for research, training and technical assistance in the field of rice culture and production. This will help the Institute to extend its training and consultant services in the Far East and South Asia. The rapid spread of high yielding rice varieties by the Institute has led to more requests for training and technical assistance than it can meet with the existing facilities and staff.

The Institute was founded in 1962 by the Ford and Rockefeller Foundations with the cooperation of the Philippine Government. Located at Los Banos near Manila, it is staffed by about 25 scientists from 7 countries and does research in most fields of science related to rice plants.

The expansion of operations and the increased cost of maintaining and operating the Institute requires additional funds. The Institute has approached other donors to provide financial assistance to hire the additional staff and fund training and other costs. The Ford and Rockefeller Foundations are continuing their support of the project at the same level as in FY 1970. Initial contributions for technical assistance are expected from other donors during 1970, and the Institute anticipates that such contributions will be adequate to carry on the expanded operations. The Government of Canada is planning support of the Institute for a five-year period at

a level equivalent to United States support.

Progress to Date: The Institute has already demonstrated its ability to carry out research, training and consultant services. The development of the "Miracle Rice", IR-8, is the best known example.

Procurement of U.S.-source goods and services began in Fiscal Year 1969 and work is scheduled to begin on expanded facilities in 1970.

FY 1971 Program: \$750,000 is proposed as a one-year grant to the International Rice Research Institute to be used for support of its research and training budget. The Institute will use these funds primarily for U.S. laboratory equipment and supplies, vehicles and office equipment (\$500,000), and services such as international travel on U.S. carriers, insurance and short-term specialists (\$250,000).

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
Through 6/30/69	400	30	370		Direct AID	Contract/Agency	Total	Direct AID	Contract/Agency	Total
Estimated FY 70	350	250		U.S. Technicians	-	-	-	-	-	-
Estimated through 6/30/70	750	280	470	Participants . . .	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities . . .	-	300	300	-	500	500
				Other Costs . . .	-	50	50	-	250	250
Proposed FY 71	750	1,650	3,150	Total Obligations	-	350	350	-	750	750

International Rice
Research Institute

PROJECT TITLE	Southeast Asia Fisheries Development Centers	ACTIVITY	Agriculture and Natural Resources		FUNDS	TA	
PROJECT NUMBER	498-11-180-214	PRIOR REFERENCE	P. 130, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1969	SCHEDULED FINAL OBLIGATION	FY: 1971

Project Target and Course of Action: The purpose of this project is to increase the available supply of fish protein in East Asia, thereby improving area nutritional standards. While fish production has been increasing in recent years, productivity has been declining as a result of overfishing in offshore waters. Fishing generally is conducted in shallow waters, using mostly non-powered craft and antiquated equipment. Vessels are, in most cases, too small to engage in deep sea fishing. Fisheries officers in government and industry lack the training to plan and direct deep sea fishing, and fishermen lack the skills to operate the larger vessels needed.

It is estimated that 80 percent of the seafood is consumed in metropolitan areas of Southeast Asia, mainly near the coasts. Expanding distribution to serve also the preponderant rural population requires improved technology in storage and processing.

The Southeast Asia Fisheries Development Center, originally proposed by Japan, is designed to increase the production of food from the sea in Southeast Asian countries through applied research and training. Two departments have been established for the Center -- a Training Department in Bangkok and a Research Department in Singapore.

Progress to Date: The Center came into existence officially with the signing of an agreement by Japan, Malaysia, Philippines, Singapore, Vietnam, and Thailand in January 1968. The Council of the new organization

held its first meeting in Bangkok in March 1968 and its second meeting in Tokyo in December 1969.

The Research Department started operations in mid 1969 with the arrival in Singapore of 21 Japanese research advisors and a Japanese research vessel. Facilities for the Training Department in Bangkok will be completed by mid 1970. A Japanese training vessel has already arrived in Bangkok.

FY 1971 Program: The Center's budget calls for equipment, mainly research vessels (\$500,000) from Japan, land and buildings (\$1,000,000) from Thailand and (\$800,000) from Singapore, and \$723,000 for supplies and other operating costs, which are shared by the host countries, Japan, and the United States. A.I.D. proposes to contribute U.S. source items of support, such as laboratory equipment, books and fishing gear. The estimated cost of these items for FY 1971 is \$100,000.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
				Direct AID	Contract/ GRANT	Total		Direct AID	Contract/ GRANT	Total
Through 6/30/69	100	-	100		-	-	-	-	-	
Estimated FY 70	100	50			-	-	-	-	-	
Estimated through 6/30/70	200	50	150	U.S. Technicians	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	Participants ...	-	-	-	-	-	
				Commodities ...	-	100	100	-	100	100
				Other Costs ...	-	-	-	-	-	
Proposed FY 71	100	-	300	Total Obligations	-	100	100	-	100	100

PROJECT TITLE Asia Free Labor Union Development	ACTIVITY Labor	FUNDS TA	
PROJECT NUMBER 498-11-410-017	PRIOR REFERENCE P. 133, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1969	SCHEDULED FINAL OBLIGATION FY: Undetermined

Project Target and Course of Action: The purpose of this project is to strengthen Asian labor unions. Through a contract with the Asian American Free Labor Institute, established by the American Federation of Labor Congress for Industrial Organization, assistance will be provided to Asian labor organizations through short term and long term in-country training programs.

The Asian American Free Labor Institute as prime contractor sub-contracts with several U.S. union affiliates of International Trade Secretariats for short term in-country work shops. These affiliates are: Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees; Retail Clerks International Association; Communication Workers of America; and International Federation of Petroleum and Chemical Workers. Programs will be conducted in trade union leadership, skills training, cooperatives, housing, social welfare, and other subjects designed to improve local labor organizations.

In addition, the Institute will carry on a longer term country training program in the Philippines and is reviewing the feasibility of programs in other Asian countries. Under the sponsorship of the local trade unions, the Institute will develop programs and projects to train workers in union organization, leadership and administration; establishment of cooperatives and credit unions; press, publications and other communications activities; and skills training in such fields as

automotive and equipment repair and maintenance.

Progress to Date: A contract was signed with the Asian American Free Labor Institute in June 1968. Subsequently, short term workshops have been held in India, Malaysia, Philippines, Turkey and Pakistan. The Institute's country program in the Philippines got underway in March 1969. Its staff of 2 Americans and 12 local hire employees has conducted 2 workshops and plans several more for Fiscal Year 1970.

FY 1971 Program: \$938,000 ~~proposed~~ provides a year's funding to finance the third year of a contract with the Asian American Free Labor Institute. This will cover: \$200,000 for 4 full-time labor union specialists and about 10 labor union instructors on a part-time or consultant basis; \$50,000 for 15 participants to be sent for training to the United States and third countries; \$100,000 for commodities such as audio-visual aids, office equipment, and small offset printers. Under Other Costs, \$338,000 is for local costs in the region such as local travel and local instructors, and rental of office and teaching facilities, and \$250,000 for surveys and general administration costs in the United States. The Institute has plans to operate in Korea, Philippines, Pakistan, India, Turkey, Malaysia and possibly other countries.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
	Through 6/30/69	503	126		377	Estimated FY 1970			Proposed FY 1971		
						Direct AID	Contract OTHER EXPENSE	Total	Direct AID	Contract OTHER EXPENSE	Total
Estimated FY 70	600	400			-	200	200	-	200	200	Asian American Free Labor Institute
Estimated through 6/30/70	1,103	526	577	U.S. Technicians	-	50	50	-	50	50	
		Future Year Obligations	Estimated Total Cost	Participants . . .	-	100	100	-	100	100	
				Commodities . . .	-	250	250	-	588	588	
				Other Costs . . .	-			-			
Proposed FY 71	938	Undetermined		Total Obligations	-	600	600	-	938	938	

PROJECT TITLE SEATO Cholera Research	ACTIVITY Health and Sanitation	FUNDS TA
PROJECT NUMBER 498-11-510-138	PRIOR REFERENCE P. 134, FY 1970 EA PDB	SCHEDULED FINAL OBLIGATION FY: Undetermined
	INITIAL OBLIGATION FY: 1959	

Project Target and Course of Action: The purpose of this program is to develop and demonstrate improved techniques for the prevention and eventual eradication of cholera. Research is carried on at the SEATO Cholera Research Laboratory at Dacca, Pakistan, by the United States, the United Kingdom and other SEATO member countries. Related research is conducted in the United States. Operations are under the direction of the U.S. National Institutes of Health and the International Directing Council of the Cholera Research Laboratory.

Progress to Date: United States involvement began with a study of patients in South Asia in December 1962, when a basic laboratory and 20-bed hospital were completed. This study resulted in the development of new and simplified methods for the rapid diagnosis and treatment of cholera. New high potency cholera vaccines are now being tested. In Fiscal Year 1968, a new phase of research was started to develop specialized studies of cholera in children. During Fiscal Years 1969 and 1970, the Laboratory continued to: (1) extend studies on practical methods for treatment of cholera in Asia; (2) train Filipinos, Thais, and other Asians in modern diagnosis and treatment; (3) evaluate the efficacy and duration of effect of bacterial cell vaccines and drugs; (4) develop new toxoids to prevent cholera; (5) develop special physiological and chemical studies related to better and less expensive methods of treatment; and (6) extend studies of the role of food and water in transmission of cholera.

The Government of Pakistan provides the various research, hospital and field treatment facilities. In Fiscal Year 1970 the National Institutes of Health and the U.S. Communicable Disease Center provided \$166,000 for salaries of research specialists and \$1,000,000 equivalent (purchased from Public Law 480 proceeds) for local research expenses. The A.I.D. Mission in Karachi provided an additional \$170,000 in local currency for logistic support; the United Kingdom contributed \$35,000 and Australia provided \$9,000 for technical staff and equipment.

Based on an inter-agency review the present SEATO Cholera Research Program is to be continued to Fiscal Year 1975 depending on progress made in the program; an interim appraisal of the program's progress will be undertaken in Fiscal Year 1972. The present vaccine, under the best circumstances, is assumed to confer up to 85 percent protection for as long as 6 months. In the next several years, the SEATO Research Laboratory will field test a new high potency vaccine which may give protection for one to two years with as much as 85 to 90 percent protection. **FY 1971 Program:** \$680,000 is requested to continue the services of the National Institutes of Health. This amount will provide for 3 technicians (\$54,000); laboratory supplies and equipment (\$200,000); training, field tests, and the development and production of toxins and toxoids (\$426,000).

U.S. DOLLAR COSTS (In Thousands)						PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970			Proposed FY 1971			
Through 6/30/69	2,267	1,928	339	Direct AID	Other Agency	Total	Direct AID	Other Agency	Total	National Institutes of Health
Estimated FY 70	673	700		-	54	54	-	54	54	
Estimated through 6/30/70	2,940	2,628	312	-	-	-	-	-	-	
		Future Year Obligations	Estimated Total Cost	-	193	193	-	200	200	
				-	426	426	-	426	426	
				-	673	673	-	680	680	
Proposed FY 71	680	Undetermined								

PROJECT TITLE	Regional Family Planning	ACTIVITY	Health and Sanitation	FUNDS	DL
PROJECT NUMBER	498-11-580-200	PRIOR REFERENCE	P. 135, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1967	FY: Reviewed Annually

Project Target and Course of Action: The purpose of this project is to develop and support in East Asia programs, training and research of regional significance which are related to family planning. Population growth rates in the region are among the highest in the world. Several of the countries are faced with underemployment or unemployment problems, which will be magnified by rapid population growth. Since family planning efforts by governments in the region are in many cases in their initial stages, a regional approach through international organizations and private foundations is needed to facilitate support of in-country and multinational programs. This project supports such activities as the efforts of East Asian institutions and organizations to expand or develop family planning programs.

Progress to Date: The Population Council, under contract, provided guidance for a regional population meeting held in May 1968 in Taiwan. It supports an oral contraceptive program in Korea, as well as research and evaluation, and offers technical guidance for programs in the other countries of East Asia. The Population Council also assists a training program in family planning operated by the Republic of China in Taiwan. Under this program personnel from neighboring Asian countries are trained in a variety of fields related to family planning.

A.I.D. contracted with the East-West Center in Hawaii in Calendar Year 1968 for \$2,100,000 covering a 3 year period to do the following: (1) train students

from Asia and the United States at the graduate level in family planning administration, demography, sociology, and economics to enable them to study and resolve population-related problems; (2) upgrade faculty, improve curriculum, and stimulate and coordinate research in population-related problems; (3) carry out basic and applied research at Asian and U.S. colleges; and (4) develop new insights for the solution of specific problems in population growth related to economic development.

Through the Colombo Plan, a full time population Officer is being provided to assist in-country training programs in member countries.

A.I.D. also supports seminars and workshops including travel funds for third-country participants to attend regional workshops on family planning.

FY 1971 Program: A total of \$1,500,000 is proposed for regional family planning activities as follows: \$600,000 for a one year extension of the Population Council contract; \$30,000 for a Population Officer for the Colombo Plan plus \$10,000 for related costs such as regional travel, conference and seminar expenses and audio-visual and instructional materials; \$60,000 for regional seminars under contract with a foundation; \$800,000 for a one year extension of the East-West Center Contract. The costs of commodities are equally divided between the two principal contracts.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
					Direct AID	Contract Agency		Total	Direct AID	Contract Agency	Total
Through 6/30/69	3,258	409	2,849					Population Council East-West Center			
Estimated FY 70	641	700									
Estimated through 6/30/70	3,899	1,109	2,790	U.S. Technicians	35	-	35		30	-	30
		Future Year Obligations	Estimated Total Cost	Participants ...	-	-	-		-	-	-
				Commodities ...	--	100	100		-	100	100
				Other Costs ...	6	500	506		10	1,360	1,370
Proposed FY 71	1,500	Undetermined		Total Obligations	41	600	641	40	1,460	1,500	

PROJECT TITLE	ACTIVITY	FUNDS	
Asian Institute of Technology	Education	TA	
PROJECT NUMBER	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
498-11-660-114	P. 136, FY 1970 EA PDB	FY: 1958	FY: 1974

Project Target and Course of Action: This project is to assist in developing an institution for graduate study and research in engineering, responsive to the needs of Southeast Asia.

Progress to Date: Established in 1959 as the SEATO-sponsored Graduate School of Engineering, the Asian Institute of Technology was chartered as an independent entity in November 1967 by legislative action of the Thai Government. The Institute now offers graduate programs in hydraulics, transportation, structures, soils, and public health engineering, as well as research facilities for students and faculty. By the summer of 1969, 282 students had received the Degree of Master of Civil Engineering. The school now has about 184 students from eleven countries.

Expansion of the Asian Institute of Technology and establishment of regional educational centers, both under the Southeast Asian Ministers of Education Program, form the \$56 million multi-year regional education development effort to which the United States in 1966 indicated willingness to give support of \$28 million, subject to Congressional approval and availability of funds. Three of the 22 Institute Trustees are Americans: Henry T. Heald, former Ford Foundation President; John A. Hrones, Provost, Case Institute of Technology; and James A. Linen, former President, Time, Inc. Dr. Puey Ungphakorn of Thailand is the Chairman of the Board. The Institute is moving ahead with plans to construct a new campus to provide for 300 to 400 students. Based on a study by an

American firm, these plans require a minimum of \$5.5 million. The United States plans to contribute up to \$2.75 million (50 percent) to construction (about \$1.65 million in Fiscal Year 1970 and \$1.1 million in Fiscal Year 1971). Australia has agreed to contribute \$500,000, Thailand \$1,000,000 and the United Kingdom \$1,250,000.

With adequate funds in sight for the basic campus, contracts for site development were let by the school in October 1969, and bids for construction are to be solicited in late 1970.

Beyond contributions for construction, A.I.D. plans to continue its contributions, along with other donors, to the operational costs of the Institute, including the provision of American faculty and scholarships. These costs are estimated at \$1,105,000 in Fiscal Years 1970 and \$1,000,000 in Fiscal Year 1971. U.S. contributions to operations are planned to decline gradually, ending in Fiscal Year 1974.

FY 71 Program: To continue for one year a contract with the Colorado State University Research Foundation \$588,000 is requested for 21 professional specialists. \$412,000 is requested for a grant to the Institute to provide scholarships for third-country students, local-hire of professional and clerical staff members, and funds for equipment rental, and \$1,105,000 as the second portion of the U.S. contribution to constructing and equipping the new campus.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS					
					Estimated FY 1970			Proposed FY 1971		
Through 6/30/69	6,536	5,430	1,106		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated FY 70	2,740	1,800			-	1,105	1,105	-	588	588
Estimated through 6/30/70	9,276	7,230	2,046	U.S. Technicians Participants ...	-	-	-	-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities ...	-	-	-	-	-	-
				Other Costs ...	-	1,635	1,635	-	1,517	1,517
Proposed FY 71	2,105	2,200	13,581	Total Obligations	-	2,740	2,740	-	2,105	2,105

Colorado State University
Research Foundation

Country: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Regional Education Development (SEAMES)	ACTIVITY Education	FUNDS TA	
	PRIOR REFERENCE P. 137, FY 1970 EA PDB	INITIAL OBLIGATION FY: 1967	SCHEDULED FINAL OBLIGATION FY: 1975
PROJECT NUMBER 498-11-690-198			

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

Progress to Date: The Charter of the Southeast Asian Ministers of Education Organization, ratified in January 1969, legally established the governing Ministerial Council (SEAMEC) and the Permanent Secretariat (SEAMES), representing founding members Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and the Republic of Vietnam.

After the first Ministerial meeting in November 1965, the Secretariat sponsored extensive study and development of regional education project proposals. The United States has supported this developing Asian program and U.S. specialists have served with Asian study groups. Regional governing bodies, representing member countries, have been formed to assist in planning activities and to provide guidance in established operational programs. An agreement was signed in May 1969 by SEAMEC, Singapore, and the United States covering construction and a five year operational program for the Regional English Language Center, Singapore (RELC). The operational program of the Regional Center for Graduate Study and Research in Agriculture (SEARCA), at the University of

the Philippines College of Agriculture began in July 1969. An agreement was signed in September 1969 for related construction. The program of the Regional Center for Education in Science and Mathematics, Penang, Malaysia (RECSAM) is to begin in July 1970, with agreement on related construction expected shortly. The Regional Tropical Medicine and Public Health (TROPMED) program is underway with plans soon to be completed for programs at national centers. The Regional Center for Educational Innovation and Technology (INNOTECH) will operate at interim Singapore quarters, pending a move to Saigon. Plans are being made for the Regional Center for Tropical Biology (BIOTROP) at Bogor, Indonesia.

FY 71 Program: Fiscal Year 1971 funds are requested for 6 short term specialists (\$50,000) and 4 contract advisors (\$140,000) for technical services. Funds are also requested for equipment for RECSAM (\$60,000) to complement construction funded in Fiscal Year 1969, TROPMED (\$317,000) to complement construction undertaken by host countries at national centers, and for BIOTROP (\$150,000) to finance facility and program improvements in Indonesia. In addition to Technician and Commodity Costs totalling \$717,000, other costs of \$1,766,000 include: Special Funds of \$635,000 for all 6 activities, operational costs of \$547,000 for RELC, SEARCA, BIOTROP and INNOTECH and construction of \$584,000 for SEARCA and BIOTROP.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970			Proposed FY 1971			
Through 6/30/69	4,670	1,741	2,929	U.S. Technicians Participants . . .	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	Letter Agreements with participating countries.
Estimated FY 70	3,213	1,500			Commodities . . .	-	-	-	-	-	
Estimated through 6/30/70	7,883	3,241	4,642	Other Costs . . .		-	44	44	-	527	
		Future Year Obligations	Estimated Total Cost		Total Obligations	-	2,846	2,846	-	1,766	
Proposed FY 71	2,483	8,726	19,092			54	3,159	3,213	50	2,433	

Country: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Regional Logistics Center	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	498-11-995-004	PRIOR REFERENCE	P. 139, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1965	FY: Reviewed Annually

Project Target and Course of Action: The objective of this project is to assist the East Asia and Vietnam A.I.D. missions to provide host governments with technical assistance on all phases of logistics including procurement, storage, distribution, maintenance, port operations and shipping in connection with A.I.D. projects in the Far East. The A.I.D. missions also receive assistance under this project regarding their own logistics problems. The logistics center in Japan is financed jointly with the Vietnam Bureau.

Progress to Date: This project was initiated in January 1965 with the signing of a logistics agreement between A.I.D. and the Department of Defense. The logistics center coordinates with Headquarters, U.S. Army Pacific in implementing the logistics agreement.

During Fiscal Year 1970, approximately 8 man-years of advisory services from the U.S. Army Depot Command, Sagami, Japan are being provided to: improve supply management and maintenance systems in Thailand and Laos; assist Indonesia's supply and logistics management for the commodity import program; support logistics projects for excess equipment in Korea and the Philippines; give specialized logistic support to Vietnam; and undertake logistics studies in East Asia countries and Vietnam as requested. The Regional Logistics Center also supplied to East Asia countries and Vietnam service manuals for excess military equipment as needed.

In addition to furnishing technical advisory services,

the Army depot in Sagami, Japan has been a source of spare parts for military excess property used in A.I.D. projects. U.S. technicians funded by this project coordinate the procurement and transportation of the spare parts, with the costs of such spare parts being funded under the relevant A.I.D. bilateral projects.

FY 1971 Program: The Fiscal Year 1971 program will continue the emphasis of the 1970 program; \$85,000 is requested to fund 2 direct-hire technicians including operational travel; \$145,000 is requested for an agreement with the Department of Defense to provide 8 man-years of services; \$8,000 is requested for office supplies, equipment, and manuals; and \$17,000 is requested for local hire, local travel, and office support.

The Vietnam Bureau's share of the costs of this project is funded under the Vietnam Logistics General Support Project.

This project will continue, subject to annual review, as long as special logistical support is required by A.I.D. missions in East Asia and Vietnam.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES					
Through 6/30/69	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
	Estimated FY 70	225	220		5	Estimated FY 1970			Proposed FY 1971			
						Direct AID		Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total
Estimated through 6/30/70	833	828	5	U.S. Technicians	75	130	205	85	145	230	Department of Defense	
				Participants ...	-	-	-	-	-	-		
				Commodities ...	6	-	6	8	-	8		
				Other Costs ...	-	14	14	-	17	17		
Proposed FY 71	255	Undetermined		Total Obligations	81	144	225	93	162	255		

Country: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Pa Mong Feasibility Study	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	498-11-995-133	PRIOR REFERENCE	P. 140, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1962	FY: 1971

Project Target and Course of Action: This project will determine the technical and economic feasibility of the Pa Mong mainstream project on the Mekong River. This huge multi-purpose water resource project would provide benefits to Northeast Thailand, the Vientiane Plain of Laos, and to areas downstream. Primary responsibility for assembling data and preparing studies lies with the U.S. Bureau of Reclamation. The full schedule of studies is as follows: inventory of water and land resources of the project area completed in 1966; Stage I Interim Report completed in January 1969; Stage I Feasibility Report completed in January 1970; a final comprehensive review of multiple-purpose plans to determine the potential of the full project - June 1971.

Progress to Date: The first report (overall inventory) was completed in 1966. When the magnitude of the full project became evident as a result of accumulating data, the Bureau of Reclamation and A.I.D. agreed to expedite the examination of the feasibility of a first stage of the project. Stage I is defined as the firm power portion of the project and a first increment of irrigation which together constitute an economically viable unit. Stage I includes the mainstream dam, companion dams and dikes on adjacent tributary drainages to form a 107 billion cubic meter reservoir (one fourth the size of Lake Erie), an initial hydroelectric generating installation of 4.8 million kilowatts with the necessary switch yard and transformers, the transmission line to the Bangkok load center,

and an irrigation system serving about 100,000 acres in Laos and Thailand. Preliminary design and costing of structures involved in the hydropower portion of the first stage were completed and the interim report issued in January 1969. The full feasibility study of Stage I was completed in December 1969 and the basic volume of the report was issued in February 1970. The seven volumes of appendixes will be issued in the next few months.

FY 1971 Program: The final comprehensive reconnaissance report on the entire Pa Mong project will be funded to completion. In Fiscal Year 1971 funding requirements amount to \$171,000. This will pay for the continued services of the Bureau of Reclamation team of 6 technicians and includes the cost of final report preparation in the United States.

The total estimated project cost of \$13.54 million will complete the report and the feasibility study. The Mekong Committee, probably with advice from the World Bank, will evaluate the report and will then decide whether to proceed to obtain multi-lateral financing for the detailed design and construction stages of the Stage I Pa Mong project.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES U.S. Bureau of Reclamation Continental Air Service
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	12,019	10,840	1,179							
Estimated FY 70	1,350	2,000								
Estimated through 6/30/70	13,369	12,840	529							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	171	-	13,540							
				Cost Components						
				U.S. Technicians						
				Participants . . .						
				Commodities . . .						
				Other Costs . . .						
				Total Obligations						

PROJECT TITLE	Regional Technical Advisory Services	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	498-11-995-165	PRIOR REFERENCE	P. 141, FY 1970 EA PDB	INITIAL OBLIGATION	FY: 1963
				SCHEDULED FINAL OBLIGATION	FY: Reviewed Annually

Project Target and Course of Action: The objective of this project is to provide technical services and support to the East Asian Regional Program and to finance activities in support of regional cooperation which cannot be assigned to separate projects. This project is not intended to finance technical services which can more appropriately be funded under specific on-going regional projects.

Progress to Date: During Fiscal Year 1970, this project funded the Regional Development Office in Bangkok, regional support staff in Manila, A.I.D. staff assigned to the U.S. Director of the Asian Development Bank, and an agreement with the General Services Administration to expedite commodity procurement for East Asia Missions. In addition, this project provided funds for advisory services for priority activities of the United Nations Economic Commission for Asia and the Far East in the fields of data processing, water resources development, industrial development, geology, trade liberalization, and off-shore mineral prospecting; advisory services and support to selected Asian Productivity Organization projects; part of the costs of the proposed Third Pacific Trade and Development Conference and a Manpower Absorption Problems Conference; and U.S. attendance at Asian international meetings.

FY 1971 Program: \$977,000 is being requested for 23 direct-hire regional technicians, including operational travel, as follows: 15 in the Regional Development

Office in Bangkok, 2 on the Manila regional staff, 3 on the U.S. staff at the Asian Development Bank, one Regional Food for Peace Officer stationed in Kuala Lumpur, and 2 advisors working with the Asian Productivity Organization. For other agency and contract technicians \$303,000 is requested; \$60,000 for 4 General Services Administration technicians in Region Nine, California; \$10,000 for a short-term U.S. Geological Survey expert to assist ECAFE in its completion of a Tectonic Map of Asia; \$40,000 for short-term Bureau of Reclamation experts as lecturers for conducting seminars on Water Resources Planning; \$150,000 for proposed Management Training Survey contract technicians; and \$43,000 to provide contract advisory services in the fields of industrial development, trade liberalization, and off-shore mineral prospecting.

Commodity costs totaling \$40,000 are being requested for equipment, vehicles, supplies and materials in support of the regional offices. Other costs of \$390,000 are being requested to cover contributions to regional surveys and to selected Asian Industrial Development Council projects, support to the Asian Labor Education Center program, assistance to selected Asian Productivity Organization projects and other ad hoc activities in support of regional cooperation, local clerical support, local travel, rent, communications and utilities for regional offices.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES				
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS						
					Estimated FY 1970	Proposed FY 1971					
Through 6/30/69	4,249	3,838	411		Direct AID	Contract/Other Agency	Total	General Services Administration Bureau of Reclamation U.S. Geological Survey			
Estimated FY 70	1,324	1,500		U.S. Technicians	896	139	1,035		977	303	1,280
Estimated through 6/30/70	5,573	5,338	235	Participants ...	-	-	-		-	-	-
		Future Year Obligations	Estimated Total Cost	Commodities ...	30	-	30		40	-	40
				Other Costs ...	110	149	259		200	190	390
Proposed FY 71	1,710		Undetermined	Total Obligations	1,036	288	1,324		1,217	493	1,710

PROJECT TITLE	Mekong River Ports and Cargo Handling	ACTIVITY	General and Miscellaneous	FUNDS	SA
PROJECT NUMBER	498-11-995-206	PRIOR REFERENCE	P. 142, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1968	FY: 1972

Project Target and Course of Action: The purpose of this project is to facilitate the growth of river traffic on the Mekong River from Ban Houei Sai in northern Laos to Pakse in southern Laos. The project includes improvement of aids to navigation, ferry crossing sites, landing sites, cargo facilities, and passenger facilities on the Lao and Thai sides of the Mekong.

Progress to Date: In response to a request from the Mekong Committee, the United States carried out a transportation reconnaissance survey of the lower Mekong River in the fall of 1966. The survey was undertaken through an A.I.D. contract with McCreary-Koretsky Engineers and was concentrated on the Mekong River from Vientiane south to Pakse. The surveyors recommended that the United States support improvement of cross-river facilities between Thailand and Laos.

In October of 1967 A.I.D. negotiated a contract with the firm of Transportation Consultants, Inc., to carry out a feasibility study. The transportation consultants' report issued in July 1968 recommended: (1) that channel improvements be carried out from Houei Sai to Luang Prabang, from Luang Prabang to Vientiane, and from Vientiane to Savannakhet; (2) that cargo handling facilities be improved at Luang Prabang, Thanaleng, Nongkhai, Thakhek, and Savannakhet; (3) that vehicular ferry improvements be made at Nongkhai-Thanaleng, Savannakhet-Mukdahan, and Pakse-Muong Kau; and (4) that passenger landing improvements be made at Tha Deua.

The report also recommended that, prior to the initiation of the suggested improvements, the Lao and the Thai reach a working agreement for the operation of the proposed facilities. Such an agreement should improve and simplify customs procedures at river crossings with a view to eliminating the doubling up of stops for inspection and clearance which sometimes involves needless transfers of cargo.

During Fiscal Year 1970 A.I.D. conducted a review of the project as it was developed by Transportation Consultants, Inc. The review report recommended in light of funding limitation a more limited program of technical assistance, navigation improvements, and improvement of some crossing facilities. Owing to delays caused by the need for reassessing the feasibility study, funding for initiating the construction phase of the project has been deferred from Fiscal Year 1970 to 1971.

FY 1971 Program: For Fiscal Year 1971 \$200,000 is requested to initiate the engineering and construction of facilities which will include improvement of the Nongkhai-Vientiane ferry channel; ramp improvements at selected sites; and channel marking, clearing of navigation hazards and surveying of limited areas of the river.

U.S. DOLLAR COSTS (In Thousands)				OBLIGATIONS						PRINCIPAL CONTRACTORS/AGENCIES
	Obligations	Expenditures	Unliquidated	Estimated FY 1970			Proposed FY 1971			
				Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Through 6/30/69	211	211	-							
Estimated FY 70	-	-								
Estimated through 6/30/70	211	211	-							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	200	550	961					200	200	
				Total Obligations	-	-	-	-	200	200

Country: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE Southeast Asia Development Advisory Group	ACTIVITY General and Miscellaneous	FUNDS TA
	PRIOR REFERENCE P. 143, FY 1970 EA PDB	SCHEDULED FINAL OBLIGATION FY: 1966
PROJECT NUMBER 498-11-995-208		FY: Undetermined

Project Target and Course of Action: The purpose of this project is to strengthen U.S. competence for aiding Southeast Asian development by lending support to inter-disciplinary seminars and to the research efforts of Asian and American scholars. This is being achieved, in part, through current study and exchange of ideas at the seminars of the Southeast Asia Development Advisory Group (SEADAG) whose membership includes Southeast Asia area specialists of the U.S. academic community, A.I.D. and other officials. Selected research specifically relevant to development and to A.I.D. goals in Southeast Asia is encouraged and sponsored. Asian scholars are involved as co-researchers and participants to promote closer ties between Asian and American efforts and to encourage indigenous Southeast Asian instructional and research capability. Plans call for several U.S. scholars to work in Indonesia with local counterparts on problems of development strategy. Extensive research also will be focussed on the potential social and ecological impact of the Mekong Development program.

Progress to Date: A.I.D. contracted, in Fiscal Year 1966, with The Asia Society to provide facilities and secretariat services to the Advisory Group. The Advisory Group's members now are drawn from over 66 universities and 32 foundations and similar non-profit bodies covering 13 disciplines of the social and natural sciences. Ten seminar groups each meet about three times a year. Each provides opportunities for informal consultations between the Advisory Group, A.I.D. and other U.S. officials on

separate fields of inquiry. Asian representatives are invited to the individual seminars (e.g., Mekong Development, Education and Manpower) and participate in the Research Program of the Advisory Group. These informal consultations have been helpful and immediately applicable, for example, to A.I.D. programming in agricultural credit, Mekong Basin planning (ecological and social implications), and in special technical areas such as fish culture in Indonesia and in the Mekong Basin.

FY 1971 Program: In Fiscal Year 1971, \$625,000 is requested for the following: \$270,000 to finance 75 percent of a 12-month contract with The Asia Society for the operating expenses of the project including Advisory Group Secretariat salaries, seminar costs, and related administrative costs (the remaining 25 percent of the basic contract are provided under A.I.D.'s Vietnam program); and \$355,000 to finance research grants with individual scholars for projects of interest to A.I.D.

Some illustrative areas for research are: Mekong Basin ecology, social change induced by large water resource projects, development planning and administration, and health.

U.S. DOLLAR COSTS (in Thousands)							PRINCIPAL CONTRACTORS/AGENCIES The Asia Society		
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS				
					Estimated FY 1970			Proposed FY 1971	
					Direct AID	Contract/ EXX		Total	Direct AID
Through 6/30/69	1,081	380	701						
Estimated FY 70	625	950							
Estimated through 6/30/70	1,706	1,330	376	U.S. Technicians	-	-	-		
				Participants ...	-	-	-		
				Commodities ...	-	-	-		
		Future Year Obligations	Estimated Total Cost	Other Costs ...	-	625	625		
Proposed FY 71	625	Undetermined		Total Obligations	-	625	625		

Country: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA

TABLE III

PROJECT TITLE	Transportation/Communications Feasibility Studies and Transport Survey	ACTIVITY	General and Miscellaneous	FUNDS	TA
PROJECT NUMBER	498-11-995-210	PRIOR REFERENCE	P. 144, FY 1970 EA PDB	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
				FY: 1969	FY: 1971

Project Target and Course of Action: This project is designed to assist the Southeast Asian Ministers of Transport and Communications in planning the development of integrated regional transport and communications facilities. It is helping to finance an overall Regional Transportation Survey to be carried out by the Asian Development Bank, and funds selected feasibility studies in the transportation and communications sectors.

Progress to Date: Following the September 1967 conference of Southeast Asian Ministers of Transport and Communications, 95 projects were presented for consideration by Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, the Republic of Vietnam, and the Sultanate of Brunei. They covered the development of roads, railways, water transport, civil aviation and telecommunications. The developed countries were called on to join in a cooperative effort aimed at the timely implementation of soundly conceived and economically justified regional transport and communications projects. The Asian Development Bank was asked to administer a Regional Transportation Survey of Southeast Asia.

A.I.D. fielded a Study Team during January-March of 1968 to determine the relative priority of the various regional transportation and communications projects. The Team (1) conducted a field review of each of the proposed projects; (2) prepared a priority list of recommended projects which it judged to be of significance to the EA Region as a whole; and (3) reviewed the recommended pro-

jects with host country officials and U.S. Missions in each country. Specific proposals were drawn up in the fall of 1968 for an initial group of 12 feasibility studies. Project Agreements for these were signed November 1968 at a meeting of the Eight Country Coordinating Committee. The Committee met again during October 1969 to conclude agreements on an additional 4 feasibility projects. The United States also agreed in Fiscal Year 1969 to contribute \$1 million towards a \$3 million transport survey of Southeast Asia to be carried out by the Asian Development Bank. The Bank has obtained an additional \$1.1 million from the United Nations Development Program and is expected to contribute the balance from its own funds.

FY 1971 Program: For the current phase of the feasibility studies \$383,000 is proposed. Additional high priority projects will be identified during the course of the regional transport survey now underway, but final decision on these projects will depend on further field study and U.S. Mission and host country review. Funds requested will cover one direct-hire technician (\$40,000) and ten contract technicians for one year (\$343,000) from U.S. firms for selected feasibility studies in Fiscal Year 1971.

U.S. DOLLAR COSTS (In Thousands)							PRINCIPAL CONTRACTORS/AGENCIES			
	Obligations	Expenditures	Unliquidated	OBLIGATIONS						
				Estimated FY 1970		Proposed FY 1971				
				Direct AID	Contract/Other Agency	Total		Direct AID	Contract/Other Agency	Total
Through 6/30/69	2,052	155	1,897							
Estimated FY 70	540	600								
Estimated through 6/30/70	2,592	755	1,837							
		Future Year Obligations	Estimated Total Cost							
Proposed FY 71	383	-	2,975							
				Cost Components						
				U.S. Technicians	-	540	540	40	343	383
				Participants . . .	-	-	-	-	-	-
				Commodities . . .	-	-	-	-	-	-
				Other Costs . . .	-	-	-	-	-	-
				Total Obligations	-	540	540	40	343	383

COUNTRY: EAST ASIA REGIONAL DEVELOPMENT

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
Asian Productivity Organization	498-11-290-012	1960	1968	1,930	1,927	3	-	3	-				1,930
Asian Labor Education Center	498-11-410-020	1958	1969	906	879	27	-	27	-				906
General Participant Training	498-11-690-179	1967	1967	15	12	3	-	3	-				15
Spare Parts Replacement, Hydrology	498-11-995-148	1963	1968	386	230	156	-	100	56				386
Mekong Tributary	498-11-995-158	1964	1964	33	32	1	-	1	-				33
Mekong Resources Atlas	498-11-995-172	1965	1969	474	406	68	-	50	18				474
Regional Telecommunication Construction	498-52-225-095	1958	1958	3,000	2,897	103	-	103	-				3,000
Nam Ngum Development Fund	498-12-995-079	1966	1969	15,565	3,066	12,499	-	7,000	5,499				15,565
Asian Institute of Management	498-13-770-224	1970	1970	-	-	-	300	200	100				300
Total													
TC													
SA													
DL (grants)													

COUNTRY: BURMA

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

TABLE IV
Part 1

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/69	Obligations	Expenditures	Unliquidated Obligations 6/30/70	Funds	Amounts		
Technical Support	482-11-999-000	1957	1969	1,877	1,806	71	-	71	-				1,877
Expansion of Teak Production, Phase I	482-22-230-123	1963	1963	1,444	1,425	19	-	19	-				1,444
Expansion of Teak Production, Phase II	482-52-230-128	1963	1966	3,605	844	2,761	-	2,062	-				3,605
Rangoon Sewage System	482-22-520-107	1958	1958	506	221	285	-	75	-				506
Rangoon Water Supply	482-22-521-106	1958	1958	1,026	735	291	-	65	-				1,026
Rangoon General Hospital	482-22-550-112	1958	1958	753	686	67	-	67	-				753
Rangoon University Liberal Arts College	482-12-660-121	1960	1964	2,241	1,805	436	-	436	-				2,241
Total													
TC													
SA													
DL (grants)													

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
A.I.D. employed	1	-	-
Participating agency.....	-	-	-
Contractor technicians.....	1	-	-
Total	2	-	-

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1969	Estimate FY 1970	Proposed FY 1971
Non-contract	2	-	-
Contract	-	-	-
Total	2	-	-

PROJECT DATA SUMMARY

TABLE IV

COUNTRY: CAMBODIA

(Dollar Amounts in Thousands)

Part 2

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1969			Estimated FY 1970			Proposed Program FY 1971		Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/69	Obligations	Expenditures	Unliquidated Obligation 6/30/70	Funds	Amount		
Academic Training for Economic Development	442-11-660-243	1964	1964	1,528	1,511	17	-	7	10				1,528
Total													
TC													
SA													
DL (grants)													

STATUS OF DEVELOPMENT LOANS SUMMARY
As of 12/31/69

COUNTRY: CHINA (TAIWAN)

(In Thousands of Dollars and Equivalent)

TABLE VI

Loan No.	Title	Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Amount Authorized	Amount Disbursed	Currency of Re-payment	Principal Repayments	Interest Collected
		Authorized	Loan Agreement			Grace Period	Amortization					
484-A-044	Lower Tachien Hydroelectric Plant	6/9/64	6/29/64	1	30	3½	3½	7,600	6,851	NT\$	105	466
484-A-045	Linkou Thermal Plant Project	6/9/64	6/29/64	1	30	3½	3½	26,187	25,966	NT\$	517	1,900
Total		XXXX	XXXX	XXX	XXX	XXXX	XXXX	33,787	32,817	XXXX	622	2,366