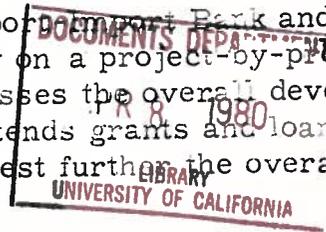


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AGENCY FOR INTERNATIONAL DEVELOPMENT

Technical Assistance in the Reorganized AID Program

The Agency for International Development is requesting \$435 million for Fiscal Year 1963 development grants, the bulk of it for the expanding technical assistance planned in AID's reorganized country programming. The purpose of the following fact sheets is to describe our present programs for technical assistance and encouraging private enterprise and to show how they will be carried on under the new AID organizational structure.

Technical assistance projects of the former International Cooperation Administration, while individually valuable, were not necessarily correlated with long-term development; and loans from Export-Import Bank and the Development Loan Fund were almost exclusively on a project-by-project basis. In contrast, the unified AID Agency assesses the overall development needs of each country on a priority basis and extends grants and loans and technical assistance to those projects that will best further the overall development of the recipient country.



To carry out this program tailored to the needs of each country, the Agency is being organized geographically, rather than on a functional basis. Each country's program is formulated by the United States Agency for International Development (USAID) Mission in the field, with the help of the country desk and regional officers in Washington. Each region has its own staff representatives in technical assistance fields such as community development, cooperatives, education, housing, labor, public administration, public health, and public safety. Additional advice, program review and coordination in each of these fields is provided by high-level experts in the Office of Educational and Social Development.

As part of the new emphasis on overall country development, country teams were asked in the fall of 1961 to evaluate each technical assistance project in terms of its priority in the country's development plan or program, the degree to which it accelerates the development process of the country as a whole and its effect on encouragement of self-help.

This reappraisal reflects Agency recognition that U. S. assistance cannot possibly solve all the social problems of the world and that our effort must be concentrated on projects most likely to further long-term development. No longer is a project recommended for assistance merely because it is worthwhile in and of itself. No longer is it assumed that a

program which is right for one country is right for all less-developed countries. If a project or program is not closely related to overall development goals or if it seems possible and appropriate for the recipient country to assume responsibility for the project, U. S. assistance is not warranted.

As a result of this review, the FY 1963 development grant and technical assistance program is more highly concentrated than it has been in the past. Most AID Missions identified education and training, public administration and agriculture as among the top priority goals. While a number of programs in many countries are being expanded, others are being cut back or even dropped in some countries. All of this has necessitated many personnel shifts. It is expected, however, that with greater program concentration and with technical assistance better coordinated with overall development goals, our grant program will have greater long-term impact on social and economic development.

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FACT SHEET

Agriculture

Most less-developed countries are predominantly agrarian. Increased agricultural productivity is essential not only to feed and clothe growing populations at reasonable cost but also as the primary source both of capital for non-farm investment and of purchasing power to absorb an efficient volume of local industrial production. For these reasons most U. S. AID field missions, in evaluating all technical assistance projects in their countries, attached high priority to agricultural development.

Less-developed countries suffer from lack of capital for irrigation, fertilizer, farm equipment and other facilities. But productivity of additional capital in agriculture is normally very low unless accompanied by substantial changes in farming practices. For example, because of poor farming methods, returns of grain per pound of fertilizer plant nutrient in India is about one-quarter that of the United States. The limiting factor to expanding agricultural production is primarily inadequate development of the capabilities of rural people to farm efficiently and of institutions, both public and private, to develop these capabilities.

In its assistance to agriculture AID concentrates on programs related to capabilities of people and institutions. AID is constantly increasing the number of overseas technicians who train farmers and extension workers, provide advisory services, develop local institutions and stimulate adaptive research to bring the power of American agricultural science to bear on local problems. AID is also bringing more and more local agricultural technicians to the United States or to friendly foreign countries for advanced training. The 1963 program calls for over 1,500 U. S. technicians in foreign countries, and the training of over 2,200 local technicians in the United States or other friendly countries.

As part of the new AID emphasis on projects most strategically related to overall economic and social development, agricultural assistance is being concentrated more on building local institutions such as agricultural ministries and extension services while certain fringe activities are being eliminated. Particular stress is placed on establishment of facilities for agricultural planning to assure intelligent allocation of available resources.

In addition to accelerating technical assistance, AID is stepping up capital contributions for fertilizer and fertilizer plants, irrigation projects, food processing and food machinery plants, importation of equipment and related capital programs. All AID assistance to public administration, education, tax and fiscal reform, and strengthened local government also furthers agricultural development.

Land settlement and improved land use is one of the principal fields of lending activity of the Inter American Development Bank and that institution made loans of over \$14 million for those purposes during the latter half of 1961.

The AID program is becoming increasingly more concerned with the institutional structure of emerging agrarian societies, recognizing that family farm ownership not only increases productivity but also furthers social and political stability in the developing country. Consequently, local programs are encouraged which distribute economic opportunities more widely among farm people. AID strengthens facilities for agricultural credit, gives advice with respect to the machinery for and administration of land tenure improvement programs involving land transfers from large tracts to tenant farmers, helps establish rural cooperatives, supports frontier expansion and resettlement projects, and fosters broader dissemination of technical knowledge and governmental services.

FACT SHEET

Communications Resources

Most governments in the newly developing countries are isolated from their people because they lack all but the most rudimentary means of communications. The social and economic advances which they seek to carry out are hampered at every turn because of the difficulties of informing and enlisting the support of the people. This communications void also constitutes an obstacle to effective American assistance in these countries, and this obstacle is compounded by problems of differing language and culture.

Under the reorganized AID program, the several communications staff activities which had previously operated independently in various technical sectors were consolidated in the Communications Resources Division. Each regional bureau has its own Communications Resources officer who is primarily responsible for field operations, and the Communications Resources Division itself provides the field with technical support, advice and assistance. Communications Resources programs are operating in 33 countries with 91 technician employees and 40 contracts covering all phases of communications. The annual cost of these activities is approximately \$3,500,000.

The Communications Resources Division brings participants from all areas for training in communications techniques in the United States and certain third countries. The Agency also assists in the establishment of local and regional training facilities. The Philippines, Iran, Libya and Korea are examples of countries now supporting and operating communications centers. As these centers develop around the world it is anticipated that the United States participant training program in this field will shift to more advanced courses for those who have received training in local or regional facilities.

In addition the AID program supports regional publications and film translations centers in Mexico City and Rabat, Morocco; and a third such center is proposed for Brazil. Such centers greatly increase the flow of foreign language versions of United States publications and films. The Communications Resources Division is also exploring new power sources for communications equipment, development of simple and inexpensive communications apparatus for local use.

The Communications Resources Division also assists the USAID mission personnel in the presentation and dissemination of project ideas and objectives. The visual approach is often the only effective means of presenting ideas in the face of formidable barriers of language and illiteracy.

FACT SHEET

Community Development

Community development programs are increasingly being employed to reach and improve the standards of living of large numbers of rural people quickly. Such programs involve entire village populations in self-help measures to improve housing, public health, sanitation, agricultural techniques, public administration, and local government. The essence of community development is a new positive approach to problems of communities involving planning, cooperation and technical services previously not readily available to the residents.

The United States through its foreign assistance programs has supported community development since 1952, when national programs were established in Pakistan and India. The program in the Philippines has reached one-third of the 24,000 Filipino barrios and has had a profound effect on the attitudes and initiative of the rural populace, increasing their political awareness and sense of responsibility. The government of India has not required U.S. assistance in community development since 1959, and the Philippines has almost completely taken over its program so that large contributions from the United States are no longer necessary.

In this year's reevaluation of all technical assistance programs it has been found that governments of some African and Asian countries no longer consider community development programs of high priority or are integrating such programs into their agriculture ministries. The program providing 10,000 villages in northeast Thailand with clean water, sanitary facilities and other community needs is a striking exception to this trend; and it is expected this large community development program will contribute to political stability in a vulnerable area adjacent to Laos by increasing population identity with the central government.

Community development programs are being expanded in Africa. The United States expects to carry on programs in Mali, Kenya, Togo, The Rhodesians, Nyasaland, Tanganyika and Sierra Leone in 1963. The Tanganyika program typically seeks to accelerate the process of transition from a rural subsistence economy without serious social or political disruption. The Government of Tanganyika has recently established a Ministry of Community Development and is planning to create local development committees.

Heretofore there have been no government-wide community development programs in the Latin American republics, but programs in Puerto Rico and Jamaica have attracted international attention. Under the accelerating Alliance for Progress broad community development programs are anticipated in Venezuela and the Dominican Republic. The University of California and the Institute of Social and Political Science in Sao Paulo are training rural sociologists and other specialists for work in Brazil; and AID has recommended community development activities in the crucial northeast area of Brazil.

FACT SHEET

Cooperatives Abroad

The new Foreign Assistance Act includes a declaration of the policy of the United States to encourage development and use of cooperatives, credit unions, and savings and loan associations. To assist him in carrying out this policy, the AID Administrator appointed a special Advisory Committee to make continuing recommendations. In addition, an International Cooperative Development Staff has been assembled within the Agency to serve the Committee and to advise the regional bureaus of the Agency. All AID Missions were asked to make special reports on cooperative programs in progress and contemplated.

Reappraisal of cooperative programs made it clear that our most effective contribution to development of cooperatives abroad would be in training cooperative leaders and technicians. Accordingly, four new training projects are under way. Training centers for cooperative leaders are programmed in East and West Africa under sponsorship of the International Federation of Agricultural Producers through its U. S. members, the National Farmers' Union, the National Grange, and the National Council of Farmer Cooperatives. The Credit Union National Association is sponsoring a regional training center in Peru, and beginning credit union development programs in five Latin American countries. The National Farmers' Union is sponsoring a program bringing agriculture and cooperative leaders from Latin America to the United States for on-the-job training. A national cooperative training center at the University of Wisconsin is being established for participants from less-developed countries and for U. S. workers destined for work abroad, sponsored by the Cooperative League of the United States.

In addition to these training programs, AID maintains 45 technicians and consultants to advise public and private cooperative institutions in countries around the world. A particularly promising comprehensive agricultural and cooperative program is under way in Colombia with substantial and continuing AID technical assistance. Each year approximately 175 trainees are brought to the United States or third countries to study cooperative techniques in agriculture and agricultural credit or other cooperative fields.

AID also extends financial assistance to pilot credit organizations. A loan was recently made to the International Cooperative Development Bank for developing credit unions in Peru. AID is studying the feasibility of establishment of an Inter-American Finance Institute for Latin America.

FACT SHEET

Education

Less developed countries invariably suffer from extreme shortages of teachers, classrooms and textbooks. Curriculum is typically unrealistic and nonfunctional and know-how with respect to improvement is lacking. The resultant high illiteracy rates and dearth of trained leadership provide an inadequate base for ambitious economic development plans.

Education has always been included in the U. S. assistance efforts, and the returns from this year's programs reflect agreement among Mission directors and Washington staff alike that even more technical assistance should be given to break the education bottleneck to develop as quickly as possible.

AID does not seek to export the American system of education but rather tries to build up the national education system of the recipient country, applying our techniques only where they are appropriate. Our current programs include teacher education, higher education, adult education, cooperative school construction projects, and vocational schooling and educational planning.

Approximately 700 educationists are working overseas in some 250 education projects sponsored by AID in more than 60 of the developing countries. Some 50 university contract groups have worked or are now working in the education programs of AID and the predecessor agencies. Through FY 61 a total of \$219,183,000 was spent in helping to improve the education systems of the newly developing countries.

As in other fields, emphasis in educational assistance varies from country to country, but in all cases we seek to develop local capability to plan and manage the programs and institutions that make up the national education system.

Application of new AID criteria to education will result in more emphasis on educational planning as most likely to accelerate overall development and increase self-help. A higher priority is assigned to education in countries where illiteracy and lack of educational opportunity almost precludes meaningful economic development. We also plan to make greater use of U.S. institutional resources and to experiment with new educational techniques to overcome teacher shortages.

Examples of new and important education programs being assisted by AID are the mass attacks on lack of rural education in Haiti, Cambodia and Thailand; integration of higher education facilities in Central America and also in East Africa; self-help school construction projects in a number of countries; a coordinated program to improve primary education in Colombia; use of military personnel to combat illiteracy in Turkey; and a regional attack on improving the teaching of English as a second language in Southeast Asia.

FACT SHEET

Aid to American Sponsored Schools Abroad

American sponsored schools abroad have long been centers of American educational influence, particularly in the Near East. Many of their graduates are new leaders in the countries where they are situated and throughout the region. They are contributing significantly to economic development by training engineers, public health professionals, agricultural experts, business administrators, and teachers of various kinds.

Such schools have for many years received assistance from the United States Government. The Act for International Development for 1961 authorized continued assistance to schools located outside the United States founded or sponsored by U. S. citizens and serving as study and demonstration centers for ideas and practices of the United States. It is proposed that \$4 million of assistance be allocated for this fiscal year among some or all of the American University of Beirut, including its Medical School; the American University at Cairo; Robert College in Istanbul; the International College of Beirut; Athens College; American Farm School and Anatolia College, Thesalonika; Pierce College, Athens; and Escuela Agricola Panamericana in Honduras.

Assistance to these institutions is in keeping with the purposes of the Act for International Development. Financial support of all of these institutions comes almost entirely from American sources. They were founded by U. S. citizens, and their Boards of Trustees and administrative and teaching staffs are mainly American. While they primarily serve nationals of the region in which they are located, their curricular and teaching methods reflect the practice of American higher education. Each of these schools has demonstrated the capacity to develop leaders in the academic, business and political sectors of society, capable of contributing significantly to economic and social development.

FACT SHEET

Housing and Urban Development

Housing conditions for most of the people in developing countries are deplorable by any standards, and these conditions may well be worsening. Accelerated urbanization breeds widening slums and population growth in most countries is outstripping new housing construction.

The United States cannot possibly extend enough assistance to have any substantial impact on the overall housing shortage. We must help other countries solve their housing problems with their own material and human resources. To this end AID concentrates on training local personnel, developing local institutions, financing pilot projects and providing "seed" capital.

AID technicians and consultants advise housing ministers and provide technical assistance to housing and urban institutions of all kinds in 23 countries throughout the world. Housing and city planning technicians from these and other countries receive training in the United States so that they will have the skill and experience to direct best use of local resources available for housing.

Adequate credit is essential to private housing construction. AID technicians and consultants have drafted appropriate legislation, supervised organization and staffing and provided seed capital for savings and loan institutions in four Latin American countries. The Agency is ready to provide similar financial assistance to savings and loans institutions in several other Latin American countries as soon as satisfactory local regulatory legislation is enacted.

Self-help housing programs are most promising. AID is helping to finance substantial pilot self-help housing projects in four Latin American countries under which low income families who could otherwise not afford decent homes are organized into cooperative groups to build their own homes in their free time, backed by technical guidance, loans of equipment and financing for land and material. Comparable projects are under way in the Rhodesias, Nyasaland, Tunisia and Korea; and such programs are being introduced in Panama, Jamaica and the West Indies.

Substantial local currency generated by sales of surplus U. S. food and fibre under P. L. 480 are being used for low cost housing construction in Pakistan, Tunisia, Morocco and Korea. The Inter-American Development Bank is extending over \$64 million of financial assistance to low cost housing projects in six Latin American countries out of the United States contributions to the Social Progress Trust Fund.

FACT SHEET

Labor

Labor organizations are playing an increasingly important role in the economic and political development of countries such as India, Pakistan, Turkey and certain African and Latin American countries, where industrial sectors are expanding rapidly. Labor leaders in these countries typically lack training for their complicated tasks and are too frequently politically motivated toward goals inimical to U. S. interests. Improvement of responsibility and efficiency of union leadership is important, therefore, both to facilitate economic growth and to foster political stability.

This year's re-evaluation of technical assistance programs has resulted in continuation and concentration of the large Latin American labor program and a substantial increase in the labor program in the more industrial countries of the Near East and South Asia. Because of the minor role of the industrial sector in most African countries today the African labor program for FY 1963 is not large. However, plans are well under way to assist in development of free democratic unions which can play a big development role on that continent.

The labor program continues to emphasize training of workers and labor leaders. AID helps finance trade union leader training institutions at the Universities of Puerto Rico and the Philippines and has contracted with Cornell University for development of a labor management relations center at the University of Chile. Regional seminar programs are held from time to time in strategic parts of the world for labor leaders and employees of labor ministries. Selected union leaders are brought to the United States for advanced training in administration, education, and cooperatives. Arrangements are presently being made for a three months' intensive course in the United States for Latin American trade unionists followed by nine months of in-service training in Latin America.

In addition to training labor leaders we provide substantial assistance to vocational training centers for skilled workers abroad. Such centers, located in Morocco and Tunisia, are administered by representatives of Delgado Institute of New Orleans. A Bombay center is administered by the Dunwoody Institute of Milwaukee, and the University of Hawaii administers centers in East and West Pakistan.

FACT SHEET

Participant Training

The lack of local educational and training institutions and facilities, and therefore of skilled manpower, is one of the principal deterrents to social and economic development. As a result the Agency for International Development brings participants from less-developed countries to the United States and to third countries for technical, academic and on-the-job training. This participant training program also gives technicians and administrators a personal experience in the United States and thus helps build international understanding.

In FY 1961, more than 6,500 participants came to the United States for training. AID field mission programs for 1963 indicate a need for a considerable increase in training in universities, colleges, government installations, private organizations and industries throughout the United States and third countries. These participants will receive training in industrial techniques, labor and industrial management, public administration, public safety, community development and in various fields of health, education, and agriculture. The participant's home country shares in the costs by providing for the maintenance of the participant's dependents during his absence and, to the extent these countries have currency available, by paying international travel costs.

Increasingly participants are being trained in countries other than the United States. Last year more than 2,000 participants were trained in such countries as France, Germany, China, Japan, the Philippines, Mexico and Lebanon. These third countries share training costs with the United States. In all cases the training itself is provided free of charge, and, in the case of some countries, notably China, the training country also provides local currency costs for participants being trained in that country. The Japanese Government estimates its contribution to the joint training program last year at \$621,000.

Each individual training program is designed by the USAID mission in the participant's country and by the Washington staff to meet a specific development need of the participant's country. In every case the participant returns to his country to use the skills which he has developed or sharpened.

FACT SHEET

Public Administration

The governments of the developing countries are faced with demands for social services and economic security not even contemplated less than a decade ago. In the past, their efforts were confined largely to preservation of law and order and collection of taxes. In attempting to furnish the services their impatient constituents demand, government officials are handicapped by a general shortage of people trained and experienced in the management of development programs. Professional standards and pay of government employees are low. There is no concept of the public service to the people. Inadequate budget and accounting systems, antiquated and cumbersome governmental procedures prevail. Training facilities to produce competent employees are nonexistent or inadequate. Tax laws are inequitable and collection is inefficient and costly.

To overcome some of these formidable obstacles to economic and social development increased emphasis is being given to technical assistance in public administration. The undertakings of the Latin American nations under the Alliance for Progress to improve tax systems, initiate land reform and build sound development plans heightens the importance of strengthened public administration. In twenty countries top priority has been assigned in the AID program to improvement of government administration.

The effect of this new emphasis is illustrated in the following figures on technical assistance in public administration.

	<u>Actual</u>	<u>Estimated</u>	
	1961	1962	1963
Program Cost	\$11,800,000	\$21,400,000	\$27,300,000
Technicians Overseas	325	667	647
Participants in the U. S.	483	985	1,174

Examples of the projects aimed at the removal of some of the administrative obstacles to social and economic development include:

- In Chile an aggressive project to modernize tax administration is well under way. These groups of Tax administrators have been brought to the U. S. for observation and training--the latest group in enforcement techniques. Upon returning to Santiago they train both old and new employees.

- In Thailand a task force has assisted the Thai Government to modernize its budget and accounting systems both as a necessary step in accelerating economic development and to make effective use of U. S. aid. A new budget agency is itself now undertaking to train ministry budget officials and is broadening its scope of work to include organization and management studies.

- In the Philippines, with assistance from the University of Michigan financed under the aid program, an Institute of Public Administration has been established at the University of Manila. The Institute has stimulated widespread in-service training in governments both national and local. It is producing trained graduates for work in government offices. It has spark plugged the creation of the Eastern Regional Organization for Public Administration (EROPA) composed of 10 Asian countries interested in promoting greater understanding of the role of public administration in national development.

- In Brazil, Iran, Israel, Korea, Pakistan, the Philippines, a few of more than twenty countries, assistance has been given through American universities to establish institutions of higher learning to provide training in both public and business administration. The idea is to produce teachers of practitioners--practitioners in the business of economic and social development.

FACT SHEET

Public Health

Public health assistance to the less-developed nations of the world has always played an important role in our foreign assistance program. A population widely afflicted by debilitating diseases such as malaria and schistosomiasis cannot put forth the work effort necessary for rapid social and economic development; and diseased children do not respond to educational effort. Over the past fifteen years the dedicated doctors, nurses, and public health technicians in our foreign assistance program have made substantial contributions to improvement of world health conditions, reduction of infant mortality, and increasing life expectancy and thus have helped lay the foundation for present development efforts.

As part of the reorganization of our foreign assistance from a number of valuable but uncoordinated world-wide functional programs to more concentrated programming tailored to the specific priority needs in the over-all social and economic development of each country, all public health projects have been reevaluated on a country-by-country basis. In some areas public health activities have been expanded, while in other countries it has been determined that certain or all of the public health activities do not make priority contributions to over-all country development or can and should be assumed by the host government. As a result this has been a transitional year in the public health field. Many professionals and technicians have been shifted and some discontinuity has resulted from transferring responsibility from U. S. assistance technicians to host governments. AID expenditures for public health are being gradually reduced and public health services are being turned over to the health ministries in an increasing number of countries.

The dramatically successful malaria eradication program is moving from the active to the surveillance stage in a number of areas. Although expenditures for DDT, equipment and technical assistance for this program will continue to constitute a substantial part of our public health budget, it is expected that our commitments will be reducing as the malaria problem becomes less significant as a deterrent to development and as host governments and WHO assume larger shares of the continuing activity.

The community water supply program is also continuing with technical assistance now being provided in thirty-seven countries. Here again it is hoped that host governments will assume responsibility as pilot projects are completed. Furthermore the Inter-American Development Bank is devoting a significant portion of its resources to loans for community water supply and sanitary facilities in Latin America, having loaned over \$39 million for these purposes during the last six months of 1961.

Public health programming will concentrate more and more on assisting countries in planned overall public health programs and training of doctors, nurses and other health personnel. At present nearly 9,000 health workers of all types receive advanced educational opportunity each year in the United States, their own country or other countries. AID has eight contracts with medical schools in the United States for modernization of medical schools in less-developed countries and advanced education of their staffs.

Examples of health programs determined under new criteria to be of priority importance in overall country development include the following: A project in Thailand will be providing 10,000 villages in the northeast area near Laos with clean water and sanitary facilities over the next three years. These community self-help projects not only reduce disease and increase productivity but also contribute to counter-insurgency effort in this vulnerable area of Thailand by increasing identification with the central government. AID is working closely with the Costa Rican government in implementing the comprehensive national health plan of that country to extend health facilities to the people in the villages and in the country. U. S. technicians are advising the government at all levels, participants are being trained in the United States, and we are helping finance construction of new facilities.

FACT SHEET

Public Safety

Economic, social and political development are not possible in less developed countries without efficient and responsible civil police to maintain law and order. Furthermore, well trained and disciplined civil police can constitute a most effective mechanism for preventing and countering subversion or internal unrest.

From three projects in the Far East undertaken in 1955, AID's public safety program has developed until today there are projects in 26 countries throughout the Free World, and officers from these and 17 other countries have received training in the United States, many under the auspices of the International Association of Chiefs of Police. It is estimated that the 150 AID technicians assigned abroad give advice and assistance directly or indirectly to one million foreign police officers.

AID provides assistance in a wide range of public safety functions including police administration, traffic, criminal investigation, customs immigration and border control and, in critical areas, counter-guerrilla techniques. U.S. assistance is always tailored to the level of development and critical needs of the recipient country, advising newly emerging countries in the fundamentals of police administration and perfecting use of scientific methods in more advanced countries.

Evaluation of public safety programs throughout the world this year has resulted in the reduction of programs in countries where the host governments were willing and able to assume full responsibility or in countries where U.S. public safety assistance could be reduced without affecting development programs. In other countries, particularly in those just emerging from colonialism, programs are being expanded. Overall, the AID public safety assistance program for FY 1963 will continue at about the \$15 million FY 1962 level.

Typical of the projects of lasting value are the establishment of the National Police Advisory and Planning Bureau in Iran, under the guidance of which the Iranian police force has developed better administration, efficient training programs and is increasingly using modern crime detection and communication techniques. AID training in civil police techniques in crowd control has made it possible for police forces in several Latin American countries to handle serious riot conditions without fatalities in contrast to previous experience. While Sino-Soviet foreign aid to Indonesia greatly exceeds that of the United States, only U.S. technicians advise the Indonesian police

organization, and our technicians are able not only to assist in maintenance of order in Indonesia but also to foster good will for the United States in this critical branch of the Indonesian Government.

FACT SHEET

Fostering Private Enterprise Abroad

The Foreign Assistance Act of 1961 provides authority to encourage and facilitate private participation in assisting the economic development of less developed friendly countries. The Agency for International Development provides direct financial support to private efforts in several ways:

Cool ey Loans: Lending to Americans or their affiliates of foreign currency proceeds of sales of surplus agricultural commodities. From January 1, 1961 through February 28, 1962, 58 loans were made; and over 90 applications are now being processed.

Dollar Loans: Lending dollars in the form of development loans to Americans or American firms, or to foreign firms with or without American participation for private investments contributing to economic development. Typical recent loans include: a \$3 million loan to Premier Automobiles, Ltd., to modernize and expand truck production in India, a \$9 million loan to Delhi Cloth and General Mills Company to help establish a plant to produce rayon tire cord fabric in India, a \$4.25 million loan to Hyun Dai Cement Company to assist in building a cement plant in Korea, and a \$2.8 million loan to Sui Gas Transmission Company aiding in establishment of a gas compressor station in Pakistan.

Investment Survey: AID is authorized to reimburse up to 50% of survey costs of American firms studying investments in under-developed countries, other than extraction operations, with a total of \$1.5 million available this year. Demand is such that an additional \$5 million is requested for fiscal 1963.

Loans to Development Banks: Lending dollars to development banks in less-developed countries which in turn relend to small businesses. By January 31, AID had made \$156 million in loans to 23 of these intermediate credit institutions, which in turn had made 565 subloans totalling \$54 million. Applications from twelve other development banks are under review. The multiplier effect of these loans in the private sector of less developed countries has been gratifying.

Feasibility Surveys: Surveys to determine or identify over-all industrial capabilities, requirements and obstacles in cooperation with host countries. Over 30 feasibility surveys are in process, including an

"industrial growth" contract with Nigeria. These surveys should foster the growth of private activities including specific investment surveys and lending activities through Cooley loans or locally through development banks.

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All of these lending and survey activities represent vehicles for expanding private enterprise in less developed countries and for introducing private U. S. activities into the less developed countries in an effective and hopefully profitable manner.

FACT SHEET

Investment Guaranty Program

As part of its sustained effort to encourage the flow of private capital into less developed nations, the Agency for International Development operates several investment guaranty programs: the specific risk program which dates from 1948 but now offers expanded coverage and an all-risk program initiated in the Foreign Assistance Act of 1961.

The expanded specific risk program now offers broader war loss and expropriation coverage, eligibility for wholly owned foreign subsidiaries of U. S. companies and provision for prompt claims settlement through arbitration. Guaranties may be obtained on investment in some 54 less developed countries and territories. Specific risk business has stepped up. From September 1961 to March 1962, 20 guaranties totalling \$77,200,000 were issued, and some 570 individual applications on investments totalling \$2,026,000,000 are under consideration. Under the 1961 Act, no more than \$1 billion of coverage may be outstanding at one time. Current coverage totals \$610,000.

Under the "all-risk" program an investor may obtain up to \$10,000,000 of insurance against 75% of losses arising from any cause other than investor's fraud or misconduct. The 1961 Act permits extension of up to \$100 million of such all-risk guaranties, \$10 million of which is reserved for housing projects in Latin America. As of early March, no all-risk guaranties had been issued, but over \$40 million worth were under active consideration.

Greater emphasis is being given to guaranty programs and American companies are showing greater interest in the programs by virtue of the broader available coverage and the impact of losses by many companies - none under guaranty - in Cuba.

FACT SHEET

Small Business

The Foreign Assistance Act of 1961 restates the continuing policy of our foreign assistance programs that small independent businesses in the United States should be given every opportunity to participate equally in the furnishing of commodities and services financed by AID. In fulfillment of this policy, the AID Administrator has established a special Office of Small Business to assure that small businessmen receive all appropriate procurement information and to counsel AID suppliers on overseas trade opportunities and problems.

The Small Business Office publishes and distributes small business circulars, which described 5,217 trade opportunities to small business in 1961, as well as informative Small Business Memos, Award Notices and regular Procurement Information Bulletins. In addition, this Office is always open to answer questions on procurement procedures, specifications and any other matters.

In addition the Office of Small Business endeavors to open up new overseas trade opportunities for small business. It arranges for overseas libraries to stock current catalogues, develops directories of combination export managers, and is supervising preparation of a series of articles on export trade and small business for publication in up to 150 trade magazines and 40 Chamber of Commerce publications. The director is participating in export panel discussions in cities and towns throughout the country.

As a special project, the Office has begun to assist in formation of export trade groups for small businessmen to make it possible for small manufacturers to have adequate representation all over the world.

FACT SHEET

Voluntary Agencies

Non-profit relief and rehabilitation agencies have been assisting peoples of less-developed countries for many years. The Agency for International Development assumes the overseas freight cost of shipments of relief and rehabilitation commodities by some 27 voluntary agencies registered with it. The Food for Peace program makes available food for distribution by voluntary agencies and defrays the cost of shipping this food overseas.

Last year voluntary agencies carried on basic relief programs distributing food, clothing and medical supplies and carrying on various educational, agricultural, health, and self-help activities serving an estimated 100 million people in some 80 countries. These agencies distributed overseas approximately \$150 million of agricultural foods made available by Food for Peace which paid shipping costs in excess of \$46 million. They also shipped \$50 million of other supplies they themselves donated. The Agency for International Development paid shipping costs in the amount of over \$3 million. In addition the voluntary agencies expended some \$50 million on services overseas.

Voluntary agencies are able to provide relief and rehabilitation quickly and on a personal basis. The speed with which they can react to need is particularly important in disaster relief. These agencies have provided immediate on-the-spot assistance to flood victims in British Honduras, Philippines, Vietnam and many other places, coordinating their efforts with each other and with the local Red Cross societies. The person-to-person character of voluntary agencies makes them particularly effective in helping large numbers of refugees clustered in such places as Hong Kong, India, Pakistan and other countries in Africa and the Near East. Voluntary agencies have also shown willingness to give their assistance even under conditions of danger. In Algeria voluntary agencies this year are distributing 37 million pounds of food for peace and commodities to over 500,000 women and children and older people in Algeria as well as almost \$1 million worth of medicine, clothing, food and other commodities donated by them.

Voluntary agencies also assist in economic development in less-developed countries. Their agricultural specialists work with local government representatives and technicians employed by AID. They help build schools and provide teachers and teacher training. For example, in a West African country one voluntary agency supplied French typewriters to a school of public administration much more quickly than was possible for AID, which in turn paid the overseas freight charges. And in the Dominican Republic a voluntary agency has been working with a vocational training school to supply it with equipment to train young unemployed adults who would otherwise roam the streets and constitute a potential source of civil unrest.

The Advisory Committee on Voluntary Foreign Aid of the Agency for International Development and the Voluntary Agency Staff are working closely with non-profit relief and rehabilitation agencies operating overseas which are expanding their roles in providing relief and social development assistance.